

CITY OF NORRIS, TENNESSEE
Norris, Tennessee

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2024**

Prepared By:

Sandy Johnson
City Recorder

CITY OF NORRIS, TENNESSEE

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	i-iv
Organizational Chart	v
Roster of City Officials and Others	vi
GFOA Certificate of Achievement	vii
FINANCIAL SECTION	
Independent Auditor's Report.....	viii-x
Management's Discussion and Analysis.....	xi-xvii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities.....	2
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	7-8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Watershed Fund.....	9
Statement of Net Position – Proprietary Fund – Waterworks Fund.....	10
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund – Waterworks Fund.....	11
Statement of Cash Flows – Proprietary Fund – Waterworks Fund.....	12
Notes to Financial Statements	13-32
REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS	33
Schedules of Contributions – Based on Participation in the Public Employee Pension Plan of TCRS	34
Schedule of Changes In Net Pension Liability (Asset) and Related Ratios Based on Participation Public Employee Pension Plan of TCRS	35
Schedules of Contributions – Based On Participation in the Local Government Hybrid Plan of TCRS	36

CITY OF NORRIS, TENNESSEE

TABLE OF CONTENTS (Continued)

SUPPLEMENTARY INFORMATION SECTION

Combining and Individual Fund Statements

General Fund

Comparative Balance Sheets..... 37
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances..... 38
Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual..... 39

Watershed Fund

Comparative Balance Sheets 40
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 41
Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual 42

Special Revenue Funds (Nonmajor)

Governmental Funds Combining Balance Sheets 43
Governmental Funds Combining Statements of Revenues, Expenditures
and Changes in Fund Balances..... 44

State Street Aid Fund

Comparative Balance Sheets 45
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 46
Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual 47

Solid Waste Fund

Comparative Balance Sheets 48
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 49
Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual 50

Drug Control Fund

Comparative Balance Sheets 51
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances 52
Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual 53

Proprietary Fund Type Enterprise Fund (Major)

Waterworks Fund

Comparative Statement of Net Position 54
Comparative Statements of Revenues, Expenses and Changes in Net Position 55
Comparative Statements of Cash Flows 56

CITY OF NORRIS, TENNESSEE

TABLE OF CONTENTS (Continued)

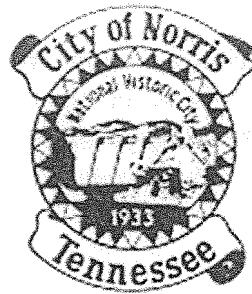
	<u>Page</u>
OTHER INFORMATION SECTION	
Capital Assets Used in the Operation of Governmental Funds	
Comparative Schedule by Source (A)	57
Schedule by Function and Activity (A)	58
Schedule of Changes by Function and Activity (A)	59
Schedule of Changes in Property Tax Receivable	60
Schedule of Utility Rates.....	61
STATISTICAL INFORMATION SECTION	
Schedule 1 – Net Position by Component Last Ten Fiscal Years	62
Schedule 2 – Changes in Net Position Last Ten Fiscal Years	63-64
Schedule 3 – Fund Balances, Governmental Funds Last Ten Fiscal Years	65
Schedule 4 – Changes in Balances of Governmental Funds Last Ten Fiscal Years	66
Schedule 5 – Local Tax Revenues by Source of All Governmental Funds Last Ten Fiscal Years	67
Schedule 6 – Assessed and Estimated Actual Value or Taxable Property Last Ten Fiscal Years	68
Schedule 7 – Direct and Overlapping Property Tax Rates Last Ten Fiscal Years	69
Schedule 8 – Principal Property Taxpayers Current Fiscal Year and Nine Years Ago	70
Schedule 9 – Property Tax Levies and Collections Last Ten Fiscal Years	71
Schedule 10 – Direct and Overlapping Local Option Sales Tax Rates Last Ten Fiscal Years	72
Schedule 11 – Ratios of Outstanding Debt by Type Last Ten Fiscal Years	73
Schedule 12 – Direct and Overlapping Governmental Activities Debt.....	74
Schedule 13 – Legal Debt Margin Last Ten Fiscal Years.....	75
Schedule 14 – Pledged Revenue Last Ten Fiscal Years	76
Schedule 15 – Demographic and Economic Statistics Last Ten Fiscal Years	77
Schedule 16 – Principal Employers Current Fiscal Year and Nine Years Ago.....	78
Schedule 17 – Full-Time-Equivalent City Employees by Function Last Ten Fiscal Years	79
Schedule 18 – Operating Indicators by Function Last Ten Fiscal Years	80
Schedule 19 – Waterworks Customer Statistics and Rates Last Ten Fiscal Years	81
Schedule 20 – Water Produced, Sold and Consumed Last Ten Fiscal Years	82
Schedule 21 – Capital Asset Statistics by Function Last Ten Fiscal Years.....	83

CITY OF NORRIS, TENNESSEE

TABLE OF CONTENTS (Continued)

	<u>Page</u>
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards and State Financial Assistance	84
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	85
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.....	86-87
Schedule of Findings and Responses	88
Summary Schedule of Prior Year Findings.....	89
Management’s Corrective Action Plan.....	90

INTRODUCTORY SECTION



December 17, 2024

Honorable Mayor,
City Council and Citizens of
Norris, Tennessee

State law and the Comptroller of the Treasury, State of Tennessee, requires that every municipality publish within six months the close of each fiscal year-end, a complete set of audited financial statements. This Annual Comprehensive Financial Report (ACFR) of the City of Norris, Tennessee (the City) is published to fulfill these requirements for the fiscal year ended June 30, 2024.

Internal Control

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

Annual Comprehensive Financial Report

The ACFR is presented in four (4) sections: Introductory, Financial, Statistical, and Internal Control and Compliance. The Introductory Section includes this Letter of Transmittal, a Roster of Officials and Others, and our Organizational Chart. The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements and Notes, Required Supplementary Information, and Other Supplementary Information. The Statistical Section provides selected multi-year unaudited financial information.

Independent Audit

Pugh CPAs have issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2024. As stated in the independent auditor's report, the audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller's General of the United State. The independent auditor's report is located at the front of the Financial Section of this report.

Management's Discussion and Analysis (MD&A)

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of MD&A. This Letter of Transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditor's Report.

Profile of the City

The City of Norris, incorporated on April 7, 1949, is located in the eastern part of the state, and the eastern portion of Anderson County. The population of the City according to the 2020 census is 1,599.

The City of Norris has a unique history. This area was selected by the Tennessee Valley Authority (TVA) for its first hydroelectric dam in 1933. The original part of the town was built during the dam's construction to house and furnish necessary facilities for the employees. In addition, Norris was originally constructed as a demonstration model as an all "electric" town. The City was created by a private act by the Tennessee General Assembly. Municipal operations of the City began on April 7, 1949.

The City is empowered to levy a property tax on both real and personal property within its boundaries.

The City is governed by a modified City Manager – Council form of government. The governing body of the City is a five-member City Council. Council members are elected at-large on a non-partisan basis once every two (2) years. Following each regular City election, the City council elects one (1) of its members as mayor for a two (2) year period as ceremonial head of the City and presiding officer of the City Council. Policy-making and legislative authority are vested in City Council. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the City's day-to-day operations, and for appointing directors and supervisors of the various departments.

The City provides a full range of services, which includes police and fire protection; public works; water and wastewater services; residential and commercial solid waste collection; the construction and maintenance of streets and infrastructure; recreational activities and cultural events.

Budgeting

Formal budgetary integration is employed as a management tool for the City's general fund and non-major governmental funds. The Water Commission approves a budget of projected revenues and expenses of the proprietary fund; however, the Waterworks Fund's budget is not a binding appropriation since it is supported by user charges.

The City Manager is authorized to transfer budgeted amounts within departments within any fund with council approval. Any revisions that alter the total expenditures of any department must be approved by the City Council. Expenditures may not exceed appropriations at the department level. Budgeted amounts reflected in the budgetary comparison schedules are as originally adopted or amended by the City Council.

Local Economy

The City is located within the Knoxville Metropolitan Statistical Area (MSA) which includes Knox, Blount, Anderson, Sevier, Loudon, and Union Counties. The Knoxville MSA is also the trade center for several counties in East Tennessee, and parts of Kentucky, Virginia, and North Carolina.

For calendar year ending 2023, the unemployment rates according to the U.S. Bureau of Labor Statics for the County, State, and Nation were 3.4%, 3.5%, and 5.1% respectfully.

Median income in calendar year 2023 for Anderson was \$57,652, Tennessee was \$72,700, and \$80,610 for the United States.

Anderson County Has several large employers including the Tennessee Valley Authority, U.S. Department of Energy, Oak Ridge Associated Universities, Covenant Healthcare System, several manufacturers in the automotive industry and federal government contractors.

The City currently enjoys a stable economic environment. Calendar Year 2023 reflects steady development represented in 31 building permits with an estimated value of \$4,672,817. Calendar Year 2024 reflects the strain of inflation and interest rates with 22 building permits valued at \$2,157,150 to this date.

Long-Term Financial Planning

The City is looking to take the next step in planning by implementing an updating strategic plan. The last plan drafting in 2008.

The Norris Water Commission continues to work with regional partners on future development of sanitary sewer facilities with a focus on regional integration, while addressing LSLI inventory and planning to be completed in 2027.

Relevant Financial Planning

The City property tax rate of \$1.5439 per \$100 of assessed value has been maintained since fiscal year 2021.

Major Initiatives

The City is and will continue to be working to improve our process and programs. Ongoing efforts to upgrade and expand park services while replacing technology and fleet vehicles to maintain a first class organization.

The Norris Water Commission is in the process of moving from planning and design work, to construction on upgrades to underground infrastructure.

Awards

The Government Financial Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended June 30, 2023. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

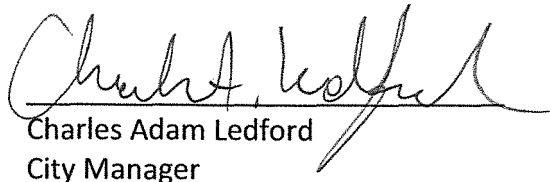
A Certificate of Recognition was awarded by the Tennessee Comptrollers Office for the timely adoption of a balanced budget including the Norris Water Commission.

Acknowledgements

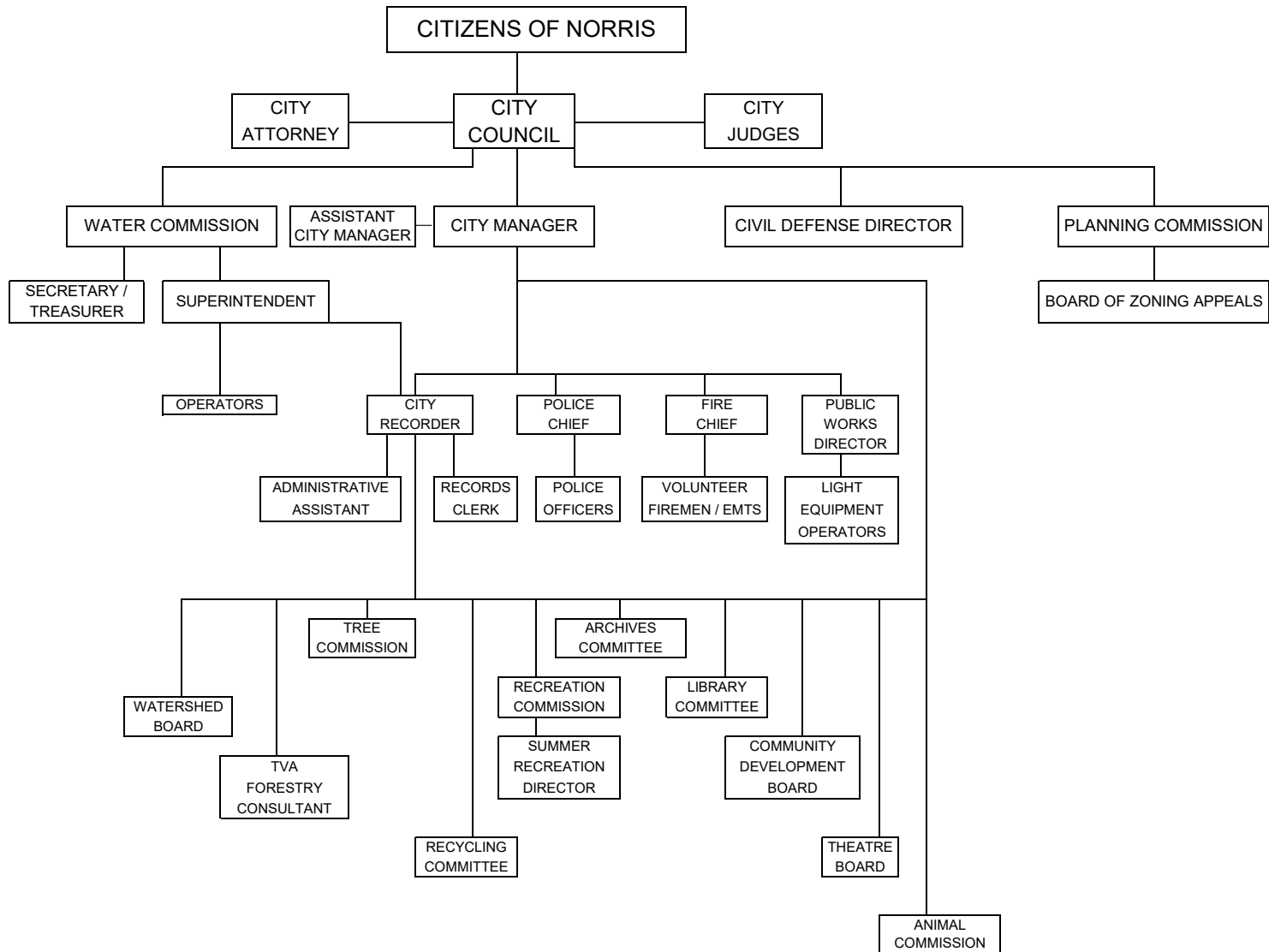
The preparation of this ACFR results from the combined efforts of the staff of the City and technical assistance provided by our independent auditors. Those involved have our sincere appreciation for the individual and collective contributions made in preparation of the report. Thank you very much for your professional dedication.

Recognition and appreciation are also extended to the City Council for its continued guidance of the operation of the City in a financially responsible and progressive manner.

Respectfully submitted,


Charles Adam Ledford
City Manager

**CITY OF NORRIS, TENNESSEE
ORGANIZATIONAL CHART
June 30, 2024**



CITY OF NORRIS, TENNESSEE
ROSTER OF CITY OFFICIALS AND OTHERS
June 30, 2024

Norris City Council / Water Commission

Chris Mitchell, Mayor	Will Grinder
Charles Nicholson, Vice-Mayor	Bill Grieve
	Loretta Painter

Management

Charles Adam Ledford, City Manager
Bailey Alexander Whited, Assistant City Manager
Tony Wilkerson, Norris Water Commission Superintendent
Sandy Johnson, City Recorder/Finance Director
Michael Poole, Police Chief
Rick Roach, Fire Chief
Kerry Hevel, Public Works Director

Independent Auditor

Pugh CPAs
Knoxville, Tennessee

General Counsel

P. Edward Pratt, Attorney at Law
Baker, Donelson, Bearden, Caldwell & Berkowitz, PC
Knoxville, Tennessee

Engineer

Harold Cannon, P.E.
Cannon and Cannon, Inc.
Knoxville, Tennessee



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Norris
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
Telephone: 865-769-0660
Fax: 865-769-1660

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of City Council,
and City Manager of City of Norris
Norris, 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, budgetary comparison statements for the general fund and the watershed fund, and the aggregate remaining fund information of the City of Norris, Tennessee (the "City") as of and for the year ended June 30, 2024, 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, budgetary comparison statements for the general fund and the watershed fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financials 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages xi - xvii and the required supplementary information on pages 33 - 36 be presented to supplement the basic financial statements. Such information 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 supplemental information section, as listed in the table of contents, and the schedule of expenditures of federal awards and state financial assistance on page 84 is 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 GAAS. In our opinion, the supplemental information and the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 17, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Norris, Tennessee, (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the Fiscal Year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this document.

Financial Highlights

Management believes the City's financial position is strong. The following are key financial highlights:

- The assets plus deferred outflows of resources of the City exceeded its liabilities plus deferred inflows of resources at fiscal year-end 2024, by \$10,820,529 (net position). Of this amount, \$2,952,278 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,897,181, of which \$1,369,002 is available for spending at the City's discretion (unrestricted fund balance).
- During the current year, fund balance for the General Fund decreased by \$570,906 to \$1,443,346, or 61% of current year expenditures.
- During FY 2024, the restricted fund balance for the State Street Aid Fund decreased by \$112,454 to \$55,213, the unrestricted fund balance of the Solid Waste Fund decreased \$7,935 to \$22,611 and the unrestricted fund balance for the Watershed Fund increased by \$51,952 to \$370,469.
- During FY 2024, deferred outflows for the governmental activities increased by \$48,936 to \$115,400 and deferred outflows for the business-type activities (Waterworks Fund) increased by \$18,002 to \$69,172.
- During FY 2023, deferred inflows for the governmental activities decreased by \$81,878 to \$970,911 and deferred inflows for the business-type activities (Waterworks Fund) decreased by \$23,529 to \$136,479.
- Operating income of the Waterworks Fund decreased by \$83,132 to (\$73,036) when compared to the prior year.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are combined to arrive at a total for the Primary Government.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, streets, parks and conservation of natural resources, library and archives, refuse collection and other. The business-type activities of the City include water and wastewater treatment, distribution and collection.

The government-wide financial statements can be found on pages 1 and 2 of this report.

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

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

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

Governmental funds statements are provided on a modified accrual basis. The City's major funds are presented in their own columns, and the remaining funds are combined with a column titled "Other Governmental Funds". Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements.

The City adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules are provided to demonstrate compliance with this budget.

The basic governmental fund financial statements, including reconciliation to the government-wide statements of net position and activities, are presented on pages 3 through 8 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. Enterprise funds are a type of proprietary fund used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water and wastewater operations in the Waterworks Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 9 through 12 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 32 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's changes in net pension liability (asset) and contributions to pension plans. Required supplementary information can be found on pages 33 through 36 of this report.

Organization of the City

The City was created under a private act of the Tennessee General Assembly, Private Acts of 1949, Chapter 566, House Bill 929. The City began operations on April 7, 1949.

The City is governed by a five-member City Council elected by the citizens once every two years. City Council members are elected via an at-large vote by all citizens. The Council elects a mayor and vice-mayor from its members. The Council hires a City Manager to run the day-to-day operations of the City.

The Norris Water Commission consists of five members appointed by the City Council.

The City's main capital assets consist of one water treatment facility, one wastewater treatment plant, two reservoir tanks, two community buildings, public safety facility, a public works compound and related vehicles, machinery and equipment and several parcels of land.

The City's infrastructure consists of streets, bridges, sidewalks, water and wastewater lines.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,820,529 at the close of the most recent fiscal year.

By far the largest portion of the City's net position \$7,319,847, or 68% reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, a majority of these assets are not available for future spending. Most of the City's capital assets themselves would not be recommended for liquidation to pay the related debt.

Condensed Statement of Net Position as of June 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Assets						
Current and Other Assets	\$ 3,247,875	\$ 3,932,075	\$ 1,370,273	\$ 1,374,186	\$ 4,618,148	\$ 5,306,261
Capital Assets, Net	5,340,383	5,060,904	1,979,464	2,053,406	7,319,847	7,114,310
Total Assets	8,588,258	8,992,979	3,349,737	3,427,592	11,937,995	12,420,571
Deferred Outflows of Resources	115,400	66,464	69,172	51,170	184,572	117,634
Total Assets and Deferred Outflows of Resources	<u>\$ 8,703,658</u>	<u>\$ 9,059,443</u>	<u>\$ 3,418,909</u>	<u>\$ 3,478,762</u>	<u>\$ 12,122,567</u>	<u>\$ 12,538,205</u>
Liabilities, Deferred Inflows and Net Position						
Liabilities						
Current Liabilities	\$ 95,334	\$ 93,254	\$ 31,991	\$ 26,233	\$ 127,325	\$ 119,487
Long-Term Liabilities	36,329	43,322	30,994	34,857	67,323	78,179
Total Liabilities	131,663	136,576	62,985	61,090	194,648	197,666
Deferred Inflows of Resources	970,911	1,052,789	136,479	160,008	1,107,390	1,212,797
Net Position						
Net Investment in Capital Assets	5,340,383	5,060,904	1,979,464	2,053,406	7,319,847	7,114,310
Restricted	367,773	526,172	180,631	194,571	548,404	720,743
Unrestricted (Deficit)	1,892,928	2,283,002	1,059,350	1,009,687	2,952,278	3,292,689
Total Net Position	7,601,084	7,870,078	3,219,445	3,257,664	10,820,529	11,127,742
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 8,703,658</u>	<u>\$ 9,059,443</u>	<u>\$ 3,418,909</u>	<u>\$ 3,478,762</u>	<u>\$ 12,122,567</u>	<u>\$ 12,538,205</u>

An additional portion of the City’s net position (\$548,404 or 5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,952,278, may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government’s change in net position was a decrease of \$307,213 during the current fiscal year as explained below.

Condensed Changes in Net Position for the Fiscal Years Ending June 30, 2024 and 2023

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 355,270	\$ 281,970	\$ 1,129,029	\$ 1,063,370	\$ 1,484,299	\$ 1,345,340
Operating Grants and Contributions	254,405	704,185	0	0	254,405	704,185
General Revenues:						
Property Taxes	839,430	790,038	0	0	839,430	790,038
Sales Taxes	468,166	456,504	0	0	468,166	456,504
Wholesale Beer / Liquor Taxes	78,795	81,955	0	0	78,795	81,955
Other Taxes	65,022	86,168	0	0	65,022	86,168
Interest	90,124	13,368	34,817	3	124,941	13,371
Total Revenues	<u>2,151,212</u>	<u>2,414,188</u>	<u>1,163,846</u>	<u>1,063,373</u>	<u>3,315,058</u>	<u>3,477,561</u>
Program Expenses:						
General Government	617,987	486,911	0	0	617,987	486,911
Public Safety	844,352	535,156	0	0	844,352	535,156
Public Works	382,694	359,096	0	0	382,694	359,096
Parks and Recreation	90,068	37,181	0	0	90,068	37,181
Highways and Streets	206,116	29,971	0	0	206,116	29,971
Library and Archives	33,773	32,252	0	0	33,773	32,252
Conservation of Natural Resources	65,825	23,483	0	0	65,825	23,483
Refuse Collection	164,856	156,598	0	0	164,856	156,598
Other Natural Resources	9,794	6,927	0	0	9,794	6,927
Community Development	4,741	5,831	0	0	4,741	5,831
Waterworks	0	0	1,202,065	1,053,274	1,202,065	1,053,274
Total Program Expenses	<u>2,420,206</u>	<u>1,673,406</u>	<u>1,202,065</u>	<u>1,053,274</u>	<u>3,622,271</u>	<u>2,726,680</u>
Change in Net Position	(268,994)	740,782	(38,219)	10,099	(307,213)	750,881
Net Position - Beginning of Year	<u>7,870,078</u>	<u>7,129,296</u>	<u>3,257,664</u>	<u>3,247,565</u>	<u>11,127,742</u>	<u>10,376,861</u>
Net Position - End of Year	<u>\$ 7,601,084</u>	<u>\$ 7,870,078</u>	<u>\$ 3,219,445</u>	<u>\$ 3,257,664</u>	<u>\$ 10,820,529</u>	<u>\$ 11,127,742</u>

Governmental Activities:

During 2024, the City's total governmental activities revenues decreased by \$262,976 when compared to 2023, due primarily to a decrease of \$449,780 in operating grants and contributions as the City recognized ARPA grant funding of \$475,335 in fiscal year 2023. Charges for services increased \$73,300 primarily due to a one-time timber sale. Interest increased \$76,756 primarily due to favorable interest rates on deposits.

During 2024, the City's governmental activities expenses increased by \$746,800 when compared to 2023, due primarily to an increase of \$131,076 in General Government expenses, an increase of \$309,196 in Public Safety expenses, an increase of \$176,145 in highway and streets. General Government and Public Safety expenses increased \$223,333 primarily due to increases in personnel costs and inflationary increases in prices paid for services. Highway and Streets expenses increased \$176,145 was due to realizing a project that typically rotates over a three-year cycle.

Business-Type Activities:

The Waterworks Fund reported a net decrease in net position of \$38,219 and an increase \$10,099 during 2024 and 2023, respectively. This decrease was caused by current year purchases of equipment and preliminary designs for facility and underground infrastructure improvements.

During 2023, the water rates increased by 10% and sewer rates increased by 25%. Both increases were effective August 2022. Rates were unchanged in fiscal year 2024.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At 2024 year-end, the City's governmental funds reported combined ending fund balances of \$1,897,181, which decreased by \$636,366 when compared to year-end 2023. The fund balance is available for future appropriations.

The General Fund is the main operating fund of the City. At year-end 2024, the unassigned fund balance was \$1,369,002. The unassigned fund balance represents 55% of total General Fund 2024 expenditures.

The General Fund's fund balance decreased by \$570,906 during 2024. A key factor in this decrease was significant one-time capital outlay for equipment. General Government expenditures increased \$149,036 and Public Safety expenditures increased \$372,209 primarily due to increases in purchases of communications equipment, vehicles, and facility improvements. Parks and Recreation increased \$52,887 and Public Works increased \$23,598 primarily as a result of capital purchases of machinery and new facilities.

The General Fund's fund balance decreased by \$570,906 during 2024, which was better than budgeted by \$334,606. The General Fund's actual results vs. budgeted amounts were due to actual expenditures were \$533,749 less than the final budget. This was due primarily to actual expenditures being less than the final budget in most departments.

The Watershed Fund balance increased by \$51,952 during 2024. This increase was primarily due to a one-time timber sale.

The State Street Aid Fund's fund balance decreased by \$112,454 during 2024. This result was due to more street paving expenditures in the current year.

The Solid Waste Fund's fund balance decreased by \$7,935 during 2024. This result was due to completion of a repaving project that typically rotates over a three-year cycle.

The Drug Control Fund balance increased by \$2,977 during 2024.

Proprietary Funds. The City’s proprietary fund (Waterworks Fund) provides the same type of information found in the government-wide financial statements, but in more detail.

Net position at year-end for 2024 was \$3,219,445, a decrease of \$38,219. This decrease was caused by current year by increases in transmission and distribution, treatment and disposal, and administrative costs.

The Waterworks Fund financial statements can be found on pages 9 to 11 in the basic financial statements.

General Fund Budgetary Highlights

The differences in the original budget and the final amended budget represents a 23% increase of the original budget. This was primarily due to increases in public safety and public works expenditures, personnel, legal, and various other expenditures.

The General Fund budgetary comparison statement is on pages 7 and 8.

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental and business type activities as of June 30, 2024, was \$7,319,847, net of accumulated depreciation. Capital assets consist of land, buildings, and improvements, vehicles, machinery and equipment, fixtures and infrastructure (streets and bridges).

During 2024, there were significant additions of \$455,593; primarily the purchase of an excavator, communications equipment, police cars, and a dump truck.

Capital assets are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land and Land Improvements	\$ 3,282,093	\$ 3,282,093	\$ 73,000	\$ 73,000	\$ 3,355,093	\$ 3,355,093
Buildings and Improvements	2,045,038	2,010,038	0	0	2,045,038	2,010,038
Vehicles	744,351	641,783	113,832	113,832	858,183	755,615
Machinery and Equipment	649,042	352,909	157,716	135,824	806,758	488,733
Furniture and Fixtures	14,691	14,691	0	0	14,691	14,691
Infrastructure	1,301,844	1,301,844	0	0	1,301,844	1,301,844
Water and Sewer System	0	0	4,139,111	4,139,111	4,139,111	4,139,111
Total Capital Assets	<u>8,037,059</u>	<u>7,603,358</u>	<u>4,483,659</u>	<u>4,461,767</u>	<u>12,520,718</u>	<u>12,065,125</u>
Less: Accumulated Depreciation	<u>2,696,676</u>	<u>2,542,454</u>	<u>2,504,195</u>	<u>2,408,361</u>	<u>5,200,871</u>	<u>4,950,815</u>
Net Capital Assets	<u>\$ 5,340,383</u>	<u>\$ 5,060,904</u>	<u>\$ 1,979,464</u>	<u>\$ 2,053,406</u>	<u>\$ 7,319,847</u>	<u>\$ 7,114,310</u>
Net Capital Assets - Beginning	\$ 5,060,904	\$ 4,945,281	\$ 2,053,406	\$ 2,149,146	\$ 7,114,310	\$ 7,094,427
Increase/(Decrease) in Net Capital Assets	<u>279,479</u>	<u>115,623</u>	<u>(73,942)</u>	<u>(95,740)</u>	<u>205,537</u>	<u>19,883</u>
Net Capital Assets - Ending	<u>\$ 5,340,383</u>	<u>\$ 5,060,904</u>	<u>\$ 1,979,464</u>	<u>\$ 2,053,406</u>	<u>\$ 7,319,847</u>	<u>\$ 7,114,310</u>

More information on the City’s capital assets can be found in Note 6 to the financial statements.

Long-Term Debt. At June 30, 2024, the City had no debt outstanding.

Economic Factors Next Year's Budget

During the preparation of the FY 2025 budget, the following major assumptions were used.

- During FY 2025, the property tax rate will not increase.
- A limited impact of rollover major capital equipment purchases would occur into FY 2025.
- The revenue projections for hotel and motel tax provided limited data preventing accurate forecasting.
- For FY 2025 the TCRS pension employer contribution rate for hybrid employees will be 3.16% and 5.82% for legacy employees.
- The City estimated that 99% of property taxes levied will be collected.
- The City would develop a fee structure for stormwater utility services.
- The Norris Water Commission would break ground on several ongoing water and sewer projects.
- The City would expend LPRF grant funding related to park developments.

Requests for Information

This MD&A and accompanying financial statements and notes are designed to provide our citizens, employees, creditors and regulatory agencies with an overview of the City's finances. If you have any questions or need additional information, you may contact:

City of Norris, Tennessee
PO Box 1090
Norris, TN 37828-1090
865-494-7645
865-494-7302 (fax)
Email: cityrecorder@comcast.net

BASIC FINANCIAL STATEMENTS

CITY OF NORRIS, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,836,289	\$ 1,074,389	\$ 2,910,678
Receivables:			
Taxes, Net	832,187	0	832,187
Accounts, Net of Allowance for Doubtful Accounts	186	105,481	105,667
Prepaid Items	6,199	4,763	10,962
Due From Other Governments	47,796	0	47,796
Internal Balances	(5,009)	5,009	0
Lease Receivable	232,016	0	232,016
Net Pension Asset	298,211	180,631	478,842
Capital Assets:			
Nondepreciable	3,282,093	73,000	3,355,093
Depreciable, Net of Accumulated Depreciation	2,058,290	1,906,464	3,964,754
Total Capital Assets, Net of Depreciation	5,340,383	1,979,464	7,319,847
Total Assets	8,588,258	3,349,737	11,937,995
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pension	115,400	69,172	184,572
LIABILITIES			
Accounts Payable	37,905	12,698	50,603
Accrued Liabilities	57,429	19,293	76,722
Long-Term Liabilities:			
Due With One Year	30,792	22,510	53,302
Due in More Than One Year	5,537	8,484	14,021
Total Liabilities	131,663	62,985	194,648
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	774,947	0	774,947
Deferred Inflows Leases	182,202	0	182,202
Deferred Inflows Related to Pension	13,762	136,479	150,241
Total Deferred Inflows of Resources	970,911	136,479	1,107,390
NET POSITION			
Net Investment in Capital Assets	5,340,383	1,979,464	7,319,847
Restricted for:			
Pension	298,211	180,631	478,842
Highways and Streets	55,212	0	55,212
Drug Enforcement	5,541	0	5,541
Public Safety - Volunteer Fire Department	8,809	0	8,809
Unrestricted	1,892,928	1,059,350	2,952,278
Total Net Position	\$ 7,601,084	\$ 3,219,445	\$ 10,820,529

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

CITY OF NORRIS, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

As of June 30, 2024

	General Fund	Watershed Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,413,560	\$ 356,501	\$ 66,228	\$ 1,836,289
Receivables:				
Taxes, Net	832,187	0	0	832,187
Accounts, Net of Allowance for Doubtful Accounts	186	0	0	186
Prepaid Items	6,199	0	0	6,199
Lease Receivable	116,008	116,008	0	232,016
Due From Other Governments	42,901	0	4,895	47,796
Due From Other Funds	37,725	0	39,938	77,663
TOTAL ASSETS	\$ 2,448,766	\$ 472,509	\$ 111,061	\$ 3,032,336
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 20,817	\$ 3,309	\$ 13,779	\$ 37,905
Accrued Liabilities	57,212	217	0	57,429
Due to Other Funds	61,343	7,413	13,916	82,672
Total Liabilities	139,372	10,939	27,695	178,006
 DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	774,947	0	0	774,947
Deferred Inflows - Leases	91,101	91,101	0	182,202
Total Deferred Inflows of Resources	866,048	91,101	0	957,149
 FUND BALANCES				
Non-Spendable:				
Prepaid Expenses	6,199	0	0	6,199
Restricted:				
Highways and Streets	0	0	55,213	55,213
Drug Enforcement	0	0	5,542	5,542
Public Safety - Volunteer Fire Department	8,809	0	0	8,809
Unrestricted:				
Committed	53,245	73,158	0	126,403
Assigned	6,091	297,311	22,611	326,013
Unassigned	1,369,002	0	0	1,369,002
Total Fund Balances	1,443,346	370,469	83,366	1,897,181
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,448,766	\$ 472,509	\$ 111,061	\$ 3,032,336

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

CITY OF NORRIS, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

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

Total Fund Balances for Governmental Funds	\$	1,897,181	
Capital assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental funds.			
Capital Assets	\$	8,037,059	
Less: Accumulated Depreciation		<u>(2,696,676)</u>	
Net Capital Assets			5,340,383
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated Absences			(36,329)
Net pension assets and liabilities of the City's agent multiple employer plan are not current financial resources and therefore are not reported in the governmental funds.			298,211
Amounts reported as deferred outflows related to pensions increase the amount of net position reported in the statement of net position, but are not reported as assets in the funds. Similarly, deferred inflows related to pensions decrease the amount of net position reported in the statement of net position, but are not reported as liabilities in the funds.			
Deferred Outflows of Resources Related to Pensions	\$	115,400	
Deferred Inflows of Resources Related to Pensions		<u>(13,762)</u>	
			<u>101,638</u>
Net Position of Governmental Activities	\$		<u><u>7,601,084</u></u>

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

CITY OF NORRIS, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2024

	General Fund	Watershed Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 839,430	\$ 0	\$ 0	\$ 839,430
Local Option Sales Taxes	269,428	0	0	269,428
Wholesale Liquor Taxes	36,769	0	0	36,769
Wholesale Beer Taxes	42,026	0	0	42,026
Other Local Taxes	34,405	0	0	34,405
Licenses and Permits	14,249	112,128	0	126,377
State Sales Taxes	198,738	0	0	198,738
State Gas and Motor Fuel Taxes	0	0	55,645	55,645
TVA In-Lieu of Taxes	19,596	0	0	19,596
Other State of Tennessee - Intergovernmental	83,642	0	0	83,642
Local Grant	50,000	0	0	50,000
Charges for Services	1,007	0	156,921	157,928
Lease Revenue	6,006	6,006	0	12,012
Interest Income	68,100	15,979	6,046	90,125
Use of Money or Property	30,200	29,655	0	59,855
Fines, Forfeitures, and Penalties	2,338	0	2,977	5,315
Contributions and Donations	16,482	0	0	16,482
Other	53,440	0	0	53,440
Total Revenues	<u>1,765,856</u>	<u>163,768</u>	<u>221,589</u>	<u>2,151,213</u>
EXPENDITURES				
General Government	631,727	0	0	631,727
Public Safety	1,031,718	0	0	1,031,718
Public Works	554,557	0	0	554,557
Parks and Recreation	116,444	0	0	116,444
Library and Archives	33,773	0	0	33,773
Street Repairs and Maintenance	0	0	174,145	174,145
Conservation of Natural Resources	2,298	63,526	0	65,824
Other Natural Resources	9,794	0	0	9,794
Refuse Collection	0	0	164,856	164,856
Community Development and Other	4,741	0	0	4,741
Total Expenditures	<u>2,385,052</u>	<u>63,526</u>	<u>339,001</u>	<u>2,787,579</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES (USES)	<u>(619,196)</u>	<u>100,242</u>	<u>(117,412)</u>	<u>(636,366)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	48,290	0	0	48,290
Transfers Out	0	(48,290)	0	(48,290)
Net Other Financing Sources (Uses)	<u>48,290</u>	<u>(48,290)</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(570,906)	51,952	(117,412)	(636,366)
FUND BALANCES, BEGINNING OF YEAR	<u>2,014,252</u>	<u>318,517</u>	<u>200,778</u>	<u>2,533,547</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,443,346</u>	<u>\$ 370,469</u>	<u>\$ 83,366</u>	<u>\$ 1,897,181</u>

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

CITY OF NORRIS, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

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

Net Change in Fund Balances - Total Governmental Funds \$ (636,366)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.

Capital Assets Purchased	\$	433,701	
Depreciation Expense		<u>(154,222)</u>	
Net Change in Capital Assets			279,479

Certain assets, liabilities, deferred inflows, and deferred outflows accounted for using the economic resources focus and the accrual basis of accounting are reported in the Statement of Net Position but are not reported in the fund financial statements, which include only items that are accounted for using current financial resources measurement and modified accrual basis of accounting. These amounts do not provide or require the use of current financial resources and, therefore, are not reflected in the revenues and expenditures of governmental funds.

Change in Assets and Deferred Outflows			
Deferred Outflows Related to Pension			48,936

Change in Liabilities and Deferred Inflows			
Compensated Absences	\$	6,993	
Net Pension Asset		(46,478)	
Deferred Inflows Related to Pension		<u>78,442</u>	
			<u>38,957</u>

Change in Net Position of Governmental Activities			
	\$	<u>(268,994)</u>	

CITY OF NORRIS, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BUDGET AND ACTUAL
GENERAL FUND

For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property Taxes	\$ 812,600	\$ 812,600	\$ 839,430	\$ 26,830
Local Option Sales Taxes	262,000	262,000	269,428	7,428
Wholesale Liquor Taxes	44,000	44,000	36,769	(7,231)
Wholesale Beer Taxes	61,500	61,500	42,026	(19,474)
Other Local Taxes	38,700	38,700	34,405	(4,295)
Licenses and Permits	14,615	14,615	14,249	(366)
State Sales Taxes	190,000	190,000	198,738	8,738
State Hall Income Taxes - Intergovernmental	10,500	10,500	0	(10,500)
TVA In-Lieu of Taxes	19,000	19,000	19,596	596
Other State of Tennessee - Intergovernmental	138,470	220,470	83,642	(136,828)
Local Grant	0	50,000	50,000	0
Charges for Services	88,934	88,934	1,007	(87,927)
Lease Revenue	0	0	6,006	6,006
Interest Income	0	0	68,100	68,100
Use of Money or Property	30,000	30,000	30,200	200
Fines, Forfeitures, and Penalties	3,500	3,500	2,338	(1,162)
Contributions and Donations	42,150	42,150	16,482	(25,668)
Other	32,050	77,050	53,440	(23,610)
Total Revenues	<u>1,788,019</u>	<u>1,965,019</u>	<u>1,765,856</u>	<u>(199,163)</u>
EXPENDITURES				
General Government				
Administration				
Personnel Costs	385,650	400,650	334,052	66,598
Operating Expenditures	116,500	205,050	210,498	(5,448)
Materials and Supplies	3,300	3,300	14,227	(10,927)
Total Administration	<u>505,450</u>	<u>609,000</u>	<u>558,777</u>	<u>50,223</u>
Community Government Buildings				
Operating Expenditures	22,300	22,300	22,185	115
Repairs and Maintenance	155,000	170,000	30,624	139,376
Total Community Building	<u>177,300</u>	<u>192,300</u>	<u>52,809</u>	<u>139,491</u>
Municipal Building				
Operating Expenditures	8,200	8,200	6,360	1,840
Repairs and Maintenance	41,600	53,600	13,781	39,819
Total Municipal Building	<u>49,800</u>	<u>61,800</u>	<u>20,141</u>	<u>41,659</u>
Total General Government	<u>732,550</u>	<u>863,100</u>	<u>631,727</u>	<u>231,373</u>
Public Safety				
Police Department				
Personnel Costs	591,439	610,439	607,908	2,531
Operating Expenditures	62,260	64,760	67,680	(2,920)
Repairs and Maintenance	136,500	275,500	255,434	20,066
Total Police Department	<u>790,199</u>	<u>950,699</u>	<u>931,022</u>	<u>19,677</u>
Fire Protection and Control				
Operating Expenditures	45,600	47,600	26,364	21,236
Repairs and Maintenance	31,000	100,000	74,332	25,668
Total Fire Protection and Control	<u>76,600</u>	<u>147,600</u>	<u>100,696</u>	<u>46,904</u>
Total Public Safety	<u>866,799</u>	<u>1,098,299</u>	<u>1,031,718</u>	<u>66,581</u>

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

CITY OF NORRIS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BUDGET AND ACTUAL
GENERAL FUND (Continued)

For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Public Works				
Personnel Costs	271,880	271,880	272,074	(194)
Operating Expenditures	78,000	250,000	219,168	30,832
Repairs and Maintenance	181,000	196,000	63,315	132,685
Total Public Works	<u>530,880</u>	<u>717,880</u>	<u>554,557</u>	<u>163,323</u>
Parks and Recreation				
Personnel Costs	7,192	7,192	7,204	(12)
Operating Expenditures	166,650	178,300	109,240	69,060
Total Parks and Recreation	<u>173,842</u>	<u>185,492</u>	<u>116,444</u>	<u>69,048</u>
Library and Archives				
Operating Expenditures	33,200	33,800	33,773	27
Total Library and Archies	<u>33,200</u>	<u>33,800</u>	<u>33,773</u>	<u>27</u>
Conservation of Natural Resources				
Operating Expenditures	3,300	3,300	1,004	2,296
Repairs and Maintenance	200	200	1,294	(1,094)
Total Conservation of Natural Resources	<u>3,500</u>	<u>3,500</u>	<u>2,298</u>	<u>1,202</u>
Other Natural Resources				
Operating Expenditures	8,000	10,500	9,794	706
Total Other Natural Resources	<u>8,000</u>	<u>10,500</u>	<u>9,794</u>	<u>706</u>
Community Development and Other				
Operating Expenditures	14,900	6,230	4,741	1,489
Total Community Development and Other	<u>14,900</u>	<u>6,230</u>	<u>4,741</u>	<u>1,489</u>
Total Expenditures	<u>2,363,671</u>	<u>2,918,801</u>	<u>2,385,052</u>	<u>533,749</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES (USES)	<u>(575,652)</u>	<u>(953,782)</u>	<u>(619,196)</u>	<u>334,586</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	45,290	48,270	48,290	20
Net Other Financing Sources (Uses)	<u>45,290</u>	<u>48,270</u>	<u>48,290</u>	<u>20</u>
NET CHANGE IN FUND BALANCES	(530,362)	(905,512)	(570,906)	334,606
FUND BALANCE, BEGINNING OF YEAR	<u>2,014,252</u>	<u>2,014,252</u>	<u>2,014,252</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,483,890</u>	<u>\$ 1,108,740</u>	<u>\$ 1,443,346</u>	<u>\$ 334,606</u>

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

CITY OF NORRIS, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BUDGET AND ACTUAL
WATERSHED FUND

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 62,820	\$ 109,820	\$ 112,128	\$ 2,308
Lease Revenue	0	0	6,006	6,006
Interest Income	0	11,000	15,979	4,979
Use of Money or Property	29,000	29,000	29,655	655
Total Revenues	<u>91,820</u>	<u>149,820</u>	<u>163,768</u>	<u>13,948</u>
EXPENDITURES				
Conservation of Natural Resources	77,118	109,818	63,526	46,292
Total Expenditures	<u>77,118</u>	<u>109,818</u>	<u>63,526</u>	<u>46,292</u>
NET CHANGE IN FUND BALANCES BEFORE OTHER FINANCING SOURCES (USES)	14,702	40,002	100,242	60,240
OTHER FINANCING SOURCES (USES)				
Transfers To Other Funds	(45,290)	(45,290)	(48,290)	(3,000)
CHANGES IN FUND BALANCES	(30,588)	(5,288)	51,952	57,240
FUND BALANCES, BEGINNING OF YEAR	<u>318,517</u>	<u>318,517</u>	<u>318,517</u>	<u>0</u>
FUND BALANCES, END OF YEAR	<u>\$ 287,929</u>	<u>\$ 313,229</u>	<u>\$ 370,469</u>	<u>\$ 57,240</u>

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

CITY OF NORRIS, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATERWORKS FUND
June 30, 2024

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,074,389
Accounts Receivable - Customers (Net of Allowance for Doubtful Accounts of \$15,272)	105,481
Due From Other Funds	9,299
Prepaid Expenses	4,763
Total Current Assets	<u>1,193,932</u>
Capital Assets	
Land	73,000
Water and Sewer System	4,139,111
Machinery and Equipment	157,716
Vehicles	113,832
	<u>4,483,659</u>
Less: Accumulated Depreciation	<u>(2,504,195)</u>
Net Capital Assets	<u>1,979,464</u>
Other Noncurrent Assets	
Net Pension Asset	<u>180,631</u>
Total Noncurrent Assets	<u>2,160,095</u>
TOTAL ASSETS	<u>3,354,027</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	<u>69,172</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 3,423,199</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 12,698
Due to Other Funds	4,290
Accrued Liabilities	19,293
Compensated Absences	22,510
Total Current Liabilities	<u>58,791</u>
Noncurrent Liabilities	
Compensated Absences	<u>8,484</u>
Total Noncurrent Liabilities	<u>8,484</u>
TOTAL LIABILITIES	<u>67,275</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	<u>136,479</u>
NET POSITION	
Investment in Capital Assets	1,979,464
Restricted for Pension	180,631
Unrestricted	1,059,350
Total Net Position	<u>3,219,445</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 3,423,199</u>

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

CITY OF NORRIS, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
PROPRIETARY FUND - WATERWORKS FUND
For the Fiscal Year Ended June 30, 2024

OPERATING REVENUES	
Water Charges	\$ 564,385
Wastewater Charges	531,063
Charges for Services	<u>33,581</u>
Total Operating Revenues	<u>1,129,029</u>
OPERATING EXPENSES	
Purification	201,572
Transmission and Distribution	144,156
Sewage Collection	174,550
Sewage Treatment and Disposal	235,769
Customer Billing	19,464
Administrative and General	330,720
Depreciation	<u>95,834</u>
Total Operating Expenses	<u>1,202,065</u>
OPERATING INCOME	<u>(73,036)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	<u>34,817</u>
Total Non-Operating Revenues (Expenses)	<u>34,817</u>
CHANGE IN NET POSITION	(38,219)
NET POSITION, BEGINNING OF YEAR	<u>3,257,664</u>
NET POSITION, END OF YEAR	<u>\$ 3,219,445</u>

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

CITY OF NORRIS, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATERWORKS FUND
For the Fiscal Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Collections from Customers	\$ 1,118,582
Payments to or on Behalf of Employees	(634,098)
Payments to Suppliers	<u>(523,029)</u>
Net Cash Used in Operating Activities	<u>(38,545)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	<u>(21,892)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(21,892)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments and Cash Deposits	<u>34,817</u>
Net Cash Provided by Investing Activities	<u>34,817</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,620)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,100,009</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,074,389</u>
 RECONCILIATION OF OPERATING INCOME FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating Income	\$ <u>(73,036)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	95,834
Change in Net Pension Asset	13,940
Change in Prepaid Expenses	(1,558)
Change in Deferred Outflows Related to Pension	(18,002)
Change in Deferred Inflows Related to Pension	(23,529)
(Increase) Decrease in Assets:	
Accounts Receivable	(10,714)
Increase (Decrease) in Liabilities:	
Accounts Payable	2,068
Due to/from Other Funds	(23,375)
Accrued Liabilities	14,090
Customer Deposits	(10,400)
Compensated Absences Payable	<u>(3,863)</u>
Total Adjustments	<u>34,491</u>
Net Cash Used in Operating Activities	<u>\$ (38,545)</u>

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

CITY OF NORRIS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) REPORTING ENTITY

The City of Norris, Tennessee (the City), was incorporated on April 7, 1949, and created by the private Acts of 1949 Chapter 566, House Bill 929 by the Tennessee General Assembly and amended and approved April 14, 2010, by Chapter 47, House Bill No. 3970 by the Tennessee General Assembly. The City is governed by a modified City Manager-Council form of government. The five members of the City Council are elected at large on a non-partisan basis once every two years. The City Manager is responsible for overseeing the City's day-to-day operations, and for hiring directors and supervisors of the various departments.

Norris Water Commission (the Commission) was established by the City Council under the provisions of the City's Charter and is considered a part of the City of Norris. Therefore, the Commission's financial statements are also included in the City's consolidated annual financial report. The Commission consists of five members appointed by the City Council and the City Manager serving as secretary/treasurer. The Commission does not have separate corporate powers that would enable it to be separate from the City. In addition, the City Council can impose its will by approving water and wastewater rates, the appointment or removal of Commissioners, and the issuance of debt. The operations of the Commission are reported as a business type activity in the government-wide financial statements and as a proprietary fund (Waterworks Fund) at the individual fund level.

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

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) BASIS OF PRESENTATION

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

Governmental Fund Types

Governmental funds are those through which most of the governmental functions of the City are financed. The focus of Governmental Fund measurement, in the fund financial statements, is upon determination of financial position and changes in financial position rather than upon net income. Governmental funds include the following fund types:

General Fund: The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City.

Watershed Fund: The Watershed Fund is presented as a major fund and accounts for the recreational and forestry management activities within the City's Watershed. The primary revenues are derived from licenses, permits and the period sale of forest products from the Watershed.

Special Revenue Funds: Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes.

Proprietary Fund Types

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

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

Waterworks Fund: The Waterworks Fund is used to account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund. This fund is presented as a major fund in the basic financial statements.

(D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, certificates of deposits and deposits with the State Treasurer's Local Government Investment Pool (LGIP). For purposes of the statements of net position and cash flows, the City considers all highly liquid debt instruments, including certificate of deposits, purchased with an initial maturity of three months or less to be cash and cash equivalents. All bank deposits are fully insured by the Tennessee Investment Collateral Pool.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Receivables - Waterworks Fund - The Waterworks Fund bills customers on a monthly billing basis and records revenue when billed. There was no unbilled revenue at year-end. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The City provides for probable uncollectible receivables through a reduction of gross waterworks revenues and a credit to an allowance based on its assessment of the current status of an individual account and historical write-off experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance.

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

Interfund Transactions - Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statement of net position as internal balances (due to/from other activities). Exceptions to this general rule are charges for service provided by the City's Waterworks Fund (business-type activities) to other functions (governmental activities) of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Transactions between funds that are outstanding at year-end are presented as interfund receivables and payables. These interfund transactions are expected to be liquidated within the next 12 months. In addition, these interfund receivables and payables have not been eliminated in the accompanying fund financial statements.

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

Land	\$	500
Buildings		10,000
Improvements Other than Buildings		5,000
Equipment		5,000
Infrastructure		10,000
Construction in Progress		Tied to Asset Class

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

<u>Assets</u>	<u>Useful Life (Years)</u>
Land and Land Improvements	N/A
Buildings and Improvements	20-50
Water and Wastewater Plant Lines	40-50
Vehicles	5-30
Machinery and Equipment	5-15
Furniture and Fixtures	20
Infrastructure	20-100

Compensated Absences - Employees of the City are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave; however, accumulated sick pay is not paid. For the City’s government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The governmental funds (General Fund) record an expenditure and a liability, only if they have matured and would be liquidated with available spendable resources under the modified accrual basis of accounting. The City has recorded a liability in the government-wide and proprietary fund financial statements.

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

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

Net Position and Fund Balance - Government-wide and proprietary fund net position is classified into three components: “Net investment in capital assets” consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. “Restricted” net position is noncapital net assets that must be used for a particular purpose as specified by creditors, grantors, or contributors external to the City. “Unrestricted” net position is remaining net position that does not meet the definition of the other two categories.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- a. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitutional provisions or enabling legislation.
- b. Committed fund balances comprise those amounts that are self-imposed restrictions can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council – the City’s highest level of decision making authority. Those committed amounts cannot be used for other purposes unless the City Council removes the specified use by formal ordinance.
- c. Assigned fund balances consist of amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, intent can be authorized, and funds therefore assigned by formal resolution of the City Council – the City’s highest level of decision-making authority.
- d. Unassigned fund balances consist of excess funds that have not been classified in the previous categories. The general fund is the only governmental fund that reports positive unassigned fund balance.

City Council has retained the authority to assign funds for specific purposes. When both restricted and unrestricted funds are available for expenditure, restricted funds are spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds are spent first, assigned funds next, and unassigned funds last.

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

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

Reclassifications - Certain amounts in the financial statements and/or accompanying footnotes related to June 30, 2023 balances may have been reclassified in order to be consistent with their classification for June 30, 2024.

Estimates - The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses/expenditures, and the disclosure of contingent assets and liabilities at the date of the basic financial statements. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

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

1. Prior to April 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Also, a five year equipment capital budget is presented simultaneously with the operating budget.
2. A public hearing is conducted at the Community Building to obtain taxpayer comments prior to the second ordinance reading.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed total appropriations at the departmental level.
5. Formal budgetary integration is employed as a management tool for the General Fund, State Street Aid Fund, Watershed Fund, Solid Waste Fund and Drug Control Fund. The Water Commission approves a budget of projected revenues and expenses for the Waterworks Fund. The Waterworks Fund's budget is not an appropriation since this is a proprietary-type fund that is supported by user charges.
6. The budgets for all governmental funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP), except that in the general and special revenue funds, encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. There were no encumbrances outstanding at the beginning or end of the fiscal year. Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted or as amended by the City Council.
7. Budgetary appropriations which are not expended lapse at year-end.

(B) SUPPLEMENTAL APPROPRIATIONS

The following revisions were made to the original fiscal 2024 budgeted expenditures and other financing uses by additional appropriations for the following major governmental fund:

Fund	Original Budget	Revisions	Final Budget
General Fund	\$ 2,363,671	\$ 555,130	\$ 2,918,801
Watershed Fund	\$ 77,118	\$ 32,700	\$ 109,818

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Included in cash and cash equivalents at June 30, 2024 were balances in the State Treasurer's Local Government Investment Pool (LGIP) in the amount of \$2,434,963. Deposits with the LGIP are not subject to categorization and are reports at amortized cost. THE LGIP is not registered with the SEC as an investment company. However, the LGIP has a policy that it will operate in a manner consistent with the SEC's Rule 2a-7. SEC Rule 2a-7 allows SEC registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the State Treasurer to administer the LGIP under the same terms and conditions, including collateral requirements, as required for tother fund invested by the Treasurer. The reported value of the pool is the same as the fair value of the pool shares. There are no minimum or maximum dollar limits on the size of withdrawal transactions. In most cases, a withdrawal will be honored the same day it is requested. However, withdrawals of \$5,000,000 or more will be honored the next working day after request.

NOTE 4 - PROPERTY TAX

The City's property taxes are assessed on January 1, levied (billed) on August 1, and become delinquent on September 1. The Anderson County property tax assessor provides the property assessments; however, the City bills and collects its own taxes. Delinquencies are submitted to the Anderson County Attorney and filed in Chancery Court the following April 1 and a tax lien is filed. The City's tax rate for the year ended June 30, 2024, was \$1.54 per \$100 of assessed value.

According to GASB Statement No. 33, *Accounting for Financial Reporting for Non-Exchange Transactions*, the City is required to record a property tax receivable on the assessment date, January 1. However, the revenue is not recognized until the billing date of August 1, which is in the next fiscal year.

The amount of property taxes receivable recorded as deferred revenue at June 30, 2024, was \$774,947.

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

As of June 30, 2024, interfund receivables and payables were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Total Balances</u>
Governmental Activities			
General Fund	\$ 37,725	\$ (61,343)	\$ (23,618)
Watershed Fund	0	(7,413)	(7,413)
Nonmajor Funds	<u>39,938</u>	<u>(13,916)</u>	<u>26,022</u>
Total Governmental Activities	<u>\$ 77,663</u>	<u>\$ (82,672)</u>	<u>\$ (5,009)</u>
Business-Type Activities			
Waterworks Fund	<u>\$ 9,299</u>	<u>\$ (4,290)</u>	<u>\$ 5,009</u>

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

Transfers during the year are as follows:

	<u>Transfers To:</u>
	General
<u>Transfers From :</u>	Fund
Watershed Fund	<u>\$ 48,290</u>

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - CAPITAL ASSETS

A summary of capital asset activity for the City's governmental activities for the fiscal year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 3,282,093	\$ 0	\$ 0	\$ 3,282,093
Total Capital Assets, Not Being Depreciated	<u>3,282,093</u>	<u>0</u>	<u>0</u>	<u>3,282,093</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,010,038	35,000	0	2,045,038
Vehicles	641,783	102,568	0	744,351
Machinery and Equipment	352,909	296,133	0	649,042
Furniture and Fixtures	14,691	0	0	14,691
Infrastructure	1,301,844	0	0	1,301,844
Total Capital Assets, Being Depreciated	<u>4,321,265</u>	<u>433,701</u>	<u>0</u>	<u>4,754,966</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,161,180)	(39,442)	0	(1,200,622)
Vehicles	(551,351)	(46,221)	0	(597,572)
Machinery and Equipment	(280,145)	(38,588)	0	(318,733)
Furniture and Fixtures	(14,691)	0	0	(14,691)
Infrastructure	(535,087)	(29,971)	0	(565,058)
Total Accumulated Depreciation	<u>(2,542,454)</u>	<u>(154,222)</u>	<u>0</u>	<u>(2,696,676)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,778,811</u>	<u>279,479</u>	<u>0</u>	<u>2,058,290</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 5,060,904</u>	<u>\$ 279,479</u>	<u>\$ 0</u>	<u>\$ 5,340,383</u>

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

General Government	\$ 24,952
Public Safety	52,547
Public Works	36,127
Infrastructure	31,972
Parks and Recreation	8,624
	<u>154,222</u>
	<u>\$ 154,222</u>

NOTE 6 - CAPITAL ASSETS (Continued)

Capital asset activity for the City's business-type activities for the year ended June 30, 2024, is as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 73,000	\$ 0	\$ 0	\$ 73,000
Total Capital Assets, Not Being Depreciated	<u>73,000</u>	<u>0</u>	<u>0</u>	<u>73,000</u>
Capital Assets, Being Depreciated:				
Water and Sewer System	4,139,111	0	0	4,139,111
Machinery and Equipment	135,824	21,892	0	157,716
Vehicles	113,832	0	0	113,832
Total Capital Assets, Being Depreciated	<u>4,388,767</u>	<u>21,892</u>	<u>0</u>	<u>4,410,659</u>
Less Accumulated Depreciation for:				
Water and Sewer System	(2,188,610)	(86,166)	0	(2,274,776)
Machinery and Equipment	(119,366)	(4,283)	0	(123,649)
Vehicles	(100,395)	(5,375)	0	(105,770)
Total Accumulated Depreciation	<u>(2,408,371)</u>	<u>(95,824)</u>	<u>0</u>	<u>(2,504,195)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,980,396</u>	<u>(73,932)</u>	<u>0</u>	<u>1,906,464</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 2,053,396</u>	<u>\$ (73,932)</u>	<u>\$ 0</u>	<u>\$ 1,979,464</u>

NOTE 7 - LEASE RECEIVABLE

The City leases property to a tenant with a term ending September 12, 2039. Payments included in the measurement of the lease receivable are fixed monthly amounts. During the year ended June 30, 2024, the City recognized the following related to its lessor agreement:

Lease Revenue	\$ 12,012
Interest Income Related to Lease	<u>6,825</u>
	<u>\$ 18,837</u>

Future payments that are included in the measurement of the lease receivable at June 30, 2024 are presented below for the years ending June 30:

	Principal	Interest
2025	\$ 10,203	\$ 6,825
2026	10,919	6,505
2027	11,251	6,173
2028	11,593	5,831
2029	11,946	5,478
2030-2034	74,289	21,107
2035-2039	96,570	8,366
2040	5,245	27
	<u>\$ 232,016</u>	<u>\$ 60,312</u>

NOTE 8 - NOTE PAYABLE AND LONG-TERM LIABILITIES

(A) LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 43,322	\$ 31,719	\$ 38,712	\$ 36,329	\$ 30,792
Business-Type Activities:					
Compensated Absences	\$ 34,857	\$ 15,836	\$ 19,699	\$ 30,994	\$ 22,510

NOTE 9 - FUND BALANCE

Following is more detailed information on the governmental fund balances as of June 30, 2024:

	General Fund	Watershed Fund	Non-Major Governmental Funds	Totals
Non-Spendable: Prepaid Items	\$ 6,199	\$ 0	\$ 0	\$ 6,199
Restricted for:				
Highways and Streets	0	0	55,213	55,213
Drug Enforcement	0	0	5,542	5,542
Public Safety - Volunteer Fire Department	8,809	0	0	8,809
Total Restricted for:	8,809	0	60,755	69,564
Committed to:				
General Government	8,979	0	0	8,979
Parks and Recreation	22,781	0	0	22,781
Library and Archives	350	0	0	350
Conservation of Natural Resources	4,965	73,158	0	78,123
Other Natural Resources	11,531	0	0	11,531
Community Development and Other	4,639	0	0	4,639
Total Committed	53,245	73,158	0	126,403
Assigned to:				
Parks and Recreation	6,091	0	0	6,091
Conservation of Natural Resources	0	297,311	0	297,311
Refuse Collection	0	0	22,611	22,611
	6,091	297,311	22,611	326,013
Unassigned:	1,369,002	0	0	1,369,002
Total Fund Balance	\$ 1,443,346	\$ 370,469	\$ 83,366	\$ 1,897,181

NOTE 10 - EMPLOYEES RETIREMENT PLANS

(A) Tennessee Consolidated Retirement System – Legacy Plan

General Information About the Pension Plan

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

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 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% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Employees Covered by the Benefit Terms. At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	17
Inactive Employees Entitled to but not yet Receiving Benefits	21
Active Employees	6
Total Employees	44

The plan is closed to new entrants.

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the employer contributions for the City were \$25,691 based on a rate of 5.82% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City’s state shared taxes if required employer contributions are not remitted. The employer’s ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension Liabilities (Assets). The City’s net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

NOTE 10 - EMPLOYEES RETIREMENT SYSTEMS AND PLAN (Continued)

(A) Tennessee Consolidated Retirement System – Legacy Plan (Continued)

Net Pension Liability (Asset) (Continued)

Actuarial Assumptions. The total pension liability as of the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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%. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

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

NOTE 10 - EMPLOYEES RETIREMENT SYSTEMS AND PLAN (Continued)

(A) Tennessee Consolidated Retirement System – Legacy Plan (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<u>Balances at June 30, 2022</u>	\$ 3,172,670	\$ 3,710,129	\$ (537,459)
Changes for the Year:			
Service Cost	40,127	0	40,127
Interest	211,411	0	211,411
Difference between Expected and Actual Experience	100,956	0	100,956
Contributions - Employer	0	27,806	(27,806)
Contributions - Employees	0	20,781	(20,781)
Net Investment Income	0	245,548	(245,548)
Benefit Payments - Including Refunds of Employee Contributions	(161,550)	(161,550)	0
Administrative Expenses	0	(1,347)	1,347
Net Changes	<u>190,944</u>	<u>131,238</u>	<u>59,706</u>
<u>Balances at June 30, 2023</u>	<u>\$ 3,363,614</u>	<u>\$ 3,841,367</u>	<u>\$ (477,753)</u>

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset) 2023	\$ <u>(86,136)</u>	\$ <u>(477,753)</u>	\$ <u>(808,583)</u>

NOTE 10 - EMPLOYEES RETIREMENT SYSTEMS AND PLAN (Continued)

(A) Tennessee Consolidated Retirement System – Legacy Plan (Continued)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2024, the City recognized negative pension expense of (\$74,360).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2024, the City 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	\$ 67,304	\$ 146,201
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	24,767	0
Changes of Assumptions	32,358	0
Contributions Subsequent to the Measurement Date of June 30, 2023	<u>25,691</u>	<u>0</u>
Total	<u>\$ 150,120</u>	<u>\$ 146,201</u>

The amount shown above for “contributions subsequent to the measurement date of June 30, 2023,” 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:

<u>For the Years ended June 30,</u>	
2025	\$ (58,696)
2026	(47,139)
2027	83,863
2028	<u>200</u>
Total	<u>\$ (21,772)</u>

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, 2024, the City reported no outstanding amount of contributions to the pension plan, including employee contributions, required at the year ended June 30, 2024.

(B) Tennessee Consolidated Retirement System - Hybrid Plan

Plan Description. Employees of the City hired after October 1, 2018 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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

NOTE 10 - EMPLOYEES RETIREMENT SYSTEMS AND PLAN (Continued)

(B) Tennessee Consolidated Retirement System - Hybrid Plan (Continued)

Benefits Provided. Tennessee Code Annotated Title 8, Chapter 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 65 with five 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 years average compensation and the member's service credit. Reduced benefits for early retirement are available at age 60 and vested or meets the Rule of 80 in which the member's age and service credit total 80. 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.

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 calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 1% COLA is granted if the CPI change is between one-half percent and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by the Benefit Terms. At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to but not yet Receiving Benefits	7
Active Employees	<u>10</u>
Total Employees	<u><u>17</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, employer contributions for the City were \$23,054 based on a rate of 3.48% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's 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 amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension Liabilities (Assets). The City's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125%

NOTE 10 - EMPLOYEES RETIREMENT SYSTEMS AND PLAN (Continued)

(B) Tennessee Consolidated Retirement System - Hybrid Plan (Continued)

Net Pension Liability (Asset) (Continued)

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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%. 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% based on a blending of the factors described above.

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

NOTE 10 - EMPLOYEES RETIREMENT SYSTEMS AND PLAN (Continued)

(B) Tennessee Consolidated Retirement System - Hybrid Plan (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<u>Balances at June 30, 2022</u>	\$ 58,915	\$ 60,715	\$ (1,800)
Changes for the Year:			
Service Cost	31,209	0	31,209
Interest	6,021	0	6,021
Difference between Expected and Actual Experience	(965)	0	(965)
Contributions - Employer	0	11,915	(11,915)
Contributions - Employees	0	19,094	(19,094)
Net Investment Income	0	5,044	(5,044)
Benefit Payments - Including Refunds of Employee Contributions	(1,857)	(1,857)	0
Administrative Expenses	0	(499)	499
Net Changes	<u>34,408</u>	<u>33,697</u>	<u>711</u>
<u>Balances at June 30, 2023</u>	<u>\$ 93,323</u>	<u>\$ 94,412</u>	<u>\$ (1,089)</u>

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

	1% Decrease	Current	1% Increase
	(5.75%)	Discount Rate (6.75%)	(7.75%)
Net Pension Liability (Asset) 2023	\$ 16,988	\$ (1,089)	\$ (15,042)

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, 2024, the City recognized pension expense (negative pension expense) of \$14,573.

NOTE 10 - EMPLOYEES RETIREMENT SYSTEMS AND PLAN (Continued)

(B) Tennessee Consolidated Retirement System - Hybrid Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2024, the City 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	\$ 6,785	\$ 4,040
Net Difference Between Projected and Actual Earnings on Pension		
Plan Investments	1,312	0
Changes of Assumptions	3,301	0
Contributions Subsequent to the Measurement Date of June 30, 2023	<u>23,054</u>	<u>0</u>
Total	<u>\$ 34,452</u>	<u>\$ 4,040</u>

The amount shown above for “contributions subsequent to the measurement date of June 30, 2023,” 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:

<u>For the Years ended June 30,</u>	
2025	\$ 1,003
2026	956
2027	1,982
2028	883
2029	879
Thereafter	<u>1,655</u>
Total	<u>\$ 7,358</u>

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

Payable to the Pension Plan

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

Defined Contribution Plan

The City provides benefits for its full-time employees through a single employer defined contribution plan. The City provides a matching contribution of up to 3%. Employees are vested in employer contributions after five years of continuous service. Any amounts forfeited may be used to reduce the City’s current period contribution requirement. For fiscal year ending June 30, 2024, the amount of the City’s contributions (net of forfeitures) was \$5,419.

(C) Employer Aggregate Pension Disclosure

The following table discloses the aggregate for all defined benefit plans as of and for the year ended June 30, 2024:

	<u>Legacy Plan</u>		<u>Hybrid Plan</u>		<u>All Plans</u>
Net Pension Asset	\$ 477,753	\$	1,089	\$	478,842
Pension Deferred Outflows	\$ 150,120	\$	34,452	\$	184,572
Pension Deferred Inflows	\$ 146,201	\$	4,040	\$	150,241
Pension Expense (Benefit)	\$ (74,360)	\$	14,573	\$	(59,787)

NOTE 11 - RISK FINANCING ACTIVITIES

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's loss exposure for general liability and worker's compensation is limited by state law.

The City maintains general liability, auto liability and worker's compensation insurance through a public entity risk pool operated as a risk-sharing program by Public Entity Partners Pool (PEP), formerly the TML Risk Management Pool. This pool is sustained by member premiums, and, because the PEP pool has excess aggregate and individual claim loss insurance coverage, management considers any related risk to be insignificant. The City continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past four fiscal years.

The per occurrence deductible for each insurance policy of the City is as follows: comprehensive general liability \$1,000, comprehensive automobile \$1,000, public officials liability \$1,000, property and casualty \$1,000, inland marine \$500 and employee honesty \$1,000.

The City incurred no net claim losses through the PEP insurance pool during 2024.

NOTE 12 - ECONOMIC CONCENTRATIONS

The City has a contract with Waste Connections, Inc. for refuse disposal through June 30, 2025. Payments are based on the number of collections made at specific rates, adjusted annually based on the Consumer Price Index. Expenditures for the year ending June 30, 2024 were \$164,856, which is 100% of the Solid Waste Fund's expenditures.

NOTE 13 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2024, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 17, 2024, which is the date on which the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

CITY OF NORRIS, TENNESSEE

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

Fiscal Year Ending June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 40,127	\$ 38,658	\$ 34,093	\$ 39,347	\$ 53,815	\$ 56,824	\$ 63,972	\$ 54,691	\$ 54,060	\$ 52,888
Interest	211,411	219,873	239,473	245,498	255,512	244,903	241,050	223,243	207,839	205,793
Differences between Actual and Expected Experience	100,956	(175,318)	(234,175)	(181,228)	(250,530)	36,486	(36,293)	116,228	102,036	(86,123)
Change of Assumptions	0	0	129,438	0	0	0	85,912	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(161,550)	(258,519)	(179,666)	(183,283)	(181,605)	(196,159)	(170,876)	(161,158)	(157,205)	(135,670)
Net Change in Total Pension Liability	190,944	(175,306)	(10,837)	(79,666)	(122,808)	142,054	183,765	233,004	206,730	36,888
Total Pension Liability - Beginning	3,172,670	3,347,976	3,358,813	3,438,479	3,561,287	3,419,233	3,235,468	3,002,464	2,795,734	2,758,846
Total Pension Liability - Ending (a)	<u>\$ 3,363,614</u>	<u>\$ 3,172,670</u>	<u>\$ 3,347,976</u>	<u>\$ 3,358,813</u>	<u>\$ 3,438,479</u>	<u>\$ 3,561,287</u>	<u>\$ 3,419,233</u>	<u>\$ 3,235,468</u>	<u>\$ 3,002,464</u>	<u>\$ 2,795,734</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 27,806	\$ 52,535	\$ 62,287	\$ 68,745	\$ 89,381	\$ 78,158	\$ 73,108	\$ 75,108	\$ 72,251	\$ 67,832
Contributions - Employee	20,781	19,244	20,762	22,915	31,854	32,648	32,966	33,501	32,226	29,988
Net Investment Income	245,548	(151,310)	840,272	158,413	226,660	238,997	301,271	70,354	80,732	378,711
Benefit Payments, Including Refunds of Employee Contributions	(161,550)	(258,519)	(179,666)	(183,283)	(181,605)	(196,159)	(170,876)	(161,158)	(157,205)	(135,670)
Administrative Expense	(1,347)	(691)	(707)	(839)	(1,165)	(1,495)	(1,305)	(1,299)	(853)	(720)
Net Change in Plan Fiduciary Net Position	131,238	(338,741)	742,948	65,951	165,125	152,149	235,164	16,506	27,151	340,141
Plan Fiduciary Net Position - Beginning	3,710,129	4,048,870	3,305,922	3,239,971	3,074,846	2,922,697	2,687,533	2,671,027	2,643,876	2,303,735
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,841,367</u>	<u>\$ 3,710,129</u>	<u>\$ 4,048,870</u>	<u>\$ 3,305,922</u>	<u>\$ 3,239,971</u>	<u>\$ 3,074,846</u>	<u>\$ 2,922,697</u>	<u>\$ 2,687,533</u>	<u>\$ 2,671,027</u>	<u>\$ 2,643,876</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (477,753)</u>	<u>\$ (537,459)</u>	<u>\$ (700,894)</u>	<u>\$ 52,891</u>	<u>\$ 198,508</u>	<u>\$ 486,441</u>	<u>\$ 496,536</u>	<u>\$ 547,935</u>	<u>\$ 331,437</u>	<u>\$ 151,858</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	114.20%	116.94%	120.93%	98.43%	94.23%	86.34%	85.48%	83.06%	88.96%	94.57%
Covered Payroll	\$ 415,629	\$ 384,870	\$ 415,250	\$ 458,298	\$ 637,069	\$ 652,952	\$ 652,168	\$ 670,010	\$ 644,523	\$ 599,751
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-114.95%	-139.65%	-168.79%	11.54%	31.16%	74.50%	76.14%	81.78%	51.42%	25.32%

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

CITY OF NORRIS, TENNESSEE
SCHEDULES OF CONTRIBUTIONS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Fiscal Year Ending June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 25,691	\$ 27,806	\$ 52,535	\$ 56,682	\$ 62,558	\$ 89,381	\$ 78,158	\$ 73,108	\$ 75,108	\$ 72,251
Contributions in Relation to the Actuarially Determined Contribution	25,691	27,806	52,535	62,287	68,745	89,381	78,158	73,108	75,108	72,251
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (5,605)	\$ (6,187)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 441,426	\$ 415,635	\$ 384,870	\$ 415,250	\$ 458,298	\$ 637,069	\$ 652,952	\$ 652,168	\$ 670,010	\$ 644,523
Contributions as a Percentage of Covered Payroll	5.82%	6.69%	13.65%	15.00%	15.00%	14.03%	11.97%	11.21%	11.21%	11.21%

Notes:

Valuation date: Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2022 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

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

Changes of Assumptions: In 2021, 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% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

CITY OF NORRIS, TENNESSEE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
 BASED ON PARTICIPATION PUBLIC EMPLOYEE PENSION PLAN OF TCRS

Last Fiscal Year Ending June 30

	2023	2022	2021	2020
Total Pension Liability				
Service Cost	\$ 31,209	\$ 18,449	\$ 15,001	\$ 0
Interest	6,021	3,250	2,078	0
Changes in Benefit Terms	0	0	0	13,657
Differences between Actual and Expected Experience	(965)	8,723	(4,547)	0
Change of Assumptions	0	0	4,717	0
Benefit Payments, Including Refunds of Employee Contributions	(1,857)	(2,413)	0	0
Net Change in Total Pension Liability	34,408	28,009	17,249	13,657
Total Pension Liability - Beginning	58,915	30,906	13,657	0
Total Pension Liability - Ending (a)	\$ 93,323	\$ 58,915	\$ 30,906	\$ 13,657
Plan Fiduciary Net Position				
Contributions - Employer	\$ 11,915	\$ 8,322	\$ 2,421	\$ 1,810
Contributions - Employee	19,094	16,254	11,006	19,221
Net Investment Income	5,044	(1,988)	7,136	512
Benefit Payments, Including Refunds of Employee Contributions	(1,857)	(2,413)	0	0
Administrative Expense	(499)	(729)	(477)	(360)
Net Change in Plan Fiduciary Net Position	33,697	19,446	20,086	21,183
Plan Fiduciary Net Position - Beginning	60,715	41,269	21,183	0
Plan Fiduciary Net Position - Ending (b)	\$ 94,412	\$ 60,715	\$ 41,269	\$ 21,183
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (1,089)	\$ (1,800)	\$ (10,363)	\$ (7,526)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.17%	103.06%	133.53%	155.11%
Covered Payroll	\$ 381,877	\$ 325,077	\$ 220,128	\$ 164,531
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-0.29%	-0.55%	-4.71%	-4.57%

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

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

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

CITY OF NORRIS, TENNESSEE

SCHEDULES OF CONTRIBUTIONS

BASED ON PARTICIPATION IN THE LOCAL GOVERNMENT HYBRID PLAN OF TCRS

Last Fiscal Year Ended June 30

	2024	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 23,054	\$ 11,915	\$ 8,322	\$ 2,421	\$ 1,810
Contributions in Relation to the Actuarially Determined Contribution	<u>23,054</u>	<u>11,915</u>	<u>8,322</u>	<u>2,421</u>	<u>1,810</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 662,471	\$ 381,877	\$ 325,078	\$ 220,128	\$ 164,531
Contributions as a Percentage of Covered Payroll	3.48%	3.12%	2.56%	1.10%	1.10%

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

Note: Valuation date: Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2022 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period:	Varies by Year
Asset Valuation:	10-year smoothed within a 20.0% corridor to market value
Inflation:	2.25%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return:	6.75%, net of investment expense, including inflation
Retirement Age:	Pattern of retirement determined by experience study
Mortality:	Customized table based on actual experience including an adjustment for some anticipated improvement.
Cost of Living Adjustments:	2.125%
Changes of Assumptions:	In 2021, 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% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

SUPPLEMENTARY INFORMATION SECTION

GENERAL FUND

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., general government, public safety, public works, recreation, etc.). These activities are funded principally by property taxes, local sales taxes, State of Tennessee revenues and charges for services.

CITY OF NORRIS, TENNESSEE
COMPARATIVE BALANCE SHEETS
GENERAL FUND

	As of June 30,	<u>2024</u>	<u>2023</u>
ASSETS			
Cash and Cash Equivalents	\$	1,413,560	\$ 1,994,203
Receivables:			
Taxes, Net		832,187	789,504
Accounts, Net of Allowance for Doubtful Accounts		186	1,266
Prepaid Items		6,199	15,458
Lease Receivable		116,008	120,376
Due From Other Governments		42,901	53,534
Due From Other Funds		<u>37,725</u>	<u>33,052</u>
TOTAL ASSETS	\$	<u>2,448,766</u>	\$ <u>3,007,393</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$	20,817	\$ 8,122
Accrued Liabilities		57,212	55,168
Unearned Grant Revenue		0	5,375
Due to Other Funds		<u>61,343</u>	<u>60,998</u>
Total Liabilities		<u>139,372</u>	<u>129,663</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue		774,947	766,371
Deferred Inflows - Leases		<u>91,101</u>	<u>97,107</u>
Total Deferred Inflows of Resources		<u>866,048</u>	<u>863,478</u>
FUND BALANCES			
Non-Spendable:			
Prepaid Items		6,199	15,458
Restricted:			
Public Safety - Volunteer Fire Department		8,809	11,252
Unrestricted:			
Committed		53,245	54,131
Assigned		6,091	6,091
Unassigned		<u>1,369,002</u>	<u>1,927,320</u>
Total Fund Balances		<u>1,443,346</u>	<u>2,014,252</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$	<u>2,448,766</u>	\$ <u>3,007,393</u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND

	For the Fiscal Years Ended June 30,	<u>2024</u>	<u>2023</u>
REVENUES			
Property Taxes	\$	839,430	\$ 790,038
Local Option Sales Taxes		269,428	264,039
Wholesale Liquor Taxes		36,769	32,534
Wholesale Beer Taxes		42,026	49,421
Other Local Taxes		34,405	44,787
Licenses and Permits		14,249	24,065
State Sales Taxes		198,738	192,466
State Hall Income Taxes - Intergovernmental		0	5,507
TVA In-Lieu of Taxes		19,596	19,226
Other State of Tennessee - Intergovernmental		83,642	11,067
Federal Grants		0	475,206
Local Grant		50,000	0
Charges for Services		1,007	1,100
Lease Revenue		6,006	6,006
Interest Income		68,100	3,680
Use of Money or Property		30,200	19,389
Fines, Forfeitures, and Penalties		2,338	5,517
Contributions and Donations		16,482	18,340
Other		53,440	152,848
Total Revenues		<u>1,765,856</u>	<u>2,115,236</u>
EXPENDITURES			
General Government		631,727	482,691
Public Safety		1,031,718	659,509
Public Works		554,557	604,948
Parks and Recreation		116,444	28,734
Library and Archives		33,773	32,248
Conservation of Natural Resources		2,298	5,316
Other Natural Resources		9,794	6,927
Community Development and Other		4,741	5,831
Total Expenditures		<u>2,385,052</u>	<u>1,826,204</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES (USES)		<u>(619,196)</u>	<u>289,032</u>
OTHER FINANCING SOURCES (USES)			
Transfers In		<u>48,290</u>	<u>42,714</u>
Net Other Financing Sources (Uses)		<u>48,290</u>	<u>42,714</u>
NET CHANGE IN FUND BALANCES		(570,906)	331,746
FUND BALANCES, BEGINNING OF YEAR		<u>2,014,252</u>	<u>1,682,506</u>
FUND BALANCES, END OF YEAR	\$	<u><u>1,443,346</u></u>	\$ <u><u>2,014,252</u></u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Years Ended June 30, 2024 and 2023

	2024				2023			
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES								
Property Taxes	\$ 812,600	\$ 812,600	\$ 839,430	\$ 26,830	\$ 770,400	\$ 770,400	\$ 790,038	\$ 19,638
Local Option Sales Taxes	262,000	262,000	269,428	7,428	200,000	200,000	264,039	64,039
Wholesale Liquor Taxes	44,000	44,000	36,769	(7,231)	60,000	60,000	32,534	(27,466)
Wholesale Beer Taxes	61,500	61,500	42,026	(19,474)	70,000	70,000	49,421	(20,579)
Other Local Taxes	38,700	38,700	34,405	(4,295)	41,500	41,500	44,787	3,287
Licenses and Permits	14,615	14,615	14,249	(366)	10,900	10,900	24,065	13,165
State Sales Taxes	190,000	190,000	198,738	8,738	190,000	190,000	192,466	2,466
State Hall Income Taxes	10,500	10,500	0	(10,500)	14,500	14,500	5,507	(8,993)
TVA In-Lieu of Taxes	19,000	19,000	19,596	596	18,000	18,000	19,226	1,226
Other State of Tennessee	138,470	220,470	83,642	(136,828)	132,800	209,800	11,067	(198,733)
Federal Grant	0	0	0	0	920,563	920,563	475,206	(445,357)
Local Grant	0	50,000	50,000	0	35,000	35,000	0	(35,000)
Charges for Services	88,934	88,934	1,007	(87,927)	1,050	1,050	1,100	50
Lease Revenue	0	0	6,006	6,006	0	0	6,006	6,006
Interest Income	0	0	68,100	68,100	0	0	3,680	3,680
Use of Money or Property	30,000	30,000	30,200	200	29,605	29,605	19,389	(10,216)
Fines, Forfeitures, and Penalties	3,500	3,500	2,338	(1,162)	3,300	3,300	5,517	2,217
Contributions and Donations	42,150	42,150	16,482	(25,668)	28,250	28,250	18,340	(9,910)
Other	32,050	77,050	53,440	(23,610)	19,000	19,000	152,848	133,848
Total Revenues	1,788,019	1,965,019	1,765,856	(199,163)	2,544,868	2,621,868	2,115,236	(506,632)
EXPENDITURES								
General Government	732,550	863,100	631,727	231,373	397,880	551,280	482,691	68,589
Public Safety	866,799	1,098,299	1,031,718	66,581	895,450	972,450	659,509	312,941
Public Works	530,880	717,880	554,557	163,323	960,500	960,500	604,948	355,552
Parks and Recreation	173,842	185,492	116,444	69,048	97,170	97,170	28,734	68,436
Library and Archives	33,200	33,800	33,773	27	32,250	32,250	32,248	2
Conservation of Natural Resources	3,500	3,500	2,298	1,202	500	5,400	5,316	84
Other Natural Resources	8,000	10,500	9,794	706	4,500	8,200	6,927	1,273
Community Development and Other	14,900	6,230	4,741	1,489	6,200	6,200	5,831	369
Total Expenditures	2,363,671	2,918,801	2,385,052	533,749	2,394,450	2,633,450	1,826,204	807,246
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES (USES)	(575,652)	(953,782)	(619,196)	334,586	150,418	(11,582)	289,032	300,614
OTHER FINANCING SOURCES (USES)								
Transfers in	45,290	48,270	48,290	20	42,714	42,714	42,714	0
Net Other Financing Sources (Uses)	45,290	48,270	48,290	20	42,714	42,714	42,714	0
NET CHANGE IN FUND BALANCES	(530,362)	(905,512)	(570,906)	334,606	193,132	31,132	331,746	300,614
FUND BALANCE, BEGINNING OF YEAR	2,014,252	2,014,252	2,014,252	0	1,682,506	1,682,506	1,682,506	0
FUND BALANCE, END OF YEAR	\$ 1,483,890	\$ 1,108,740	\$ 1,443,346	\$ 334,606	\$ 1,875,638	\$ 1,713,638	\$ 2,014,252	\$ 300,614

WATERSHED FUND

The watershed fund accounts for the recreational and forestry management activities within the City's Watershed. The primary revenues are derived from licenses, permits and the periodic sale of forest products from the Watershed.

CITY OF NORRIS, TENNESSEE
COMPARATIVE BALANCES SHEETS
WATERSHED FUND

	As of June 30,	<u>2024</u>	<u>2023</u>
ASSETS			
Cash and Cash Equivalents	\$	356,501	\$ 305,858
Lease Receivable		<u>116,008</u>	<u>120,376</u>
TOTAL ASSETS	\$	<u>472,509</u>	<u>\$ 426,234</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$	3,309	\$ 2,128
Accrued Liabilities		217	1,069
Due to Other Funds		<u>7,413</u>	<u>7,413</u>
Total Liabilities		<u>10,939</u>	<u>10,610</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Leases		<u>91,101</u>	<u>97,107</u>
FUND BALANCES			
Unrestricted:			
Committed		73,158	66,861
Assigned		<u>297,311</u>	<u>251,656</u>
Total Fund Balances		<u>370,469</u>	<u>318,517</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$	<u>472,509</u>	<u>\$ 426,234</u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
WATERSHED FUND

	For the Fiscal Years Ended June 30,	<u>2024</u>	<u>2023</u>
REVENUES			
Licenses and Permits	\$	112,128	\$ 65,579
Lease Revenue		6,006	6,006
Interest Income		15,979	3,681
Use of Money or Property		<u>29,655</u>	<u>19,358</u>
Total Revenues		<u>163,768</u>	<u>94,624</u>
EXPENDITURES			
Conservation of Natural Resources		<u>63,526</u>	<u>17,766</u>
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES (USES)			
		<u>100,242</u>	<u>76,858</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out		<u>(48,290)</u>	<u>(42,714)</u>
NET CHANGE IN FUND BALANCES			
		51,952	34,144
FUND BALANCES, BEGINNING OF YEAR			
		<u>318,517</u>	<u>284,373</u>
FUND BALANCES, END OF YEAR			
	\$	<u><u>370,469</u></u>	\$ <u><u>318,517</u></u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

WATERSHED FUND

For the Fiscal Years Ended June 30, 2024 and 2023

	2024				2023			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
Licenses and permits	\$ 62,820	\$ 109,820	\$ 112,128	\$ 2,308	\$ 61,270	\$ 61,270	\$ 65,579	\$ 4,309
Lease Revenue	0	0	6,006	6,006	0	0	6,006	6,006
Interest Income	0	11,000	15,979	4,979	0	0	3,681	3,681
Use of Money or Property	29,000	29,000	29,655	655	25,100	25,100	19,358	(5,742)
Total Revenues	<u>91,820</u>	<u>149,820</u>	<u>163,768</u>	<u>13,948</u>	<u>86,370</u>	<u>86,370</u>	<u>94,624</u>	<u>8,254</u>
EXPENDITURES								
Conservation of Natural Resources	77,118	109,818	63,526	46,292	53,320	53,320	17,766	35,554
NET CHANGE IN FUND BALANCES BEFORE OTHER FINANCING SOURCES (USES)	<u>14,702</u>	<u>40,002</u>	<u>100,242</u>	<u>60,240</u>	<u>33,050</u>	<u>33,050</u>	<u>76,858</u>	<u>43,808</u>
OTHER FINANCING SOURCES (USES)								
Transfers To Other Funds	(45,290)	(45,290)	(48,290)	(3,000)	(43,000)	(43,000)	(42,714)	286
CHANGES IN FUND BALANCES	<u>(30,588)</u>	<u>(5,288)</u>	<u>51,952</u>	<u>57,240</u>	<u>(9,950)</u>	<u>(9,950)</u>	<u>34,144</u>	<u>44,094</u>
FUND BALANCES, BEGINNING OF YEAR	<u>318,517</u>	<u>318,517</u>	<u>318,517</u>	<u>0</u>	<u>284,373</u>	<u>284,373</u>	<u>284,373</u>	<u>0</u>
FUND BALANCES, END OF YEAR	<u>\$ 287,929</u>	<u>\$ 313,229</u>	<u>\$ 370,469</u>	<u>\$ 57,240</u>	<u>\$ 274,423</u>	<u>\$ 274,423</u>	<u>\$ 318,517</u>	<u>\$ 44,094</u>

NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
CITY OF NORRIS, TENNESSEE

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

State Street Aid Fund - The State Street Aid Fund is used to account for street repairs and maintenance expenses as well as the revenues from state allocated gasoline and motor fuel taxes.

Solid Waste Fund - The Solid Waste Fund is used to account for residential and commercial refuse removal and expenditures and related revenue from refuse collection fees charges to customers.

Drug Control Fund - This fund accounts for investigations and supplemental enforcement of controlled substance laws and is funded by the receipt of fines from Anderson County.

CITY OF NORRIS, TENNESSEE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

As of June 30, 2024

	Special Revenue Funds			Total Non-Major Governmental Funds
	State Street Aid Fund	Solid Waste Fund	Drug Control Fund	
ASSETS				
Cash and Cash Equivalents	\$ 56,200	\$ 4,486	\$ 5,542	\$ 66,228
Due From Other Governments	4,895	0	0	4,895
Due From Other Funds	8,034	31,904	0	39,938
TOTAL ASSETS	\$ 69,129	\$ 36,390	\$ 5,542	\$ 111,061
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 0	\$ 13,779	\$ 0	\$ 13,779
Due to Other Funds	13,916	0	0	13,916
Total Liabilities	13,916	13,779	0	27,695
FUND BALANCES				
Restricted:				
Highways and Streets	55,213	0	0	55,213
Drug Enforcement	0	0	5,542	5,542
Unrestricted:				
Assigned	0	22,611	0	22,611
Total Fund Balances	55,213	22,611	5,542	83,366
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 69,129	\$ 36,390	\$ 5,542	\$ 111,061

CITY OF NORRIS, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds			Total Non-Major Governmental Funds
	State Street Aid Fund	Solid Waste Fund	Drug Control Fund	
REVENUES				
State Gas and Motor Fuel Taxes	\$ 55,645	\$ 0	\$ 0	\$ 55,645
Charges for Services	0	156,921	0	156,921
Interest Income	6,046	0	0	6,046
Fines, Forfeitures, and Penalties	0	0	2,977	2,977
Total Revenues	61,691	156,921	2,977	221,589
EXPENDITURES				
Street Repairs and Maintenance	174,145	0	0	174,145
Refuse Collection	0	164,856	0	164,856
Total Expenditures	174,145	164,856	0	339,001
NET CHANGE IN FUND BALANCES	(112,454)	(7,935)	2,977	(117,412)
FUND BALANCES - BEGINNING OF YEAR	167,667	30,546	2,565	200,778
FUND BALANCES - END OF YEAR	\$ 55,213	\$ 22,611	\$ 5,542	\$ 83,366

CITY OF NORRIS, TENNESSEE
COMPARATIVE BALANCE SHEETS
STATE STREET AID FUND

	As of June 30,	<u>2024</u>	<u>2023</u>
ASSETS			
Cash and Cash Equivalents	\$	56,200	\$ 160,918
Due From Other Governments		4,895	4,895
Due From Other Funds		<u>8,034</u>	<u>8,034</u>
TOTAL ASSETS	\$	<u>69,129</u>	<u>\$ 173,847</u>
LIABILITIES			
Due to Other Funds	\$	<u>13,916</u>	<u>\$ 6,180</u>
Total Liabilities		<u>13,916</u>	<u>6,180</u>
FUND BALANCES			
Restricted:			
Highways and Streets		<u>55,213</u>	<u>167,667</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u>69,129</u>	<u>\$ 173,847</u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
STATE STREET AID FUND

	For the Fiscal Years Ended June 30,	<u>2024</u>	<u>2023</u>
REVENUES			
State Gas and Motor Fuel Taxes	\$	55,645	\$ 55,725
Interest Income		<u>6,046</u>	<u>0</u>
Total Revenues		<u>61,691</u>	<u>55,725</u>
EXPENDITURES			
Street Repairs and Maintenance		<u>174,145</u>	<u>0</u>
NET CHANGE IN FUND BALANCES		(112,454)	55,725
FUND BALANCES, BEGINNING OF YEAR		<u>167,667</u>	<u>111,942</u>
FUND BALANCES, END OF YEAR	\$	<u><u>55,213</u></u>	\$ <u><u>167,667</u></u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

STATE STREET AID FUND

For the Fiscal Years Ended June 30, 2024 and 2023

	2024				2023			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
State Gas and Motor Fuel Taxes	\$ 55,900	\$ 55,900	\$ 55,645	\$ (255)	\$ 55,000	\$ 55,000	\$ 55,725	\$ 725
Interest Income	0	5,250	6,046	796	0	0	0	0
Total Revenues	55,900	61,150	61,691	541	55,000	55,000	55,725	725
EXPENDITURES								
Street Repairs and Maintenance	150,000	150,000	174,145	(24,145)	100,000	100,000	0	100,000
NET CHANGE IN FUND BALANCES	(94,100)	(94,100)	(112,454)	(23,604)	(45,000)	(45,000)	55,725	100,725
FUND BALANCES, BEGINNING OF YEAR	167,667	167,667	167,667	0	111,942	111,942	111,942	0
FUND BALANCES, END OF YEAR	\$ 73,567	\$ 73,567	\$ 55,213	\$ (23,604)	\$ 66,942	\$ 66,942	\$ 167,667	\$ 100,725

CITY OF NORRIS, TENNESSEE
COMPARATIVE BALANCES SHEETS
SOLID WASTE FUND

	As of June 30,	<u>2024</u>	<u>2023</u>
ASSETS			
Cash and Cash Equivalents	\$	4,486	\$ 68
Due From Other Funds		<u>31,904</u>	<u>51,872</u>
TOTAL ASSETS	\$	<u>36,390</u>	\$ <u>51,940</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$	<u>13,779</u>	\$ <u>21,394</u>
FUND BALANCES			
Unrestricted:			
Assigned		<u>22,611</u>	<u>30,546</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u>36,390</u>	\$ <u>51,940</u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SOLID WASTE FUND

	For the Fiscal Years Ended June 30,	<u>2024</u>	<u>2023</u>
REVENUES			
Charges for Services		\$ <u>156,921</u>	\$ <u>145,962</u>
EXPENDITURES			
Refuse Collection		<u>164,856</u>	<u>156,598</u>
NET CHANGE IN FUND BALANCES		(7,935)	(10,636)
FUND BALANCES, BEGINNING OF YEAR		<u>30,546</u>	<u>41,182</u>
FUND BALANCES, END OF YEAR		<u>\$ <u>22,611</u></u>	<u>\$ <u>30,546</u></u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

SOLID WASTE FUND

For the Fiscal Years Ended June 30, 2024 and 2023

	2024				2023			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
Charges for Services	\$ 157,572	\$ 157,572	\$ 156,921	\$ (651)	\$ 147,000	\$ 147,000	\$ 145,962	\$ (1,038)
EXPENDITURES								
Refuse Collection	155,500	164,500	164,856	(356)	140,500	158,500	156,598	1,902
NET CHANGE IN FUND BALANCES	2,072	(6,928)	(7,935)	(1,007)	6,500	(11,500)	(10,636)	864
FUND BALANCES, BEGINNING OF YEAR	30,546	30,546	30,546	0	41,182	41,182	41,182	0
FUND BALANCES, END OF YEAR	<u>\$ 32,618</u>	<u>\$ 23,618</u>	<u>\$ 22,611</u>	<u>\$ (1,007)</u>	<u>\$ 47,682</u>	<u>\$ 29,682</u>	<u>\$ 30,546</u>	<u>\$ 864</u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE BALANCES SHEETS
DRUG CONTROL FUND

	As of June 30,	<u>2024</u>	<u>2023</u>
ASSETS			
Cash and Cash Equivalents		\$ <u>5,542</u>	\$ <u>2,565</u>
FUND BALANCES			
Restricted:			
Drug Enforcement		\$ <u>5,542</u>	\$ <u>2,565</u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DRUG CONTROL FUND

	For the Fiscal Years Ended June 30,	<u>2024</u>	<u>2023</u>
REVENUES			
Fines, Forfeitures, and Penalties		\$ <u>2,977</u>	\$ <u>1,000</u>
NET CHANGE IN FUND BALANCES		2,977	1,000
FUND BALANCES - BEGINNING OF YEAR		<u>2,565</u>	<u>1,565</u>
FUND BALANCES - END OF YEAR		<u>\$ <u>5,542</u></u>	<u>\$ <u>2,565</u></u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES BUDGET AND ACTUAL

DRUG CONTROL FUND

For the Fiscal Years Ended June 30, 2024 and 2023

	2024				2023			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 2,977	\$ 2,977	\$ 0	\$ 0	\$ 1,000	\$ 1,000
EXPENDITURES								
Public Safety	0	0	0	0	0	0	0	0
NET CHANGES IN FUND BALANCES	0	0	2,977	2,977	0	0	1,000	1,000
FUND BALANCES, BEGINNING OF YEAR	2,565	2,565	2,565	0	1,565	1,565	1,565	0
FUND BALANCES, END OF YEAR	<u>\$ 2,565</u>	<u>\$ 2,565</u>	<u>\$ 5,542</u>	<u>\$ 2,977</u>	<u>\$ 1,565</u>	<u>\$ 1,565</u>	<u>\$ 2,565</u>	<u>\$ 1,000</u>

PROPRIETARY FUND TYPE ENTERPRISE FUND

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Waterworks Fund - This fund is used to account for the provision of water and sewer service to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to purification, transmission and distribution, wastewater treatment, administration, depreciation, and billing and collection.

CITY OF NORRIS, TENNESSEE
COMPARATIVE STATEMENTS OF NET POSITION
WATERWORKS FUND

	As of June 30,	<u>2024</u>	<u>2023</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets			
Cash and Cash Equivalents	\$	1,074,389	\$ 1,100,009
Accounts Receivable - Customers (Net of Allowance for Doubtful Accounts of \$15,272 for 2024 and \$15,272 for 2023)		105,481	94,767
Due From Other Funds		9,299	190
Prepaid Expenses		<u>4,763</u>	<u>3,205</u>
Total Current Assets		<u>1,193,932</u>	<u>1,198,171</u>
Capital Assets			
Land		73,000	73,000
Water and Sewer System		4,139,111	4,139,111
Machinery and Equipment		157,716	135,824
Vehicles		<u>113,832</u>	<u>113,832</u>
		4,483,659	4,461,767
Less: Accumulated Depreciation		<u>(2,504,195)</u>	<u>(2,408,361)</u>
Net Capital Assets		<u>1,979,464</u>	<u>2,053,406</u>
Other Noncurrent Assets			
Net Pension Asset		<u>180,631</u>	<u>194,571</u>
Total Noncurrent Assets		<u>2,160,095</u>	<u>2,247,977</u>
TOTAL ASSETS		<u>3,354,027</u>	<u>3,446,148</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pension		<u>69,172</u>	<u>51,170</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$	<u><u>3,423,199</u></u>	\$ <u><u>3,497,318</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current Liabilities			
Accounts Payable	\$	12,699	\$ 10,630
Due to Other Funds		4,290	18,556
Accrued Liabilities		19,292	5,203
Customer Deposits		0	10,400
Compensated Absences		<u>22,510</u>	<u>21,473</u>
Total Current Liabilities		<u>58,791</u>	<u>66,262</u>
Noncurrent Liabilities			
Compensated Absences		<u>8,484</u>	<u>13,384</u>
Total Noncurrent Liabilities		<u>8,484</u>	<u>13,384</u>
TOTAL LIABILITIES		<u>67,275</u>	<u>79,646</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pension		<u>136,479</u>	<u>160,008</u>
NET POSITION			
Net Investment in Capital Assets		1,979,464	2,053,406
Restricted for Pension		180,631	194,571
Unrestricted		<u>1,059,350</u>	<u>1,009,687</u>
Total Net Position		<u>3,219,445</u>	<u>3,257,664</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$	<u><u>3,423,199</u></u>	\$ <u><u>3,497,318</u></u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATERWORKS FUND

	For the Fiscal Years Ended June 30,	<u>2024</u>	<u>2023</u>
OPERATING REVENUES			
Water Charges	\$	564,385	\$ 532,674
Wastewater Charges		531,063	508,639
Charges for Services		<u>33,581</u>	<u>22,057</u>
Total Operating Revenues		<u>1,129,029</u>	<u>1,063,370</u>
OPERATING EXPENSES			
Purification		201,572	188,221
Transmission and Distribution		144,156	49,344
Sewage Collection		174,550	268,779
Sewage Treatment and Disposal		235,769	183,092
Customer Billing		19,464	23,862
Administrative and General		330,720	244,236
Depreciation		<u>95,834</u>	<u>95,740</u>
Total Operating Expenses		<u>1,202,065</u>	<u>1,053,274</u>
OPERATING INCOME		<u>(73,036)</u>	<u>10,096</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income		<u>34,817</u>	<u>3</u>
Total Non-Operating Revenues (Expenses)		<u>34,817</u>	<u>3</u>
CHANGE IN NET POSITION		(38,219)	10,099
NET POSITION, BEGINNING OF YEAR		<u>3,257,664</u>	<u>3,247,565</u>
NET POSITION, END OF YEAR	\$	<u><u>3,219,445</u></u>	\$ <u><u>3,257,664</u></u>

CITY OF NORRIS, TENNESSEE
COMPARATIVE STATEMENTS OF CASH FLOWS
WATERWORKS FUND

	2024	2023
For the Fiscal Years Ended June 30,		
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from Customers	\$ 1,118,582	\$ 1,073,639
Payments to or on Behalf of Employees	(634,098)	(541,040)
Payments to Suppliers	(523,029)	(506,309)
Net Cash Provided by (Used in) Operating Activities	(38,545)	26,290
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(21,892)	0
Net Cash Used in Capital and Related Financing Activities	(21,892)	0
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments and Cash Deposits	34,817	3
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(25,620)	26,293
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,100,009	1,073,716
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,074,389	\$ 1,100,009
RECONCILIATION OF OPERATING INCOME FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating Income	\$ (73,036)	\$ 10,096
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	95,834	95,740
Change in Net Pension Liability	13,940	36,833
Change in Prepaid Expenses	(1,558)	3,650
Change in Deferred Outflows Related to Pension	(18,002)	5,069
Change in Deferred Inflows Related to Pension	(23,529)	(107,580)
(Increase) Decrease in Assets:		
Accounts Receivable	(10,714)	(6,883)
Increase (Decrease) in Liabilities:		
Accounts Payable	2,068	(11,181)
Due to Other Funds	(23,375)	21,181
Accrued Liabilities	14,090	(4,733)
Customer Deposits	(10,400)	(522)
Compensated Absences Payable	(3,863)	(15,380)
Total Adjustments	34,491	16,194
Net Cash Provided by (Used in) Operating Activities	(38,545)	26,290

OTHER INFORMATION SECTION

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

The following are capital assets used in the operation of governmental funds. Accordingly, the capital assets reported in proprietary fund type (Waterworks Fund) are excluded.

CITY OF NORRIS, TENNESSEE
CAPITAL ASSETS USED IN OPERATION OF
GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE (A)

	June 30,	<u>2024</u>	<u>2023</u>
Governmental Funds			
Capital Assets:			
Land and Land Improvements	\$	3,282,093	\$ 3,282,093
Buildings and Improvements		2,045,038	2,010,039
Vehicles		744,351	641,783
Machinery and Equipment		649,042	352,908
Furniture and Fixtures		14,691	14,691
Infrastructure		<u>1,301,844</u>	<u>1,301,844</u>
Total	\$	<u><u>8,037,059</u></u>	\$ <u><u>7,603,358</u></u>
Investments in Governmental Funds			
Capital Assets by Source:			
Governmental Funds	\$	5,000,961	\$ 4,567,260
Donations		<u>3,036,098</u>	<u>3,036,098</u>
Total	\$	<u><u>8,037,059</u></u>	\$ <u><u>7,603,358</u></u>

(A) This schedule presents only the capital assets related to governmental funds.

CITY OF NORRIS, TENNESSEE
CAPITAL ASSETS USED IN OPERATION OF
GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (A)

June 30, 2024

	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks and Recreation</u>	<u>Highways and Streets</u>	<u>Total</u>
Land and Land Improvements	\$ 72,708	\$ 2,500	\$ 14,500	\$ 2,725,140	\$ 467,245	\$ 3,282,093
Buildings and Improvements	1,150,258	280,021	297,723	317,036	0	2,045,038
Vehicles	0	632,315	108,953	3,083	0	744,351
Machinery and Equipment	12,721	182,966	398,886	30,862	23,607	649,042
Furniture and Fixtures	14,691	0	0	0	0	14,691
Infrastructure	0	0	0	0	1,301,844	1,301,844
Total	\$ <u>1,250,378</u>	\$ <u>1,097,802</u>	\$ <u>820,062</u>	\$ <u>3,076,121</u>	\$ <u>1,792,696</u>	\$ <u>8,037,059</u>

(A) This schedule presents only the capital assets related to governmental funds.

CITY OF NORRIS, TENNESSEE

CAPITAL ASSETS USED IN OPERATION OF
GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (A)

For the Fiscal Year Ended June 30, 2024

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Function by Activity				
General Government	\$ 1,244,980	\$ 5,398	\$ 0	\$ 1,250,378
Public Safety	907,222	190,580	0	1,097,802
Public Works	632,345	187,717	0	820,062
Parks and Recreation	3,041,121	35,000	0	3,076,121
Highways and Streets	<u>1,777,690</u>	<u>15,006</u>	<u>0</u>	<u>1,792,696</u>
Total	<u>\$ 7,603,358</u>	<u>\$ 433,701</u>	<u>\$ 0</u>	<u>\$ 8,037,059</u>

(A) This schedule presents only the capital assets related to governmental funds.

CITY OF NORRIS, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2024

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Beginning Year</u>	<u>Lewy</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Ending Balance</u>
2024	2025	\$ 0	\$ 774,947	\$ 0	\$ 0	\$ 774,947
2023	2024	766,371	0	0	(715,835)	50,536
2022	2023	16,659	0	0	(15,074)	1,585
2021	2022	6,131	0	0	(1,355)	4,776
2020	2021	0	0	0	0	0
2019	2020	343	0	0	0	343
2018	2019	0	0	0	0	0
2017	2018	0	0	0	0	0
2016	2017	0	0	0	0	0
2015	2016	0	0	0	0	0
2014	2015	0	0	0	0	0
2013	2014	0	0	0	0	0
2012	2013	0	0	0	0	0
2011	2012	0	0	0	0	0
2010	2011	0	0	0	0	0
2009	2010	0	0	0	0	0
2008	2009	0	0	0	0	0
		<u>\$ 789,504</u>	<u>\$ 774,947</u>	<u>\$ 0</u>	<u>\$ (732,264)</u>	<u>\$ 832,187</u>

Property taxes unpaid for periods prior to 2013 have been filed with the Anderson County Circuit Court Clerk.

CITY OF NORRIS, TENNESSEE

SCHEDULE OF UTILITY RATES

June 30, 2024

NUMBER OF METERED CUSTOMERS (ACTIVE):

Water	794
Wastewater	575

WATER RATES (Effective September 1, 2022):

Residential and Commercial - Per 1,000 Gallons	\$ 9.31
--	---------

MINIMUM MONTHLY BILLING IN ACCORDANCE WITH METER SIZE AS FOLLOWS:

3/4" and Smaller (2,000 gallons)	\$ 26.96
1"	47.70
1-1/4"	74.70
1-1/2"	107.45
2"	191.09
3"	429.91
4"	752.79
6"	1,719.43

Monthly Sprinkler Service Charge Per Location:

4"	\$ 29.87
6"	46.71
8"	56.03

RATES OUTSIDE THE CITY LIMITS:

Residential	Per Schedule Above Plus 25% Utilities
or Public Water Supplies	\$2.10/1,000 Gallons
All Others	Per Schedules Above Plus 40%

TAP FEES:

Residential Water \$550	Residential Wastewater \$550
-------------------------	------------------------------

OTHER FEES:

Connect - Owner \$75	Connect - Non-owner \$100	Late fee 10%
Reconnect \$50	Returned Check \$30	

WASTEWATER RATES:

First 2,000 gallons per month	\$ 55.01
Next 7,000 gallons	9.44 per 1,000 gallons
Each 1,000 gallons thereafter	12.48 per 1,000 gallons

CITY OF NORRIS, TENNESSEE

STATISTICAL SECTION

June 30, 2024

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

CONTENTS

SCHEDULES

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1 through 4

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source.

5 through 10

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

11 through 14

Demographic And Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

15 through 16

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

17 through 21

Note: (A) According to Tennessee State law, sales tax information by industry and company is not available for public record.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

CITY OF NORRIS, TENNESSEE

SCHEDULE 1

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	<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>
Governmental Activities										
Net Investment in Capital Assets	\$ 5,340,383	\$ 5,060,904	\$ 4,945,281	\$ 5,065,761	\$ 4,840,571	\$ 4,880,245	\$ 4,963,582	\$ 4,979,370	\$ 5,056,495	\$ 5,096,672
Restricted For										
Pension	298,211	344,688	479,852	4,361	0	0	0	0	0	0
Highways and Streets	55,212	167,667	111,942	203,629	145,082	87,444	93,932	42,837	8,307	39,425
Drug Enforcement	5,541	2,565	1,565	1,565	1,530	1,459	1,459	1,459	1,459	1,459
Public Safety	8,809	11,252	11,923	9,703	8,349	7,542	7,568	3,756	7,262	0
Unrestricted	<u>1,892,928</u>	<u>2,283,002</u>	<u>1,578,733</u>	<u>1,393,109</u>	<u>830,754</u>	<u>610,465</u>	<u>435,704</u>	<u>457,196</u>	<u>400,628</u>	<u>305,232</u>
Total Governmental Activities	<u>\$ 7,601,084</u>	<u>\$ 7,870,078</u>	<u>\$ 7,129,296</u>	<u>\$ 6,678,128</u>	<u>\$ 5,826,286</u>	<u>\$ 5,587,155</u>	<u>\$ 5,502,245</u>	<u>\$ 5,484,618</u>	<u>\$ 5,474,151</u>	<u>\$ 5,442,788</u>
Business -Type Activities										
Net Investment in Capital Assets	\$ 1,979,464	\$ 2,053,406	\$ 2,148,362	\$ 2,135,489	\$ 2,180,025	\$ 2,052,172	\$ 2,103,959	\$ 2,120,762	\$ 1,937,010	\$ 1,679,026
Restricted for Pension	180,631	194,571	231,405	3,165	0	0	0	0	0	0
Unrestricted	<u>1,059,350</u>	<u>1,009,687</u>	<u>867,799</u>	<u>1,014,784</u>	<u>726,433</u>	<u>668,867</u>	<u>536,110</u>	<u>375,847</u>	<u>269,070</u>	<u>489,682</u>
Total Business-Type Activities	<u>\$ 3,219,445</u>	<u>\$ 3,257,664</u>	<u>\$ 3,247,566</u>	<u>\$ 3,153,438</u>	<u>\$ 2,906,458</u>	<u>\$ 2,721,039</u>	<u>\$ 2,640,069</u>	<u>\$ 2,496,609</u>	<u>\$ 2,206,080</u>	<u>\$ 2,168,708</u>
Primary Government										
Net Investment in Capital Assets	\$ 7,319,847	\$ 7,114,310	\$ 7,093,643	\$ 7,201,250	\$ 7,020,596	\$ 6,932,417	\$ 7,067,541	\$ 7,100,132	\$ 6,993,505	\$ 6,775,698
Restricted For										
Pension	478,842	539,259	711,257	7,526	0	0	0	0	0	0
Highways and Streets	55,212	167,667	111,942	203,629	145,082	87,444	93,932	42,837	8,307	39,425
Drug Enforcement	5,541	2,565	1,565	1,565	1,530	1,459	1,459	1,459	1,459	1,459
Public Safety	8,809	11,252	11,923	9,703	8,349	7,542	7,568	3,756	7,262	0
Unrestricted	<u>2,952,278</u>	<u>3,292,689</u>	<u>2,446,532</u>	<u>2,407,893</u>	<u>1,557,187</u>	<u>1,279,332</u>	<u>971,814</u>	<u>833,043</u>	<u>669,698</u>	<u>794,914</u>
Total Primary Government	<u>\$ 10,820,529</u>	<u>\$ 11,127,742</u>	<u>\$ 10,376,862</u>	<u>\$ 9,831,566</u>	<u>\$ 8,732,744</u>	<u>\$ 8,308,194</u>	<u>\$ 8,142,314</u>	<u>\$ 7,981,227</u>	<u>\$ 7,680,231</u>	<u>\$ 7,611,496</u>

CITY OF NORRIS, TENNESSEE

SCHEDULE 2

**CHANGES IN NET POSITION
Last Ten Fiscal Years**

	<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>
General Revenues and Other										
Changes in Net Position										
Governmental Activities										
General Revenues										
Property Taxes	\$ 839,430	\$ 790,038	\$ 777,440	\$ 780,950	\$ 777,466	\$ 702,511	\$ 713,334	\$ 704,808	\$ 718,580	\$ 711,358
Sales Tax	468,166	456,504	435,055	391,250	317,469	276,100	253,909	218,440	217,164	206,599
Wholesale Beer and Liquor Taxes	78,795	81,955	122,685	122,501	96,474	74,799	71,350	68,558	60,336	60,562
TVA In-Lieu of Taxes	19,596	19,226	16,602	18,620	20,036	19,291	18,472	18,380	19,116	18,880
Room Occupancy Tax	50	0	0	0	0	0	0	0	0	0
Other Local Taxes	42,376	55,168	45,014	39,037	37,874	35,866	21,830	24,516	20,854	15,294
State Hall Income Taxes	0	5,507	10,172	20,113	17,562	28,273	29,555	34,713	45,847	46,752
Other State of Tennessee Taxes	3,000	6,267	5,269	4,607	2,901	3,988	4,042	3,804	4,109	4,102
Interest Income	90,124	13,368	7,611	2	4	3	7	9	18	18
Other	0	0	0	0	0	14,477	25,864	4,697	1,833	7,382
Total Governmental Activities	<u>1,541,537</u>	<u>1,428,033</u>	<u>1,419,848</u>	<u>1,377,080</u>	<u>1,269,786</u>	<u>1,155,308</u>	<u>1,138,363</u>	<u>1,077,925</u>	<u>1,087,857</u>	<u>1,070,947</u>
Business -Type Activities										
Interest Income	<u>34,817</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>7</u>	<u>16</u>	<u>15</u>	<u>8</u>	<u>7</u>	<u>7</u>
Total Business - Type Activities	<u>34,817</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>7</u>	<u>16</u>	<u>15</u>	<u>8</u>	<u>7</u>	<u>7</u>
Total Primary Government	<u>\$ 1,576,354</u>	<u>\$ 1,428,036</u>	<u>\$ 1,419,848</u>	<u>\$ 1,377,083</u>	<u>\$ 1,269,793</u>	<u>\$ 1,155,324</u>	<u>\$ 1,138,378</u>	<u>\$ 1,077,933</u>	<u>\$ 1,087,864</u>	<u>\$ 1,070,954</u>
Changes in Net Position										
Governmental Activities	\$ (268,994)	\$ 740,782	\$ 451,167	\$ 812,620	\$ 239,131	\$ 84,910	\$ 17,627	\$ 10,467	\$ 31,363	\$ 93,928
Business Type Activities	<u>(38,219)</u>	<u>10,099</u>	<u>94,128</u>	<u>246,980</u>	<u>185,419</u>	<u>80,970</u>	<u>143,460</u>	<u>290,529</u>	<u>37,372</u>	<u>43,063</u>
Total Primary Government Net Expenses	<u>\$ (307,213)</u>	<u>\$ 750,881</u>	<u>\$ 545,295</u>	<u>\$ 1,059,600</u>	<u>\$ 424,550</u>	<u>\$ 165,880</u>	<u>\$ 161,087</u>	<u>\$ 300,996</u>	<u>\$ 68,735</u>	<u>\$ 136,991</u>

CITY OF NORRIS, TENNESSEE

SCHEDULE 2 (Continued)

**CHANGES IN NET POSITION
Last Ten Fiscal Years**

Expenses	<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>
Governmental Activities:										
General Government	\$ 617,987	\$ 486,911	\$ 313,188	\$ 294,381	\$ 298,636	\$ 264,143	\$ 274,199	\$ 274,122	\$ 260,603	\$ 254,514
Public Safety	844,352	535,156	476,873	504,486	602,427	559,617	582,569	584,849	548,212	496,486
Public Works	382,694	359,096	273,015	264,385	325,602	277,722	350,928	297,795	274,978	286,716
Highways and Streets	206,116	29,971	178,054	22,450	22,450	85,973	26,945	26,897	101,156	32,157
Library and Archives	33,773	32,252	32,246	32,246	32,246	32,246	32,247	32,246	32,246	32,246
Conservation of Natural Resources & Parks	155,893	60,664	70,625	47,415	34,849	70,174	81,736	73,060	61,234	67,917
Refuse Collection	164,856	156,598	146,737	131,867	127,503	126,446	120,848	115,301	111,129	113,335
Other Natural Resources	9,794	6,927	5,742	5,195	4,566	12,316	7,580	6,466	6,240	2,758
Community Development	4,741	5,831	5,608	5,000	0	7,157	12,291	15,432	16,299	7,885
Total Governmental Activities	<u>2,420,206</u>	<u>1,673,406</u>	<u>1,502,088</u>	<u>1,307,425</u>	<u>1,448,279</u>	<u>1,435,794</u>	<u>1,489,343</u>	<u>1,426,168</u>	<u>1,412,097</u>	<u>1,294,014</u>
Business -Type Activities										
Water and Wastewater	<u>1,202,065</u>	<u>1,053,274</u>	<u>869,159</u>	<u>719,023</u>	<u>731,506</u>	<u>745,020</u>	<u>746,484</u>	<u>703,570</u>	<u>689,125</u>	<u>630,506</u>
Total Primary Government Expenses	<u>\$ 3,622,271</u>	<u>\$ 2,726,680</u>	<u>\$ 2,371,247</u>	<u>\$ 2,026,448</u>	<u>\$ 2,179,785</u>	<u>\$ 2,180,814</u>	<u>\$ 2,235,827</u>	<u>\$ 2,129,738</u>	<u>\$ 2,101,222</u>	<u>\$ 1,924,520</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 50,652	\$ 42,955	\$ 57,478	\$ 52,386	\$ 47,130	\$ 38,197	\$ 42,020	\$ 42,234	\$ 37,712	\$ 41,990
Public Safety	5,315	6,517	4,082	8,365	5,337	11,837	16,609	13,505	14,053	8,550
Conservation of Natural Resources & Parks	141,784	84,938	72,276	78,415	67,054	70,874	80,005	87,243	86,301	72,968
Refuse Collection	156,921	145,962	138,816	137,795	129,839	127,783	126,015	125,906	125,884	123,192
Other Natural Resources	598	1,598	1,014	681	714	932	1,595	1,302	934	798
Operating Grants and Contributions	<u>254,405</u>	<u>704,185</u>	<u>259,741</u>	<u>465,323</u>	<u>167,550</u>	<u>115,772</u>	<u>102,363</u>	<u>88,520</u>	<u>90,719</u>	<u>69,497</u>
Total Governmental Activities Program Revenues	<u>609,675</u>	<u>986,155</u>	<u>533,407</u>	<u>742,965</u>	<u>417,624</u>	<u>365,395</u>	<u>368,607</u>	<u>358,710</u>	<u>355,603</u>	<u>316,995</u>
Business-Type Activities:										
Charges for Services:										
Water and Wastewater	1,129,029	1,063,370	963,287	966,000	916,918	825,224	817,321	788,269	698,926	672,812
Capital Grants and Contributions	0	0	0	0	0	0	72,608	205,822	27,564	750
Total Business-Type Activities Program Revenue	<u>1,129,029</u>	<u>1,063,370</u>	<u>963,287</u>	<u>966,000</u>	<u>916,918</u>	<u>825,974</u>	<u>889,929</u>	<u>994,091</u>	<u>726,490</u>	<u>673,562</u>
Total Primary Government Program Revenues	<u>\$ 1,738,704</u>	<u>\$ 2,049,525</u>	<u>\$ 1,496,694</u>	<u>\$ 1,708,965</u>	<u>\$ 1,334,542</u>	<u>\$ 1,191,369</u>	<u>\$ 1,258,536</u>	<u>\$ 1,352,801</u>	<u>\$ 1,082,093</u>	<u>\$ 990,557</u>
Net (Expenses)/Revenues										
Governmental Activities	\$ (1,810,531)	\$ (687,251)	\$ (968,681)	\$ (564,460)	\$ (1,030,655)	\$ (1,070,398)	\$ (1,120,736)	\$ (1,067,458)	\$ (1,056,494)	\$ (977,019)
Business Type Activities	<u>(73,036)</u>	<u>10,096</u>	<u>94,128</u>	<u>246,977</u>	<u>185,412</u>	<u>80,954</u>	<u>143,445</u>	<u>290,521</u>	<u>37,365</u>	<u>43,056</u>
Total Primary Government Net Expenses	<u>\$ (1,883,567)</u>	<u>\$ (677,155)</u>	<u>\$ (874,553)</u>	<u>\$ (317,483)</u>	<u>\$ (845,243)</u>	<u>\$ (989,444)</u>	<u>\$ (977,291)</u>	<u>\$ (776,937)</u>	<u>\$ (1,019,129)</u>	<u>\$ (933,963)</u>

CITY OF NORRIS, TENNESSEE

SCHEDULE 3

**FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years**

Fiscal Year	General Fund						All Other Governmental Funds Reported In: Special Revenue Funds				
	Unassigned	Assigned	Committed	Restricted	Non-Spendable	Total	Unassigned	Assigned	Committed	Restricted	Total
2024	\$ 1,369,002	\$ 6,091	\$ 53,245	\$ 8,809	\$ 6,199	\$ 1,443,346	\$ 0	\$ 319,922	\$ 73,158	\$ 60,755	\$ 453,835
2023	1,927,320	6,091	54,131	11,252	15,458	2,014,252	0	282,202	66,861	170,232	519,295
2022	1,610,188	6,091	48,523	11,923	5,781	1,682,506	0	264,834	60,721	113,507	439,062
2021	1,169,713	6,091	37,581	9,703	0	1,223,088	0	261,615	56,328	205,194	523,137
2020	738,203	6,091	31,210	8,349	0	783,853	0	203,209	51,631	146,613	401,453
2019	545,651	6,091	24,454	7,542	0	583,738	0	181,498	47,881	88,903	318,282
2018	392,251	6,091	28,221	7,568	0	434,131	0	172,493	43,693	95,391	311,577
2017	384,844	14,049	18,525	3,756	0	421,174	0	183,114	38,931	44,296	266,341
2016	350,281	15,512	18,110	7,262	0	391,165	0	172,893	32,882	9,766	215,541
2015	257,964	35,806	20,045	0	0	313,815	0	170,583	26,779	40,884	238,246

CITY OF NORRIS, TENNESSEE

SCHEDULE 4

**CHANGES IN BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Local Taxes	\$ 1,222,058	\$ 1,180,819	\$ 1,197,602	\$ 1,163,680	\$ 1,081,748	\$ 942,666	\$ 919,436	\$ 893,132	\$ 885,090	\$ 869,856
Licenses and Permits	126,377	89,644	61,142	66,304	52,109	48,592	57,045	75,161	71,629	63,239
State of Tennessee	357,621	283,991	308,185	616,607	299,822	287,108	250,070	232,462	256,783	245,432
Federal Government	0	475,206	0	0	0	3,108	8,050	0	0	0
Local Government	50,000	0	42,400	12,000	40,350	3,300	3,300	3,300	3,300	3,300
Charges for Services	157,928	147,062	139,844	138,828	130,890	128,866	127,124	127,192	127,204	124,556
Use of Money or Property	59,855	38,747	40,786	54,122	60,615	60,331	65,473	54,341	52,016	51,171
Fines, Forfeitures, and Penalties	5,315	6,517	4,082	8,365	5,337	11,837	16,609	13,505	14,053	8,550
Contributions and Donations	16,482	18,340	26,080	21,508	16,507	20,418	33,999	32,844	31,552	14,456
Other	155,577	172,221	113,512	38,631	31	14,477	25,864	4,697	1,833	7,382
Total Revenues	2,151,213	2,412,547	1,933,633	2,120,045	1,687,409	1,520,703	1,506,970	1,436,634	1,443,460	1,387,942
Expenditures										
General Government	631,727	482,691	298,842	274,656	280,275	240,203	310,635	263,379	266,796	256,035
Public Safety	1,031,718	659,509	566,960	512,622	547,464	527,183	525,865	553,604	542,900	485,316
Public Works	554,557	604,948	311,520	602,034	390,032	303,709	347,770	304,790	261,530	315,090
Parks and Recreation	116,444	28,734	20,121	14,582	5,630	15,999	25,208	15,850	33,847	14,112
Highways and Streets	174,145	0	148,710	0	0	63,523	2,919	1,500	74,531	5,532
Library and Archives	33,773	32,248	32,246	32,246	32,246	32,246	32,247	32,246	32,246	32,246
Conservation of Natural Resources	65,824	23,082	41,428	20,146	16,407	35,609	63,417	47,254	43,249	39,923
Refuse Collection	164,856	156,598	146,737	131,867	127,503	126,446	120,848	115,301	111,129	113,335
Other Natural Resources	9,794	6,927	5,742	5,195	4,566	12,316	7,580	6,466	6,288	2,902
Community Development	4,741	5,831	5,608	5,000	0	7,157	12,291	15,432	16,299	7,885
Total Expenditures	2,787,579	2,000,568	1,577,914	1,598,348	1,404,123	1,364,391	1,448,780	1,355,822	1,388,815	1,272,376
Excess of Revenues Over (Under) Expenditures	(636,366)	411,979	355,719	521,697	283,286	156,312	58,190	80,812	54,645	115,566
Other Financing Sources (Uses)										
Debt Proceeds	0	0	0	0	0	0	0	0	0	60,000
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	60,000
Net Change in Fund Balances	\$ (636,366)	\$ 411,979	\$ 355,719	\$ 521,697	\$ 283,286	\$ 156,312	\$ 58,190	\$ 80,812	\$ 54,645	\$ 175,566
Debt Service as a % of Noncapital Expenditures	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.05 %	0.00 %	0.00 %	0.00 %	0.00 %

CITY OF NORRIS, TENNESSEE

SCHEDULE 5

**LOCAL TAX REVENUES BY SOURCE OF ALL GOVERNMENTAL FUNDS
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Local Option Sales Tax</u>	<u>Wholesale Liquor Tax</u>	<u>Wholesale Beer Tax</u>	<u>Mixed Drink Tax</u>	<u>Gross Receipts Business Taxes</u>	<u>Cable TV Franchise Taxes</u>	<u>Total</u>
2024	\$ 839,430	\$ 269,428	\$ 36,769	\$ 42,026	\$ 10,117	\$ 14,070	\$ 10,137	\$ 1,221,977
2023	790,038	264,039	32,534	49,421	11,003	18,847	16,021	1,181,903
2022	777,440	252,463	59,581	63,104	3,683	19,467	21,864	1,197,602
2021	780,950	221,191	61,074	61,427	2,577	14,905	21,555	1,163,679
2020	777,466	169,934	56,267	40,207	2,771	13,864	21,239	1,081,748
2019	702,511	129,490	43,360	31,439	1,841	9,938	24,087	942,666
2018	713,334	112,922	39,283	32,067	1,497	7,920	12,412	919,435
2017	704,808	95,250	36,832	31,726	1,910	10,557	12,049	893,132
2016	718,580	85,320	31,260	29,076	1,378	7,658	11,818	885,090
2015	711,358	82,642	34,224	26,338	0	3,452	11,842	869,856

CITY OF NORRIS, TENNESSEE

SCHEDULE 6

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Utility Property</u>	<u>Total Taxable Assessed Value</u>	<u>Direct Tax Rate</u>	<u>Actual Taxable Value</u>	<u>Percentage of Actual Taxable Value</u>
2024	\$ 49,198,725	\$ 4,273,596	\$ 324,686	\$ 53,797,007	\$ 1.5439	\$ 184,934,796	29.09%
2023	48,427,650	4,430,705	308,796	53,167,151	1.5439	182,685,905	29.10%
2022	48,918,667	4,522,141	441,139	53,881,947	1.5439	180,384,337	29.87%
2021	47,583,128	4,003,867	435,718	52,022,713	1.5439	175,296,667	29.68%
2020	47,021,600	3,818,334	401,855	51,241,789	1.7800	148,062,634	34.61%
2019	49,354,900	3,788,659	418,030	53,561,589	1.7800	150,395,934	35.61%
2018	47,742,300	3,832,759	374,152	51,949,211	1.6700	148,456,559	34.99%
2017	47,742,300	3,764,591	699,287	52,206,178	1.6700	150,023,668	34.80%
2016	47,858,900	3,393,376	822,677	52,074,953	1.6700	147,905,153	35.21%
2015	49,219,800	3,596,322	859,901	53,676,023	1.5500	159,217,123	33.71%

Notes: (A) Assessment Rates are set by Tennessee State Law as follows:
Real Property: Residential and Farm at 25% of value.
Commercial and Industrial at 40% of value
Personal Property at 30% of value
Public Utilities at 55% of value (Railroads at 40%)

Source: Anderson County Property Assessors Office.
 TN Comptrollers of the Treasury Website.

CITY OF NORRIS, TENNESSEE

SCHEDULE 7

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Direct Rate City of Norris</u>	<u>Overlapping Rate Anderson County</u>
2024	1.54	2.63
2023	1.54	2.63
2022	1.54	2.63
2021	1.54	2.63
2020	1.78	2.89
2019	1.78	2.89
2018	1.67	2.79
2017	1.67	2.79
2016	1.67	2.79
2015	1.55	2.37

Note: Each governmental unit uses the same property tax assessment rolls which were certified at the time of the most recent reappraisal of property in fiscal year 2020. The Anderson County rate includes the Anderson County Board of Education.

CITY OF NORRIS, TENNESSEE

SCHEDULE 8

**PRINCIPAL PROPERTY TAXPAYERS
Current Fiscal Year and Nine Years Ago**

Taxpayer	FY 2024			FY 2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Meadow View Senior Living	\$ 1,504,797	1	2.80%	\$ 1,516,840	1	2.83%
TN Quality Investment	1,322,440	2	2.46%	1,354,360	2	2.52%
Chris Mitchell and Pam Turner	1,242,275	3	2.31%	0	N/A	
SMV	1,077,030	4	2.00%	933,640	3	1.74%
Elaine Meyer & Others	898,040	5	1.67%	0	N/A	
Norris Garden Apts.	714,729	6	1.33%	607,880	6	1.13%
Merry Meeting, LLC	635,280	7	1.18%	0	N/A	
ACS Quality Builders Inc	583,450	8	1.08%	0	N/A	
3310 Real Estate Partnership	533,800	9	0.99%	0	N/A	
Perfect Polish/Concrete Pol.	423,367	10	0.79%	673,011	4	1.25%
AT & T - BellSouth		N/A		632,033	5	1.18%
Hensley Holding		N/A		583,760	7	1.09%
John R. Irwin and Others		N/A		492,420	8	0.92%
Clayton Bank & Trust		N/A		449,280	9	0.84%
Charles Pemberton		N/A		338,800	10	0.63%
TOTAL	\$ 8,935,208		16.61%	\$ 7,582,024		14.13%

Source: Anderson County Property Assessors Office

CITY OF NORRIS, TENNESSEE

SCHEDULE 9

**PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2024	\$ 766,371	\$ 715,835	93.41 %	\$ 0	\$ 715,835	93.41 %
2023	755,264	741,830	98.22	13,084	754,914	99.95
2022	741,808	715,123	96.40	23,470	738,593	99.57
2021	734,643	725,351	98.74	9,292	734,643	100.00
2020	758,748	734,479	96.80	23,388	757,867	99.88
2019	689,901	680,036	98.57	8,961	688,997	99.87
2018	685,846	672,855	98.11	12,972	685,827	100.00
2017	700,159	692,499	98.91	7,660	700,159	100.00
2016	688,982	681,170	98.87	7,702	688,872	99.98
2015	680,940	662,216	97.25	18,535	680,751	99.97

Sources: Anderson County Property Assessors Office and City of Norris

CITY OF NORRIS, TENNESSEE

SCHEDULE 10

**DIRECT AND OVERLAPPING LOCAL OPTION SALES TAX RATES
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Direct Rate City of Norris</u>	<u>Overlapping Rate Anderson County</u>
2024	2.75 %	2.75 %
2023	2.75	2.75
2022	2.75	2.75
2021	2.75	2.75
2020	2.75	2.75
2019	2.75	2.75
2018	2.75	2.75
2017	2.75	2.75
2016	2.75	2.75
2015	2.75	2.75

Sources: City of Norris and Anderson County Finance Departments

Note: The sales tax rates may be changed by a vote of the Norris City Council, Anderson County Commission or by voter referendum.

CITY OF NORRIS, TENNESSEE

SCHEDULE 11

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Outlay Notes	Revenue Bonds	Revenue Bonds	Capital Outlay Notes			
2024	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00%	\$ 0
2023	0	0	0	0	0	0.00%	0
2022	0	0	0	0	0	0.00%	0
2021	0	0	0	96,000	96,000	0.18%	59
2020	0	0	0	118,110	118,100	0.24%	72
2019	0	0	0	139,400	139,400	0.27%	86
2018	0	0	0	160,000	160,000	0.32%	98
2017	71,800	0	0	180,000	251,800	0.52%	155
2016	88,400	0	0	199,300	287,700	0.58%	177
2015	104,500	0	0	218,000	322,500	0.62%	198

Source: See Demographic and Economic Statistics on page 79 for personal income and population data.

CITY OF NORRIS, TENNESSEE

SCHEDULE 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid With Property Taxes			
Overlapping Debt:			
Anderson County Government including			
Board of Education City of Norris	\$ 42,334,879	2.69%	\$ 1,138,808
Direct Debt	<u>0</u>	0.00%	<u>0</u>
Total Direct and Overlapping Debt	<u>\$ 42,334,879</u>	2.69%	<u>\$ 1,138,808</u>

Source: City of Norris and Anderson County Finance Department

Note: The City's direct debt does not include the Waterworks Fund's 2015 Capital Outlay.

Note: Overlapping governments are those that are within the geographic boundary of the City. This schedule estimates the portion of the outstanding debt of Anderson County that is borne by the residents and taxpayers of Norris. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated by determining the portion of the County's total taxable assessed value that is within the City's boundary and dividing it by the total taxable assessed value that is within the City's boundary and dividing it by the County's and City's taxable assessed value.

CITY OF NORRIS, TENNESSEE

SCHEDULE 13

LEGAL DEBT MARGIN
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2024	\$ 5,379,700	\$ 0	\$ 5,379,700	0
2023	5,316,715	0	5,316,715	0
2022	5,388,195	0	5,388,195	0
2021	5,202,271	0	5,202,271	0
2020	5,124,179	0	5,124,179	0
2019	5,356,159	0	5,356,159	0
2018	5,194,921	0	5,194,921	0
2017	5,220,618	71,800	5,148,818	1.32%
2016	5,207,495	88,400	5,119,095	1.70%
2015	5,367,602	104,500	5,045,102	1.95%

Note: Tennessee Code Annotated Section 6-57-201 to 212 limits the amount of general obligation debt to 10% of total assessed value of taxable property.

CITY OF NORRIS, TENNESSEE

SCHEDULE 14

**PLEGDED REVENUE
Last Ten Fiscal Years**

Fiscal Year	Available Revenues (A)	Less: Operating Expenses (B)	Net Revenues Available	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2024	\$ 1,129,029	\$ 1,106,231	\$ 22,798	\$ 0	\$ 0	\$ 0	0
2023	1,063,370	957,534	105,836	0	0	0	0
2022	963,287	768,242	195,045	96,000	2,032	98,032	1.99
2021	966,000	615,904	350,096	22,100	3,586	25,686	13.63
2020	916,918	639,620	277,298	21,300	4,313	25,613	10.83
2019	825,224	645,005	180,219	20,600	5,015	25,615	7.04
2018	817,336	646,781	170,555	20,000	5,695	25,695	6.64
2017	788,277	607,217	181,060	19,300	6,353	25,653	7.06
2016	698,933	600,885	98,048	18,700	6,990	25,690	3.82
2015	672,819	551,977	120,842	0	2,597	2,597	46.53

Notes (A) Available revenues includes operating revenues.
 (B) Operating expenses excludes depreciation.

CITY OF NORRIS, TENNESSEE

SCHEDULE 15

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>(A) Population</u>	<u>Total Personal Income</u>	<u>(B) Per Capita Personal Income</u>	<u>(C) Median Age</u>	<u>(D) Unemployment % Rate</u>
2023	1,599	\$ 92,185,548	\$ 57,652	41.6	3.40
2022	1,599	82,246,164	51,436	42.1	2.93
2021	1,599	81,390,691	50,901	43.1	3.83
2020	1,629	76,885,542	47,198	43.3	6.71
2019	1,629	71,822,610	44,090	49.3	3.56
2018	1,629	68,341,437	41,953	49.0	3.77
2017	1,629	65,379,915	40,135	49.0	3.94
2016	1,629	64,449,756	39,564	43.0	4.88
2015	1,629	62,859,852	38,588	49.0	5.78
2014	1,629	60,887,133	37,377	42.0	6.83

Notes:

- (A) Data is from the U.S. Census Bureau from the U.S. Census*
- (B) U.S. Department of Commerce, Bureau of Economic Analysis. Per capita personal income rate is for Anderson County.*
- (C) Data is from the U.S. Census Bureau. Median age is for Anderson County. Separate data for the City is not available.*
- (D) Tennessee Department of Labor and Workforce Development. Unemployment Rate is for Anderson County. Separate data for the City is not available.*

CITY OF NORRIS, TENNESSEE

SCHEDULE 16

**PRINCIPAL EMPLOYERS
Current Fiscal Year and Nine Years Ago**

Employer	FY 2024			FY 2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Anderson County Board of Education	106	1	16.11%	94	3	14.46%
Tennessee Valley Authority	89	2	13.53%		n/a	0.00%
Norris Health & Rehab Center	88	3	13.37%	127	1	19.54%
The Pipe Doctor	68	4	10.33%	50	5	7.69%
Perfect Polish/Concrete Polishing Technologies	51	5	7.75%	67	4	10.31%
Meadowview Senior Living	26	6	3.95%	31	6	4.77%
Sequel Schools - Norris Academy		n/a		110	2	16.92%
TOTAL	428		65.05%	479		73.69%

Source: Individual company or organization.

Note: The City of Norris is a small residential community with few local employers.

CITY OF NORRIS, TENNESSEE

SCHEDULE 17

**FULL-TIME-EQUIVALENT CITY EMPLOYEES BY FUNCTION
Last Ten Fiscal Years**

Full-Time-Equivalent City Employees as of June 30, 2024

by Function

Fiscal Year	General Government	Public Safety	Public Works	Waterworks	Total
2024 (E)	4.5	7.0	4.0	6.0	21.5
2023 (E)	4.5	7.0	4.0	6.0	21.5
2022 (D)	3.5	7.0	4.0	5.0	19.5
2021 (D)	3.5	7.5	3.5	5.0	19.5
2020 (D)	3.5	7.5	3.5	5.0	19.5
2019 (C)	3.5	7.5	3.5	4.5	19.0
2018 (B)	3.5	8.5	4.5	4.5	21.0
2017 (B)	3.5	9.5	4.5	4.0	21.5
2016 (B)	3.5	9.5	4.5	4.0	21.5
2015 (B)	3.5	9.5	4.5	4.0	21.5

Source: *City of Norris Budget*

- Notes:
- (A) *A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).*
 - (B) *Budget includes 18 regular full-time and 3.5 part-time employees.*
 - (C) *Budget includes 17 regular full-time and 5.0 part-time employees.*
 - (D) *Budget includes 16 regular full-time and 4.0 part-time employees.*
 - (E) *Budget includes 20 regular full-time and 1.5 part-time employees.*

CITY OF NORRIS, TENNESSEE
SCHEDULE 18
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government:										
Building Permits Issued (calendar year)	22	31	21	39	27	23	21	43	26	49
Estimated Value of Permits	\$ 2,157,150	\$ 4,672,817	\$ 6,166,082	\$ 1,569,893	\$ 1,679,607	\$ 817,500	\$ 807,355	\$ 2,168,714	\$ 534,645	\$ 1,278,050
Building Inspections	36	45	20	64	82	53	25	36	133	119
Public Safety:										
Police:										
Arrests	14	15	4	16	15	31	53	23	12	6
Traffic Violations	55	134	175	83	52	76	137	18	73	100
Fire:										
Emergency Responses	294	274	119	76	76	149	96	80	133	280
Fires Extinguished	34	36	13	0	0	7	13	8	5	7
Inspections	11	10	10	10	10	10	10	6	20	0
Public Works:										
Street Resurfacing (miles)	0.75	N/A	1.1	N/A	N/A	N/A	N/A	N/A	0.7	N/A
Water:										
New Connections	2	1	5	2	2	3	1	5	3	1
Average Daily Consumption (thousands of gallons)	247	272	242	235	229	215	233	226	219	237
Wastewater:										
New Connections	0	1	1	2	1	0	0	1	2	0
Average Daily Treatment (thousands of gallons)	121	138	132	138	159	155	158	156	100	132

Source: Various city departments.

Note: N/A = Data not available or not applicable

CITY OF NORRIS, TENNESSEE

SCHEDULE 19

WATERWORKS CUSTOMER STATISTICS AND RATES
Last Ten Fiscal Years

Fiscal Year	Active Customer Accounts		Water		Wastewater	
	Water	Wastewater	Minimum Bill (B)	Rates per (C) 1,000 Gallons	Minimum Bill (B)	Rate per (D) 1,000 Gallons
2024	803	579	\$ 26.96	\$ 9.31	\$ 55.01	\$ 9.44
2023	795	576	26.96	9.31	55.01	9.44
2022	798	575	24.51	8.46	44.01	7.55
2021	784	566	24.51	8.46	44.01	7.55
2020	776	563	24.51	8.46	44.01	7.55
2019	773	557	19.37	6.46	44.01	7.55
2018	771	554	18.90	6.30	41.91	7.19
2017	779	563	18.44	6.15	38.99	6.69
2016	765	558	18.44	6.15	36.27	6.22
2015	763	560	17.99	6.00	32.97	5.65

Notes: (A) Rates are based upon a single family residence

(B) Minimum bill is based upon the first 3,000 gallons of water purchase 2008 - 2015.
Minimum bill is based upon the first 2,000 gallons of water purchase 2016 - 2017.
Minimum bill is based upon the first 2,000 gallons of water purchase 2017 - 2024.

(C) The water rate per 1,000 gallons is based upon purchases in excess of the first 3,000 gallons from 2008 - 2015. The water rate per 1,000 gallons is based first 2,000 gallons from 2016 - 2024.

(D) The wastewater rate per 1,000 gallons is based upon the next 7,000 gallons of water purchased.

CITY OF NORRIS, TENNESSEE

SCHEDULE 20

**WATER PRODUCED, SOLD AND CONSUMED
Last Ten Fiscal Years**

Fiscal Year	Gallons of Water (In Thousands)			Percent Lost
	Water Produced	Water Sold and Consumed	Water Unbilled	
2024	90,225	80,996	9,229	10.2%
2023	99,243	82,815	10,428	10.5%
2022	88,329	79,030	9,299	10.5%
2021	93,151	84,541	8,755	9.6%
2020	90,863	67,689	13,271	14.6%
2019	86,550	74,512	12,038	13.9%
2018	84,898	75,523	9,375	11.0%
2017	82,451	73,453	8,998	10.9%
2016	79,852	69,482	10,370	13.0%
2015	85,814	72,683	13,131	15.3%

CITY OF NORRIS, TENNESSEE

SCHEDULE 21

**CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years**

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Streets (miles)	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2
Sidewalks (miles)	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
Traffic Signals	1	1	1	1	1	1	1	1	1	1
Parks and Recreation:										
Acreage	2730	2730	2730	2730	2730	2730	2730	2730	2730	2730
Playgrounds	3	3	3	3	2	3	3	3	3	3
Community Centers	1	1	1	1	1	1	1	1	1	1
Picnic Shelter	3	3	3	3	1	3	3	3	3	3
Water:										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Water Mains (miles)	25	25	25	25	25	25	25	25	25	25
Service Connections	798	798	798	784	783	773	779	779	761	761
Fire Hydrants	128	128	128	128	128	128	128	128	128	132
Daily Treatment Capacity (thousand of gallons)	532	532	532	532	532	532	532	532	532	532
Water Reservoirs	3	3	3	3	3	3	3	3	3	3
Storage Capacity (thousands of gallons)	850	850	850	850	850	850	850	850	850	850
Wastewater:										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Sanitary Sewers (miles)	16	16	16	16	16	16	16	16	16	16
Service Connections	576	576	575	566	563	557	563	563	539	554
Daily Treatment Capacity (thousands of gallons)	200	200	200	200	200	200	200	200	200	200

Source: Various city departments.

Note: N/A = Data not available or not applicable.

COMPLIANCE SECTION

CITY OF NORRIS, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor Program	Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Federal Awards				
Total Federal Awards			\$ <u>0</u>	\$ <u>0</u>
State Financial Assistance				
Tennessee Department of Finance & Administration				
Violent Crime Intervention Fund Grant (VCIF)		N/A	<u>0</u>	<u>76,803</u>
Total State Financial Assistance			<u>0</u>	<u>76,803</u>
Total Federal Awards and State Financial Assistance			\$ <u><u>0</u></u>	\$ <u><u>76,803</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF NORRIS, TENNESSEE

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

For the Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATE

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

NOTE 4 - CONTINGENCIES

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



PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
Telephone: 865-769-0660
Fax: 865-769-1660

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

Honorable Mayor, Members of City Council,
and City Manager of City of Norris
Norris, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and the aggregate remaining fund information of City of Norris, Tennessee (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2024-002, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany Schedule of Findings and Responses as items 2024-001 and 2024-002.

City of Norris, Tennessee's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 17, 2024

CITY OF NORRIS, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2024

2024-001 - Water Quality Control Act

Criteria or Specific Requirements - The Norris Water Commission is required to comply with the Water Quality Control Act.

Condition - The Commission is in violation of the Water Quality Control Act.

Cause and Effect - The City is exposed to regulatory action from the Tennessee Department of Environment and Conservation.

Recommendations - We recommend that the City take measures to comply with the Water Quality Control Act and its developed corrective action plan (CAP).

Management's Response - We concur with the finding and recommendation. The City of Norris and Norris Water Commission continue to provide reports pursuant to the terms of the director's order. The City is currently in the design phase of targeting sewer rehabilitation improvements utilizing grant and revolving funding.

2024-002 - Expenditures Exceed Appropriations

Criteria or Specific Requirements - Section 6-56-203, *Tennessee Code Annotated*, states that all money received and expended by a municipality shall be included in a budget ordinance. Therefore, notwithstanding any other provision of law, no municipality may expend moneys regardless of their source, including moneys derived from bond and long-term debt proceeds, federal, state, or private grants or loans, or special assessments, except in accordance with a budget ordinance adopted under this section.

Condition - Actual expenditures in the Solid Waste Fund and the State Street Aid Fund exceeded the amounts appropriated in the budget.

Cause and Effect - Actual expenditures in the Solid Waste Fund and the State Street Aid Fund exceeded the amounts appropriated in the budget. As a result, the City has not complied with Section 6-56-203, *Tennessee Code Annotated*.

Recommendations - We recommend that officials authorize all expenditures either in the original budget, in an amendment, or in a supplemental appropriation.

Management's Response - We concur with the finding and recommendation. Management will continue to perform detailed monitoring of the budget and expenditures to take appropriate action as needed. Management would also like to point out that these overages were related to the timing of receiving invoices from vendors. Specifically concerning the State Street Aid Fund, City Council did review the bid tabulation and approved the contractor as evidenced in City Council minutes.

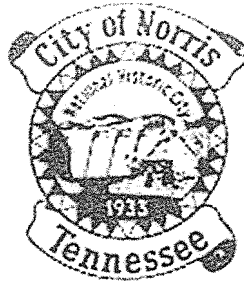
CITY OF NORRIS, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2024

Financial Statement Findings:

Prior Year Finding Number	Finding Title	Status / Current Year Finding Number
2023-002	Bank Reconcilements	Corrected

Compliance Findings:

Prior Year Finding Number	Finding Title	Status / Current Year Finding Number
2023-001	Water Quality Control Act	Repeated / 2024-001



MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2024

2024-001: Water Quality Control Act

Contact Person Responsible for Corrective Action: Tony Wilkerson, Superintendent

Corrective Action Planned: We concur with the finding and recommendation. The City of Norris and Norris Water Commission continue to provide reports pursuant to the terms of the director's order. The City is currently in the design phase of targeting sewer rehabilitation improvements utilizing grant and revolving funding.

Anticipated Completion Date: Management will implement the corrective actions immediately. The City of Norris and Norris Water Commission continue to provide reports pursuant to the terms of the director's order.

Signature: Tony Wilkerson

2024-002: Expenditures Exceed Appropriations

Contact Person Responsible for Corrective Action: Charles Adam Ledford, City Manager

Corrective Action Planned: We concur with the finding and recommendation. Management will continue to perform detailed monitoring of the budget and expenditures to take appropriate action as needed. Management would also like to point out that these overages were related to the timing of receiving invoices from vendors. Specifically concerning the State Street Aid Fund, City Council did review the bid tabulation and approved the contractor as evidenced in City Council minutes.

Anticipated Completion Date: Management will implement the corrective actions immediately.

Signature: Charles A. Ledford