



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Fiscal Year 2023
July 1, 2022 - June 30, 2023**

Prepared by Finance Department

CITY OF MORRISTOWN, TENNESSEE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CITY OF MORRISTOWN, TENNESSEE
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**INTRODUCTORY
SECTION**

The City of Morristown

Office of Administration



December 3, 2023

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Morristown:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), audited in accordance with generally accepted auditing standards and in accordance with Government Auditing Standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of Morristown for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the City of Morristown. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Morristown has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and compile sufficient reliable information for the preparation of the City of Morristown's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Morristown's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The independent audit of the financial statements of the City of Morristown was part of a broader, federally mandated "Uniform Guidance" designed to meet the special needs of federal grantor agencies. The standards governing Uniform Guidance engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance report section of this ACFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Morristown's MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

The City of Morristown was incorporated in 1855 and operates under a council-administrator form of government. It is located between two major Tennessee Valley Authority lakes approximately 40 miles northeast of Knoxville on Interstate-81 and approximately 60 miles southwest of the Tri-Cities area on the same highway. The City currently occupies a land area of approximately 22 square miles and serves a population of approximately 31,425. The City is authorized by state statutes to levy a property tax on both real and personal properties located within its boundaries.

Policy-making and legislative authority are vested in the Mayor and Council members consisting of the mayor and six other members. The Council is responsible, among other things, for passing ordinances, resolutions, adopting the budget, appointing committees, and hiring the City Administrator, City Attorney, Police Chief, and Fire Chief. The City's Administrator is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City and for appointing the heads of various departments.

The City of Morristown provides a full range of services, including police, fire, street construction and maintenance, solid waste collection and recycling, planning and zoning, parks and recreation, cultural events and general administrative services. In addition, water, electric, broadband, sewer service, and storm water collection are provided under an Enterprise Fund concept with user charges established by the Council and/or the Morristown Utility Commission to ensure adequate coverage of operating expenses and payments on outstanding debt.

The annual budget serves as the foundation for the City of Morristown's financial planning and control. All departments of the City of Morristown are required to submit requests for appropriation to the City Administrator. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator then presents this proposed budget to the Council for review by May 15. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Morristown's fiscal year. The appropriated budget is prepared by fund, function, and department. The City Administrator may make transfers of appropriations within a department. Budget-to-actual comparisons are provided in this report. Please refer to the table of contents for specific page numbers.

Factors Affecting Financial Condition

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

Local Economy

The pandemic was an unprecedented global shock which presented numerous challenges. Even with vaccines and more normal economic activity, we have faced supply chain issues and an evolving labor market while national and international factors continue to create a challenging environment. However, we appear to be emerging from the many impacts brought on by the pandemic's disruptions.

The more significant challenge through and since the pandemic, has been supply chain disruption. Disruptions have not caused reductions in our industrial base, but the struggles for supplies and components have probably hampered some of the potential for additional growth that might have occurred had these disruptions and cost volatility not been such a challenge.

The City of Morristown is the center of the Morristown Metropolitan Statistical Area (MSA). The region is typified by strong manufacturing and the city serves as a regional retail and employment hub. While manufacturing is diversified, there are concentrations of automotive suppliers, food processing, and plastic processing. The city serves as a regional medical center and is the home of both Walters State Community College and the Tennessee College of Applied Technology (TCAT). Agriculture is the primary business in the surrounding area with Morristown serving as the employment and commercial center. Institutions like Walters State and the medical sector help stabilize the local economy and help us to manage through downturns.

Based on its location, the City of Morristown functions as a regional hub for employment, commercial, and servicing needs for the surrounding area. The City of Morristown, along with cooperative efforts by the Morristown Chamber of Commerce, Hamblen County Government, and its citizens has been one of the state's most successful recruiters of regional, national, and international industry despite being the third smallest county in the State of Tennessee in terms of land size. The economy continues to have an impact on every segment of Morristown's largest taxpayers. The breakdown of assessed values between commercial and residential is 70% and 30%, respectively. Manufacturing continues to make up the majority of property tax assessments for the City of Morristown.

The continued growth of manufacturing in Morristown has helped sustain a very robust residential development and supported commercial growth despite a difficult national environment for brick-and mortar commercial construction. Over the past several years, the City of Morristown has experienced a significant amount of retail development as several national retail chains continue to locate to Morristown. This, combined with significant residential development has contributed to sales tax growth of approximately \$1.51 million (8.38%) over the prior fiscal year.

Long-term Financial Planning and Major Initiatives

The City of Morristown employs a policy of targeting an unassigned fund balance between 15% and 40% of General Fund expenditures. The City had an unassigned fund balance of \$18.0 million at June 30, 2023 in its General Fund. This represents an unassigned fund balance of approximately 42% compared to expenditures. While higher than expected, and exceeding the fund balance target, this will allow the City to assign additional funds for significant capital projects in the coming year. This compares to 50% unassigned fund balance compared to expenditures for the fiscal year ended June 30, 2022. Though a portion of the unassigned fund balance was assigned during the year for certain capital projects, the City still maintains a healthy unassigned balance, which is attributed in part to the growth in local revenues, in particular sales tax as well as business licenses and building permits. It should be stressed that fund balance is only used for capital items and is not used for re-occurring expenditures.

The City of Morristown continued to demonstrate effective long-term planning with the adoption of its 2023-2024 fiscal year budget. The City of Morristown was proactive in that it appropriated \$1.0 million from fund balance for street projects. There are various other projects including a new Fire Station and major park improvements that will be funded via the issuance of new debt in the amount of \$9,700,000. The new debt will be issued without the need for an increase in the property tax rate.

While the City has already been on a path to undertake major capital projects, the additional opportunities made possible by the American Rescue Plan Act of 2021 (ARPA) continue to make transformational change possible. City Council allocated \$8.2 million from a direct federal grant plus another \$4.5 million in ARPA funding which is being allocated by the state of Tennessee for targeted utility improvements. Combined, these funds continue to enable the City to undertake some major projects that while badly needed, were not likely to be accomplished with local resources alone.

The Cumberland Street corridor was once the heart of Morristown, but the area has seen decline and the street no longer provides an appropriate gateway to Morristown. We have been successful in obtaining a \$23 million RAISE grant which will improve the function of the corridor and once again make this gateway a source of pride for the community.

Awards and Acknowledgment

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

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

The City of Morristown also received the GFOA's Distinguished Budget Presentation award for its annual budget documented for the 2023-2024 fiscal year. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. The preparation of this report could not have been accomplished without the efforts and dedication of the staff of the Department of Finance. We would like to express our appreciation to the Finance staff and other personnel from various departments, agencies, and authorities that assisted in the preparation of this report, especially Michelle Woods, Finance Director. Also, we would like to thank the Mayor and Council for their support for maintaining the highest standards of professionalism in the management of the City of Morristown's finances.

Respectfully submitted,



Anthony W. Cox
City Administrator



Andrew Ellard, CMFO
Assistant City Administrator/Finance & Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Morristown
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrell

Executive Director/CEO

June 30, 2023

Al A'Hearn
Chris Bivens
Bob Garrett
Tommy Pedigo
Joseph Senter
Kay Senter

Anthony W. Cox	City Administrator
Andrew Ellard	Assistant City Administrator/Finance & Administration/ Certified Municipal Financial Officer
Larry Clark	Assistant City Administrator/Operations
Lauren Carroll	City Attorney
Michelle Woods.....	Finance Director
Steve Nielson.....	Director of Planning
Roger Overholt	Chief of Police
Clark Taylor	Fire Chief
Paul Brown	Director of Public Works
Travis Barbee.....	Director of Parks and Recreation

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

**The Honorable Mayor and Members
of the City Council of the
City of Morristown, Tennessee**

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Morristown Utilities Commission, which represent 98%, 97%, and 99%, respectively, of the assets, net position, and revenues of the business-type activities as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Morristown Utilities Commission is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 19), the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS, schedule of contributions based on participation in the public employee pension plan of the TCRS, schedule of changes in net OPEB liability and related ratios, schedule of changes in total OPEB liability and related ratios – Morristown Utilities Retiree Benefit Plan, schedule of investment returns – OPEB trust, and schedule of OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), schedule of expenditures of state awards, the schedule of changes in long-term debt by individual issue, and schedule of principal and interest requirements, as listed in the table of contents (collectively the "supplementary information"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 3, 2023

Management's Discussion & Analysis

As management of the City of Morristown, Tennessee, we offer readers of the City of Morristown's financial statements this narrative overview and analysis of the financial activities of the City of Morristown for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages i through iv of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Morristown exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$275.7 million (net position). Of this amount, \$76.5 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Morristown's total net position increased by approximately \$21.1 million. Charges for services, which are program specific revenues accounted for \$126.9 million in revenue or 69.6% of all government revenues. The majority (95.98%) of the charges for services are from Morristown Utilities Commission. General revenues of the primary government account for \$45.7 million or 25.06% of all government revenues. While there are numerous factors that come into play, the overall increase is attributed mostly to the timing of capital projects and when capital assets were placed into service. Total assets net of depreciation increased \$8.3 million in fiscal year 2023 compared to the prior year. This increase in part is attributed to the completion of several major projects such as the opening of Morristown Landing (the City's community center), the completion of the Public Safety Radio System, the completion of Evelyn Johnson Way (new connector road), the purchase of property as well as the purchase of several other capital assets such as vehicles and equipment that was purchased and placed into service during the fiscal year. Another item attributed to the increase is debt that was issued in the amount of \$4.5 million that was not spent down as of the end of the year. Another item worthy of notation is the fact that in the prior year the City had a new pension asset, whereas in the current year the City had a net pension liability.
- As of the close of the current fiscal year, the City of Morristown's governmental funds reported combined ending fund balances of approximately \$54.6 million, an increase of \$0.6 million in comparison with the prior year. While there are numerous factors that come into play the main contributing factors relate to current year revenue being greater than current year expenses. Overall general revenues increased approximately \$1.7 million compared to the prior year. The main portion of the increase is attributed to local sales tax which increased by approximately \$1.5 million (9.1%) compared to the prior year. The growth in local sales tax is thought to be in part due to people relocating to Morristown along with the rising cost of consumer goods. All other general revenue sources saw increases of varying amounts except for property taxes which experienced a slight decrease of \$850,000. The majority of the decrease is contributed to the following: the appraisal ratio decreasing from 1.00 in prior year to 0.7751 in the current year, which accounts for \$512,000 of decrease, and tax assessment adjustments accounting for approximately \$210,000 of the decrease in collections. Another item attributed to the increase is debt that was issued in the amount of \$4.5 million that was not spent down as of the end of the year. Approximately 33.0% of total fund balance is available for spending at the government's discretion. (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the City of Morristown's General Fund was approximately \$18.0 million, or approximately 41.5% of total General Fund expenditures.

Management's Discussion & Analysis

- The City of Morristown's total outstanding long-term debt decreased by \$6.2 million during the current fiscal year. The decrease is attributed to principal payments made. Despite having issued new debt during the year, the principal payments made offset the new debt, resulting in an overall decrease in the City's outstanding debt at the end of the year.

Overview of the Financial Statements

This discussion and analysis provided here is intended to serve as an introduction to the City of Morristown's financial statements. The City of Morristown's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Morristown's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Morristown 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 of Morristown include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Morristown include the power, water, storm water, broadband, and wastewater systems. Of the business-type activities, the Morristown Utilities Commission is responsible for water, power, wastewater, and broadband. The Morristown Utilities Commission is an administrative unit of the City and therefore has been included as a business-type activity of the primary government. The Morristown Utilities Commission issues a separate annual comprehensive financial report and information from that report is used in this report. Readers should consult the Morristown Utilities Commission's Annual Comprehensive Financial Report for more detailed information on their finances.

The government-wide financial statements can be found on pages 20-21 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 of Morristown, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Morristown can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Management's Discussion & Analysis

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 *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Morristown maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Solid Waste Fund, and the General Capital Projects Fund which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 91-92 of this report.

The City of Morristown adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided on pages 26-27 for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-21 of this report. The combining statements can be found on pages 91-100 of this report.

Proprietary funds. The City of Morristown maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Morristown uses enterprise funds to account for its water, wastewater, storm water, broadband and power systems. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Morristown's various functions. The City of Morristown uses an internal service fund to account for its self-insured employee health insurance program. Because the services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for wastewater, water, power and broadband systems, all of which are considered to be major funds of the City of Morristown. The storm water system is not considered to be a major fund; however, it is presented separately in the proprietary fund financial statements because it is the only other proprietary fund.

The basic proprietary fund financial statements can be found on pages 29-32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City of Morristown's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Management's Discussion & Analysis

The City of Morristown maintains three fiduciary funds. The City of Morristown uses an agency fund to account for the Lakeway Area Metropolitan Transportation Planning Organization (LAMTPO) funding. LAMTPO is the metropolitan planning organization for Morristown's region encompassing two counties and four cities. LAMTPO's board consists of members from these localities consisting of Mayors and City Administrators. The City also maintains a trust fund for the Other Post Employment Benefit (OPEB) obligation. The administration of the fund assets is contracted out to USI Advisors, Inc. Finally, the City maintains an Employee Benefits Custodial Fund that is used to account for operations of the flexible benefits program for City of Morristown employees. It should be noted that with the implementation of GASB 84 this fund was reclassified from a trust fund to a custodial fund effective fiscal year 2021.

The basic fiduciary fund financial statements can be found on pages 33 and 34 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-83 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Morristown's progress in funding its obligation to provide pension and OPEB benefits to its employees. A table of contents has been provided to locate this information.

Government-wide financial analysis. As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Morristown, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$275.7 million at the close of the most recent fiscal year.

City of Morristown's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 85,054,081	\$ 87,749,569	\$ 55,758,086	\$ 55,717,707	\$ 140,812,167	\$ 143,467,276
Capital assets	123,240,897	112,233,811	225,251,844	225,285,808	348,492,741	337,519,619
Total assets	208,294,978	199,983,380	281,009,930	281,003,515	489,304,908	480,986,895
Total deferred outflows of resources	8,531,675	9,487,289	313,679	375,631	8,845,354	9,862,920
Long-term liabilities outstanding	63,886,081	68,520,673	88,044,781	98,901,126	151,930,862	167,421,799
Other liabilities	22,806,930	13,633,918	27,256,270	25,376,614	50,063,200	39,010,532
Total liabilities	86,693,011	82,154,591	115,301,051	124,277,740	201,994,062	206,432,331
Total deferred inflows of resources	19,252,618	28,271,958	1,222,022	1,581,557	20,474,640	29,853,515
Net position:						
Net investment in capital assets	60,267,299	61,020,377	135,491,702	127,538,262	195,759,001	188,558,639
Restricted	3,417,319	5,095,811	0	49,134	3,417,319	5,144,945
Unrestricted	47,196,406	32,927,932	29,308,834	27,932,453	76,505,240	60,860,385
Total net position	\$ 110,881,024	\$ 99,044,120	\$ 164,800,536	\$ 155,519,849	\$ 275,681,560	\$ 254,563,969

By far the largest portion of the City of Morristown's net position (71.0%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related outstanding debt that was used to acquire those assets. The City of Morristown uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are *not* available for future spending. Although the City of Morristown's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion & Analysis

An additional portion of the City of Morristown's net position (1.23%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$76,505,240 is unrestricted and may be used to meet Morristown's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Morristown is able to report positive balances in all reported 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 four fiscal years.



The City of Morristown's overall net position increased by approximately \$21.1 million (8.30%) from the prior fiscal year. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. During the current fiscal year, net position of the governmental activities increased by \$11.8 million (11.95%). Multiple factors contributed to this increase in net position. Overall, revenue saw growth of around \$1.5 million, with certain revenue streams continuing to show growth such as local option sales tax (\$1.5 million), and other local taxes and charges for services of around \$580,000. However, there was a slight decrease in property tax collection of around \$850,000. The majority of the decrease is contributed to the following: the appraisal ratio decreasing from 1.00 in prior year to 0.7751 in the current year, which accounts for \$512,000 of decrease, and tax assessment adjustments accounting for approximately \$210,000 of the decrease in collections. The remainder of the decrease is attributed to a reduction in prior year and delinquent tax amounts when compared to prior year.

Another factor contributing to the increase in net position was the increase in capital assets net of depreciation by approximately \$11 million when compared to the prior year. This increase in part is attributed to the completion of several major projects such as the opening of Morristown Landing (the City's community center), the completion of the Public Safety Radio System, the completion of Evelyn Johnson Way (new connector road), the purchase of property as well as the purchase of several other capital assets such as vehicles and equipment that was purchased and placed into service during the fiscal year.

Management's Discussion & Analysis

Another factor contributing to the increase in net position is debt that was issued in the amount of \$4.5 million that was not spent down as of the end of the year. Other noteworthy items are the fact that in the prior year the City had a net pension asset, whereas in the current year the City had a net pension liability and the changes in the deferred inflows decreased by roughly 32%, which mainly attributed to the \$9.6 million decrease in the OPEB (Other Post Employment Benefits) and Pension deferral amounts. As the construction of Morristown Landing continued, the bond proceeds used to finance the construction were reduced by \$9.2 million. These are the most significant contributing factors to the ending fund balance.

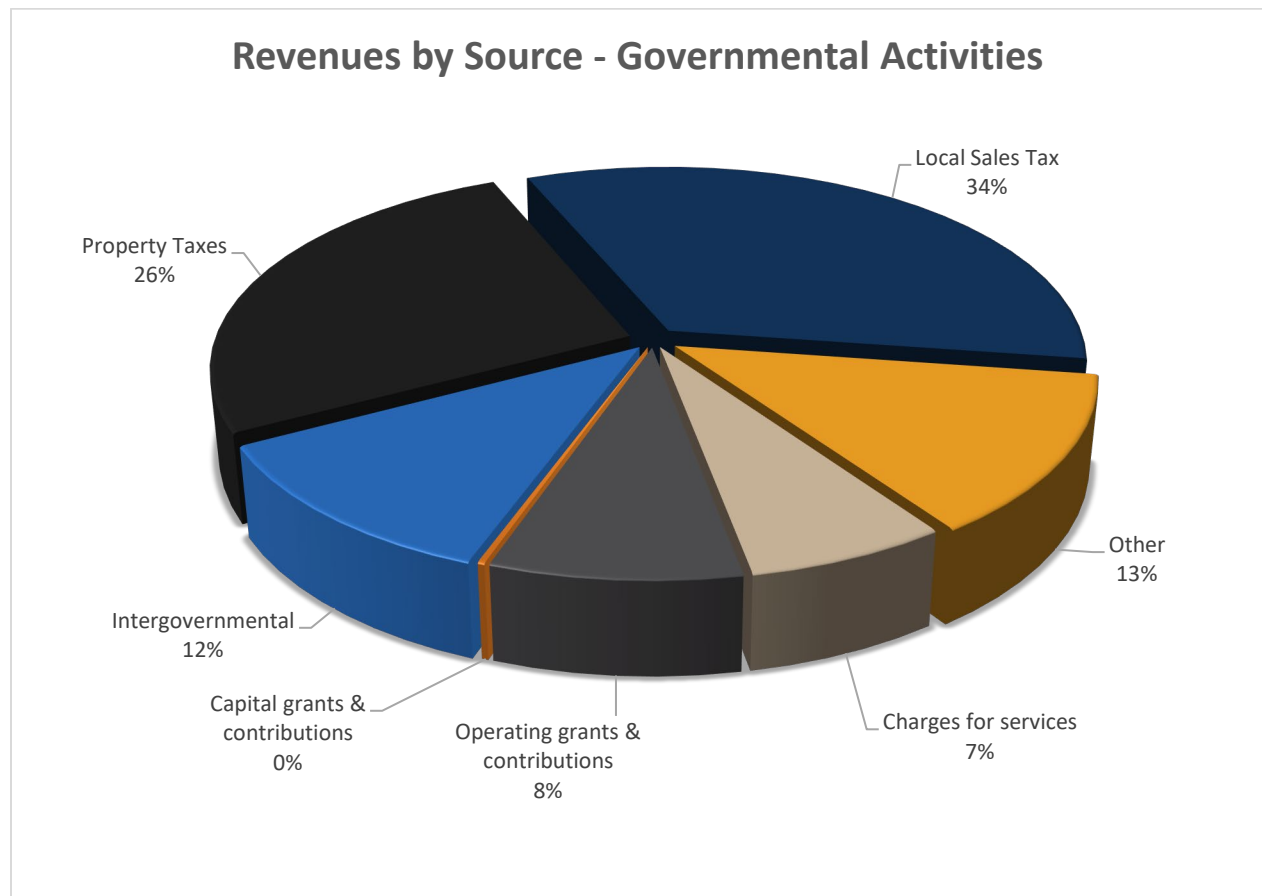
City of Morristown's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,635,894	\$ 3,475,513	\$ 123,357,229	\$ 115,599,705	\$ 126,993,123	\$ 119,075,218
Operating grants & contributions	4,498,612	4,304,395	-	-	4,498,612	4,304,395
Capital grants & contributions	126,590	4,536,780	430,385	648,050	556,975	5,184,830
General revenues:					-	-
Property taxes	14,275,276	15,131,519	-	-	14,275,276	15,131,519
Sales tax	18,118,802	16,599,588	-	-	18,118,802	16,599,588
Intergovernmental	6,267,543	5,163,954	-	-	6,267,543	5,163,954
Other	7,021,043	7,002,305	4,547,849	3,271,400	11,568,892	10,273,705
Total revenues	<u>53,943,760</u>	<u>56,214,054</u>	<u>128,335,463</u>	<u>119,519,155</u>	<u>182,279,223</u>	<u>175,733,209</u>
Expenses:						
General government	7,529,239	6,983,503	-	-	7,529,239	6,983,503
Public safety	17,591,248	14,057,920	-	-	17,591,248	14,057,920
Public works	13,264,829	12,980,348	-	-	13,264,829	12,980,348
Culture & recreation	2,453,563	2,437,166	-	-	2,453,563	2,437,166
Civic support	1,882,049	1,763,877	-	-	1,882,049	1,763,877
Interest on long-term debt	1,470,865	2,092,628	-	-	1,470,865	2,092,628
Water	-	-	7,501,455	7,496,219	7,501,455	7,496,219
Wastewater	-	-	15,113,884	15,136,768	15,113,884	15,136,768
Storm water	-	-	1,443,842	1,535,845	1,443,842	1,535,845
Power	-	-	84,404,068	76,976,906	84,404,068	76,976,906
Broadband	-	-	8,506,590	8,515,188	8,506,590	8,515,188
Total expenses	<u>44,191,793</u>	<u>40,315,442</u>	<u>116,969,839</u>	<u>109,660,926</u>	<u>161,161,632</u>	<u>149,976,368</u>
Increase (decrease) in net position before transfers	9,751,967	15,898,612	11,365,624	9,858,229	21,117,591	25,756,841
Transfers	2,084,937	2,510,774	(2,084,937)	(2,510,774)	-	-
Increase (decrease) in net position	11,836,904	18,409,386	9,280,687	7,347,455	21,117,591	25,756,841
Net position - July 1,	<u>99,044,120</u>	<u>80,634,734</u>	<u>155,519,849</u>	<u>148,172,394</u>	<u>254,563,969</u>	<u>228,807,128</u>
Net position - June 30,	<u>\$ 110,881,024</u>	<u>\$ 99,044,120</u>	<u>\$ 164,800,536</u>	<u>\$ 155,519,849</u>	<u>\$ 275,681,560</u>	<u>\$ 254,563,969</u>

Management's Discussion & Analysis

Revenues on the government-wide Statement of Activities are broken into two major categories, program revenues and general revenues.

Program revenues include three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

General revenues are all revenues that do not qualify as program revenues and by far are the largest revenue source. The largest single revenue sources within this major category are local option sales tax and property taxes, both of which continue to be stable revenue sources for the City of Morristown. Overall general revenues increased approximately \$1.7 million compared to the prior year. The main portion of the increase is attributed to local sales tax which increased by approximately \$1.5 million (9.1%) compared to the prior year. The growth in local sales tax is thought to be in part due to people relocating to Morristown along with the rising cost of consumer goods. All other general revenue sources saw increases of varying amounts except for property taxes which experienced a slight decrease of \$850,000. The majority of the decrease is contributed to the following: the appraisal ratio decreasing from 1.00 in prior year to 0.7751 in the current year, which accounts for \$512,000 of decrease, and tax assessment adjustments accounting for approximately \$210,000 of the decrease in collections. The remainder of the decrease is attributed to a reduction in prior year and delinquent tax amounts when compared to prior year. The graph below presents the major sources of revenues for governmental activities for the current year.



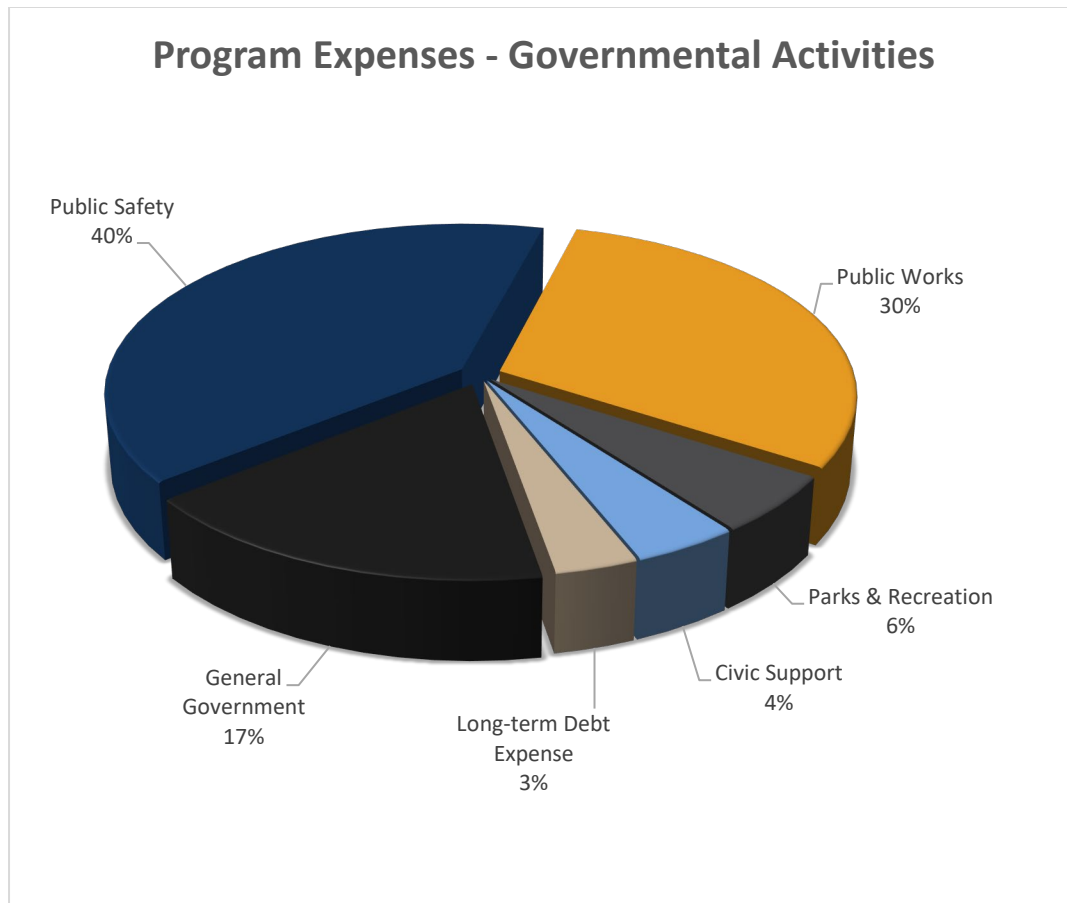
Management's Discussion & Analysis

Public Safety expenses of \$17,591,248 and Public Works expenses of \$13,264,829 are the largest expenses of the City of Morristown, which when combined total \$30,856,077 and are 69.8% of total expenses. Of this amount, \$2,401,749 was recovered by charges for services, \$537,779 from operating grants/contributions, and \$126,590 from capital grants/contributions.

Overall governmental expenses increased by approximately 9.6% / \$3.9 million when compared to prior year. There is not one determining factor that can be pointed to as the main reason for the increase, but rather there are small increases in several areas that in and of themselves are not significant, but when combined amount to the overall increase. For example, a portion of the increase was driven by economic factors outside of the City's control and were related to rising costs in areas such as repair & maintenance and utilities. Issuance costs relating to new debt, an increase in tipping fees and an increase in training and travel expense were a few of the contributing factors. Cost of living adjustments were also given to City employees resulting in increased expenses for payroll and payroll related items. While it would be easy to assume that gasoline is one of the driving factors, this is one of the expenses that actually saw a small decrease when compared to prior year.

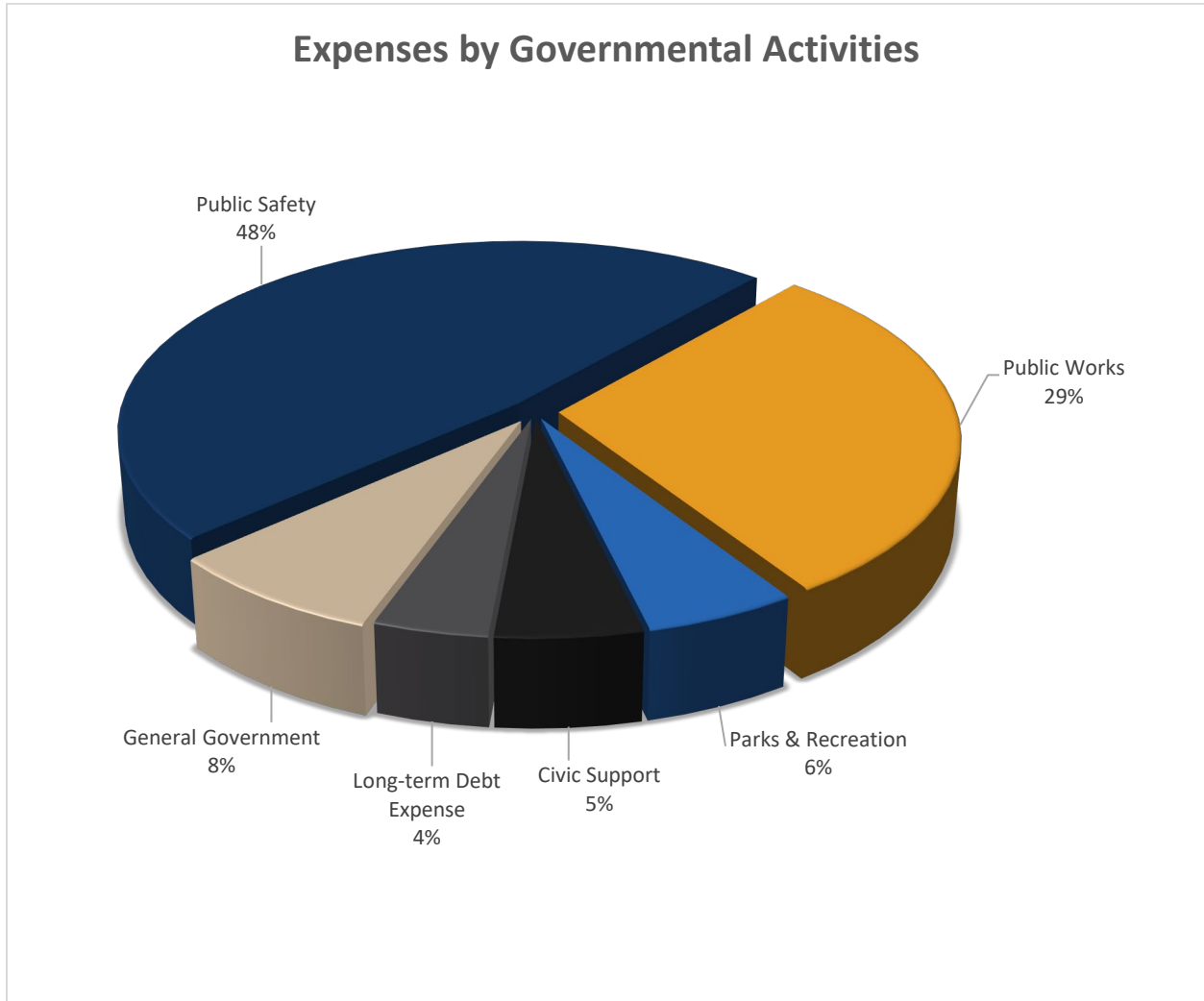
Public Safety saw the largest increase of expenses by approximately \$3.5 million, while the largest decrease in expenses came from interest on debt in the amount of around \$622,000.

The graph below presents the program expenses for governmental activities for the current year.



Management's Discussion & Analysis

The following illustration shows the “net (expenses)” from the Statement of Activities as a percentage of the total. Unlike the preceding illustration, this one not only shows the percentage of total costs, it shows the impact the program had on the local citizens’ tax base, as a percentage. Net expense is all program expenses less all program revenues. Net expenses increased by approximately \$7.9 million. The majority of this amount is attributed to the decrease of around \$4.4 million in capital grants and contributions when compared to prior year.



Management's Discussion & Analysis

Business-type Activities. For the City of Morristown's business-type activities, the results for the current year were positive in that overall net position increased to reach an ending balance of approximately \$164.8 million. Of the overall net position amount, \$4.6 million or 2.8% relates to the Stormwater fund.

The total increase in net position for business-type activities was \$9.2 million or 5.97% compared to the prior fiscal year. Of this amount, 0.11% (\$5,063) is related to the Stormwater Fund. The increase in net position for the business-type activities is mainly attributed to the overall decrease in liabilities and deferred inflows of around \$9.3 million. For a more thorough discussion of the Morristown Utilities Commission's finances readers should consult the Annual Comprehensive Financial Report issued by the Commission for the current fiscal year ended.

Financial Analysis of the Government's Funds

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

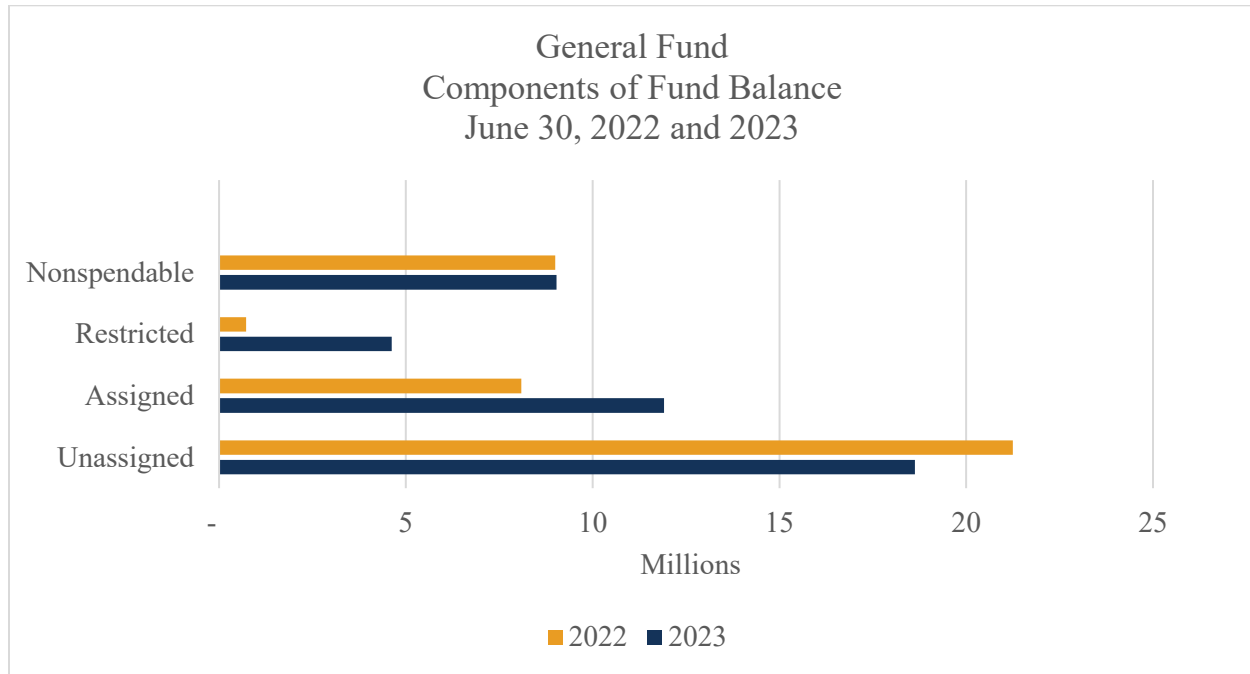
Governmental funds. The focus of the City of Morristown's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Morristown's financing requirements. In particular, unassigned fund balance may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

At June 30, 2023, the City of Morristown's governmental funds reported combined ending fund balances of \$54,572,356, a slight increase of approximately \$604,000 in comparison with the prior year. Approximately 33.0% of the ending fund balances amount (\$18,020,018) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, or assigned to indicate that it is: 1) not in spendable form or legally/contractually required to be maintained intact (\$9,284,651), 2) restricted for particular purposes (\$9,030,595), 3) committed for particular purposes (\$5,726,554), or 4) assigned for particular purposes (\$12,510,538).

General fund. The General Fund is the chief operating fund of the City of Morristown. The total fund balance increased to \$44,184,844. At the end of the current fiscal year, unassigned fund balance was \$18,020,018. While current year expenditures were around \$1.6 million more than prior year, the incoming revenue was around \$4.5 million more than expenditures and is the main contributing factor of the overall increase in the General Fund balance. While several revenue streams experienced growth, the biggest growth was found in the local option hotel/motel tax (9.74%), local option sales tax (9.15%) and state shared sales tax (4.62%). This continued growth is thought to be the result of an influx of people locating to our area and traveling here for both business and pleasure. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 33.0% of total General Fund expenditures, while total fund balance represents 101.8% of that same amount. City of Morristown Council has formally adopted a financial policy stating that the City's general fund will maintain an unassigned fund balance of at least 15%, but not to exceed 40% of annual General Fund expenditures. While the amounts slightly exceed the top end of our threshold, there are plans underway to use the excess for much needed capital improvements.

Management's Discussion & Analysis

The fund balance of the City of Morristown's General Fund increased \$5,116,886. As mentioned above, this increase is mainly attributed to revenue growth exceeding expenditures. It should be stressed that fund balance is only expended for one-time items, not reoccurring expenditures.



The General Capital Projects fund is used to account for the construction of major capital facilities and other projects that are capital in nature. Transfers are made from the General Fund as necessary to help fund capital projects. The fund balance for the General Capital Projects fund increased by approximately \$4.0 million. This is in part due to the timing of expenditures related to the current projects underway and the fact that \$5.9 million in funds were transferred from the General Fund during the current fiscal year. There is a combination of projects that will improve current facilities and extend their useful lives, as well as projects that are related to new facilities / assets. Two of the major projects currently in process are construction of Thompson Creek Road and the City is in the early design stages of a new fire station.

The Community Center Capital Projects Fund accounts for financial resources to be used for the construction of capital facilities related to the City's Community Center referred to as Morristown Landing. Fund balance for this fund decreased by approximately \$9.2 million or 76.8%. The decrease was expected as construction continued for this project and substantial completion was reached and the facility opened to the public in June 2023. This project was financed solely by General Obligation Bonds.

The Solid Waste fund is used to account for the City's sanitation and recycling operations. The Solid Waste Fund's operations are funded by user fees. The Solid Waste Fund balance increased by approximately \$683,275 or 64.4%. The increase is mainly due to the increase in revenue and the timing of capital equipment purchases. The user fee funding the Solid Waste Fund, increased beginning July 1, 2018 as part of a long-term funding plan to help this fund become self-sufficient. However, due to the increase in the tipping fee charged by the local landfill, it was necessary to increase the user fee again beginning July 1, 2022. It should be noted no funds were transferred from the General Fund during fiscal year 2022-2023.

Management's Discussion & Analysis

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

The unrestricted net position of the City's business-type activities slightly increased \$5,063 bringing the total net position for the current year to around \$4.68 million. Of this amount, \$3.92 million is related to the net investment in capital assets and the remaining \$757,953 is the unrestricted net position of the City's Storm Water Fund. While overall net position only increased by 0.11%, the unrestricted net position increased by around 27.5%. Unrestricted net position of the Morristown Utilities Commission, which operates power, wastewater, water, and broadband service for the City, at the end of the year, amounted to \$28,550,881, an increase of \$1.16 million. For a more thorough discussion of the Morristown Utilities Commission's finances readers should consult the Annual Comprehensive Financial Report issued by the Commission for the current fiscal year ended.

General Fund Budgetary Highlights

During the fiscal year, amendments were necessary to increase estimated revenues and original budgeted appropriations. Additionally, there were amendments made to reallocate appropriations between departments without increasing the total appropriations. The original budget ordinance approved appropriations totaling \$45,822,420. Budget amendments were approved by Council during the year increasing total appropriations to \$52,965,891, an increase of \$7,143,471 or 15.58%. Significant differences between the original budget and the final amended budget for the current fiscal year can be briefly summarized as follows:

- \$501,255 – To increase appropriations to allow for the purchase of vehicles in the Fire Department, Police Department and the Natural Resource Maintenance Department. Due to continuing supply chain issues, there were numerous vehicle orders placed in fiscal year 2022 that were cancelled by the factory during fiscal year 2023. Therefore, the associated funds had to be re-allocated in the current year to allow for these vehicles to be re-ordered.
- \$582,725 - To increase appropriations to allow for the purchase of two separate land purchases.
- \$759,000 – To increase appropriations to allow for the purchase of two brush trucks for the Public Works Department.
- \$4,617,491 – To increase appropriations to account for new debt that was issued during the current year and the associated issuance costs. The debt was issued on behalf of the Hamblen County-Morristown Solid Waste Authority to allow for expansion of the site.
- \$683,000 – To increase appropriations due to rising maintenance and utility costs, and to account for grants from TDOT Aeronautics for two airport related projects.

Management's Discussion & Analysis

Capital Asset and Debt Administration

Capital assets. The City of Morristown's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$123.2 million and \$225.2 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, vehicles, park facilities, infrastructure, and construction in progress. The total increase in capital assets for the current fiscal year was approximately 3.25%. The increase is driven by governmental activities and is attributed to several factors such as the new community center know as Morristown Landing, the Public Safety Radio System being implemented, the construction of two new roads (Thompson Creek and Evelyn Johnson Way) and several vehicle and equipment related purchases and improvements that were made to existing City facilities during the current year.

City of Morristown's Capital Assets (net of depreciation)							
	Governmental Activities		Business-Type Activities		Total		
	2023	2022	2023	2022	2023	2022	
Land	\$ 14,198,554	\$ 13,942,330	\$ 2,840,951	\$ 2,759,851	\$ 17,039,505	\$ 16,702,181	
Buildings	71,160,043	31,125,105	-	-	71,160,043	31,125,105	
Improvements other than buildings	6,409,592	9,084,066	-	-	6,409,592	9,084,066	
Machinery & equipment	11,523,752	8,168,436	-	-	11,523,752	8,168,436	
Infrastructure	15,735,807	16,476,371	-	-	15,735,807	16,476,371	
Utility plant and equipment	-	-	216,927,991	219,972,234	216,927,991	219,972,234	
Construction in progress	3,575,821	33,437,503	5,482,902	2,553,723	9,058,723	35,991,226	
Right-to-use subscription asset	637,328	-	-	-	637,328	-	
Total	\$ 123,240,897	\$ 112,233,811	\$ 225,251,844	\$ 225,285,808	\$ 348,492,741	\$ 337,519,619	

Additional information on the City of Morristown's capital assets can be found in Note 5 on pages 54-56 of this report.

Long-term debt. At the end of the current fiscal year, the City of Morristown had total bonded debt outstanding of \$154.5 million; of this amount, \$62.6 million comprises net direct debt of governmental activities. The remainder of the City of Morristown's debt represents bonds secured by specified revenue sources in addition to the full faith and credit of the government.

The City's breakdown of variable and fixed rate debt outstanding is 5% and 95% respectively.

Management's Discussion & Analysis

The following is a brief summary of the City's long-term debt by fund:

City of Morristown's Long-Term Debt				
	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
General fund	\$ 64,595,529	\$ 5,320,339	\$ 3,861,444	\$ 66,054,424
Solid Waste fund	140,479	-	27,015	113,464
Total governmental activities	64,736,008	5,320,339	3,888,459	66,167,888
Business-type activities				
Wastewater system	70,927,713	-	5,286,133	65,641,580
Storm water system	3,132,349	-	266,705	2,865,644
Power system	16,781,725	-	1,268,489	15,513,236
Water system	10,220,610	-	1,198,132	9,022,478
Broadband system	3,599,184	-	377,144	3,222,040
Total business-type activities	104,661,581	-	8,396,603	96,264,978
Total Debt	\$ 169,397,589	\$ 5,320,339	\$ 12,285,062	\$ 162,432,866

The City of Morristown's total debt decreased by \$7.0 million (-4.13%) during the current fiscal year. The reason for the decrease is attributed to a combination of new debt being issued and the principal payments made throughout the year. General Obligation Bonds were issued in December of the current year. The purpose of this issue was to finance capital projects/improvements in relation to the Hamblen County – Morristown Solid Waste.

Additional information on the City of Morristown's long-term debt can be found in Note 7 on pages 58-65 and Exhibits 23-25 on pages 101-102 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of Morristown and were considered in developing the 2022-2023 fiscal year budget.

- Despite the impact of the COVID-19 pandemic, and the associated supply chain issue, the City's economy continues to exhibit unexpected growth. Local option sales tax saw growth of approximately 9.7% when compared to prior fiscal year. Steady growth is expected to continue into the new fiscal year in part due to the implementation of online sales tax collection by the Tennessee General Assembly in October 2019 and the increase we continue to experience in residential growth.

Management's Discussion & Analysis

- The unemployment as of June 30, 2023 was 4.1%, compared to 4.4% at June 30, 2022. The state's seasonally adjusted unemployment rate also slightly decreased and as of June 30, 2023 and was 3.2% compared to 3.3% a year ago. The national average unemployment rate remained steady at 3.6% compared to 3.6% a year ago.
- Healthy reserves, conservative management and budgeting, and the stable tax base of the local economy allowed the City of Morristown to maintain its strong financial position in 2023 and to continue the current level of services for the near-term.
- During the current fiscal year (FY23), the assigned fund balance in the General Fund was around \$12.5 million. The City of Morristown has appropriated around \$1.0 million of this amount for spending in the 2023-2024 fiscal year budget. This action was taken to address needed improvements to the City of Morristown's capital assets, in particular local streets and is not spent on reoccurring operating expenditures.

Impact of Pandemic

Since the March 2020 coronavirus (COVID-19) pandemic and the ensuing impacts to the economy, the City of Morristown has maintained a cautious and conservative approach to budgeting, to spending, and to borrowing. While immediate negative impacts to local sales tax were noticed in 2020 as many businesses closed temporarily, in subsequent periods (Fiscal Year 2021), the City experienced sales tax growth. Likewise, in fiscal year 2022 and fiscal year 2023, despite continued impacts to the economy – most notably supply chain disruptions – the City has continued to witness healthy growth in local sales tax. Additionally, grant resources such as the American Rescue Plan Act (ARPA), created in response to the challenges brought on by the pandemic, have enabled the City of Morristown to commit to sizeable capital projects that otherwise may not have been possible. The ultimate future impact of the pandemic on the economy cannot be reasonably estimated at this time, and while the City's financial health throughout the pandemic has remained favorable, the City will remain cautious and conservative to remain prepared for any other negative impacts that may be presented.

Requests for Information

This financial report is designed to provide a general overview of the City of Morristown's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for addition financial information should be addressed to the City of Morristown, Office of Finance, P.O. Box 1499, Morristown, Tennessee 37816-1499.

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 45,737,471	\$ 22,778,242	\$ 68,515,713
Short-term investments	4,619,637	2,322,385	6,942,022
Receivables:			
Taxes (net of allowance)	15,401,243	-	15,401,243
Accounts (net of allowance)	5,305,192	10,941,159	16,246,351
Other receivables, net	-	64,919	64,919
Leases	1,199,011	-	1,199,011
Internal balances	206,266	(206,266)	-
Due from other governments	11,146	683,984	695,130
Inventories	101,412	3,864,414	3,965,826
Prepaid items	328,428	-	328,428
Other assets	-	2,186,992	2,186,992
Restricted assets:			
Cash and cash equivalents	3,221,413	7,306,257	10,527,670
Long-term investments	-	5,816,000	5,816,000
Land held for sale	8,922,862	-	8,922,862
Capital assets, not being depreciated	17,774,375	8,323,853	26,098,228
Capital assets, net of accumulated depreciation	105,466,522	216,927,991	322,394,513
Total Assets	208,294,978	281,009,930	489,304,908
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items - TCRS	7,906,170	166,475	8,072,645
OPEB related items	625,505	147,204	772,709
Total Deferred Outflows of Resources	8,531,675	313,679	8,845,354
LIABILITIES			
Accounts payable	4,225,383	8,180,456	12,405,839
Accrued expenses	806,565	3,602,945	4,409,510
Customer deposits	-	4,740,343	4,740,343
Due to other governments	700,074	-	700,074
Accrued interest payable	174,931	-	174,931
Unearned revenue	2,513,868	278,238	2,792,106
Noncurrent Liabilities :			
Due within one year	3,968,798	8,260,427	12,229,225
Due in more than one year	63,886,081	88,044,781	151,930,862
Net pension liability - TCRS	5,812,306	126,564	5,938,870
OPEB liability	4,605,005	2,067,297	6,672,302
Total Liabilities	86,693,011	115,301,051	201,994,062
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	14,726,660	-	14,726,660
Deferred revenue - leases	1,750,514	-	1,750,514
Bond refunding	-	801,421	801,421
OPEB related items	1,913,099	401,823	2,314,922
Pension related items - TCRS	862,345	18,778	881,123
Total Deferred Inflows of Resources	19,252,618	1,222,022	20,474,640
NET POSITION			
Net investment in capital assets	60,267,299	135,491,702	195,759,001
Restricted for:			
ARPA	101,738	-	101,738
Narcotics	135,306	-	135,306
E-Citation	27,062	-	27,062
Morristown Landing Operations	312,995	-	312,995
Capital projects	133,750	-	133,750
Community center	963,000	-	963,000
Solid waste collection	1,743,468	-	1,743,468
Unrestricted	47,196,406	29,308,834	76,505,240
Total Net Position	\$ 110,881,024	\$ 164,800,536	\$ 275,681,560

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 7,529,239	\$ 1,083,599	\$ 3,609,060	\$ -	\$ (2,836,580)	\$ -	\$ (2,836,580)
Public safety	17,591,248	148,339	200,902	-	(17,242,007)	-	(17,242,007)
Public works	13,264,829	2,253,410	336,877	126,590	(10,547,952)	-	(10,547,952)
Culture and recreation	2,453,563	150,546	351,773	-	(1,951,244)	-	(1,951,244)
Civic support	1,882,049	-	-	-	(1,882,049)	-	(1,882,049)
Interest on debt	1,470,865	-	-	-	(1,470,865)	-	(1,470,865)
Total Governmental Activities	<u>44,191,793</u>	<u>3,635,894</u>	<u>4,498,612</u>	<u>126,590</u>	<u>(35,930,697)</u>	<u>-</u>	<u>(35,930,697)</u>
Business-type Activities:							
Water	7,501,455	8,522,838	-	118,900	-	1,140,283	1,140,283
Wastewater	15,113,884	17,150,184	-	311,485	-	2,347,785	2,347,785
Stormwater	1,443,842	1,473,193	-	-	-	29,351	29,351
Power	84,404,068	87,034,521	-	-	-	2,630,453	2,630,453
Broadband	8,506,590	9,176,493	-	-	-	669,903	669,903
Total Business-type Activities	<u>116,969,839</u>	<u>123,357,229</u>	<u>-</u>	<u>430,385</u>	<u>-</u>	<u>6,817,775</u>	<u>6,817,775</u>
Total Primary Government	<u>\$ 161,161,632</u>	<u>\$ 126,993,123</u>	<u>\$ 4,498,612</u>	<u>\$ 556,975</u>	<u>\$ (35,930,697)</u>	<u>\$ 6,817,775</u>	<u>\$ (29,112,922)</u>
General Revenues:							
Property taxes					\$ 14,275,276	\$ -	\$ 14,275,276
Payments in lieu of tax					126,076	-	126,076
Sales taxes					23,138,225	-	23,138,225
Franchise and excise taxes					723,138	-	723,138
Alcoholic beverage taxes					1,602,017	-	1,602,017
Litigatin taxes					61,118	-	61,118
Business taxes					1,657,738	-	1,657,738
Hotel-motel taxes					1,173,704	-	1,173,704
Rental and reimbursements					201,350	-	201,350
Other					1,135,957	3,155,454	4,291,411
Unrestricted interest income					1,588,065	1,392,395	2,980,460
Total General Revenues					<u>45,682,664</u>	<u>4,547,849</u>	<u>50,230,513</u>
Transfers					<u>2,084,937</u>	<u>(2,084,937)</u>	<u>-</u>
Change in Net Position					11,836,904	9,280,687	21,117,591
Net Position, Beginning					<u>99,044,120</u>	<u>155,519,849</u>	<u>254,563,969</u>
Net Position, Ending					<u>\$ 110,881,024</u>	<u>\$ 164,800,536</u>	<u>\$ 275,681,560</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Solid Waste	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	29,049,920	1,552,231	6,797,998	\$ 3,921,542	\$ 41,321,691
Investments	4,619,637	-	-	-	4,619,637
Receivables (net of allowance):					
Taxes	15,401,243	-	-	-	15,401,243
Accounts	5,011,032	126,405	44,301	-	5,181,738
Leases	1,199,011	-	-	-	1,199,011
Due from other funds	4,025	201,905	-	69,901	275,831
Due from other governments	7,750	-	-	3,396	11,146
Restricted cash	-	-	-	3,221,413	3,221,413
Prepaid items	10,377	-	-	250,000	260,377
Inventories	101,412	-	-	-	101,412
Land held for sale	8,922,862	-	-	-	8,922,862
Total Assets	<u>64,327,269</u>	<u>1,880,541</u>	<u>6,842,299</u>	<u>7,466,252</u>	<u>80,516,361</u>
LIABILITIES					
Accounts payable	683,157	96,250	981,995	2,189,603	3,951,005
Accrued expenses	790,838	15,727	-	-	806,565
Due to other funds	772,480	25,096	-	69,901	867,477
Due to other governments	700,074	-	-	-	700,074
Unearned revenue	90,860	-	-	2,423,008	2,513,868
Total Liabilities	<u>3,037,409</u>	<u>137,073</u>	<u>981,995</u>	<u>4,682,512</u>	<u>8,838,989</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	14,726,660	-	-	-	14,726,660
Unavailable revenues - property taxes	627,842	-	-	-	627,842
Leases	1,750,514	-	-	-	1,750,514
Total Deferred Inflows of Resources	<u>17,105,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,105,016</u>
FUND BALANCES					
Nonspendable:					
Inventory	101,412	-	-	-	101,412
Prepays	10,377	-	-	250,000	260,377
Land held	8,922,862	-	-	-	8,922,862
Restricted:					
ARPA	-	-	-	64,723	64,723
Narcotics	-	-	-	135,306	135,306
E-Citation	-	-	-	27,062	27,062
Morristown landing operations	-	-	-	62,995	62,995
Capital projects	-	-	133,750	-	133,750
Community center	-	-	-	2,243,654	2,243,654
Solid waste collection	-	1,743,468	-	-	1,743,468
Landfill projects	4,619,637	-	-	-	4,619,637
Committed:					
Capital projects	-	-	5,726,554	-	5,726,554
Assigned:					
General government	1,101,079	-	-	-	1,101,079
Public safety	825,911	-	-	-	825,911
Public works	1,123,203	-	-	-	1,123,203
Social, cultural, and recreational	188,355	-	-	-	188,355
Capital projects	8,012,500	-	-	-	8,012,500
Other purposes	1,259,490	-	-	-	1,259,490
Unassigned	<u>18,020,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,020,018</u>
Total Fund Balances	<u>44,184,844</u>	<u>1,743,468</u>	<u>5,860,304</u>	<u>2,783,740</u>	<u>54,572,356</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 64,327,269</u>	<u>\$ 1,880,541</u>	<u>\$ 6,842,299</u>	<u>\$ 7,466,252</u>	<u>\$ 80,516,361</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

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

Total Fund Balances - Governmental Funds	\$ 54,572,356
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds	123,240,897
Internal service funds are used by management to charge the costs of self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	5,130,819
Revenue not available to pay for current expenditures and, therefore, is deferred in the funds:	
Unavailable revenue - property taxes	627,842
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in governmental funds	(174,931)
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are not reported in governmental funds	8,531,675
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are not reported in governmental funds	(2,775,444)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(62,301,944)
Premiums on bonds	(2,906,775)
Notes payable	(330,000)
Subscription payable	(629,169)
Compensated absences payable	(1,686,991)
Total OPEB liability	(4,605,005)
Net pension liability	(5,812,306)
Net Position of Governmental Activities	<u>\$ 110,881,024</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Solid Waste	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 37,814,556	\$ -	\$ -	\$ -	\$ 37,814,556
Licenses and permits	645,622	-	-	-	645,622
Fines, forfeitures and penalties	499,065	-	-	86,266	585,331
Intergovernmental	6,267,543	-	126,590	3,250,492	9,644,625
Charges for services	160,700	2,244,241	-	-	2,404,941
Interest Income	1,387,855	-	-	260,887	1,648,742
Other	1,070,360	23,895	31,547	143,773	1,269,575
Contributions	7,055	-	-	-	7,055
Total Revenues	<u>47,852,756</u>	<u>2,268,136</u>	<u>158,137</u>	<u>3,741,418</u>	<u>54,020,447</u>
EXPENDITURES					
Current:					
General government	6,365,425	-	246,599	12,310,823	18,922,847
Public safety	18,622,786	-	333,762	218,069	19,174,617
Public works	7,992,005	1,554,469	1,212,437	-	10,758,911
Culture and recreation	2,485,376	-	358,152	1,004,765	3,848,293
Civic support	1,882,049	-	-	-	1,882,049
Capital Outlay	702,848	-	-	172,767	875,615
Debt Service:					
Principal	3,039,853	27,015	-	-	3,066,868
Interest and fiscal charges	2,289,079	3,377	-	-	2,292,456
Total Expenditures	<u>43,379,421</u>	<u>1,584,861</u>	<u>2,150,950</u>	<u>13,706,424</u>	<u>60,821,656</u>
Excess (Deficiency) of Revenues over (under) Expenditures	4,473,335	683,275	(1,992,813)	(9,965,006)	(6,801,209)
OTHER FINANCING SOURCES (USES)					
Initiation subscription IT payable	702,848	-	-	-	702,848
Debt issuance	4,500,000	-	-	-	4,500,000
Premium on debt issuance	117,491	-	-	-	117,491
Transfers in	2,084,937	-	5,992,725	946,605	9,024,267
Transfers out	(6,761,725)	-	-	(177,605)	(6,939,330)
Total Other Financing Sources (Uses)	<u>643,551</u>	<u>-</u>	<u>5,992,725</u>	<u>769,000</u>	<u>7,405,276</u>
Net Change in Fund Balances	5,116,886	683,275	3,999,912	(9,196,006)	604,067
Fund Balance - Beginning	<u>39,067,958</u>	<u>1,060,193</u>	<u>1,860,392</u>	<u>11,979,746</u>	<u>53,968,289</u>
Fund Balance - Ending	<u>\$ 44,184,844</u>	<u>\$ 1,743,468</u>	<u>\$ 5,860,304</u>	<u>\$ 2,783,740</u>	<u>\$ 54,572,356</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, 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, 2023

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

Net Change in Fund Balance - Total Governmental Funds	\$ 604,067
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. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay	16,197,629
Depreciation expense	(5,135,966)
The net effect of various miscellaneous transactions involving capital assets (disposals) to decrease net position.	(104,735)
The net revenues of internal service funds are reported with governmental activities	136,111
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:	
Change in property taxes	(76,687)
Some expenses reported in the statement of activities, such as accrued leave, interest payable, debt premium amortization and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Compensated absences	6,223
Amortization of debt issuance premium	821,591
OPEB	172,710
Change in net pension liabilities	1,469,432
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds. These transactions do not have any effect on net position:	
Issuance of bonds	(4,617,491)
Issuance of subscription payables	(702,848)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position:	
Payments on notes payable	330,000
Payments on bonds payable	2,613,031
Payments on subscription payables	123,837
Change in Net Position of Governmental Activities	<u>\$ 11,836,904</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance over (under)
	Original	Final		
REVENUES				
Taxes:				
Property tax	\$ 15,175,000	\$ 15,175,000	\$ 14,351,965	\$ (823,035)
Sales tax	15,594,994	16,179,636	18,118,802	1,939,166
Other local taxes	3,739,000	3,859,000	5,343,790	1,484,790
Total Taxes	34,508,994	35,213,636	37,814,557	2,600,921
 Licenses and Permits	438,500	438,500	645,622	207,122
Fines, interest, and penalties	292,800	292,800	499,065	206,265
Intergovernmental	7,747,232	8,110,107	6,267,543	(1,842,564)
Charges for services	90,000	90,000	160,700	70,700
Interest Income	15,000	15,000	1,387,855	1,372,855
Other	635,200	951,750	1,070,360	118,610
Contributions	1,000	2,000	7,055	5,055
 Total Revenues	43,728,726	45,113,793	47,852,757	2,738,964
 EXPENDITURES				
General Government:				
Mayor and City Council	343,739	345,305	241,182	104,123
Council elections	24,000	26,000	25,484	516
City administrator	970,655	962,477	944,721	17,756
Finance department	1,105,259	1,189,756	1,143,218	46,538
Purchasing department	74,235	78,235	65,647	12,588
Computer operations	297,104	305,154	294,572	10,582
Human resources	174,939	166,439	148,089	18,350
Risk management	200,602	200,167	193,916	6,251
Legal	100,000	196,570	201,546	(4,976)
Court administration	105,120	105,120	100,766	4,354
Community and economic affairs	1,534,061	1,584,204	1,248,395	335,809
Codes enforcement	232,552	234,662	221,593	13,069
Engineering	248,894	248,894	235,197	13,697
GIS	285,202	276,788	238,831	37,957
Natural resource management	362,023	437,023	413,232	23,791
Inspections	601,831	614,861	449,516	165,345
Retiree health insurance	550,000	550,000	447,154	102,846
Total General Government Administration	7,210,216	7,521,655	6,613,059	908,596
 Public Safety:				
Police supervision	861,604	962,313	771,389	190,924
Patrol and traffic	5,737,542	6,059,231	5,888,925	170,306
Police investigation	1,439,104	1,439,104	1,326,594	112,510
Police support	1,282,277	1,361,948	1,270,568	91,380
Litter crew	88,794	88,794	19,882	68,912
Chaplains	7,650	7,650	892	6,758
Narcotics	812,444	722,744	510,864	211,880
Fire supervision	798,542	833,379	809,242	24,137
Fire inspection	272,875	272,875	256,282	16,593
Fire stations	331,325	336,327	244,165	92,162
Firefighting	7,984,480	8,130,437	7,850,430	280,007
Total Public Safety	19,616,637	20,214,802	18,949,233	1,265,569

(Continued)

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	over (under)
EXPENDITURES (CONTINUED)				
Public Works:				
Public works supervision	\$ 377,427	\$ 332,427	\$ 294,824	\$ 37,603
Building and grounds	689,235	757,889	705,074	52,815
Equipment shop	758,688	733,688	683,277	50,411
Repairs and maintenance	2,043,589	2,127,689	2,185,017	(57,328)
Street lighting and signs	882,821	1,023,324	924,445	98,879
Brush pick-up and snow removal	1,769,735	2,529,127	2,233,928	295,199
Communications	266,329	266,329	222,198	44,131
Sidewalks	289,305	289,305	45,425	243,880
Traffic Devices	338,000	338,000	312,275	25,725
Pavement management system	1,517,442	1,517,442	720,625	796,817
Airport	522,010	899,510	563,681	335,829
Total Public Works	9,454,581	10,814,730	8,890,769	1,923,961
Culture and recreation:				
Parks and recreation supervision	536,624	482,606	475,585	7,021
Playgrounds and programs	557,407	544,254	465,695	78,559
Parks and maintenance	1,581,075	1,687,923	1,620,968	66,955
Total culture and recreation	2,675,106	2,714,783	2,562,248	152,535
Civic support:				
Contributions to local agencies	250,000	250,000	250,000	-
Animal control	190,000	190,000	167,346	22,654
E-911 district	259,880	259,880	259,880	-
Economic development	304,000	424,000	470,485	(46,485)
Emergency management agency	35,000	45,000	52,632	(7,632)
Library	329,500	329,500	329,500	-
TIF payments	361,000	351,000	318,818	32,182
LAMTPO local match	36,000	36,000	23,888	12,112
Crockett Tavern Association	9,500	9,500	9,500	-
Total civic support	1,774,880	1,894,880	1,882,049	12,831
Debt service:				
Principal	2,916,017	2,916,017	3,039,854	(123,837)
Interest and fiscal charges	2,174,983	6,889,024	2,289,078	4,599,946
Total debt service	5,091,000	9,805,041	5,328,932	4,476,109
Total Expenditures	45,822,420	52,965,891	44,226,290	8,739,601
Excess (deficiency) of revenues over (under) expenditures	(2,093,694)	(7,852,098)	3,626,467	11,478,565
OTHER FINANCING USES				
Debt issuance	-	4,617,491	4,617,491	-
Transfers in	2,822,527	2,822,527	2,084,937	737,590
Transfers out	(6,361,000)	(6,761,725)	(6,761,725)	-
Total Other Financing Uses	(3,538,473)	678,293	(59,297)	737,590
Net Change in Fund Balances	<u>\$ (5,632,167)</u>	<u>\$ (7,173,805)</u>	3,567,170	<u>\$ 12,216,155</u>
Add encumbrances at end of year			2,566,436	
Less encumbrances at beginning of year			(1,016,720)	
Add initiation of subscription-based information technology arrangements			702,848	
Less outlays of right to use assets			(702,848)	
Net change in fund balance - (GAAP Modified Accrual Basis)			5,116,886	
Fund balance at beginning of year - (GAAP Modified Accrual Basis)			39,067,958	
Fund balance at end of year - (GAAP Modified Accrual Basis)			<u>\$ 44,184,844</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
SOLID WASTE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Budgetary	Variance
	Original	Final	Amounts	over (under)
REVENUES				
Charges for Services	\$ 2,104,620	\$ 2,104,620	\$ 2,244,241	\$ 139,621
Other	-	-	23,895	23,895
Total revenues	<u>2,104,620</u>	<u>2,104,620</u>	<u>2,268,136</u>	<u>163,516</u>
EXPENDITURES				
Current:				
Public works	1,929,051	2,121,976	2,027,502	94,474
Debt service:				
Principal	27,015	27,015	27,015	-
Interest and fiscal charges	<u>3,877</u>	<u>3,877</u>	<u>3,377</u>	<u>500</u>
Total debt service	<u>30,892</u>	<u>30,892</u>	<u>30,392</u>	<u>500</u>
Total expenditures	<u>1,959,943</u>	<u>2,152,868</u>	<u>2,057,894</u>	<u>94,974</u>
Net change in fund balances	<u>\$ 144,677</u>	<u>\$ (48,248)</u>	210,242	<u>\$ 68,542</u>
Add encumbrances at end of year			474,203	
Less encumbrances at beginning of year			<u>(1,170)</u>	
Net change in fund balance - (GAAP Modified Accrual Basis)			683,275	
Fund balance at beginning of year - (GAAP Modified Accrual Basis)			<u>1,060,193</u>	
Fund balance at end of year - (GAAP Modified Accrual Basis)			<u>\$ 1,743,468</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds					Non-Major Enterprise Fund			Internal Service Fund
	Wastewater System	Power System	Water System	Broadband	Stormwater System	Eliminations	Totals		
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 5,799,357	\$ 10,918,250	\$ 2,717,146	\$ 2,825,035	\$ 518,454	\$ -	\$ 22,778,242	\$	4,415,780
Short-term investments	-	2,322,385	-	-	-	-	2,322,385		-
Accounts receivable, (net)	811,063	9,774,695	265,586	-	89,815	-	10,941,159		123,454
Other receivables	-	-	-	-	64,919	-	64,919		-
Due from other funds	-	-	-	-	112,759	(112,759)	-		797,912
Due from others	127,086	508,142	1,069	47,687	-	-	683,984		-
Prepays	-	-	-	-	-	-	-		68,051
Current portion of interfund loan	-	400,929	-	-	-	(400,929)	-		-
Other	58,257	37,095	412,600	167,923	-	-	675,875		-
Inventory	532,291	2,540,788	721,302	22	70,011	-	3,864,414		-
Total current assets	7,328,054	26,502,284	4,117,703	3,040,667	855,958	(513,688)	41,330,978		5,405,197
Noncurrent assets:									
Capital assets, not being depreciated	3,202,937	4,076,426	775,716	94,795	173,979	-	8,323,853		-
Capital assets, net of accumulated depreciation	91,390,434	71,859,641	35,286,361	11,675,399	6,716,156	-	216,927,991		-
Total capital assets	94,593,371	75,936,067	36,062,077	11,770,194	6,890,135	-	225,251,844		-
Restricted cash and cash equivalents	3,671,014	-	3,635,243	-	-	-	7,306,257		-
Long-term investments	-	5,816,000	-	-	-	-	5,816,000		-
Interfund loan, less current portion	-	202,071	-	-	-	(202,071)	-		-
Other	-	413,610	1,063,292	-	34,215	-	1,511,117		-
Total other noncurrent assets	3,671,014	6,431,681	4,698,535	-	34,215	(202,071)	14,633,374		-
Total noncurrent assets	98,264,385	82,367,748	40,760,612	11,770,194	6,924,350	(202,071)	239,885,218		-
Total assets	105,592,439	108,870,032	44,878,315	14,810,861	7,780,308	(715,759)	281,216,196		5,405,197
DEFERRED OUTFLOWS OF RESOURCES									
OPEB related items	24,973	93,040	15,621	13,570	-	-	147,204		-
Pension related items	-	-	-	-	166,475	-	166,475		-
Total deferred outflows of resources	24,973	93,040	15,621	13,570	166,475	-	313,679		-

continued

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds							
	Wastewater System	Power System	Water System	Broadband	Non-Major Enterprise Fund Stormwater System	Eliminations	Totals	Internal Service Fund
LIABILITIES								
Current liabilities:								
Accounts payable	931,500	6,570,078	195,124	429,321	54,433	-	8,180,456	274,378
Accrued expenses	830,937	1,860,770	500,748	374,730	35,760	-	3,602,945	-
Customer deposits	-	4,692,443	-	47,900	-	-	4,740,343	-
Due to other funds	-	296,095	-	-	22,930	(112,759)	206,266	-
Unearned revenues	-	-	-	278,238	-	-	278,238	-
Compensated absences payable, current portion	-	-	-	-	12,069	-	12,069	-
Interfund loan, current portion	-	-	-	400,929	-	(400,929)	-	-
Bonds, leases, and contracts payable, current portion	5,113,693	1,285,000	1,240,000	371,372	238,293	-	8,248,358	-
Total current liabilities	6,876,130	14,704,386	1,935,872	1,902,490	363,485	(513,688)	25,268,675	274,378
Long-term liabilities:								
Net pension liability	-	-	-	-	126,564	-	126,564	-
OPEB liability	260,110	1,128,587	419,571	259,029	-	-	2,067,297	-
Compensated absences payable, non-current portion	-	-	-	-	28,161	-	28,161	-
Interfund loan, less current portion	-	-	-	202,071	-	(202,071)	-	-
Bonds, leases, and contracts payable, non-current portion	60,527,887	14,228,236	7,782,478	2,850,668	2,627,351	-	88,016,620	-
Total long-term liabilities	60,787,997	15,356,823	8,202,049	3,311,768	2,782,076	(202,071)	90,238,642	-
Total liabilities	67,664,127	30,061,209	10,137,921	5,214,258	3,145,561	(715,759)	115,507,317	274,378
DEFERRED INFLOWS OF RESOURCES								
Pension related items	-	-	-	-	18,778	-	18,778	-
OPEB related items	50,892	197,262	53,930	99,739	-	-	401,823	-
Bond refunding	701,562	-	-	-	99,859	-	801,421	-
Total deferred inflows of resources	752,454	197,262	53,930	99,739	118,637	-	1,222,022	-
NET POSITION								
Net investment in capital assets	31,921,243	60,422,831	30,674,842	8,548,154	3,924,632	-	135,491,702	-
Unrestricted	5,279,588	18,281,770	4,027,243	962,280	757,953	-	29,308,834	5,130,819
Total net position	\$ 37,200,831	\$ 78,704,601	\$ 34,702,085	\$ 9,510,434	\$ 4,682,585	\$ -	\$ 164,800,536	\$ 5,130,819

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Enterprise Funds				Non-Major Enterprise Fund			Internal Service Fund
	Wastewater System	Power System	Water System	Broadband	Stormwater System	Eliminations	Total	
OPERATING REVENUES								
Charges for services	\$ 17,150,184	\$ 87,034,521	\$ 8,522,838	\$ 9,176,493	\$ 1,473,193	\$ -	\$ 123,357,229	\$ 6,025,694
Interfund services	61,713	1,615,938	470,504	1,843,200	-	(3,991,355)	-	-
Miscellaneous	789,465	1,654,012	34,175	677,472	330	-	3,155,454	-
Total Operating Revenues	<u>18,001,362</u>	<u>90,304,471</u>	<u>9,027,517</u>	<u>11,697,165</u>	<u>1,473,523</u>	<u>(3,991,355)</u>	<u>126,512,683</u>	<u>6,025,694</u>
OPERATING EXPENSES								
Operations	7,011,851	6,457,203	4,715,233	6,863,142	345,317	-	25,392,746	-
Maintenance	1,695,002	3,956,916	919,101	460,079	658,959	-	7,690,057	-
Power purchased	-	67,927,297	-	-	-	-	67,927,297	-
Depreciation and amortization	4,909,990	5,149,440	1,685,468	940,263	407,027	-	13,092,188	-
Interfund services	539,896	1,495,450	482,032	1,473,977	-	(3,991,355)	-	-
Other	-	417,777	-	132,000	-	-	549,777	-
Insurance claims and expenses	-	-	-	-	-	-	-	5,889,583
Total Operating Expenses	<u>14,156,739</u>	<u>85,404,083</u>	<u>7,801,834</u>	<u>9,869,461</u>	<u>1,411,303</u>	<u>(3,991,355)</u>	<u>114,652,065</u>	<u>5,889,583</u>
Operating income	3,844,623	4,900,388	1,225,683	1,827,704	62,220	-	11,860,618	136,111
NONOPERATING REVENUES (EXPENSES)								
Interest and other income	344,363	685,690	270,892	86,881	4,569	-	1,392,395	-
Interest expense	<u>(1,497,041)</u>	<u>(495,435)</u>	<u>(181,653)</u>	<u>(111,106)</u>	<u>(32,539)</u>	-	<u>(2,317,774)</u>	-
Total Nonoperating Revenues	<u>(1,152,678)</u>	<u>190,255</u>	<u>89,239</u>	<u>(24,225)</u>	<u>(27,970)</u>	-	<u>(925,379)</u>	-
Income Before Capital Contributions and Transfers	2,691,945	5,090,643	1,314,922	1,803,479	34,250	-	10,935,239	136,111
Capital contributions	311,485	-	118,900	-	-	-	430,385	-
Transfers out	<u>(580,622)</u>	<u>(1,439,008)</u>	<u>(36,120)</u>	-	<u>(29,187)</u>	-	<u>(2,084,937)</u>	-
Change in Net Position	2,422,808	3,651,635	1,397,702	1,803,479	5,063	-	9,280,687	136,111
Net Position - Beginning	<u>34,778,023</u>	<u>75,052,966</u>	<u>33,304,383</u>	<u>7,706,955</u>	<u>4,677,522</u>	-	<u>155,519,849</u>	<u>4,994,708</u>
Net Position - Ending	<u>\$ 37,200,831</u>	<u>\$ 78,704,601</u>	<u>\$ 34,702,085</u>	<u>\$ 9,510,434</u>	<u>\$ 4,682,585</u>	<u>\$ -</u>	<u>\$ 164,800,536</u>	<u>\$ 5,130,819</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Enterprise Funds				Non-Major Enterprise Fund		Internal Service Fund
	Wastewater System	Power System	Water System	Broadband	Stormwater System	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	\$ 18,104,122	\$ 90,006,274	\$ 9,068,143	\$ 11,642,418	\$ 1,694,870	\$ 130,515,827	\$ 5,989,054
Cash paid to suppliers of goods and services	(7,381,898)	(74,326,275)	(5,782,811)	(6,309,972)	(437,643)	(94,238,599)	(6,118,364)
Cash received from City of Morristown, Tennessee	-	1,505,067	-	-	-	1,505,067	-
Cash paid to employees for services	(2,167,203)	(7,528,961)	(1,909,049)	(2,617,826)	(566,900)	(14,789,939)	-
Net cash provided by (used in) operating activities	8,555,021	9,656,105	1,376,283	2,714,620	690,327	22,992,356	(129,310)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to City of Morristown (tax equivalent payments)	(580,622)	(1,551,205)	(36,120)	-	(29,187)	(2,197,134)	-
Net interfund advances (repayments)	35,919	402,000	(35,919)	(402,000)	-	-	(797,912)
Net cash used in non-capital financing activities	(544,703)	(1,149,205)	(72,039)	(402,000)	(29,187)	(2,197,134)	(797,912)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Net additions to capital assets	(2,231,908)	(8,549,392)	(1,227,634)	(935,447)	(81,487)	(13,025,868)	-
Contributions	311,485	-	118,900	-	-	430,385	-
Principal payments on long-term debt and contractual obligations	(4,904,323)	(1,225,000)	(1,175,000)	(355,403)	(243,195)	(7,902,921)	-
Debt issuance costs	-	-	-	-	-	-	-
Interest paid on long-term debt	(1,928,872)	(638,924)	(204,785)	(132,847)	(72,692)	(2,978,120)	-
Net cash used in capital and related financing activities	(8,753,618)	(10,413,316)	(2,488,519)	(1,423,697)	(397,374)	(23,476,524)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale of investments	-	4,174,257	-	-	-	4,174,257	-
Purchases of investments	-	(12,312,642)	-	-	-	(12,312,642)	-
Interest earned	344,363	685,690	270,892	86,881	4,569	1,392,395	-
Net cash provided by (used in) investing activities	344,363	(7,452,695)	270,892	86,881	4,569	(6,745,990)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(398,937)	(9,359,111)	(913,383)	975,804	268,335	(9,427,292)	(927,222)
Cash and Cash Equivalents - Beginning	9,869,308	20,277,361	7,265,772	1,849,231	250,119	39,511,791	5,343,002
Cash and Cash Equivalents - Ending	\$ 9,470,371	\$ 10,918,250	\$ 6,352,389	\$ 2,825,035	\$ 518,454	\$ 30,084,499	\$ 4,415,780
Cash and cash equivalents are classified as:							
Current assets	\$ 5,799,357	\$ 10,918,250	\$ 2,717,146	\$ 2,825,035	\$ 518,454	\$ 22,778,242	\$ 4,415,780
Restricted assets	3,671,014	-	3,635,243	-	-	7,306,257	-
Total cash and cash equivalents at end of year	\$ 9,470,371	\$ 10,918,250	\$ 6,352,389	\$ 2,825,035	\$ 518,454	\$ 30,084,499	\$ 4,415,780
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating income	\$ 3,844,623	\$ 4,900,388	\$ 1,225,683	\$ 1,827,704	\$ 62,220	\$ 11,860,618	\$ 136,111
Adjustments to reconcile operating loss to net cash used in operating activities:							
Depreciation expense	5,094,357	5,278,148	1,758,943	1,020,692	407,027	13,559,167	-
(Increase) decrease in:							
Accounts receivable	172,213	821,043	48,010	(33,308)	286,266	1,294,224	(36,640)
Due from other funds	-	-	-	-	(20,493)	(20,493)	-
Accrual for unbilled revenue	(69,453)	339,806	(7,384)	-	-	262,969	-
Deferred outflows of resources	4,036	17,537	4,202	1,822	34,355	61,952	-
Inventory	(204,059)	(825,950)	(196,958)	-	1,428	(1,225,539)	-
Prepays	-	-	-	-	-	-	(29,928)
Other assets	(18,873)	(64,374)	(1,456,960)	(3,740)	8,553	(1,535,394)	-
(Decrease) increase in:							
Accounts payable	(307,503)	(924,723)	(11,581)	(115,404)	15,158	(1,344,053)	(198,853)
Due to other funds	-	-	-	-	22,930	22,930	-
Customer deposits	-	110,395	-	(9,150)	-	101,245	-
Accrued expenses	10,057	47,461	1,488	8,425	(1,074)	66,357	-
Compensated absences	-	-	-	-	(230)	(230)	-
Net pension liability	-	-	-	-	175,698	175,698	-
OPEB liability	35,226	(15,306)	20,466	30,309	-	70,695	-
Deferred inflows of resources	(5,603)	(28,320)	(9,626)	(12,730)	(236,592)	(292,871)	-
Net cash provided by (used in) operating activities	\$ 8,555,021	\$ 9,656,105	\$ 1,376,283	\$ 2,714,620	\$ 755,246	\$ 23,057,275	\$ (129,310)

The notes to the financial statements are an integral part of this statement.

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Post-Employment Benefits Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 26,432	\$ 199,320
Receivables	-	94,098
Investments at fair value:		
Fixed Income Mutual Funds	382,138	-
Equity Mutual Funds	897,442	-
International Equity Mutual Funds	68,259	-
Total Assets	<u>1,374,271</u>	<u>293,418</u>
LIABILITIES		
Accounts payable and accrued expenses	-	31,999
Total Liabilities	<u>-</u>	<u>31,999</u>
NET POSITION		
Restricted for:		
Post-employment benefits other than pensions	1,374,271	-
Individuals and organizations	-	261,419
Total net position	<u>\$ 1,374,271</u>	<u>\$ 261,419</u>

CITY OF MORRISTOWN, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Post-Employment Benefits Trust Fund	Custodial Funds
ADDITIONS		
Employer contributions	\$ 532,325	\$ 77,894
Net investment income	108,572	-
Intergovernmental	-	257,238
	<hr/>	<hr/>
Total Additions	640,897	335,132
	<hr/>	<hr/>
DEDUCTIONS		
Benefits	432,325	88,619
Administrative expenses	3,000	9,637
Medical, dental, and life insurance for retirees	-	16,056
Payroll	-	81,082
Other contracted services	-	168,365
	<hr/>	<hr/>
Total Deductions	435,325	363,759
	<hr/>	<hr/>
Change in Net Position	205,572	(28,627)
	<hr/>	<hr/>
Net Position - Beginning	1,168,699	290,046
	<hr/>	<hr/>
Net Position - Ending	\$ 1,374,271	\$ 261,419
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CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The City of Morristown, Tennessee (the City), is a municipal corporation governed by an elected mayor and six-member council and provides the following services as authorized by its charter: fire and police protection, planning, engineering, inspections, public works, parks, and general government. The City also provides water, wastewater, power, refuse collection, and broadband services to its citizens.

Primary Government. The accompanying financial statements present the City (primary government) and its component unit, an entity for which the City is considered to be financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body, and (1) it is able to impose its will on the organization, or (2) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units.

Blended Component Unit. The Morristown Utilities Commission (the "Commission") accounts for all activities of the City's water, wastewater, power, and broadband systems. The management of the Commission is vested in a board of commissions who are appointed for five-year terms by the mayor and members of City Council. The Commission is a blended component unit of the City. The Commission is presented as a blended component unit mainly because their board is appointed by the City Council. Complete financial statements of the Commission can be obtained from the administrative office at 433 West 1st North Street, Morristown, TN 37814.

Joint Ventures. The City participates in the following joint ventures with Hamblen County, Tennessee:

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

Morristown-Hamblen County Library – The City of Morristown and Hamblen County jointly own the Morristown – Hamblen Library. Each appoints an equal number of members to its Board of Directors. The City contributed \$329,500 for the library’s operations during the fiscal year ended June 30, 2023.

Hamblen County – Morristown Solid Waste Authority – The City of Morristown and Hamblen County jointly own the Hamblen County – Morristown Landfill. Each appoints an equal number of members to the Board of Directors. This operation is self-sufficient in that users are charged for services rendered. During the year ended June 30, 2023, the City was charged \$814,172. Additionally, the City contributed \$350,000 towards the purchase of additional land for the Authority.

City of Morristown does not have an equity interest in any of the above joint ventures. Complete financial statements for the Morristown – Hamblen Library and Hamblen County – Morristown Solid Waste Disposal System can be obtained from their respective administrative offices at the following addresses:

Morristown-Hamblen Library
417 West Main Street
Morristown, Tennessee 37814

Hamblen County-Morristown Solid Waste
Disposal System
P.O. Box 2108
Morristown, Tennessee 37816

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the City’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City’s water, wastewater, power, and broadband services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

The *solid waste fund* accounts for the revenue and expenditure activity relating to operation of refuse collection activities. Solid waste revenues are provided through monthly charges to customers and garbage can purchases, with transfers from the general fund covering deficits.

The *capital projects fund* is used to account for financial resources to be used for the construction of major capital facilities, other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The *power system fund* accounts for the activities of the City's electric distribution activities.

The *water system fund* accounts for the activities of the City's water distribution activities.

The *wastewater system fund* accounts for the activities of the City's sewage treatment operations.

The *broadband system fund* accounts for the activities of the City's cable and telephone services.

Additionally, the City reports the following fund types:

The *stormwater system fund* accounts for infrastructure maintenance and improvements to the City's stormwater infrastructure.

The *special revenue funds* account for various restricted licenses, permits, and fines for public safety and culture and recreation.

The *capital project funds* account for capital asset acquisition and construction of the City.

The *internal service fund* accounts for the City's health insurance services.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (Continued)

The *fiduciary funds* are used to account for monies held by the City in a trustee capacity or as an agent or custodian for others. The City's Other Post-Employment Benefits (OPEB) Trust fund accounts for assets held in trust and the related contributions and expense for OPEB administration. The employee benefits trust fund is used to account for operations of the flexible benefits program for City of Morristown employees. The LAMTPO fund is used to account for the City's role of fiscal agent of the Lakeway Area Metropolitan Transportation Planning Organization (LAMTPO).

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

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

E. Measurement Focus and Basis of Accounting

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

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

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenue has a period of availability of one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as other expenditures related to other long-term liabilities such as subscription-based information technology arrangements, compensated absences, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through note payables are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity. The amounts due for penalties, fines and forfeitures, and clerk's fees for business tax were determined to be immaterial; therefore, receivables were not recorded. Gross receipts tax, minimum business tax, and corporate (bank) excise taxes that were earned but not received by June 30, 2023, were not recorded as receivables because they were not estimable.

The proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Fiduciary fund reporting focuses on net position and changes in net positions. The fiduciary fund category includes OPEB trust fund and custodial funds.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information

Budgetary Basis of Accounting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles except encumbrances are treated as expenditures in the year of incurrence of the purchase commitment for the General Fund, certain governmental funds, and certain proprietary funds. All annual appropriations lapse at fiscal year end, except encumbrances.

The budget process begins around the first of February with the City Administrator giving direction to department heads. Their requests are due back to finance by the end of February. During the month of March budget requests are reviewed and budget meetings held with each department. The City Administrator will make final decisions before submission to City Council which usually occurs in early May. City Council has work sessions and makes their revisions. The proposed budget is placed in the local newspaper. Before June 30, City Council adopts the budget ordinance with two readings.

Capital Project Funds are not budgeted. However, projects go before Council throughout the year and are approved on an individual basis. Once a project is approved, any associated contracts also go before Council for approval.

The appropriated budget is prepared by fund, function, and department for the General Fund and by function in the other governmental funds. The government's department head may make transfers of appropriations within their department. City Council amends the original budget, and the original and final amounts are presented in the financial statements included in this report.

The City's budgetary basis is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis, if any, is presented on each budget schedule. For budgetary basis current year encumbrances are added to GAAP basis while prior year encumbrances are subtracted from GAAP basis. The capital project fund and the community center capital projects fund do not have a legally adopted budget.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information (Continued)

Excess of Expenditures over Appropriations. For the fiscal year ended June 30, 2023, the following were instances of expenditures by fund exceeding appropriations in each fund:

General Fund:

General Government	
Legal	\$ 4,976
Public Works	
Repairs and maintenance	57,328
Civic Support	
Economic development	46,485
Emergency management agency	7,632
Debt service	
Principal	123,837

These expenditures in excess of the allotments were funded with use of available fund balance and revenues in excess of anticipated levels.

Deficit Fund Equity. There were no instances of deficit fund equity in any City funds at June 30, 2023.

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the City are reported at fair value (generally based upon quoted market prices) except for the position in the Local Government Investment Pool (LGIP) and certificates of deposit. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The LGIP is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission (SEC). The LGIP has met the criteria under GASB Statement No. 79 to value its investments at amortized cost and has elected to do so. The City reports its investment in the LGIP at amortized cost.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Inventories and Prepaid Items

Inventories in the governmental funds are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than purchased.

Inventories for the proprietary funds are valued at the lower of average cost or market using the FIFO method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statement and fund financial statements for the proprietary funds. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. The payments are being recorded as expenditures on the fund level for the governmental funds.

4. Capital Assets and Right-to-Use Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right to use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of two years. Right-to-use assets are defined by the City as assets resulting from lease or subscription-based information technology arrangements with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of one year. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets and Right-to-Use Assets (Continued)

Land and Construction in Progress are not depreciated. The capital assets and right-to-use assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-50
Improvements other than buildings	15-50
Building and improvements	15-50
Machinery and equipment	5-25
Transmission and distribution	25-50
Infrastructure	20
Motor vehicles	6-15
Right-to-use subscription asset	5

5. 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 single employer defined pension plan and also their participation in the TCRS plan, and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the retirement plan. Investments are reported at fair value.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The City has various items that qualify for reporting in this category; deferred outflows related to pensions and deferred outflows related to other postemployment benefits. All of these are reported in the government-wide statement of net position and the statement of net position for proprietary funds. These items result from the requirements recognized under GASB 68 for pensions and GASB 75 for OPEB. The deferred outflows related to pensions reflect payments made by the City not currently recognized by the pension plans and other changes in the net pension liability and are disclosed more in Note 10. The deferred outflows related to other postemployment benefits reflects payments made by the City not currently recognized by the OPEB plans and other changes in the net OPEB liability and are disclosed more in Note 8 and 9.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has six types of deferred inflows. One of these items arises only under a modified accrual basis of accounting. Unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, as well as other receivables not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to deferred property taxes recorded in advance of the year in which they are intended to fund operations. This item is a deferred inflow in both the governmental fund balance sheet and the entity wide statement of net position. The third item relates to the recognition of employee pensions as required under GASB 68. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and are discussed more in Note 10. The fourth item relates to the recognition of other postemployment benefits as required under GASB 75. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and is discussed more in Note 8 and 9. The fifth item relates to long-term lease receivables which are deferred and recognized over the term of each lease. Lastly, the deferred loss on refunding will be recognized over the life of the refunded bond.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Fund Balance

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance. Generally, fund balance represents the difference between the assets, deferred outflows of resources, deferred inflows of resources, and liabilities, under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of an ordinance. Only the City Council may modify or rescind the commitment.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through Council ordinance, the City Administrator has retained the authority to assign fund balances.
- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Fund Balance (Continued)

Flow Assumptions. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

Minimum Fund Balance Policy. The City will maintain an adequate, unassigned fund balance to accommodate unexpected expenditures, expenditures of a non-recurring nature, unanticipated revenue declines, or revenues for special opportunities. For the General Fund, the City will maintain, at a minimum, an unassigned fund balance of at least 15%, but not greater than 40% of the annual General Fund expenditures.

8. Net Position

Net position represents the difference between assets, deferred inflow and outflows of resources, and liabilities in reporting which utilizes the economic resources measurement focus. The following are the classifications of net position.

Net Investment in Capital Assets. Consists of capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. When debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position. Restricted net position reflects the resources that are subject to restricted use and have been externally imposed by creditors, grantors or contributors, or by law through constitutional provisions or enabling legislation.

Unrestricted Net Position. Unrestricted net position includes resources that are available for transactions relating to the general operations of the City and may be used at the discretion of the City to meet current expenses for any purpose.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes receivable are recognized as of the date when an enforceable legal claim to the taxable property arises. This is January 1st in Tennessee and is referred to as the "lien date." Revenues from property taxes are recognized in the period for which the taxes are levied. The City's levy date is the first Monday in October, annually, even though the receivable and deferred inflow of resources are recognized in the prior period when the enforceable legal claim arises. Tax notices are typically mailed in September following the levy date and the majority of collections are received during the remainder of the calendar year. Unpaid property taxes become delinquent the following March 1st and on the first day of each succeeding month, interest and penalty of 1.5% shall be added to the tax amount due and payable. Taxes shall remain in the hands of the City for collection until the first day of April of the following year, at which time shall be filed with Chancery Court.

3. Compensated Absences

It is the government's policy to permit employees to accumulate earned but not used sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The Commission's policy is to recognize the cost of both vacation pay and sick leave benefits as earned. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days. In general, accumulated vacation days are limited to 30 days. Employees are reimbursed for accumulated sick leave upon retirement or termination at an equivalent salary rate of 100%, 50%, or 33-1/3% depending on the date earned. Sick leave accumulation is limited to 90 days.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expenses (Continued)

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

I. Other

Estimates

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

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

Deposits include demand deposits, money market accounts, and certificates of deposit managed by an agent of the City in the City's name.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes impose various restrictions on the City's and the Commission's deposits and investments, including repurchase agreements. These restrictions are summarized for deposits as follows: all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

The City's carrying amount of deposits was \$74,627,603 and the balance in financial institutions was \$75,387,606. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State of Tennessee Collateral Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

At June 30, 2023, the City's investment balances consisted of State of Tennessee Local Government Investment Pool (the "TN LGIP") investments of \$24,491,236 with maturity of less than a year. The City reports the TN LGIP balance of \$18,175,236 as cash equivalents and the Morristown Utilities Commission reports the TN LGIP balance of \$6,316,000 as investments.

Investments in the State of TN LGIP are uncategorized in terms of credit risk because specific securities related to the City cannot be identified. The investments in US Treasury Notes were all rated Aaa by Moody's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligation of the U.S. government, or bonds of public authorities, counties, or municipalities.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The City does not have a formal policy for interest rate risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee Collateral Pool.

The maturities of the governmental and business-type funds' debt securities are categorized as follows:

	<u>Fair Value</u>	<u>Percent of Total</u>
Less than one year	\$ 6,442,022	100%
Total	<u>\$ 6,442,022</u>	<u>100%</u>

The Post-Retirement Benefits Trust (OPEB Trust) manages interest rate risk over a longer-term, seeking to maximize return. The OPEB Trust holds mutual funds, which do not have maturity dates as they can be sold at any time.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is the measure by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal policy for credit risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee State Collateral Pool.

State statutes authorize the City to invest in bonds, notes, or treasury bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; certificates of deposit and other evidences of deposit at state and federally chartered banks and savings and loan associations; obligations of the United States of America or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the fair value of the security itself is more than the amount of funds invested, provided, that municipalities may invest in reverse purchase agreements only if the comptroller of the treasury or the comptroller's designee approves repurchase agreements as an authorized investment, and if such investments are made in accordance with procedures established by the state funding board; the State of Tennessee Local Government Investment Pool (TN LGIP); and obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

Specifically, the TN LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The TN LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the TN LGIP is required to maintain a 90-day or less weighted-average-maturity. There are no withdrawal restrictions related to the TN LGIP. The TN LGIP has not been rated by a nationally recognized statistical rating organization. At June 30, 2023, the LGIP had a weighted average maturity of 46 days.

The LGIP is audited as part of the Annual Comprehensive Financial Report for the State of Tennessee. That report may be obtained by writing Tennessee Department of Finance and Administration, Division of Accounts, 312 Rosa Parks Avenue, Suite 2100, Nashville, TN 37243 or can be accessed at <https://www.tn.gov/finance/rd-doa/fa-accfina-ar.html>. LGIP is reported as cash equivalents for the City and as investments for the Morristown Utilities Commission.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. Other than its investment in U.S. Treasury obligations or mutual funds, the City entities, the governmental funds, and the OPEB Trust did not have any single investment that had a value in excess of 5% of the respective total investments.

The concentration of credit risk of the governmental and business-type funds' are as follows:

	<u>Amount</u>	<u>Portfolio</u>
Cash on hand and in banks	\$ 5,530	0.09%
U.S. Treasury obligations	6,442,022	99.91%
	<u>\$ 6,447,552</u>	<u>100.00%</u>

The concentration of credit risk of the OPEB Trust is as follows:

	<u>Amount</u>	<u>Portfolio</u>
Cash on hand and in banks	\$ 26,432	2%
Mutual funds	1,347,839	98%
	<u>\$ 1,374,271</u>	<u>100.00%</u>

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City's governmental and business-type funds have the following recurring fair value measurements as of June 30, 2023:

<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury obligations	\$ 6,442,022	\$ 4,619,637	\$ 1,822,385	\$ -
	<u>6,442,022</u>	<u>4,619,637</u>	<u>1,822,385</u>	<u>-</u>
Cash on hand	5,530			
Total investments	<u>\$ 6,447,552</u>			

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

The OPEB Trust has the following recurring fair value measurements as of June 30, 2023:

<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,347,839	\$ 1,347,839	\$ -	\$ -
	1,347,839	1,347,839	-	-
Cash on hand	26,432			
Total investments	<u>\$ 1,374,271</u>			

The mutual funds and \$4,619,637 of the United States Treasuries, are classified in Level 1 of the fair value hierarchy and values using prices quoted in active market for those investments. \$1,822,385 of the United States Treasuries are classified in Level 2 and are valued based on a matrix pricing model. Inputs into this valuation technique include benchmark yields, reported trades, broker/dealer quotes and other similar data.

NOTE 3. RECEIVABLES

Receivables as of year-end for the City's individual major and nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
	<u>General</u>	<u>Solid Waste</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:				
Taxes	\$ 15,733,810	\$ -	\$ -	\$ 15,733,810
Accounts	5,011,032	45,583	44,301	5,100,916
Other	-	118,047	-	118,047
Leases	1,199,011	-	-	1,199,011
Gross receivables	21,943,853	163,630	44,301	22,151,784
Less: Allowance	(332,567)	(37,225)	-	(369,792)
Total receivables	<u>\$ 21,611,286</u>	<u>\$ 126,405</u>	<u>\$ 44,301</u>	<u>\$ 21,781,992</u>

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 3. RECEIVABLES (CONTINUED)

	Business-Type Activities				
	Wastewater	Power	Water	Nonmajor Funds	Total
Receivables:					
Accounts	\$ 811,063	\$ 9,991,405	\$ 265,586	\$ 313,901	\$ 11,381,955
Other	-	-	-	64,919	\$ 64,919
Gross receivables	811,063	9,991,405	265,586	378,820	11,446,874
Less: Allowance	-	(216,710)	-	(224,086)	(440,796)
Total receivables	<u>\$ 811,063</u>	<u>\$ 9,774,695</u>	<u>\$ 265,586</u>	<u>\$ 154,734</u>	<u>\$ 11,006,078</u>

NOTE 4. LAND HELD FOR SALE

Land held at historical cost for sale consists of land located in industrial parks held for resale. At June 30, 2023, the balance was \$8,922,862.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 5. CAPITAL ASSETS

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

Governmental Activities

	Restated Beginning Balance	Increases	Decreases	Transfers	Reclasses	Ending Balance
Capital assets, not being depreciated						
Land	\$ 13,942,330	\$ 256,224	\$ -	\$ -	\$ -	\$ 14,198,554
Construction in progress	33,437,503	13,269,177	-	(43,130,859)	-	3,575,821
Total capital assets, not being depreciated	<u>47,379,833</u>	<u>13,525,401</u>	<u>-</u>	<u>(43,130,859)</u>	<u>-</u>	<u>17,774,375</u>
Capital assets, being depreciated						
Buildings	41,850,879	-	-	37,956,732	3,089,800	82,897,411
Improvements other than buildings	21,769,835	-	-	1,382,547	(3,637,177)	19,515,205
Infrastructure	53,079,746	-	-	840,176	587,224	54,507,146
Motor vehicles	6,613,721	921,450	(534,053)	-	5,209,362	12,210,480
Machinery and equipment	15,248,149	1,047,930	(199,794)	2,951,404	(5,249,209)	13,798,480
Right-to-use subscription asset	262,830	702,848	(262,830)	-	-	702,848
Total capital assets, being depreciated	<u>138,825,160</u>	<u>2,672,228</u>	<u>(996,677)</u>	<u>43,130,859</u>	<u>-</u>	<u>183,631,570</u>
Less accumulated depreciation						
Buildings	(10,725,774)	(1,011,594)	-	-	-	(11,737,368)
Improvements other than buildings	(12,685,769)	(419,844)	-	-	-	(13,105,613)
Infrastructure	(36,603,375)	(2,167,964)	-	-	-	(38,771,339)
Motor vehicles	(2,966,503)	(992,414)	438,570	-	(4,217,044)	(7,737,391)
Machinery and equipment	(10,726,931)	(428,472)	190,542	-	4,217,044	(6,747,817)
Right-to-use subscription asset	(212,672)	(115,678)	262,830	-	-	(65,520)
Total accumulated depreciation	<u>(73,921,024)</u>	<u>(5,135,966)</u>	<u>891,942</u>	<u>-</u>	<u>-</u>	<u>(78,165,048)</u>
Total capital assets, depreciable, net	<u>64,904,136</u>	<u>(2,463,738)</u>	<u>(104,735)</u>	<u>43,130,859</u>	<u>-</u>	<u>105,466,522</u>
Governmental-type activities capital assets, net	<u>\$ 112,283,969</u>	<u>\$ 11,061,663</u>	<u>\$ (104,735)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,240,897</u>

During the fiscal year 2023, the City elected to reclass numerous capital assets between categories to better align with the category descriptions.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 5. CAPITAL ASSETS (CONTINUED)

Beginning balances within the governmental activities capital assets were adjusted to include right to use subscription assets as a result of the implementation of GASB statement No. 96. The related liability is included in Note 7.

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,759,851	\$ 81,100	\$ -	\$ 2,840,951
Construction in progress	2,553,723	13,281,438	(10,352,259)	5,482,902
Total capital assets, not being depreciated	<u>5,313,574</u>	<u>13,362,538</u>	<u>(10,352,259)</u>	<u>8,323,853</u>
Capital assets, being depreciated				
Building and improvements	36,548,439	486,481	-	37,034,920
Transmission and distribution	172,204,795	6,113,506	(603,777)	177,714,524
Machinery and equipment	223,336,067	3,827,290	(350,621)	226,812,736
Total capital assets, being depreciated	<u>432,089,301</u>	<u>10,427,277</u>	<u>(954,398)</u>	<u>441,562,180</u>
Less accumulated depreciation				
Building and improvements	(12,642,636)	(642,754)	-	(13,285,390)
Transmission and distribution	(84,720,831)	(5,537,612)	691,424	(89,567,019)
Machinery and equipment	(114,753,600)	(7,378,801)	350,621	(121,781,780)
Total accumulated depreciation	<u>(212,117,067)</u>	<u>(13,559,167)</u>	<u>1,042,045</u>	<u>(224,634,189)</u>
Total capital assets, depreciable, net	<u>219,972,234</u>	<u>(3,131,890)</u>	<u>87,647</u>	<u>216,927,991</u>
Business-type activities capital assets, net	<u>\$ 225,285,808</u>	<u>\$ 10,230,648</u>	<u>\$ (10,264,612)</u>	<u>\$ 225,251,844</u>

There were reclasses between the business-type activity capital asset groupings within the beginning balances. This did not affect the total beginning balances.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 623,775
Public Safety	809,487
Public Works	3,275,491
Culture and recreation	<u>427,213</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 5,135,966</u>
Business-type Activities:	
Water	\$ 1,758,943
Power	5,278,148
Wastewater	5,094,357
Broadband	1,020,692
Stormwater	<u>407,027</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 13,559,167</u>

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor enterprise fund	\$ 3,232
General	Solid Waste	793
		<u>\$ 4,025</u>
Nonmajor governmental funds	Nonmajor governmental funds	<u>\$ 69,901</u>
Solid Waste	General	<u>\$ 18,000</u>
Nonmajor enterprise fund	Solid Waste	<u>\$ 569</u>
Self Insurance	General	\$ 754,480
Self Insurance	Solid Waste	23,734
Self Insurance	Nonmajor enterprise fund	19,698
		<u>\$ 797,912</u>
Nonmajor enterprise fund	Power System	<u>\$ 112,190</u>
Solid Waste	Power System	<u>\$ 183,905</u>

Interfund transfers are used to (1) move revenues from the funds with collection authorization to the debt service fund as debt service principal and interest payments become due, and (2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

The composition of interfund transfers as of June 30, 2023, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Nonmajor enterprise funds	\$ 29,187
General	Wastewater	580,622
General	Power	1,439,008
General	Water	36,120
		<u>\$ 2,084,937</u>
Nonmajor governmental funds	Nonmajor governmental funds	\$ 177,605
Nonmajor governmental funds	General	769,000
		<u>\$ 946,605</u>
Capital projects	General	<u>\$ 5,992,725</u>

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 60,414,975	\$ 4,500,000	\$ (2,613,031)	\$ 62,301,944	\$ 2,991,644
Premium on debt issuance	3,610,875	117,491	(821,591)	2,906,775	-
Notes payable	660,000	-	(330,000)	330,000	330,000
Subscription payable	50,158	702,848	(123,837)	629,169	141,057
Net pension liability (asset)	(2,161,971)	11,039,190	(3,064,913)	5,812,306	-
Net OPEB liability	5,592,605	651,368	(1,638,968)	4,605,005	-
Compensated absences	1,693,214	34,015	(40,238)	1,686,991	506,097
Governmental activity Long-term liabilities	<u>\$ 69,859,856</u>	<u>\$ 17,044,912</u>	<u>\$ (8,632,578)</u>	<u>\$ 78,272,190</u>	<u>\$ 3,968,798</u>
Business-type activities:					
General obligation bonds	\$ 81,099,634	\$ -	(5,768,195)	\$ 75,331,439	\$ 6,073,293
Premium on debt issuance	3,308,645	-	(593,682)	2,714,963	-
Notes payable	18,434,754	-	(1,952,907)	16,481,847	2,005,795
Contractual obligations	1,773,052	-	(131,416)	1,641,636	115,898
Financed purchase obligation	145,496	-	(50,403)	95,093	53,372
Net pension liability (asset)	(49,134)	242,425	(66,727)	126,564	-
Net OPEB liability	1,996,602	200,491	(129,796)	2,067,297	-
Compensated absences	40,460	60,746	(60,976)	40,230	12,069
Business-type activity Long-term liabilities	<u>\$ 106,749,509</u>	<u>\$ 503,662</u>	<u>\$ (8,754,102)</u>	<u>\$ 98,499,069</u>	<u>\$ 8,260,427</u>

Within the City's governmental activities, the compensated absences, subscription payable, pension, and OPEB liabilities are primarily liquidated by the General Fund. Beginning balances were restated for the recognition of subscription payable for the implementation of GASB No. 96. Similarly, Note 5 reflects the same increase in right-to-use assets.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize the bonds as of June 30, 2023 for the long-term debt and related interest are as follows:

Year Ending June 30,	Governmental Activities					
	General Obligation Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,991,644	\$ 2,234,198	\$ 330,000	\$ 3,999	\$ 3,321,644	\$ 2,238,197
2025	3,140,258	2,093,481	-	-	3,140,258	2,093,481
2026	3,303,870	1,945,509	-	-	3,303,870	1,945,509
2027	3,477,484	1,790,340	-	-	3,477,484	1,790,340
2028	3,641,098	1,642,007	-	-	3,641,098	1,642,007
2029-2033	13,038,717	6,472,764	-	-	13,038,717	6,472,764
2034-2038	13,273,873	4,346,059	-	-	13,273,873	4,346,059
2039-2043	11,125,000	2,273,552	-	-	11,125,000	2,273,552
2044-2048	6,925,000	831,000	-	-	6,925,000	831,000
2049-2050	1,385,000	41,550	-	-	1,385,000	41,550
	<u>\$ 62,301,944</u>	<u>\$ 23,670,460</u>	<u>\$ 330,000</u>	<u>\$ 3,999</u>	<u>\$ 62,631,944</u>	<u>\$ 23,674,459</u>

Year Ending June 30,	Business-Type Activities							
	General Obligation Bonds		Notes Payable		Financed Purchase		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 6,073,293	\$ 2,305,660	\$ 2,005,795	\$ 372,704	\$ 53,372	\$ 3,892	\$ 8,132,460	\$ 2,682,256
2025	6,388,390	2,080,414	1,813,744	326,400	41,721	963	8,243,855	2,407,777
2026	6,718,488	1,842,966	1,261,753	289,175	-	-	7,980,241	2,132,141
2027	6,218,586	1,598,865	1,296,810	257,738	-	-	7,515,396	1,856,603
2028	6,308,684	1,392,587	1,330,938	225,819	-	-	7,639,622	1,618,406
2029-2033	26,460,130	4,502,031	5,596,271	670,596	-	-	32,056,401	5,172,627
2034-2038	15,863,868	1,230,380	3,176,536	98,677	-	-	19,040,404	1,329,057
2039-2042	1,300,000	52,500	-	-	-	-	1,300,000	52,500
	<u>\$ 75,331,439</u>	<u>\$ 15,005,403</u>	<u>\$ 16,481,847</u>	<u>\$ 2,241,109</u>	<u>\$ 95,093</u>	<u>\$ 4,855</u>	<u>\$ 91,908,379</u>	<u>\$ 17,251,367</u>

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Details of long-term indebtedness are as follows:

Description	Interest Rate	Year Issued	Maturity	Original Issue	Balance June 30, 2023
<u>Governmental Activities</u>					
General long-term debt					
2009 Public Improvement and Refunding (\$5M)	Variable	2009	2009-2034	\$ 2,848,203	\$ 1,624,105
Capital Outlay Note	2.06%	2011	2011-2024	3,750,000	309,375
2018 Public Improvement and Refunding (\$64M)	3.00-5.00%	2019	2018-2042	19,190,000	13,680,000
2022 General Obligation Bonds	Variable	2022	2024-2037	4,500,000	4,500,000
Capital Projects					
2017 GO (\$9.71M)	3.00-3.75%	2017	2018-2042	9,710,000	7,890,000
2019B GO (\$37.25M)	5%	2019	2019-2049	37,250,000	34,515,000
Solid Waste					
2009 Public Improvement and Refunding (\$5M)	Variable	2009	2009-2034	162,919	92,839
Capital Outlay Note	2.06%	2011	2011-2024	250,000	20,625
Total governmental activities				<u>77,661,122</u>	<u>62,631,944</u>
<u>Business-type Activities</u>					
Wastewater system					
2009 Public Improvement and Refunding (\$5M)	Variable	2009	2009-2034	5,000,000	1,087,646
2013 CWSRF Promissory Note (\$5M)	1.51%	2013	2015-2036	5,000,000	3,359,201
2015 Promissory Note (\$10M)	2.74%	2016	2017-2037	10,000,000	7,418,000
2016 Promissory Note (\$15M)	2.27%	2017	2018-2037	15,000,000	1,274,000
2018 General Obligation Bonds	3.00-4.00%	2019	2020-2038	10,060,000	10,060,000
2018 General Obligation Refunding	4.00-5.00%	2019	2020-2028	10,480,000	5,865,000
2019 General Obligation Refunding	3.00-5.00%	2019	2020-2034	12,775,000	10,110,000
2021A General Obligation Refunding	2.00%	2021	2022-2037	21,740,000	19,465,000
2021B General Obligation Bonds	2.00%	2021	2022-2041	3,395,000	3,395,000
Power system					
2018 General Obligation	3.00-5.00%	2019	2020-2038	4,375,000	3,625,000
2018 General Obligation Refunding	3.00-5.00%	2019	2020-2035	16,410,000	11,595,000
Water system					
Water System Bonds Series 2010	2.52%	2009	2010-2029	7,500,000	3,220,000
2021A General Obligation Refunding	2.00%	2021	2022-2032	3,590,000	2,240,000
2021B General Obligation Bonds	2.00%	2021	2022-2041	3,590,000	3,280,000
Broadband System					
First Tennessee Bank Promissory Note	2.59%	2014	2014-2024	1,000,000	123,000
2018 General Obligation Refunding	3.00-5.00%	2019	2020-2035	3,810,000	2,965,000
Finance Purchase Obligation	5.47%	2020	2025	293,664	95,093
Stormwater system					
2009 Public Improvement and Refunding (\$5M)	Variable	2009	2009-2034	81,459	46,439
2021A General Obligation Refunding	2.00%	2021	2022-2037	2,990,000	2,685,000
Total business-type activities				<u>137,090,123</u>	<u>91,908,379</u>
				<u>\$ 214,751,245</u>	<u>\$ 154,540,323</u>

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

In March 2017, the City issued General Obligation Bonds, Series 2017, of \$9,710,000 attributable to the governmental activities. These bonds were issued at a premium of \$285,743. The underwriters discount was \$109,238 with an additional \$151,476 in other issuance costs. The interest rate ranges from 3% to 3.75% with maturity in 2042. The outstanding principal balance of the bonds is \$7,890,000 at June 30, 2023.

In October 2018, the City issued General Obligation Bond, Series 2018, in the amount of \$64,325,000. The breakdown of these funds is as follows:

\$4,375,000 is attributed to the Power System for renovations to an administrative building. An additional \$16,410,000 of the proceeds were used for a current refunding of the 2008 Promissory Note and the 2013 Promissory Note then outstanding, and \$960,562 in previously undrawn funds on the 2013 Promissory Note. The bonds attributed to the Power System were issued at a premium of \$1,259,089. The underwriters discount was \$205,143 with an additional \$94,330 in other issuance costs. The interest rates range from 3% to 5% with maturity in 2038. The outstanding principal balance attributable to the Power System is \$15,220,000 at June 30, 2023.

\$10,060,000 is attributed to the Wastewater System, including \$9,910,000 to replace previously undrawn loan proceeds on the 2016 Promissory Note. An additional \$10,480,000 in proceeds were used for a current refunding of the then outstanding 2008-50518 Promissory Note, the 2008-50532 Promissory Note, the 2008-50536 Promissory Note and the 2008-50545 Promissory Note. The bonds attributed to the Wastewater System were issued at a premium of \$1,051,041. The underwriters discount was \$202,725 with an additional \$92,318 in other issuance costs. The interest rates range from 3% to 5% with maturity in 2037. The outstanding principal balance attributable to the Wastewater System is \$15,925,000 at June 30, 2023.

\$3,810,000 is attributed to the Broadband System for a current refunding of its then outstanding 2008 Promissory Note. The bonds attributed to the Broadband System were issued at a premium of \$183,948. The underwriters discount was \$37,604 with an additional \$17,291 in other issuance costs. The interest rates range from 3% to 5% with maturity in 2035. The outstanding principal balance attributable to the Power System is \$2,965,000 at June 30, 2023.

\$9,250,000 is attributed to governmental activities for future construction. An additional \$9,940,000 in proceeds were used for a current refunding of the then outstanding Series 2008A, 2008B, 2008C, and 2008D General Obligation Bonds. The bonds attributed to Governmental Activities were issued at a premium of \$1,409,107. The underwriters discount was \$189,401 with an additional \$67,609 in other issuance costs. The interest rates range from 3% to 5% with maturity in 2042. The outstanding principal balance attributable to Governmental Activities is \$13,680,000 at June 30, 2023.

In June 2019, the City issued General Obligation Bonds, Series 2019, of \$12,775,000 attributable to the Wastewater System for an advanced refunding of \$14,000,000 for the outstanding maturities between 2021 and 2034 of the 2013 Promissory Note. From the advance refunding, \$13,956,901 was deposited with an escrow agent to be applied to refunded principal payments in August 2019. As of June 30, 2019, \$10,110,000 of notes outstanding are considered defeased.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

These bonds were issued at a premium of \$1,351,198. The underwriters discount was \$68,981 with an additional \$100,315 in other issuance costs. The interest rate ranges from 3% to 5% with maturity in 2034. The intent of the refunding is to reduce debt service payments. The transaction resulted in an economic gain of \$1,201,367 and a reduction of \$1,407,701 in future debt service payment. The outstanding principal balance of the bonds is \$10,110,000 at June 30, 2023.

In December 2019, the City issued General Obligation Bonds, Series 2019B, of \$37,250,000 attributable to the governmental activities. These bonds were issued at a premium of \$2,554,964. The underwriters discount was \$501,056 with an additional \$149,995 in other issuance costs. The interest rate is 5% with maturity in 2049. The outstanding principal balance of the bonds is \$34,515,000 at June 30, 2023.

In September 2021, the City issued General Obligation Refunding Bonds, Series 2021A, in the amount of \$28,320,000. The breakdown of these funds is as follows:

\$21,740,000 is attributed to the Wastewater System for a current refunding of the General Obligations Bonds, Series 2012, 2007 CWSRF Promissory Note, and 2009 CWSRF Promissory Note. The bonds attributed to the Wastewater System were issued at a premium of \$1,240,237. The underwriters discount was \$141,597 with an additional \$123,814 in other issuance costs. The interest rate is 2% with maturity in 2037. The intent of the refunding is to consolidate debt and lower required debt service through interest savings. The transaction resulted in an economic gain of \$2,729,859 and a reduction of \$2,883,634 in future debt service payments. The outstanding principal balance of the bonds is \$19,465,000 at June 30, 2023.

\$3,590,000 is attributed to the Water System for a current refunding of the 2002 DWSRF Promissory Note and 2011 DWSRF Promissory Note. The bonds attributed to the Water System were issued at a premium of \$155,024. The underwriters discount was \$23,382 with an additional \$19,944 in other issuance costs. The interest rate is 2% with maturity in 2032. The intent of the refunding is to consolidate debt and lower required debt service through interest savings. The transaction resulted in an economic gain of \$192,784 and a reduction of \$201,038 in future debt service payments. The outstanding principal balance of the bonds is \$2,240,000 at June 30, 2023.

\$2,990,000 is attributed to the Stormwater System for a current refunding of the series 2012 General Obligation Bonds. The bonds attributed to the Stormwater System were issued at a premium of \$165,692. The underwriters discount was \$19,474 with an additional \$15,869 in other issuance costs. The interest rate is 2% with maturity in 2037. The intent of the refunding is to consolidate debt and lower required debt service through interest savings. The outstanding principal balance of the bonds is \$2,685,000 at June 30, 2023.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

In September 2021, the City issued General Obligation Refunding Bonds, Series 2021B, in the amount of \$6,785,000. The breakdown of these funds is as follows:

\$3,390,000 is attributed to the Water System for improvements and extensions to the water system. The bonds attributed to the water system were issued at a premium of \$169,862. The underwriters discount was \$29,901 with an additional \$32,356 in other issuance costs. The interest rate is 2% with maturity in 2041. The outstanding principal balance of the bonds is \$3,280,000 at June 30, 2023.

\$3,395,000 is attributed to the Wastewater System for improvements and extensions to the wastewater system. The bonds attributed to the wastewater system were issued at a premium of \$170,113. The underwriters discount was \$29,949 with an additional \$32,588 in other issuance costs. The interest rate is 2% with maturity in 2041. The outstanding principal balance of the bonds is \$3,395,000 at June 30, 2023.

In December 2022, the City issued General Obligation Bonds, Series 2022, of \$4,500,000 attributable to the governmental activities. These bonds were issued at a premium of \$117,491. The underwriters discount was \$46,892 with an additional \$67,295 in other issuance costs. The interest rates ranges from 4% to 5% with maturity in 2037. The outstanding principal balance of the bonds is \$4,500,000 at June 30, 2023.

Other than the financed purchase agreement and contractual obligation noted below all of the City's direct borrowings are backed by the full faith and credit of the government. In the event of defaults these direct borrowings would be payable in full at the time of default.

The Broadband System financed certain equipment with an original cost of \$293,664 under a financed purchase agreement such that ownership of the equipment transfers to the Broadband System at the end of the contract. Principal and interest of \$4,772 is payable monthly through April 2025. The outstanding principal balance of the financed purchase obligations is \$95,093 at June 30, 2023.

During 2009, the City entered into an asset purchase agreement for the acquisition of wastewater treatment plant located in Hamblen County, Tennessee. The agreement provided for an initial down payment of \$750,000 plus ongoing Flow Fees generally ranging between \$182,500 (minimum Flow Fee if annual volume fails to exceed the average of 500,000 gallons per day) and \$736,125 annually through 2034 depending on the volume of discharges. The City recorded the acquisition (and related contractual obligation) at the then estimated fair value of the wastewater treatment plant. The obligation (\$1,087,646 outstanding as of June 30, 2023) is payable monthly at \$15,208, which includes interest at the imputed rate of 4.10%. Flow fees in excess of \$15,208, if any, will be charged to expense as incurred.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Subscription-based Information Technology Arrangements

As of July 1, 2022, the City had a contract for the use of Axon equipment (police body cameras) with a term of 5 years. An initial liability was recorded in the amount of \$50,158. As of June 30, 2023, the value of the liability is \$0. The City is required to make monthly fixed payments of \$52,566. As the contract with the vendor did not include a stated interest rate, the City estimated its incremental borrowing rate related to this arrangement to be 4.80% at the time of the measurement of the initial lease liability. The right-to-use asset's useful life is 5 years as of the contract commencement. The value of the right-to-use asset as of June 30, 2023 of \$0 with accumulated amortization of \$0 is included with right-to-use subscription assets. This contract expired in fiscal year 2023.

In February 2023, the City entered into a contract for the use of Tyler Technologies Records Management System with a term of 5 years. An initial liability was recorded in the amount of \$298,934. As of June 30, 2023, the value of the liability is \$233,414. The City is required to make annual fixed payments of \$65,520. As the contract with the vendor did not include a stated interest rate, the City estimated its incremental borrowing rate related to this arrangement to be 4.80% at the time of the measurement of the initial lease liability. The right-to-use asset's useful life is 5 years as of the contract commencement. The value of the right-to-use asset as of June 30, 2023 of \$298,934 with accumulated amortization of \$65,520 is included with right-to-use subscription assets.

In March 2023, the City entered into a contract for the use of Axon equipment (police body cameras) with a term of 5 years. An initial liability was recorded in the amount of \$403,914. As of June 30, 2023, the value of the liability is \$395,755. The City is required to make annual fixed payments of \$86,741. As the contract with the vendor did not include a stated interest rate, the City estimated its incremental borrowing rate related to this arrangement to be 4.80% at the time of the measurement of the initial lease liability. The right-to-use asset's useful life is 5 years as of the contract commencement. The value of the right-to-use asset as of June 30, 2023 of \$403,914 with accumulated amortization of \$0 is included with right-to-use subscription assets.

In accordance with GASB Statement No. 96, the City measured its subscription payables under the contracts as the present value of the fixed payments required. The contracts with the vendor did not include any other items that would factor into the measurement of the liabilities, such as contract incentives, variable payments fixed in substance, or other payments that are reasonably certain of being required.

The City's subscription asset under this arrangement was equal to the subscription liability as no payments were made to the vendor at the commencement of the terms and there were no capitalizable implementation costs.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

The debt service to maturity on the City's outstanding subscription payables is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 141,057	\$ 11,204	\$ 152,261
2025	128,831	23,430	152,261
2026	135,016	17,245	152,261
2027	141,496	10,765	152,261
2028	82,769	3,973	86,742
Total	<u>\$ 629,169</u>	<u>\$ 66,617</u>	<u>\$ 695,786</u>

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Local Plan

Plan Description

The City provides post-employment health benefits for retired employees through a single-employer defined benefit plan. The City may change, add, or delete health insurance benefits as the City deems appropriate with City Council approval. The plan does not grant retirees vested health coverage benefits.

The cost of post-employment healthcare benefits is associated with the periods in which the cost occurs, rather than in the future years when it will be paid. Recognition of the liability accumulated from years prior to adoption will be phased in over 30 years, and commenced with the 2009 liability. A trust fund was established by the City with Commercial Bank and Trust Company (the "Trust Fund"). The Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for purposes of GASB Statement No. 75 are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan. No stand-alone financial report is issued for this plan.

Benefits Provided

The City provides medical, dental, and vision benefits to retirees and their spouses. The City also pays 85% of medical and 100% of dental, and vision premiums for the retiree and the retiree spouse. All full-time, active employees who retire or are disabled directly from the City and meet the eligibility criteria may participate.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Employees Covered by Benefit Terms

As of the July 1, 2022 actuarial valuation, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries:	
Currently receiving benefits	35
Actives	<u>274</u>
Total	<u>309</u>

Contributions

The City pays 85% of medical and 100% of dental, and vision insurance premiums for all retirees and their spouse.

Net OPEB Liability

The City's total net OPEB liability of \$4,605,005 was measured as of June 30, 2023 and was determined by an actuarial valuation performed as of July 1, 2022.

Actuarial Assumptions

The net OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.70%
Inflation	2.50%
Salary increases, including inflation	4.00%
Payroll Growth Rate	2.50%
Investment rate of return	6.70%
Healthcare cost trend rates	5.0%-6.5%

Mortality rates were based on the RP-2014 Combined Fully Generational Mortality Table with projection scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through June 30, 2021.

Change in assumptions: The healthcare cost trend rate was updated to 7.0% in 2022, grading down by 0.5% per annum to an ultimate rate of 5.0% in years 2026 and later. The mortality projection scale was updated to MP-2021.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB investments was determined using the annual money weighted rate of return on investments for each asset class, asset allocation percentages and a 2.5% inflation rate. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Real Rate of Return	Weighted Average Long- Term Real Rate of Return
Large Cap	26.00%	5.86%	1.52%
Small-Mid Cap	28.00%	7.04%	1.97%
Non-US Equity-Developed	3.00%	6.59%	0.20%
Non-US Equity-Emerging	2.00%	8.83%	0.18%
Core Fixed Income	12.00%	1.24%	0.15%
High Yield Fixed Income	7.00%	3.64%	0.25%
US Treasuries	7.00%	-0.22%	-0.02%
TIPS	5.00%	0.44%	-2.00%
Real Estate	10.00%	5.41%	-0.54%
Total			4.81%
Inflation			2.50%
			<u>7.31%</u>

Discount Rate

The discount rate used to measure the net OPEB liability was 6.70%. This is an increase from the June 30, 2022 rate of 6.58%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Rate of Return

For the year ended June 30, 2023, the annual money weighted rate of return on investments of the OPEB Plan, net of investment expense, was 8.57 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2022	\$ 6,761,304	\$ 1,168,699	\$ 5,592,605
Changes for the year:			
Service cost	162,505	-	162,505
Interest	386,027	-	386,027
Differences between expected and actual experience	(1,001,071)	28,672	(1,029,743)
Assumption changes	102,836	-	102,836
Contributions-employer	-	532,325	(532,325)
Net investment income	-	76,900	(76,900)
Benefit payments, including refund of employee contributions	(432,325)	(432,325)	-
Net changes	(782,028)	205,572	(987,600)
Balances at 6/30/2023	\$ 5,979,276	\$ 1,374,271	\$ 4,605,005

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70 percent) or 1-percentage-point higher (7.70 percent) than the current discount rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% increase (7.70%)
Net OPEB liability	\$ 5,073,222	\$ 4,605,005	\$ 4,180,379

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Medical Trend	5.50% decreasing to 4.00%	6.50% decreasing to 5.00%	7.50% decreasing to 6.00%
Dental & Vision Trend	4.00%	5.00%	6.00%
Net OPEB liability	\$ 4,053,001	\$ 4,605,005	\$ 5,245,674

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Expense (Income) and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2023, the recognized OPEB expense is \$359,615. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 199,695	\$ 1,304,269
Changes in assumptions	372,440	608,830
Net difference between projected and actual earnings on pension plan investments	53,370	-
Total	<u>\$ 625,505</u>	<u>\$ 1,913,099</u>

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

Year ending June 30:	
2024	\$ (109,309)
2025	(121,976)
2026	(74,788)
2027	(128,189)
2028	(122,457)
Thereafter	<u>(730,875)</u>
Total	<u>\$ (1,287,594)</u>

NOTE 9. POST-EMPLOYMENT HEALTH INSURANCE BENEFITS – MORRISTOWN UTILITIES COMMISSION

Plan Description

The Systems provide post-employment benefits (OPEB) through the Morristown Utilities Retiree Benefit Plan to all eligible retirees. The OPEB is administered by the Commission, is a single employer defined benefit plan and is not required to issue a separate financial report. There are no assets accumulated in a trust and the Systems fund the Plan on a pay-as-you-go basis.

The amounts reported as of June 30, 2023 are based on an actuarial valuation performed as of July 1, 2021, and updated to June 30, 2023.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9. POST-EMPLOYMENT HEALTH INSURANCE BENEFITS – MORRISTOWN UTILITIES COMMISSION
(CONTINUED)

The Systems provide medical, dental and life insurance benefits to retirees. Employees who retire at age 55 with 10 years of service are eligible to participate for five years or until age 65. The Systems pay either 90% or 95% of the monthly premium amount that is paid for active employees of the retiree's medical premiums. The Systems pay 100% of the monthly premium amount that is paid for active employees of the retiree's dental and life insurance premiums.

In addition, the Systems pay 60% of the monthly premium amount that is paid for active employees of the retiree's dependent's medical premiums. The retiree's spouse is also eligible for medical benefits (same as retiree) as long as the retiree is eligible (there are no surviving spouse benefits). The life insurance benefit available to retirees is \$5,000.

Participants in the OPEB consisted of the following as of July 1, 2021:

	Actives	Inactives Receiving Benefits	Total
Male	122	4	126
Female	29	1	30
Total	<u>151</u>	<u>5</u>	<u>156</u>

Total OPEB Liability

Total OPEB liability of the Commission is as follows as of June 30, 2023:

	<u>Power System</u>	<u>Water System</u>	<u>Wastewater System</u>	<u>Broadband System</u>
Total OPEB liability	<u>\$ 1,128,587</u>	<u>\$ 419,571</u>	<u>\$ 260,110</u>	<u>\$ 259,029</u>

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9. POST-EMPLOYMENT HEALTH INSURANCE BENEFITS – MORRISTOWN UTILITIES COMMISSION
(CONTINUED)

Changes in total OPEB liability

The changes in the total OPEB liability are as follows for 2023:

Total OPEB liability at beginning of year	\$ 1,996,602
Changes for the year:	
Service cost	127,332
Interest	73,159
Changes in assumptions and other inputs	(14,245)
Benefit payments	(115,551)
Net changes for the year	70,695
Total OPEB liability at end of year	<u>\$ 2,067,297</u>

Actuarial Methods and Assumptions

The actuarial methods and assumptions used were applied consistently for the Power, Water, Wastewater and Broadband Systems. A discount rate of 3.65% was used for the year ending June 30, 2023, based on the Bond Buyer's 20 Bond Index. The mortality rates are from the RPH-2014 Total Dataset fully generational mortality table using projection scale MP-2021.

It was assumed that the following percentages of eligible employees would retire each year for males:

<u>Age</u>	<u>Years of Service</u>		
	<u>< 15</u>	<u>15-29</u>	<u>30+</u>
55-59	0.00%	0.00%	7.50%
60	10.50%	12.50%	12.50%
61	15.00%	17.00%	17.00%
62	20.00%	22.00%	22.00%
63	17.50%	19.50%	19.50%
64	17.50%	19.50%	19.50%
65+	100.00%	100.00%	100.00%

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9. POST-EMPLOYMENT HEALTH INSURANCE BENEFITS – MORRISTOWN UTILITIES COMMISSION
(CONTINUED)

It was assumed that the following percentages of eligible employees would retire each year for females:

Age	Years of Service		
	< 15	15-29	30+
55-59	0.00%	0.00%	7.50%
60	11.00%	13.00%	13.00%
61	13.00%	15.00%	15.00%
62	18.00%	20.00%	20.00%
63	16.00%	18.00%	18.00%
64	16.00%	18.00%	18.00%
65+	100.00%	100.00%	100.00%

It was assumed that employees would terminate employment with the rate in the following table:

Age	Years of Service			
	1	2	3+ (Male)	3+ (Female)
30	21.80%	17.90%	7.40%	11.10%
40	19.20%	15.90%	3.50%	5.40%
50	17.00%	13.00%	2.80%	3.80%

It was assumed that health care cost would increase in accordance with the trend rates in the following table, with the exception of dental costs which are assumed to increase at 5% per annum:

Year	Health Care Trend Rate
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025	5.00%
2026+	4.50%

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9. POST-EMPLOYMENT HEALTH INSURANCE BENEFITS – MORRISTOWN UTILITIES COMMISSION
(CONTINUED)

It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement. It was also assumed that 10% of the male and 10% of the female employees who elect retiree health coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than the retiree and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

The preparation of the actuarial liabilities calculated requires management to make assumptions discussed above. Due to the use of these assumptions, actual results may differ from the estimates. The discount rate considers inflationary rate adjustments.

Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the Systems calculated using the discount rate of 3.65%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

<u>1.00% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
\$ 2,199,662	\$ 2,067,297	\$ 1,942,643

The following presents the total OPEB liability of the Systems as of June 30, 2023, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1- percentage-point lower or 1-percentage-point higher than the current rate:

<u>1% Decrease (5.00% decreasing to 3.50%)</u>	<u>Healthcare Cost Trend Rates (6.00% decreasing to 4.50%)</u>	<u>1% Increase (7.00% decreasing to 5.50%)</u>
\$ 1,853,072	\$ 2,067,297	\$ 2,319,253

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

For the year ended June 30, 2023, the Power, Water, Wastewater and Broadband Systems recognized OPEB expense of \$78,012, \$24,688, \$33,659, and \$21,205, respectively.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9. POST-EMPLOYMENT HEALTH INSURANCE BENEFITS – MORRISTOWN UTILITIES COMMISSION
(CONTINUED)

At June 30, 2023, the Systems reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources					
	Power	Water	Wastewater	Broadband	Total
Experience loss	\$ 48,833	\$ 1,676	\$ 15,300	\$ -	\$ 65,809
Change in assumptions	44,207	13,945	9,673	13,570	81,395
Total	<u>\$ 93,040</u>	<u>\$ 15,621</u>	<u>\$ 24,973</u>	<u>\$ 13,570</u>	<u>\$ 147,204</u>

Deferred Inflows of Resources					
	Power	Water	Wastewater	Broadband	Total
Experience gain	\$ 98,193	\$ 36,607	\$ -	\$ 44,412	\$ 179,212
Change in assumptions	99,069	17,323	50,892	55,327	222,611
Total	<u>\$ 197,262</u>	<u>\$ 53,930</u>	<u>\$ 50,892</u>	<u>\$ 99,739</u>	<u>\$ 401,823</u>

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

	Power	Water	Wastewater	Broadband	Total
Year ended June 30:					
2024	\$ (18,848)	\$ (7,618)	\$ (3,457)	\$ (13,004)	\$ (42,927)
2025	(18,848)	(7,618)	(3,457)	(13,004)	(42,927)
2026	(18,848)	(7,366)	(3,457)	(13,004)	(42,675)
2027	(17,788)	(8,161)	(3,457)	(13,004)	(42,410)
2028	(19,522)	(7,356)	(3,427)	(13,004)	(43,309)
Thereafter	(10,368)	(190)	(8,664)	(21,149)	(40,371)
Total	<u>\$ (104,222)</u>	<u>\$ (38,309)</u>	<u>\$ (25,919)</u>	<u>\$ (86,169)</u>	<u>\$ (254,619)</u>

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10. PENSION PLANS

State Retirement System

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 Tennessee Consolidated Retirement System ("TCRS"). The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at:

<https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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 non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10. PENSION PLANS (CONTINUED)

State Retirement System (Continued)

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	182
Inactive Employees Entitled but not yet Receiving Benefits	136
Active Employees	<u>269</u>
Total Employees	<u>587</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. 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, 2023, the employer contributions for the City were \$2,477,008 based on a rate of 15.17% 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 actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

Actuarial Assumptions

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

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

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10. PENSION PLANS (CONTINUED)

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

Actuarial assumptions used in the June 30, 2022, actuarial valuation was 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 projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. The best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the 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.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10. PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/2021	\$ 91,124,731	\$ 93,335,836	\$ (2,211,105)
Changes for the year:			
Service cost	1,410,502	-	1,410,502
Interest	6,073,982	-	6,073,982
Differences between expected and actual experience	237,372	-	237,372
Contributions - employer	-	2,336,933	(2,336,933)
Contributions - employee	-	794,707	(794,707)
Net investment income	-	(3,532,489)	3,532,489
Benefit payments, including refunds of employee contributions	(5,100,618)	(5,100,618)	-
Administrative expense	-	(27,270)	27,270
Net changes	2,621,238	(5,528,737)	8,149,975
Balances at 6/30/2022	\$ 93,745,969	\$ 87,807,099	\$ 5,938,870

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 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% increase (7.75%)
Net pension liability (asset)	\$ 18,319,336	\$ 5,938,870	\$ (4,338,284)

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 10. PENSION PLANS (CONTINUED)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the City recognized pension benefit of \$981,037. For the year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 1,025,008	\$ 881,123
Net difference between projected and actual earnings on pension plan investments	130,511	-
Changes in assumptions	4,440,118	-
Contributions subsequent to the measurement date	2,477,008	-
Total	<u>\$ 8,072,645</u>	<u>\$ 881,123</u>

City contributions subsequent to the measurement date of June 30, 2022, will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ 657,035
2025	553,169
2026	48,220
2027	2,704,575
2028	751,515
Total	<u>\$ 4,714,514</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, 2023, the City reported a payable of \$96,592 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 11. MORRISTOWN UTILITIES COMMISSION'S RETIREMENT PLAN

The Systems share in a defined contribution retirement plan, Morristown Utilities Retiree Benefit Plan (the Retirement Plan), covering substantially all employees. The Commission is the administrator of the Retirement Plan and is responsible for establishing or amending the Retirement Plan provisions and contribution requirements.

<u>System</u>	<u>Total Payroll</u>	<u>Covered Payroll</u>	<u>Employer Contributions</u>	<u>% of Covered Payroll</u>	<u>Employee Contributions</u>	<u>% of Covered Payroll</u>
Power	\$ 7,574,865	\$ 7,005,603	\$ 1,049,723	15%	\$ 525,554	8%
Water	1,917,406	1,832,922	269,145	15%	138,031	8%
Wastewater	2,628,013	2,341,620	350,572	15%	171,114	7%
Broadband	2,220,622	2,042,329	306,449	15%	105,667	5%

Under the Retirement Plan terms, the Systems will match participant contributions up to 3% of the participant's salary and may also contribute an additional amount to the Plan at its discretion. During 2023, the discretionary contribution amounted to 12% of the participants' salary. Participants are not required but may contribute up to a total of 75% of their salary subject to IRS limitations. All employees who have completed six months of service as defined by the Retirement Plan and who have attained the age of 21 are eligible to participate in the Retirement Plan. Participants are 100% vested in the employer contributions when they are made.

NOTE 12. LEASES

Lessor

The City of Morristown is a lessor for noncancellable leases of land and airport hangers. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

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

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 12. LEASES (CONTINUED)

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

The City, as a lessor, has entered into several lease agreements involving land and airport hangers. The City has a lease receivable of \$1,199,011 and a deferred inflow of resources of \$1,750,514 as of June 30, 2023. The deferred inflow of resources was initially \$679,250 higher than the lease receivable as a result of lease payments made in advance. This amount had previously been recorded as unearned revenue. The deferred inflows related to leases will be recognized as a revenue using the straight-line method over the life of each lease term. A reduction of the lease receivable of \$105,458 and interest revenue of \$60,677 was recognized during the year ended June 30, 2023. The portion of deferred inflows amortized during 2023 was \$166,854.

<u>Lease*</u>	<u>Contract Date</u>	<u>Maturity Date</u>
Morristown Air Service*	8/1/2020	6/1/2030
Phillip Carlyle	4/1/2019	3/1/2044
Minors Marine	2/17/2004	2/17/2024
Henrikson Aviation	3/15/2015	3/15/2039
Med-Trans Lifestar*	12/1/2006	11/2/2026
Charter Central	11/20/2013	10/20/2038
Southeast Industrial	10/22/2020	10/22/2049

* Contract includes option years that are reflected in maturity date.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Commitments and Contingencies

At June 30, 2023, the City has an operating agreement with Morristown Air Service for fixed base operation of the airport which is in effect until 2025.

The City has contractual commitments for various construction projects totaling approximately \$5,397,733 at June 30, 2023.

Contingent Liabilities

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concentration of Credit Risk

The Morristown Utilities Commission provides electric, power, water, wastewater, and broadband service to customers in the City of Morristown and Hamblen County, Tennessee. Customers include residential, commercial, and heavy industrial users. Residential customers for the power and broadband systems are required to place deposits that approximate one month's account balance. Loss experience has not been significant to the Systems' operations.

Litigation

During the ordinary course of business, the City is subject to various disputes and claims and there could be uncertainty relating to the resolution of these matters. Management believes any successful claims will be covered by insurance.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for risks of loss. There have been no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City is self-insured for employee medical benefits which are administered by Blue Cross Blue Shield of Tennessee, Inc. The rate of the premiums paid into the fund is based on prior experience and insurance company recommendations. Claims in excess of a self-insured aggregate limit of \$6,029,113 and specific underlying coverage of \$120,000 per employee are covered through a stop loss coverage agreement with Berkshire Hathaway Specialty Insurance. The stop loss arrangement provides for 100% reimbursement of claims exceeding \$6,029,113, subject to contract provisions, up to a maximum aggregate reimbursement of \$1,000,000 per policy year.

Liabilities of the internal service fund for self-insurance are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The self-insurance fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not paid. The process used to compute claims liabilities do not necessarily result in an exact amount. At June 30, 2023 the estimated liability for claims incurred but not paid was \$270,804. Activity in the estimated liability for claims incurred but not paid were as follows for the years ended June 30, 2023 and 2022:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2021-2022	\$ 480,688	\$ 4,343,714	\$ (4,353,106)	\$ 471,296
2022-2023	471,296	3,892,622	(4,093,115)	270,804

CITY OF MORRISTOWN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 15. SUBSEQUENT EVENTS

On October 6, 2023, the City issued Series 2023 general obligation bonds in the amount of \$9,700,000. The debt has an interest rate of 4-5% and is payable annually beginning June 1, 2024 and maturing June 1, 2043. The issuance resulted in a premium of \$299,206.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF MORRISTOWN, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS
LAST FISCAL YEAR ENDING JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability								
Service Cost	\$ 1,046,764	\$ 1,047,579	\$ 1,133,722	\$ 1,154,404	\$ 1,193,785	\$ 1,233,197	\$ 1,228,347	\$ 1,410,502
Interest	4,991,380	5,091,070	5,262,280	5,329,715	5,593,373	5,741,445	5,975,256	6,073,982
Change in Benefit Terms	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(1,019,195)	(164,027)	(943,037)	1,198,233	(307,533)	969,693	(860,447)	237,372
Change in Assumptions	-	-	1,860,136	-	-	-	5,844,140	-
Benefit Payments, Including Refunds of Employee Contributions	(3,650,880)	(3,730,258)	(3,825,670)	(4,142,751)	(4,027,396)	(4,925,924)	(4,503,084)	(5,100,618)
Net Change in Total Pension Liability	1,368,069	2,244,364	3,487,431	3,539,601	2,452,229	3,018,411	7,684,212	2,621,238
Total Pension Liability - Beginning	67,330,414	68,698,483	70,942,847	74,430,278	77,969,879	80,422,108	83,440,519	91,124,731
Total Pension Liability - Ending (a)	<u>\$ 68,698,483</u>	<u>\$ 70,942,847</u>	<u>\$ 74,430,278</u>	<u>\$ 77,969,879</u>	<u>\$ 80,422,108</u>	<u>\$ 83,440,519</u>	<u>\$ 91,124,731</u>	<u>\$ 93,745,969</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,999,102	\$ 2,123,622	\$ 2,087,774	\$ 2,114,084	\$ 2,166,600	\$ 2,266,133	\$ 2,291,487	\$ 2,336,933
Contributions - Employee	652,910	694,124	703,035	712,166	729,818	747,745	755,427	794,707
Net Investment Income	1,794,350	1,569,650	6,759,639	5,404,804	5,157,698	3,614,865	19,292,061	(3,532,489)
Benefit Payments, Including Refunds of Employee Contributions	(3,650,880)	(3,730,258)	(3,825,670)	(4,142,751)	(4,027,396)	(4,925,924)	(4,503,084)	(5,100,618)
Administrative Expense	(14,221)	(21,456)	(24,114)	(26,895)	(25,546)	(25,495)	(25,177)	(27,270)
Net Change in Plan Fiduciary Net Position	<u>781,261</u>	<u>635,682</u>	<u>5,700,664</u>	<u>4,061,408</u>	<u>4,001,174</u>	<u>1,677,324</u>	<u>17,810,714</u>	<u>(5,528,737)</u>
Plan Fiduciary Net Position - Beginning	<u>58,667,609</u>	<u>59,448,870</u>	<u>60,084,552</u>	<u>65,785,216</u>	<u>69,846,624</u>	<u>73,847,798</u>	<u>75,525,122</u>	<u>93,335,836</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 59,448,870</u>	<u>\$ 60,084,552</u>	<u>\$ 65,785,216</u>	<u>\$ 69,846,624</u>	<u>\$ 73,847,798</u>	<u>\$ 75,525,122</u>	<u>\$ 93,335,836</u>	<u>\$ 87,807,099</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 9,249,613</u>	<u>\$ 10,858,295</u>	<u>\$ 8,645,062</u>	<u>\$ 8,123,255</u>	<u>\$ 6,574,310</u>	<u>\$ 7,915,397</u>	<u>\$ (2,211,105)</u>	<u>\$ 5,938,870</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.54%	84.69%	88.39%	89.58%	91.83%	90.51%	102.43%	93.66%
Covered Payroll	\$ 13,452,906	\$ 14,185,234	\$ 14,049,621	\$ 14,226,673	\$ 14,580,077	\$ 14,938,250	\$ 15,105,383	\$ 15,404,963
Net Pension Liability (Asset) as a Percentage of Covered Payroll	68.76%	76.55%	61.53%	57.10%	45.09%	52.99%	-14.64%	38.55%

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

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.

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

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 1,982,140	\$ 2,123,622	\$ 2,087,774	\$ 2,114,084	\$ 2,159,424
Contributions in Relation to the					
Actuarially Determined Contribution	<u>1,982,140</u>	<u>2,123,622</u>	<u>2,087,774</u>	<u>2,114,084</u>	<u>2,159,424</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 13,338,762	\$ 14,185,234	\$ 14,049,621	\$ 14,226,673	\$ 14,580,077
Contributions as a Percentage of					
Covered Payroll	14.86%	14.97%	14.86%	14.86%	14.81%
	2020	2021	2022	2023	
Actuarially Determined Contribution	\$ 2,266,133	\$ 2,291,487	\$ 2,336,933	\$ 2,477,008	
Contributions in Relation to the					
Actuarially Determined Contribution	<u>2,266,133</u>	<u>2,291,487</u>	<u>2,336,933</u>	<u>2,477,008</u>	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered Payroll	\$ 14,938,250	\$ 15,105,383	\$ 15,404,963	\$ 16,332,833	
Contributions as a Percentage of					
Covered Payroll	15.17%	15.17%	15.17%	15.17%	

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

CITY OF MORRISTOWN, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
BASED ON PARTICIPATION IN THE CITY OF MORRISTOWN OPEB PLAN
Last Fiscal Year Ending June 30

	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service Cost	\$ 122,297	\$ 125,354	\$ 205,890	\$ 227,524	\$ 163,335	\$ 175,374	\$ 162,505
Interest	333,893	335,358	500,435	507,372	431,446	433,426	386,027
Change in Benefit Terms	-	-	1,605,545	-	-	-	-
Difference Between Expected and Actual Experience	-	11,546	362,379	-	(533,857)	-	(1,001,071)
Change in Assumptions	-	-	511,478	(111,512)	(731,630)	-	102,836
Benefit Payments, Including Refunds of Employee Contributions	(414,252)	(463,208)	(428,784)	(499,076)	(450,068)	(510,183)	(432,325)
Net Change in Total OPEB Liability	41,938	9,050	2,756,943	124,308	(1,120,774)	98,617	(782,028)
Total OPEB Liability - Beginning	4,851,222	4,893,160	4,902,210	7,659,153	7,783,461	6,662,687	6,761,304
Total OPEB Liability - Ending (a)	<u>\$ 4,893,160</u>	<u>\$ 4,902,210</u>	<u>\$ 7,659,153</u>	<u>\$ 7,783,461</u>	<u>\$ 6,662,687</u>	<u>\$ 6,761,304</u>	<u>\$ 5,979,276</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Net Investment Income	29,896	31,073	42,454	50,630	58,244	82,465	76,900
Difference Between Expected and Actual Experience	-	-	13,558	(57,848)	239,742	(267,025)	28,672
Net Change in Plan Fiduciary Net Position	129,896	131,073	156,012	92,782	397,986	(84,560)	205,572
Plan Fiduciary Net Position - Beginning	345,510	475,406	606,479	762,491	855,273	1,253,259	1,168,699
Plan Fiduciary Net Position - Ending (b)	<u>\$ 475,406</u>	<u>\$ 606,479</u>	<u>\$ 762,491</u>	<u>\$ 855,273</u>	<u>\$ 1,253,259</u>	<u>\$ 1,168,699</u>	<u>\$ 1,374,271</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 4,417,754</u>	<u>\$ 4,295,731</u>	<u>\$ 6,896,662</u>	<u>\$ 6,928,188</u>	<u>\$ 5,409,428</u>	<u>\$ 5,592,605</u>	<u>\$ 4,605,005</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	9.72%	12.37%	9.96%	10.99%	18.81%	17.29%	22.98%
Covered Payroll	\$ 12,217,165	\$ 12,522,594	\$ 12,564,399	\$ 12,878,509	\$ 12,942,046	\$ 13,265,597	\$ 13,504,663
Net OPEB Liability as a Percentage of Covered Payroll	36.16%	34.30%	54.89%	53.80%	41.80%	42.16%	34.10%

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.

Changes of assumptions. In 2019, amounts reported as changes of assumptions resulted from changes to the discount rate, from 6.64% in 2019 to 6.81% in 2020. In 2021, amounts reported as changes of assumptions resulted from changes to the discount rate, from 6.81% in 2020 to 6.58% in 2021. In 2023 changes of assumptions related to healthcare trend updated to 7.0% grading down to 5.0% by 2026.

CITY OF MORRISTOWN, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
MORRISTOWN UTILITIES RETIREE BENEFIT PLAN
Last Fiscal Year Ending June 30

	2018	2019	2020	2021	2022	2023
Total OPEB Liability (Asset)						
Service Cost	\$ 159,163	\$ 156,987	\$ 176,287	\$ 213,360	\$ 153,844	\$ 127,332
Interest	64,374	74,345	66,096	48,405	47,082	73,159
Change in Benefit Terms	-	-	(52,328)	-	-	-
Difference Between Expected and Actual Experience	-	-	(164,865)	-	(25,358)	-
Change in Assumptions	(27,201)	36,980	107,229	5,014	(266,868)	(14,245)
Benefit Payments, Including Refunds of Employee Contributions	(58,468)	(84,282)	(92,391)	(106,605)	(102,174)	(115,551)
Net Change in Total OPEB Liability (Asset)	137,868	184,030	40,028	160,174	(193,474)	70,695
Total OPEB Liability (Asset) - beginning	1,667,976	1,805,844	1,989,874	2,029,902	2,190,076	1,996,602
Total OPEB Liability (Asset) - ending	\$ 1,805,844	\$ 1,989,874	\$ 2,029,902	\$ 2,190,076	\$ 1,996,602	\$ 2,067,297
Covered Payroll	\$ 10,060,328	\$ 10,311,836	\$ 11,372,375	\$ 11,656,684	\$ 10,878,774	\$ 11,150,743
Total OPEB Liability (Asset) as a % of Covered Payroll	17.95%	19.30%	17.85%	18.79%	18.35%	18.54%

Change in benefit terms. In 2020, amounts reported as changes in benefit terms resulted from changes to retiree medical premiums, from 100% of retiree medical premiums to either 90% or 95%, if the retiree completes a wellness program.

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the healthcare trend rate, from 7.5% to 4.5% decreasing to 7.0% to 4.5%.

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: There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF OPEB TRUST INVESTMENT RETURNS
THE CITY OF MORRISTOWN OPEB PLAN
LAST FISCAL YEAR ENDING JUNE 30

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual money-weighted rate of return, net of investment expenses for the City's Plan	0.77%	6.53%	8.12%	8.50%	32.47%	-14.07%	8.57%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN
THE CITY OF MORRISTOWN OPEB PLAN
Last Fiscal Year Ending June 30

	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 559,489	\$ 654,371	\$ 661,596	\$ 546,015	\$ 535,577
Contributions in Relation to the					
Actuarially Determined Contribution	563,489	528,784	599,784	550,068	610,183
Contribution Deficiency (Excess)	<u>\$ (4,000)</u>	<u>\$ 125,587</u>	<u>\$ 61,812</u>	<u>\$ (4,053)</u>	<u>\$ (74,606)</u>
Covered Payroll	\$ 12,217,165	\$ 12,522,594	\$ 12,564,399	\$ 12,878,509	\$ 12,942,046
Contributions as a Percentage of					
Covered Payroll	4.61%	4.22%	4.77%	4.27%	4.71%
	2023				
Actuarially Determined Contribution	\$ 474,641				
Contributions in Relation to the					
Actuarially Determined Contribution	532,325				
Contribution Deficiency (Excess)	<u>\$ (57,684)</u>				
Covered Payroll	\$ 13,504,663				
Contributions as a Percentage of					
Covered Payroll	3.94%				

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

CITY OF MORRISTOWN, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
Last Fiscal Year Ending June 30

Notes to Schedule for TCRS Plan

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed (Not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based upon 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 projections of mortality improvement using Scale MP-2020
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 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Capital Project Funds

Capital project funds are used to account for financial resources to be used for the construction of major capital facilities, other than those financed by proprietary funds.

Community Center Capital Projects – This fund is used to account for financial resources to be used for the construction of capital facilities related to the City's community center.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

American Rescue Plan Act (ARPA) – This fund is used to account for funds received under the America Rescue Plan Act.

Narcotics – This fund is used to account for fines and forfeitures collected and used to support the City police department's drug investigations and enforcement programs.

E-Citation – This fund is used to account for electronic citation fees associated with each conviction from law enforcement citations.

Morristown Landing Operations – This fund is used to account for activity related to the operations of the Morristown Landing facility.

CITY OF MORRISTOWN, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Community Center Capital Projects	American Rescue Plan Act (ARPA)	Narcotics	E-Citation	Morristown Landing Operations	Totals
ASSETS						
Cash and cash equivalents	\$ 979,515	\$ 2,497,818	\$ 204,407	\$ 96,901	\$ 142,901	\$ 3,921,542
Due from other funds	-	69,901	-	-	-	69,901
Due from other governments	-	-	3,334	62	-	3,396
Restricted cash	3,221,413	-	-	-	-	3,221,413
Prepaid items	-	-	-	-	250,000	250,000
Total Assets	<u>4,200,928</u>	<u>2,567,719</u>	<u>207,741</u>	<u>96,963</u>	<u>392,901</u>	<u>7,466,252</u>
LIABILITIES AND FUND BALANCES						
Accounts payable and accrued expenditures	1,957,274	145,912	6,511	-	79,906	2,189,603
Due to other funds	-	-	-	69,901	-	69,901
Unearned revenue	-	2,357,084	65,924	-	-	2,423,008
Total Liabilities	<u>1,957,274</u>	<u>2,502,996</u>	<u>72,435</u>	<u>69,901</u>	<u>79,906</u>	<u>4,682,512</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	-	-	-	-	250,000	250,000
Restricted	<u>2,243,654</u>	<u>64,723</u>	<u>135,306</u>	<u>27,062</u>	<u>62,995</u>	<u>2,533,740</u>
Total Fund Balances	<u>2,243,654</u>	<u>64,723</u>	<u>135,306</u>	<u>27,062</u>	<u>312,995</u>	<u>2,783,740</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,200,928</u>	<u>\$ 2,567,719</u>	<u>\$ 207,741</u>	<u>\$ 96,963</u>	<u>\$ 392,901</u>	<u>\$ 7,466,252</u>

CITY OF MORRISTOWN, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Community Center Capital Projects	American Rescue Plan Act (ARPA)	Narcotics	E-Citation	Morristown Landing Operations	Total Nonmajor Governmental Funds
REVENUES						
Fines, forfeitures and penalties	\$ -	\$ -	\$ 80,774	\$ 5,492	\$ -	\$ 86,266
Intergovernmental	-	3,208,299	42,193	-	-	3,250,492
Interest income	260,887	-	-	-	-	260,887
Other	85,000	58,773	-	-	-	143,773
Total Revenues	<u>345,887</u>	<u>3,267,072</u>	<u>122,967</u>	<u>5,492</u>	<u>-</u>	<u>3,741,418</u>
EXPENDITURES						
Current						
General government	9,280,130	3,030,693	-	-	-	12,310,823
Public safety	-	-	211,569	6,500	-	218,069
Culture and recreation	-	-	-	-	1,004,765	1,004,765
Capital Outlay						
Public Safety	-	-	-	172,767	-	172,767
Total Expenditures	<u>9,280,130</u>	<u>3,030,693</u>	<u>211,569</u>	<u>179,267</u>	<u>1,004,765</u>	<u>13,706,424</u>
Excess (Deficiency) of Revenues over Expenditures	(8,934,243)	236,379	(88,602)	(173,775)	(1,004,765)	(9,965,006)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	177,605	769,000	946,605
Transfers out	-	(177,605)	-	-	-	(177,605)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(177,605)</u>	<u>-</u>	<u>177,605</u>	<u>769,000</u>	<u>769,000</u>
Net Change in Fund Balances	(8,934,243)	58,774	(88,602)	3,830	(235,765)	(9,196,006)
Fund Balance - Beginning	<u>11,177,897</u>	<u>5,949</u>	<u>223,908</u>	<u>23,232</u>	<u>548,760</u>	<u>11,979,746</u>
Fund Balance - Ending	<u>\$ 2,243,654</u>	<u>\$ 64,723</u>	<u>\$ 135,306</u>	<u>\$ 27,062</u>	<u>\$ 312,995</u>	<u>\$ 2,783,740</u>

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
AMERICAN RESCUE PLAN ACT (ARPA) FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,850,402	\$ 4,850,402	\$ 3,208,299	\$ (1,642,103)
Other	1,000	1,000	58,773	57,773
Total revenues	4,851,402	4,851,402	3,267,072	(1,584,330)
EXPENDITURES				
Current:				
General government	7,173,085	7,173,085	2,700,958	4,472,127
Total expenditures	7,173,085	7,173,085	2,700,958	4,472,127
Excess (deficiency) of revenues over expenditures	(2,321,683)	(2,321,683)	566,114	(6,056,457)
OTHER FINANCING USES				
Transfers out	(1,367,424)	(1,367,424)	(177,605)	1,189,819
Total other financing uses	(1,367,424)	(1,367,424)	(177,605)	1,189,819
Net change in fund balances	\$ (3,689,107)	\$ (3,689,107)	388,509	\$ (4,866,638)
Add encumbrances at end of year			737,206	
Less encumbrances at beginning of year			(1,066,941)	
Net change in fund balance - (GAAP Modified Accrual Basis)			58,774	
Fund balance at beginning of year - (GAAP Modified Accrual Basis)			5,949	
Fund balance at end of year - (GAAP Modified Accrual Basis)			\$ 64,723	

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
NARCOTICS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	over (under)
REVENUES				
Fines, forfeitures and penalties	\$ 5,000	\$ 5,000	\$ 80,774	\$ 75,774
Intergovernmental	40,000	40,000	42,193	2,193
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>122,967</u>	<u>77,967</u>
EXPENDITURES				
Current:				
Public safety	154,110	154,110	134,200	19,910
Total expenditures	<u>154,110</u>	<u>154,110</u>	<u>134,200</u>	<u>19,910</u>
Net change in fund balances	<u>\$ (109,110)</u>	<u>\$ (109,110)</u>	(11,233)	<u>\$ 58,057</u>
Add encumbrances at end of year			48,724	
Less encumbrances at beginning of year			<u>(126,093)</u>	
Net change in fund balance - (GAAP Modified Accrual Basis)			(88,602)	
Fund balance at beginning of year - (GAAP Modified Accrual Basis)			<u>223,908</u>	
Fund balance at end of year - (GAAP Modified Accrual Basis)			<u>\$ 135,306</u>	

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
E-CITATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	over (under)
REVENUES				
Fines, forfeitures and penalties	\$ 247,506	\$ -	\$ 5,492	\$ 5,492
Total revenues	<u>247,506</u>	<u>-</u>	<u>5,492</u>	<u>5,492</u>
EXPENDITURES				
Current:				
Public safety	67,115	67,115	6,500	60,615
Capital outlay	<u>247,506</u>	<u>247,506</u>	<u>834</u>	<u>246,672</u>
Total expenditures	<u>314,621</u>	<u>314,621</u>	<u>7,334</u>	<u>307,287</u>
Deficiency of revenues over expenditures	(67,115)	(314,621)	(1,842)	(301,795)
OTHER FINANCING SOURCES				
Transfers in	-	247,506	177,605	(69,901)
Total other financing sources	<u>-</u>	<u>247,506</u>	<u>177,605</u>	<u>(69,901)</u>
Net change in fund balances	<u>\$ (67,115)</u>	<u>\$ (67,115)</u>	175,763	<u>\$ (371,696)</u>
Add encumbrances at end of year			-	
Less encumbrances at beginning of year			<u>(171,933)</u>	
Net change in fund balance - (GAAP Modified Accrual Basis)			3,830	
Fund balance at beginning of year - (GAAP Modified Accrual Basis)			<u>23,232</u>	
Fund balance at end of year - (GAAP Modified Accrual Basis)			<u>\$ 27,062</u>	

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
MORRISTOWN LANDING OPERATIONS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	over (under)
EXPENDITURES				
Current:				
Culture and recreation	\$ 1,121,000	\$ 1,289,000	\$ 1,004,765	\$ 284,235
Total expenditures	<u>1,121,000</u>	<u>1,289,000</u>	<u>1,004,765</u>	<u>284,235</u>
Deficiency of revenues over expenditures	(1,121,000)	(1,289,000)	(1,004,765)	(284,235)
OTHER FINANCING SOURCES				
Transfers in	<u>601,000</u>	<u>769,000</u>	<u>769,000</u>	<u>-</u>
Total other financing sources	<u>601,000</u>	<u>769,000</u>	<u>769,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (520,000)</u>	<u>\$ (520,000)</u>	(235,765)	<u>\$ (284,235)</u>
Add encumbrances at end of year			-	
Less encumbrances at beginning of year			-	
Net change in fund balance - (GAAP Modified Accrual Basis)			(235,765)	
Fund balance at beginning of year - (GAAP Modified Accrual Basis)			<u>548,760</u>	
Fund balance at end of year - (GAAP Modified Accrual Basis)			<u>\$ 312,995</u>	

Fiduciary Funds

Fiduciary funds are used to account for monies held by the City in a trustee capacity or as an agent or custodian for others.

Employee Benefits Fund – This fund is used to account for operations of the flexible benefits program for the City of Morristown employees.

LAMPTO Fund – This fund is used to account for the City's role of fiscal agent of the Lakeway Area Metropolitan Transportation Planning Organization (LAMPTO).

CITY OF MORRISTOWN, TENNESSEE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2023

	LAMTPO Fund	Employee Benefits Fund	Total
ASSETS			
Cash and cash equivalents	\$ 181,096	\$ 18,224	\$ 199,320
Receivables	94,098	-	94,098
	<hr/>	<hr/>	<hr/>
Total Assets	275,194	18,224	293,418
	<hr/>	<hr/>	<hr/>
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable and accrued expenses	31,999	-	31,999
Total Liabilities	31,999	-	31,999
	<hr/>	<hr/>	<hr/>
NET POSITION			
Restricted for:			
Organizations	243,195	-	243,195
Individuals	-	18,224	18,224
	<hr/>	<hr/>	<hr/>
Total Net Position	243,195	18,224	261,419
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Position	\$ 275,194	\$ 18,224	\$ 293,418
	<hr/>	<hr/>	<hr/>

CITY OF MORRISTOWN, TENNESSEE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	LAMTPO Fund	Employee Benefits Fund	Total
ADDITIONS			
Employer contributions	\$ -	\$ 77,894	\$ 77,894
Intergovernmental	257,238	-	257,238
Total Additions	<u>257,238</u>	<u>77,894</u>	<u>335,132</u>
DEDUCTIONS			
Benefits	11,312	77,307	88,619
Administrative expenses	9,637	-	9,637
Medical, dental, and life insurance for retirees	16,056	-	16,056
Payroll	81,082	-	81,082
Other contracted services	168,365	-	168,365
Total Deductions	<u>286,452</u>	<u>77,307</u>	<u>363,759</u>
Change in Net Position	(29,214)	587	(28,627)
Fund Balance - Beginning	<u>272,409</u>	<u>17,637</u>	<u>290,046</u>
Fund Balance - Ending	<u>\$ 243,195</u>	<u>\$ 18,224</u>	<u>\$ 261,419</u>

**OTHER SUPPLEMENTARY
INFORMATION**

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid During Period	Refunded During Period	Outstanding June 30, 2023
GOVERNMENTAL ACTIVITIES:									
GENERAL FUND									
General Obligation Bonds Payable:									
Series 2017 General Obligation Bonds	\$ 9,710,000	3.00-3.75%	3/30/2017	2042	\$ 8,195,000	\$ -	\$ 305,000	\$ -	\$ 7,890,000
Series 2018 General Obligation Bonds	19,190,000	3.00-5.00%	10/24/2018	2042	14,915,000	-	1,235,000	-	13,680,000
Series 2019B General Obligation Bonds	37,250,000	5.00%	12/2/2019	2049	35,470,000	-	955,000	-	34,515,000
Series 2022 General Obligation Bonds	4,500,000	4.00-5.00%	12/1/2022	2037	-	4,500,000	-	-	4,500,000
\$5,000,000 Local Government Loan Program Bond, Series 2009	2,848,203	Variable	12/21/2009	2034	1,735,746	-	111,641	-	1,624,105
Notes Payable:									
\$4,000,000 Capital Outlay Notes, Series 2011	3,750,000	2.06%	2011	2024	618,750	-	309,375	-	309,375
Total payable through general fund					<u>60,934,496</u>	<u>4,500,000</u>	<u>2,916,016</u>	<u>-</u>	<u>62,518,480</u>
SOLID WASTE FUND									
General Obligation Bonds Payable:									
\$5,000,000 Local Government Loan Program Bond, Series 2009	162,919	Variable	12/21/2009	2034	99,229	-	6,390	-	92,839
Notes Payable:									
\$4,000,000 Capital Outlay Notes, Series 2011	250,000	2.06%	2011	2024	41,250	-	20,625	-	20,625
Total payable through solid waste fund					<u>140,479</u>	<u>-</u>	<u>27,015</u>	<u>-</u>	<u>113,464</u>
Total payable governmental activities					<u>61,074,975</u>	<u>4,500,000</u>	<u>2,943,031</u>	<u>-</u>	<u>62,631,944</u>
BUSINESS-TYPE ACTIVITIES									
POWER SYSTEM									
General Obligation Bonds Payable:									
Series 2018 General Obligation Bonds	4,375,000	3.00-5.00%	10/24/2018	2038	3,795,000	-	170,000	-	3,625,000
Series 2018 General Obligation Bonds Refunding	16,410,000	3.00-5.00%	10/24/2018	2035	12,650,000	-	1,055,000	-	11,595,000
Total payable through power system					<u>16,445,000</u>	<u>-</u>	<u>1,225,000</u>	<u>-</u>	<u>15,220,000</u>
WATER SYSTEM									
General Obligation Bonds Payable:									
Series 2021A General Obligation Bonds Refunding	3,590,000	2.00%	9/10/2021	2032	2,905,000	-	665,000	-	2,240,000
Series 2021B General Obligation Bonds	3,590,000	2.00%	9/10/2021	2041	3,390,000	-	110,000	-	3,280,000
Notes Payable:									
2009 Promissory Note	7,500,000	2.52%	12/21/2009	2030	3,620,000	-	400,000	-	3,220,000
Total payable through water system					<u>9,915,000</u>	<u>-</u>	<u>1,175,000</u>	<u>-</u>	<u>8,740,000</u>

continued

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid During Period	Refunded During Period	Outstanding June 30, 2023
WASTEWATER SYSTEM									
General Obligation Bonds Payable:									
Series 2018 General Obligation Bonds	10,060,000	3.00-4.00%	10/24/2018	2037	10,060,000	-	-	-	10,060,000
Series 2018 General Obligation Bonds Refunding	10,480,000	4.00-5.00%	10/24/2018	2028	6,880,000	-	1,015,000	-	5,865,000
Series 2019 General Obligation Bonds Refunding	12,775,000	3.00-5.00%	6/28/2019	2034	11,010,000	-	900,000	-	10,110,000
Series 2021A General Obligation Bonds Refunding	21,740,000	2.00%	9/10/2021	2037	20,890,000	-	1,425,000	-	19,465,000
Series 2021B General Obligation Bonds	3,395,000	2.00%	9/10/2021	2041	3,395,000	-	-	-	3,395,000
Notes Payable:									
2013 CWSRF Promissory Note	5,000,000	1.51%	3/27/2013	2036	3,596,333	-	237,132	-	3,359,201
2009 Promissory Note	5,000,000	2.91%	12/21/2009	2035	1,162,421	-	74,775	-	1,087,646
2015 Promissory Note	10,000,000	2.74%	8/31/2015	2036	7,867,000	-	449,000	-	7,418,000
2016 Promissory Note	15,000,000	2.27%	12/23/2016	2037	1,946,000	-	672,000	-	1,274,000
Total payable through wastewater system					<u>66,806,754</u>	<u>-</u>	<u>4,772,907</u>	<u>-</u>	<u>62,033,847</u>
BROADBAND SYSTEM									
General Obligation Bonds Payable:									
Series 2018 General Obligation Bonds Refunding	3,810,000	3.00-5.00%	10/24/2018	2035	3,150,000	-	185,000	-	2,965,000
Notes Payable:									
Interfund loan from the Power System	7,000,000	0.25%	7/5/2005	2025	1,005,000	-	402,000	-	603,000
2014 Promissory Note	1,000,000	2.59%	6/26/2014	2024	243,000	-	120,000	-	123,000
Finance purchase obligation	293,664	5.47%	5/1/2019	2025	145,496	-	50,403	-	95,093
Total payable through broadband system					<u>4,543,496</u>	<u>-</u>	<u>757,403</u>	<u>-</u>	<u>3,786,093</u>
STORMWATER SYSTEM									
General Obligation Bonds Payable:									
\$5,000,000 Local Government Loan Program Bond, Series 2009	81,459	Variable	12/21/2009	2034	49,634	-	3,195	-	46,439
Series 2021A General Obligation Bonds Refunding	2,990,000	2.00%	9/10/2021	2037	2,925,000	-	240,000	-	2,685,000
Total payable through stormwater system					<u>2,974,634</u>	<u>-</u>	<u>243,195</u>	<u>-</u>	<u>2,731,439</u>
Total payable business-type activities					<u>100,684,884</u>	<u>-</u>	<u>8,173,505</u>	<u>-</u>	<u>92,511,379</u>
Total City Debt					<u>\$ 161,759,859</u>	<u>\$ 4,500,000</u>	<u>\$ 11,116,536</u>	<u>\$ -</u>	<u>\$ 155,143,323</u>

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

General Fund															
Fiscal Year Ending June 30	General Obligation Bonds Series 2017		General Obligation Bonds Series 2018		General Obligation Bonds Series 2019B		General Obligation Bonds Series 2022		Tennessee Local Government Loan Program Series 2009		Capital Outlay Note Series 2011		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 315,000	\$ 259,313	\$ 1,315,000	\$ 565,600	\$ 1,005,000	\$ 1,169,988	\$ 235,000	\$ 193,100	\$ 115,059	\$ 43,642	\$ 309,375	\$ 3,187	\$ 3,294,434	\$ 2,234,830	
2025	320,000	249,863	1,390,000	499,850	1,055,000	1,119,738	250,000	181,350	118,477	40,315	-	-	3,133,477	2,091,116	
2026	330,000	240,263	1,475,000	430,350	1,110,000	1,066,988	260,000	168,850	121,894	36,889	-	-	3,296,894	1,943,340	
2027	340,000	230,363	1,565,000	356,600	1,165,000	1,011,488	275,000	155,850	125,312	34,072	-	-	3,470,312	1,788,373	
2028	350,000	220,163	1,645,000	294,000	1,220,000	953,238	290,000	142,100	128,730	30,746	-	-	3,633,730	1,640,247	
2029	360,000	209,663	405,000	228,200	1,280,000	892,238	300,000	127,600	132,717	27,021	-	-	2,477,717	1,484,722	
2030	375,000	198,863	365,000	216,050	1,345,000	828,238	315,000	115,600	136,704	23,182	-	-	2,536,704	1,381,933	
2031	385,000	187,613	380,000	205,100	1,390,000	774,438	325,000	103,000	140,691	19,229	-	-	2,620,691	1,289,380	
2032	395,000	176,063	390,000	193,225	1,390,000	718,838	340,000	90,000	144,678	15,162	-	-	2,659,678	1,193,288	
2033	410,000	164,213	400,000	180,550	1,390,000	685,825	355,000	76,400	148,666	10,982	-	-	2,703,666	1,117,970	
2034	420,000	151,193	415,000	167,550	1,390,000	651,075	365,000	62,200	153,222	6,680	-	-	2,743,222	1,038,698	
2035	430,000	139,313	430,000	153,025	1,385,000	616,325	380,000	47,600	157,955	2,248	-	-	2,782,955	958,511	
2036	445,000	126,413	445,000	137,975	1,385,000	574,775	395,000	32,400	-	-	-	-	2,670,000	871,563	
2037	460,000	113,063	460,000	122,400	1,385,000	533,225	415,000	16,600	-	-	-	-	2,720,000	785,288	
2038	475,000	95,813	480,000	104,000	1,385,000	491,675	-	-	-	-	-	-	2,340,000	691,488	
2039	495,000	78,000	500,000	84,800	1,385,000	450,125	-	-	-	-	-	-	2,380,000	612,925	
2040	510,000	59,438	520,000	64,800	1,385,000	412,038	-	-	-	-	-	-	2,415,000	536,276	
2041	530,000	40,313	540,000	44,000	1,385,000	373,950	-	-	-	-	-	-	2,455,000	458,263	
2042	545,000	20,438	560,000	22,400	1,385,000	332,400	-	-	-	-	-	-	2,490,000	375,238	
2043	-	-	-	-	1,385,000	290,850	-	-	-	-	-	-	1,385,000	290,850	
2044	-	-	-	-	1,385,000	249,300	-	-	-	-	-	-	1,385,000	249,300	
2045	-	-	-	-	1,385,000	207,750	-	-	-	-	-	-	1,385,000	207,750	
2046	-	-	-	-	1,385,000	166,200	-	-	-	-	-	-	1,385,000	166,200	
2047	-	-	-	-	1,385,000	124,650	-	-	-	-	-	-	1,385,000	124,650	
2048	-	-	-	-	1,385,000	83,100	-	-	-	-	-	-	1,385,000	83,100	
2049	-	-	-	-	1,385,000	41,550	-	-	-	-	-	-	1,385,000	41,550	
	\$ 7,890,000	\$ 2,960,364	\$13,680,000	\$4,070,475	\$34,515,000	\$14,820,005	\$4,500,000	\$ 1,512,650	\$ 1,624,105	\$ 290,168	\$ 309,375	\$ 3,187	\$62,518,480	\$23,656,849	

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Solid Waste Fund						
Fiscal Year Ending June 30	Tennessee Local Government Loan Program Series 2009		Capital Outlay Note Series 2011		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 6,585	\$ 2,555	\$ 20,625	\$ 212	\$ 27,210	\$ 2,767
2025	6,781	2,365	-	-	6,781	2,365
2026	6,976	2,169	-	-	6,976	2,169
2027	7,172	1,967	-	-	7,172	1,967
2028	7,368	1,760	-	-	7,368	1,760
2029	7,596	1,546	-	-	7,596	1,546
2030	7,824	1,327	-	-	7,824	1,327
2031	8,052	1,101	-	-	8,052	1,101
2032	8,280	868	-	-	8,280	868
2033	8,509	629	-	-	8,509	629
2034	8,769	382	-	-	8,769	382
2035	8,927	129	-	-	8,927	129
	<u>\$ 92,839</u>	<u>\$ 16,798</u>	<u>\$ 20,625</u>	<u>\$ 212</u>	<u>\$ 113,464</u>	<u>\$ 17,010</u>

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Fiscal Year Ending June 30	Stormwater Fund						Power System					
	Tennessee Local Government Loan Program Series 2009		General Obligation Bonds - Refundings 2021A		Total		General Obligation Bonds Series 2018		General Obligation Bonds - Refundings 2018		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 3,293	\$ 1,278	\$ 235,000	\$ 53,700	\$ 238,293	\$ 54,882	\$ 180,000	\$ 136,125	\$ 1,105,000	\$ 456,363	\$ 1,285,000	\$ 592,488
2025	3,390	1,182	230,000	49,000	233,390	50,182	190,000	127,125	1,155,000	401,113	1,345,000	528,238
2026	3,488	1,084	220,000	44,400	223,488	45,484	200,000	117,625	1,205,000	343,363	1,405,000	460,988
2027	3,586	983	215,000	40,000	218,586	40,983	210,000	107,625	1,260,000	283,113	1,470,000	390,738
2028	3,684	880	210,000	35,700	213,684	36,580	220,000	99,225	1,305,000	232,713	1,525,000	331,938
2029	3,798	773	205,000	31,500	208,798	32,273	225,000	90,425	725,000	180,513	950,000	270,938
2030	3,912	663	195,000	27,400	198,912	28,063	235,000	83,675	745,000	158,763	980,000	242,438
2031	4,026	550	195,000	23,500	199,026	24,050	240,000	76,625	770,000	136,413	1,010,000	213,038
2032	4,140	434	185,000	19,600	189,140	20,034	245,000	69,125	790,000	112,350	1,035,000	181,475
2033	4,254	314	180,000	15,900	184,254	16,214	255,000	61,163	820,000	86,675	1,075,000	147,838
2034	4,385	191	170,000	12,300	174,385	12,491	265,000	52,875	845,000	60,025	1,110,000	112,900
2035	4,483	64	160,000	8,900	164,483	8,964	275,000	43,600	870,000	30,450	1,145,000	74,050
2036	-	-	145,000	5,700	145,000	5,700	285,000	33,975	-	-	285,000	33,975
2037	-	-	140,000	2,800	140,000	2,800	295,000	24,000	-	-	295,000	24,000
2038	-	-	-	-	-	-	305,000	12,200	-	-	305,000	12,200
	<u>\$ 46,439</u>	<u>\$ 8,396</u>	<u>\$ 2,685,000</u>	<u>\$ 370,400</u>	<u>\$ 2,731,439</u>	<u>\$ 378,700</u>	<u>\$3,625,000</u>	<u>\$ 1,135,388</u>	<u>\$11,595,000</u>	<u>\$ 2,481,854</u>	<u>\$15,220,000</u>	<u>\$3,617,242</u>

CITY OF MORRISTOWN, TENNESSEE

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Water System								
Fiscal Year Ending June 30	Promissory Note 2009		General Obligation Bonds - Refundings 2021A		General Obligation Bonds - Refundings 2021B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 415,000	\$ 75,915	\$ 660,000	\$ 44,800	\$ 165,000	\$ 65,600	\$ 1,240,000	\$ 186,315
2025	430,000	65,268	640,000	31,600	185,000	62,300	1,255,000	159,168
2026	445,000	54,243	565,000	18,800	160,000	58,600	1,170,000	131,643
2027	460,000	42,840	70,000	7,500	160,000	55,400	690,000	105,740
2028	475,000	31,059	70,000	6,100	160,000	52,200	705,000	89,359
2029	490,000	18,900	70,000	4,700	165,000	49,000	725,000	72,600
2030	505,000	6,363	70,000	3,300	170,000	45,700	745,000	55,363
2031	-	-	50,000	1,900	175,000	42,300	225,000	44,200
2032	-	-	45,000	900	180,000	38,800	225,000	39,700
2033	-	-	-	-	180,000	35,200	180,000	35,200
2034	-	-	-	-	185,000	31,600	185,000	31,600
2035	-	-	-	-	190,000	27,900	190,000	27,900
2036	-	-	-	-	195,000	24,100	195,000	24,100
2037	-	-	-	-	195,000	20,200	195,000	20,200
2038	-	-	-	-	200,000	16,300	200,000	16,300
2039	-	-	-	-	200,000	12,300	200,000	12,300
2040	-	-	-	-	205,000	8,300	205,000	8,300
2041	-	-	-	-	210,000	4,200	210,000	4,200
	<u>\$ 3,220,000</u>	<u>\$ 294,588</u>	<u>\$ 2,240,000</u>	<u>\$ 119,600</u>	<u>\$ 3,280,000</u>	<u>\$ 650,000</u>	<u>\$ 8,740,000</u>	<u>\$ 1,064,188</u>

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Broadband System

Fiscal Year Ending June 30	Interfund Loan from Power System		Promissory Note 2014		General Obligation Bonds Series 2018		Financed Purchase Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 400,929	\$ 1,071	\$ 123,000	\$ 1,593	\$ 195,000	\$ 110,450	\$ 53,372	\$ 3,892	\$ 772,301	\$ 117,006
2025	202,071	160	-	-	205,000	100,700	41,721	963	448,792	101,823
2026	-	-	-	-	215,000	88,450	-	-	215,000	88,450
2027	-	-	-	-	225,000	79,700	-	-	225,000	79,700
2028	-	-	-	-	235,000	70,700	-	-	235,000	70,700
2029	-	-	-	-	245,000	61,300	-	-	245,000	61,300
2030	-	-	-	-	255,000	53,950	-	-	255,000	53,950
2031	-	-	-	-	260,000	46,300	-	-	260,000	46,300
2032	-	-	-	-	270,000	38,175	-	-	270,000	38,175
2033	-	-	-	-	280,000	29,400	-	-	280,000	29,400
2034	-	-	-	-	285,000	20,300	-	-	285,000	20,300
2035	-	-	-	-	295,000	10,325	-	-	295,000	10,325
	<u>\$ 603,000</u>	<u>\$ 1,231</u>	<u>\$ 123,000</u>	<u>\$ 1,593</u>	<u>\$ 2,965,000</u>	<u>\$ 709,750</u>	<u>\$ 95,093</u>	<u>\$ 4,855</u>	<u>\$ 3,786,093</u>	<u>\$ 717,429</u>

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Wastewater System

Fiscal Year Ending June 30	CWSRF Promissory Note 2013		Promissory Note 2009		Promissory Note 2015		Promissory Note 2016		General Obligation Bonds Series 2018	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 240,732	\$ 49,058	\$ 77,063	\$ 30,530	\$ 462,000	\$ 194,453	\$ 688,000	\$ 21,155	\$ -	\$ 339,069
2025	244,392	45,397	79,352	28,254	474,000	180,808	586,000	6,673	-	339,069
2026	248,112	41,681	81,641	25,911	487,000	167,340	-	-	-	339,069
2027	251,880	37,909	83,930	23,502	501,000	153,487	-	-	-	339,069
2028	255,720	34,079	86,218	21,026	514,000	139,655	-	-	-	339,069
2029	259,608	30,191	88,889	18,479	529,000	124,645	-	-	985,000	339,069
2030	263,556	26,243	91,559	15,853	543,000	109,628	-	-	1,015,000	309,519
2031	267,564	22,236	94,231	13,150	558,000	94,197	-	-	1,045,000	279,069
2032	271,632	18,167	96,901	10,369	573,000	78,565	-	-	1,075,000	246,413
2033	275,760	14,037	99,571	7,510	589,000	62,063	-	-	1,110,000	211,475
2034	279,948	9,844	102,622	4,568	605,000	45,333	-	-	1,145,000	175,400
2035	284,208	5,588	105,669	1,538	622,000	28,133	-	-	1,185,000	135,325
2036	216,089	1,362	-	-	961,000	2,311	-	-	1,230,000	93,850
2037	-	-	-	-	-	-	-	-	1,270,000	50,800
2038	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-
	<u>\$ 3,359,201</u>	<u>\$ 335,792</u>	<u>\$ 1,087,646</u>	<u>\$ 200,690</u>	<u>\$ 7,418,000</u>	<u>\$ 1,380,618</u>	<u>\$ 1,274,000</u>	<u>\$ 27,828</u>	<u>\$ 10,060,000</u>	<u>\$ 3,536,265</u>

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Wastewater System

Fiscal Year Ending June 30	General Obligation Bonds - Refundings 2018		General Obligation Bonds - Refundings 2019		General Obligation Bonds - Refundings 2021A		General Obligation Bonds Series 2021B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,065,000	\$268,100	\$ 905,000	\$ 372,975	\$ 1,455,000	\$ 389,300	\$ 105,000	\$ 67,900	\$ 4,997,795	\$ 1,732,540
2025	1,115,000	214,850	915,000	327,475	1,625,000	360,200	125,000	65,800	5,163,744	1,568,526
2026	1,170,000	159,100	925,000	281,475	1,890,000	327,700	165,000	63,300	4,966,753	1,405,576
2027	1,230,000	100,600	935,000	234,975	1,740,000	289,900	170,000	60,000	4,911,810	1,239,442
2028	1,285,000	51,400	935,000	192,900	1,715,000	255,100	170,000	56,600	4,960,938	1,089,829
2029	-	-	935,000	155,500	1,695,000	220,800	175,000	53,200	4,667,497	941,884
2030	-	-	930,000	122,850	1,675,000	186,900	180,000	49,700	4,698,115	820,693
2031	-	-	920,000	95,100	1,620,000	153,400	185,000	46,100	4,689,795	703,252
2032	-	-	910,000	67,650	1,275,000	121,000	190,000	42,400	4,391,533	584,564
2033	-	-	900,000	40,500	1,000,000	95,500	195,000	38,600	4,169,331	469,685
2034	-	-	900,000	13,500	870,000	75,500	200,000	34,700	4,102,570	358,845
2035	-	-	-	-	980,000	58,100	205,000	30,700	3,381,877	259,384
2036	-	-	-	-	970,000	38,500	210,000	26,600	3,587,089	162,623
2037	-	-	-	-	955,000	19,100	215,000	22,400	2,440,000	92,300
2038	-	-	-	-	-	-	220,000	18,100	220,000	18,100
2039	-	-	-	-	-	-	220,000	13,700	220,000	13,700
2040	-	-	-	-	-	-	230,000	9,300	230,000	9,300
2041	-	-	-	-	-	-	235,000	4,700	235,000	4,700
	<u>\$ 5,865,000</u>	<u>\$794,050</u>	<u>\$10,110,000</u>	<u>\$1,904,900</u>	<u>\$19,465,000</u>	<u>\$2,591,000</u>	<u>\$3,395,000</u>	<u>\$703,800</u>	<u>\$62,033,847</u>	<u>\$11,474,943</u>

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
STATE STREET AID FUND WITHIN GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	over (under)
REVENUES				
Intergovernmental	\$ 1,151,205	\$ 1,151,205	\$ 1,113,470	\$ (37,735)
Total revenues	<u>1,151,205</u>	<u>1,151,205</u>	<u>1,113,470</u>	<u>(37,735)</u>
EXPENDITURES				
Debt service payment	318,935	318,935	318,935	-
Street Improvement	<u>1,198,007</u>	<u>1,198,007</u>	<u>720,625</u>	<u>477,382</u>
Total expenditures	<u>1,516,942</u>	<u>1,516,942</u>	<u>1,039,560</u>	<u>477,382</u>
Net change in fund balances	<u>\$ (365,737)</u>	<u>\$ (365,737)</u>	73,910	<u>\$ 439,647</u>
Add encumbrances at end of year			66,308	
Less encumbrances at beginning of year			<u>-</u>	
Net change in fund balance - (GAAP Modified Accrual Basis)			140,218	
Fund balance at beginning of year - (GAAP Modified Accrual Basis)			<u>-</u>	
Fund balance at end of year - (GAAP Modified Accrual Basis)			<u>\$ 140,218</u>	

STATISTICAL SECTION

TABLE 1

CITY OF MORRISTOWN, TENNESSEE

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Governmental activities:										
Net investment in capital assets	\$ 33,965,440	\$ 34,875,277	\$ 40,495,228	\$ 43,572,086	\$ 44,366,928	\$ 44,112,071	\$ 49,242,104	\$ 53,742,337	\$ 61,020,377	\$ 60,267,299
Restricted	1,680,576	2,420,193	1,671,349	652,846	609,400	16,055,663	4,551,306	3,791,241	2,933,840	3,417,319
Unrestricted	24,213,008	13,709,843	17,464,209	17,454,074	17,815,244	7,753,047	18,110,178	23,101,156	35,089,903	47,196,406
Total governmental activities net position	<u>\$ 59,859,024</u>	<u>\$ 51,005,313</u>	<u>\$ 59,630,786</u>	<u>\$ 61,679,006</u>	<u>\$ 62,791,572</u>	<u>\$ 67,920,781</u>	<u>\$ 71,903,588</u>	<u>\$ 80,634,734</u>	<u>\$ 99,044,120</u>	<u>\$ 110,881,024</u>
Business-type activities:										
Net investment in capital assets	\$ 88,050,533	\$ 98,316,369	\$ 100,428,103	\$ 104,788,569	\$ 110,725,993	\$ 111,985,630	\$ 118,518,543	\$ 121,125,559	\$ 126,401,943	\$ 135,491,702
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	24,920,115	19,315,616	22,443,531	23,637,244	22,555,484	25,876,369	24,225,605	27,046,835	29,117,906	29,308,834
Total business-type net position	<u>\$ 112,970,648</u>	<u>\$ 117,631,985</u>	<u>\$ 122,871,634</u>	<u>\$ 128,425,813</u>	<u>\$ 133,281,477</u>	<u>\$ 137,861,999</u>	<u>\$ 142,744,148</u>	<u>\$ 148,172,394</u>	<u>\$ 155,519,849</u>	<u>\$ 164,800,536</u>
Primary government:										
Net investment in capital assets	\$ 122,015,973	\$ 133,191,646	\$ 140,923,331	\$ 148,360,655	\$ 155,092,921	\$ 156,097,701	\$ 167,760,647	\$ 174,867,896	\$ 187,422,320	\$ 195,759,001
Restricted	1,680,576	2,420,193	1,671,349	652,846	609,400	16,055,663	4,551,306	3,791,241	2,933,840	3,417,319
Unrestricted	49,133,123	33,025,459	39,907,740	41,091,318	40,370,728	33,629,416	42,335,783	50,147,991	64,207,809	76,505,240
Total primary government	<u>\$ 172,829,672</u>	<u>\$ 168,637,298</u>	<u>\$ 182,502,420</u>	<u>\$ 190,104,819</u>	<u>\$ 196,073,049</u>	<u>\$ 205,782,780</u>	<u>\$ 214,647,736</u>	<u>\$ 228,807,128</u>	<u>\$ 254,563,969</u>	<u>\$ 275,681,560</u>

Note: GASB Statement No. 75 was adopted in fiscal year 2018. Information for previous years presented is unavailable.

TABLE 2

CITY OF MORRISTOWN, TENNESSEE

CHANGES IN NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Expenses										
Governmental activities:										
General government	\$ 2,837,464	\$ 4,726,077	\$ 4,399,314	\$ 2,623,688	\$ 5,565,353	\$ 5,724,079	\$ 8,523,594	\$ 5,023,218	\$ 6,983,503	\$ 7,529,239
Public safety	14,634,316	14,168,464	14,408,187	16,205,149	15,198,313	16,306,668	16,712,969	17,247,169	14,057,920	17,591,248
Public works	6,831,898	10,493,687	10,389,418	11,598,260	9,749,660	10,736,232	11,044,754	11,264,215	12,980,348	13,264,829
Parks and recreation	2,056,499	1,807,804	2,057,170	3,817,269	2,196,230	2,055,250	1,315,038	2,254,193	2,437,166	2,453,563
Civic support	1,011,941	417,774	1,936,921	1,994,024	1,565,036	1,622,080	1,746,265	1,642,185	1,763,877	1,882,049
Economic development	296,060	942,834	303,006	-	-	-	-	-	-	-
Retiree benefits	306,363	382,916	389,559	366,337	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Long-term debt expense	286,676	263,167	279,047	-	643,818	1,135,318	1,770,299	2,209,706	2,092,628	1,470,865
Other	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	28,261,217	33,202,723	34,162,622	36,604,727	34,918,410	37,579,627	41,112,919	39,640,686	40,315,442	44,191,793
Business-type activities:										
Water	6,287,865	6,117,002	6,396,446	6,676,177	6,791,455	6,776,689	6,977,206	7,472,802	7,496,219	7,501,455
Wastewater	9,067,056	9,385,294	10,464,615	12,035,984	12,957,929	14,297,200	14,221,715	15,101,255	15,136,768	15,113,884
Power	75,270,529	75,855,798	73,769,967	76,497,573	76,594,389	77,796,499	72,585,833	70,548,813	76,976,906	84,404,068
Broadband system	6,945,100	7,330,637	7,059,706	7,018,332	7,653,604	8,580,326	8,872,846	8,563,862	8,515,188	8,506,590
Storm water	832,132	994,148	1,319,920	813,226	1,078,566	1,164,915	1,321,479	1,482,648	1,535,845	1,443,842
Total business-type expenses	98,402,682	99,682,879	99,010,654	103,041,292	105,075,943	108,615,629	103,979,079	103,169,380	109,660,926	116,969,839
Total primary government expenses	126,663,899	132,885,602	133,173,276	139,646,019	139,994,353	146,195,256	145,091,998	142,810,066	149,976,368	161,161,632

(Continued)

TABLE 2

CITY OF MORRISTOWN, TENNESSEE

**CHANGES IN NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Expenses (Continued)										
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 134,359	\$ 1,183,648	\$ 966,744	\$ 603,535	\$ 650,780	\$ 730,749	\$ 635,530	\$ 632,062	\$ 1,013,817	\$ 1,083,599
Public safety	1,057,791	365,496	660,840	513,404	571,333	415,954	184,349	216,378	157,462	148,339
Public works	1,370,370	-	1,407,639	1,406,844	1,438,504	2,132,234	2,124,274	2,146,382	2,187,094	2,253,410
Culture and recreation	-	-	124,077	110,620	115,340	122,973	74,476	51,573	117,140	150,546
Operating grants and contributions	1,454,535	2,949,422	466,292	128,336	191,531	175,368	203,610	192,356	4,304,395	4,498,612
Capital grants and contributions	-	1,356,626	4,102,716	1,668,274	701,821	347,471	431,610	434,798	760,757	126,590
Total governmental activities program revenues	4,017,055	5,855,192	7,728,308	4,431,013	3,669,309	3,924,749	3,653,849	3,673,549	8,540,665	8,261,096
Business-type activities:										
Charge for services:										
Water	6,449,809	6,411,681	6,378,731	6,616,395	7,005,669	7,227,168	7,437,738	7,611,410	8,387,183	8,522,838
Wastewater	12,656,593	12,247,129	12,852,808	13,781,869	14,128,788	14,415,596	14,238,435	16,159,332	16,185,720	17,150,184
Power	75,425,515	75,151,759	74,026,335	77,244,198	78,262,760	79,519,049	75,488,051	74,974,451	80,716,809	87,034,521
Broadband system	7,629,190	8,239,118	8,509,233	8,602,426	1,345,299	8,281,370	8,249,700	8,609,151	9,058,198	9,176,493
Stormwater	1,330,147	1,276,062	1,080,408	1,353,476	8,360,510	1,617,918	1,404,622	1,376,972	1,251,795	1,473,193
Operating grants and contributions	2,580,025	2,586,526	-	-	-	-	-	-	-	-
Capital grants and contributions	524,286	151,200	422,950	230,150	263,600	266,000	185,380	372,610	648,050	430,385
Total business-type activities program revenue	106,595,565	106,063,475	103,270,465	107,828,514	109,366,626	111,327,101	107,003,926	109,103,926	116,247,755	123,787,614
Total primary government program revenue	\$ 110,612,620	\$ 111,918,667	\$ 110,998,773	\$ 112,259,527	\$ 113,035,935	\$ 115,251,850	\$ 110,657,775	\$ 112,777,475	\$ 124,788,420	\$ 132,048,710

(Continued)

TABLE 2

CITY OF MORRISTOWN, TENNESSEE

CHANGES IN NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Expenses (Continued)										
Net (expense) revenue:										
Governmental activities	\$ (24,244,162)	\$ (27,347,531)	\$ (26,434,314)	\$ (32,173,714)	\$ (31,249,101)	\$ (33,654,878)	\$ (37,459,070)	\$ (35,967,137)	\$ (31,774,777)	\$ (35,930,697)
Business-type activities:	8,192,883	6,380,596	4,259,811	4,787,222	4,290,683	2,711,472	3,024,847	5,934,546	6,586,829	6,817,775
Total primary government program expense	<u>\$ (16,051,279)</u>	<u>\$ (20,966,935)</u>	<u>\$ (22,174,503)</u>	<u>\$ (27,386,492)</u>	<u>\$ (26,958,418)</u>	<u>\$ (30,943,406)</u>	<u>\$ (34,434,223)</u>	<u>\$ (30,032,591)</u>	<u>\$ (25,187,948)</u>	<u>\$ (29,112,922)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 9,313,995	\$ 9,916,198	\$ 10,895,994	\$ 11,026,905	\$ 11,133,574	\$ 11,786,494	\$ 14,377,982	\$ 14,554,286	\$ 15,131,519	\$ 14,401,352
Local sales tax	10,061,738	10,793,398	11,743,470	12,280,106	12,405,158	13,389,122	13,543,093	15,120,224	16,599,588	18,118,802
Other local taxes	2,639,552	2,620,843	2,631,490	2,680,673	2,832,219	2,791,745	3,016,443	2,766,855	3,352,673	3,559,977
Business and gross receipts tax	837,434	958,795	1,049,900	1,061,806	1,091,623	1,113,149	1,159,672	1,225,928	1,445,788	1,657,738
Intergovernmental revenue										
unrestricted	4,476,998	4,390,483	5,318,624	4,747,970	6,074,849	6,105,485	5,702,751	7,570,005	5,163,954	5,019,423
Investment earnings	750,587	502,987	-	-	-	-	-	-	-	1,588,065
Other	-	-	1,766,013	489,811	811,649	1,561,606	1,383,478	1,018,593	5,979,867	1,337,307
Transfers	1,452,361	1,597,848	1,797,999	1,934,663	1,928,844	2,036,486	2,258,458	2,442,392	2,510,774	2,084,937
Total governmental activities	<u>29,532,665</u>	<u>30,780,552</u>	<u>35,203,490</u>	<u>34,221,934</u>	<u>36,277,916</u>	<u>38,784,087</u>	<u>41,441,877</u>	<u>44,698,283</u>	<u>50,184,163</u>	<u>47,767,601</u>
Business-type activities:										
Investment earnings	225,086	60,378	51,870	75,541	186,200	596,817	407,078	39,876	70,914	1,392,395
Other	-	-	2,833,685	2,626,079	3,008,322	3,308,719	3,708,682	3,522,030	3,200,486	3,155,454
Transfers	(1,452,361)	(1,597,848)	(1,797,999)	(1,934,663)	(1,928,844)	(2,036,486)	(2,258,458)	(2,442,392)	(2,510,774)	(2,084,937)
Total business-type activities	<u>(1,227,275)</u>	<u>(1,537,470)</u>	<u>1,087,556</u>	<u>766,957</u>	<u>1,265,678</u>	<u>1,869,050</u>	<u>1,857,302</u>	<u>1,119,514</u>	<u>760,626</u>	<u>2,462,912</u>
Total primary government	<u>\$ 28,305,390</u>	<u>\$ 29,243,082</u>	<u>\$ 36,291,046</u>	<u>\$ 34,988,891</u>	<u>\$ 37,543,594</u>	<u>\$ 40,653,137</u>	<u>\$ 43,299,179</u>	<u>\$ 45,817,797</u>	<u>\$ 50,944,789</u>	<u>\$ 50,230,513</u>
Changes in Net Position										
Governmental activities	\$ 5,288,503	\$ 3,433,021	\$ 8,769,176	\$ 2,048,220	\$ 5,028,815	\$ 5,129,209	\$ 3,982,807	\$ 8,731,146	\$ 18,409,386	\$ 11,836,904
Business-type activities	6,965,608	4,843,126	5,347,367	5,554,179	5,556,361	4,580,522	4,882,149	7,054,060	7,347,455	9,280,687
Total primary government	<u>\$ 12,254,111</u>	<u>\$ 8,276,147</u>	<u>\$ 14,116,543</u>	<u>\$ 7,602,399</u>	<u>\$ 10,585,176</u>	<u>\$ 9,709,731</u>	<u>\$ 8,864,956</u>	<u>\$ 15,785,206</u>	<u>\$ 25,756,841</u>	<u>\$ 21,117,591</u>

TABLE 3

CITY OF MORRISTOWN, TENNESSEE

**FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Post-GASB 54 Implementation:										
General Fund										
Nonspendable	\$ 11,822,098	\$ 11,716,611	\$ 8,857,981	\$ 8,853,869	\$ 9,587,862	\$ 9,145,379	\$ 7,283,183	\$ 9,056,749	\$ 8,997,683	\$ 9,034,651
Restricted	1,520,896	2,265,480	1,578,637	73,571	133,457	690,825	826,400	1,478,396	726,971	4,619,637
Committed	57,058	-	-	-	-	-	-	-	-	-
Assigned	156,876	5,970,170	6,713,983	6,397,453	7,699,910	6,110,594	7,709,773	7,924,393	8,092,887	12,510,538
Unassigned	12,155,081	7,062,313	8,350,230	7,902,354	7,482,374	5,721,167	8,724,598	14,592,210	21,250,417	18,020,018
Total general fund	<u>\$ 25,712,009</u>	<u>\$ 27,014,574</u>	<u>\$ 25,500,831</u>	<u>\$ 23,227,247</u>	<u>\$ 24,903,603</u>	<u>\$ 21,667,965</u>	<u>\$ 24,543,954</u>	<u>\$ 33,051,748</u>	<u>\$ 39,067,958</u>	<u>\$ 44,184,844</u>
 All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,859	\$ 250,000
Restricted	159,680	154,713	529,089	8,864,668	5,639,588	15,364,838	42,033,648	28,589,591	13,384,766	4,410,958
Committed	-	-	1,375,000	1,899,728	2,859,940	659,444	906,098	2,128,821	1,346,706	5,726,554
Assigned	203,350	230,012	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 363,030</u>	<u>\$ 384,725</u>	<u>\$ 1,904,089</u>	<u>\$ 10,764,396</u>	<u>\$ 8,499,528</u>	<u>\$ 16,024,282</u>	<u>\$ 42,939,746</u>	<u>\$ 30,718,412</u>	<u>\$ 14,900,331</u>	<u>\$ 10,387,512</u>

Note: 2011 was the first year of implementing GASB54 which revised fund balance classifications.

TABLE 4

CITY OF MORRISTOWN, TENNESSEE

**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Revenues:										
Taxes	\$ 22,852,719	\$ 24,289,234	\$ 25,426,851	\$ 27,005,685	\$ 27,538,575	\$ 29,330,294	\$ 31,670,979	\$ 34,006,382	\$ 36,878,038	\$ 37,814,556
Licenses, permits and fines	1,057,791	365,496	645,551	299,544	529,149	426,202	366,065	564,045	888,352	1,230,953
Use of money and property	750,587	502,987	-	-	-	-	-	-	-	-
Service charges and fees	1,504,729	2,540,274	2,513,749	2,334,859	2,246,808	770,519	493,886	2,482,350	2,587,161	2,404,941
Other	-	-	1,766,013	489,811	811,649	901,819	886,480	1,018,593	2,203,844	2,925,372
Intergovernmental	5,931,533	7,339,905	9,533,778	6,544,580	6,968,201	5,430,323	5,690,936	8,197,159	10,229,106	9,644,625
Total revenues	32,097,359	35,037,896	39,885,942	36,674,479	38,094,382	36,859,157	39,108,346	46,268,529	52,786,501	54,020,447
Expenditures:										
General government	4,100,871	5,551,674	4,283,426	6,559,447	5,315,372	4,542,957	5,757,474	17,001,236	23,247,255	18,490,522
Public safety	15,060,623	15,674,562	15,712,924	17,581,344	17,975,611	16,645,427	17,063,214	17,376,723	18,611,745	19,174,617
Public works	8,199,366	8,723,165	12,436,344	9,997,726	8,494,267	6,863,299	7,112,936	8,989,997	13,103,929	11,634,526
Parks and recreation	2,037,972	2,024,368	2,296,653	3,924,041	2,393,220	2,068,403	2,243,483	2,119,994	2,779,299	3,848,293
Civic support	750,451	756,937	1,679,921	1,994,024	3,655,908	1,622,080	1,746,265	1,642,185	1,763,877	1,882,049
Library	261,490	257,000	257,000	-	-	-	-	-	-	-
Economic development	201,550	328,040	303,006	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Retiree benefits	306,363	382,916	389,559	370,885	463,208	536,776	499,080	524,572	474,804	432,325
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	1,136,023	1,173,560	1,211,528	1,248,061	1,655,663	1,648,742	1,736,591	2,696,407	2,819,418	3,066,868
Interest	187,384	169,905	165,996	342,634	658,489	1,147,625	1,824,272	2,416,424	2,298,819	2,292,456
Debt expense	99,292	93,262	92,982	-	-	-	-	-	-	-
Total expenditures	32,341,385	35,135,389	38,829,339	42,018,162	40,611,738	35,075,309	37,983,315	52,767,538	65,099,146	60,821,656
Excess (deficiency) of revenue over expenditures	(244,026)	(97,493)	1,056,603	(5,343,683)	(2,517,356)	1,783,848	1,125,031	(6,499,009)	(12,312,645)	(6,801,209)
Other financing sources (uses)										
Transfers in	2,038,024	2,381,066	4,244,692	6,004,663	3,730,510	2,036,486	2,258,458	3,760,476	3,378,254	9,024,267
Transfers out	(585,663)	(783,218)	(2,446,693)	(4,070,000)	(1,801,666)	(7,189,100)	(507,500)	(1,318,084)	(867,480)	(6,939,330)
Initiation of subscription liability	-	-	-	-	-	-	-	-	-	702,848
Bonds issued	-	-	-	9,995,743	-	9,940,000	-	-	-	4,500,000
Payments to Refunded Bond Escrow	-	-	-	-	-	(11,092,095)	-	-	-	-
Premium on Debt Issuance	-	-	-	-	-	1,285,223	-	-	-	117,491
Total other financing sources (uses)	1,452,361	1,597,848	1,797,999	11,930,406	1,928,844	(5,019,486)	1,750,958	2,442,392	2,510,774	7,405,276
Net change in fund balance	\$ 1,208,335	\$ 1,500,355	\$ 2,854,602	\$ 6,586,723	\$ (588,512)	\$ (3,235,638)	\$ 2,875,989	\$ (4,056,617)	\$ (9,801,871)	\$ 604,067
Debt service as a percentage of noncapital governmental expenditures	5.06%	4.15%	4.08%	4.54%	6.69%	11.82%	15.00%	12.75%	12.17%	12.01%

TABLE 5

CITY OF MORRISTOWN, TENNESSEE

**GOVERNMENTAL ACTIVITIES REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year	Property Tax	In-lieu Tax	Franchise Tax	Local Sales Tax	Alcohol Beverage Tax	Business and Gross Receipts Tax	Licenses, Permits, and Fines	Hotel/ Motel Tax	Litigation Tax	Use of Money and Property	Other	Inter- Governmental	Transfers	Total
2014	\$ 9,286,317	\$ 27,678	\$ 692,442	\$ 10,061,738	\$ 1,404,875	\$ 837,434	\$ 233,710	\$ 542,235	\$ -	\$ 1,496,078	\$ -	\$ 5,717,743	\$ 1,452,361	\$ 31,752,611
2015	9,851,476	64,722	726,174	10,793,398	1,316,273	958,795	365,496	565,490	12,906	3,043,261	-	7,339,905	2,381,066	37,418,962
2016	10,895,994	-	598,717	11,743,470	1,338,486	1,049,900	-	622,095	72,192	3,159,300	1,766,013	9,887,632	1,797,999	42,931,798
2017	11,026,905	-	603,791	12,280,106	1,334,354	1,061,806	-	675,088	67,440	2,634,403	489,811	6,544,580	1,934,663	38,652,947
2018	11,133,574	-	708,339	12,405,158	1,330,498	1,091,623	-	745,950	47,432	2,775,957	811,649	6,968,201	1,928,844	39,947,225
2019	11,786,494	-	712,126	13,389,122	1,260,568	1,113,149	-	767,588	51,463	3,401,910	1,561,606	6,105,485	2,036,486	42,185,997
2020	14,377,982	-	638,180	13,543,093	1,682,295	1,159,672	-	651,258	44,710	3,653,849	1,383,478	5,702,751	2,258,458	45,095,726
2021	14,893,375	-	600,615	15,120,224	1,387,455	1,225,928	445,903	737,761	41,024	3,617,444	851,834	7,346,966	3,760,476	50,029,005
2022	15,479,989	-	684,452	16,599,588	1,565,406	1,445,788	888,352	1,069,570	33,245	2,587,161	2,203,844	10,229,106	3,378,254	56,164,755
2023	14,275,276	126,076	723,138	18,118,802	1,602,017	1,657,738	1,230,953	1,173,704	61,118	1,588,065	3,742,248	9,644,625	2,084,937	56,028,697

TABLE 6

CITY OF MORRISTOWN, TENNESSEE

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Tax Year	Residential Property	Commercial Property	Public Utility Property	Other	Industrial Property	Public Utility Property	Total Assessment Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2013	\$ 266,280,800	\$ 341,958,234	\$ 707,025	\$ 5,716,175	\$ 248,685,433	\$ 2,270	\$ 863,349,937	1.0500	\$ 2,720,476,644	31.74 %
2014	267,100,775	342,794,907	707,025	5,697,950	252,008,861	5,587	868,315,105	1.0500	2,736,636,423	31.73
2015	241,973,025	346,673,196	695,695	4,832,500	257,178,659	9,735	851,362,810	1.1140	2,665,051,327	31.95
2016	242,706,000	360,519,034	695,695	4,777,775	282,378,782	6,753	891,084,039	1.2000	2,791,909,491	31.92
2017	243,508,725	368,288,320	695,695	4,824,475	290,189,983	9,111	907,516,309	1.2000	2,879,128,380	31.52
2018	244,715,150	376,170,327	695,695	4,647,200	298,679,525	-	924,907,897	1.2000	2,934,086,480	31.52
2019	246,406,625	385,853,750	695,695	4,703,875	305,384,722	-	943,044,667	1.2500	2,999,344,651	31.44
2020	283,235,750	419,337,636	377,630	5,358,750	303,539,923	-	1,011,849,689	1.5000	3,279,367,845	30.86
2021	288,118,350	426,114,323	377,630	4,952,525	317,980,983	-	1,037,543,811	1.3958	3,268,980,991	31.74
2022	293,825,700	444,660,949	377,630	4,876,600	316,102,295	-	1,059,843,174	1.4000	3,336,249,634	31.77

TABLE 7

CITY OF MORRISTOWN, TENNESSEE

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City	Taxable Assessed Value	Rank	Percentage of Total City
			Taxable Assessed Value			Taxable Assessed Value
JTEKT(Toyoda-TRW)	\$ 25,768,443	1	17.35% %	\$ 22,997,629	2	16.43% %
MAHLE	25,234,816	2	16.99%	24,402,240	1	17.43%
OTICS	18,712,939	3	12.60%	13,524,057	4	9.66%
Colgate	15,049,711	4	10.13%	-		0.00%
Tuff Torq Corp	13,474,110	5	9.07%	11,844,057	6	8.46%
Time Equities (formerly CBL)	11,774,908	6	7.93%	10,186,960	8	7.28%
Rich Products	10,170,379	7	6.85%	-		0.00%
Team Technologies	10,057,416	8	6.77%	7,085,157	10	5.06%
VIFAN/Interplast Films	9,541,343	9	6.43%	18,979,302	3	13.56%
Colortech	8,718,879	10	5.87%	-		0.00%
NCR	-		-	7,260,617	9	5.19%
Meritor/Rockwell	-		-	10,987,537	7	7.85%
Lear	-		-	12,727,127	5	9.09%
	<u>\$ 148,502,944</u>		<u>1.0 %</u>	<u>\$ 139,994,683</u>		<u>100% %</u>

Source: City of Morristown, Tennessee Finance Department

TABLE 8

CITY OF MORRISTOWN, TENNESSEE

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	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
2014	\$ 9,065,786	\$ 8,545,014	94.26	\$ 354,573	\$ 8,899,587	98.17
2015	9,117,321	8,690,500	95.32	203,214	8,893,714	97.55
2016	10,933,593	10,355,811	94.72	258,036	10,613,847	97.08
2017	11,131,901	10,356,964	93.04	393,662	10,750,626	96.57
2018	11,784,000	11,209,575	95.13	458,210	11,667,785	99.01
2019	11,874,001	11,086,237	93.37	631,142	11,717,379	98.68
2020	13,701,894	13,169,235	96.11	366,100	13,535,335	98.78
2021	14,575,762	13,770,863	94.48	678,865	14,449,728	99.14
2022	15,058,442	14,418,243	95.75	310,658	14,728,901	97.81
2023	14,052,570	13,792,861	98.15	-	13,792,861	98.15

Source: City of Morristown, Tennessee Finance Department

TABLE 9

CITY OF MORRISTOWN, TENNESSEE

**WASTEWATER UTILITY RATES AND NUMBER OF CUSTOMERS
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Wastewater rate										
Inside	\$ 9.17	\$ 9.17	\$ 10.50	\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50	\$ 12.50	\$ 12.50	\$ 12.50
Outside	18.34	18.34	21.00	23.00	23.00	23.00	23.00	25.00	25.00	25.00
Customers										
Inside	10,567	10,565	10,605	10,594	10,685	10,719	10,753	10,874	11,021	11,087
Outside	10	9	9	9	9	9	9	9	8	8
Commodity charge (per 1,000 gallons)										
Inside			5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Outside			10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

Source: Morristown Utility Commission (2023-2014)
City of Morristown Finance Department (2023-2014)

TABLE 10

CITY OF MORRISTOWN, TENNESSEE

POWER RATES
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential										
Customer charge per month	\$ 16.71	\$ 16.71	\$ 17.00	\$ 20.27	\$ 23.27	\$ 25.27	\$ 25.27	\$ 26.27	\$ 26.27	\$ 26.27
Energy charge:										
First 2,000 kWh	0.09515	0.09162	0.09104	0.09454	0.09528	0.09584	0.09248	0.00948	0.10511	0.10223
Additional kWh per month	0.09915	0.09162	0.09104	0.09454	0.09528	0.09584	0.09248	0.00948	0.10511	0.10223
Commercial, Industrial, Governmental, and Institutional										
GSA – 1 (demand of up to 50 kW)										
Customer charge per month	\$20 or \$37	\$20 or \$37	\$20 or \$37	\$21 or \$39	\$25 or \$42	\$27 or \$44	\$27 or \$44	\$28 or \$45	\$28 or \$45	\$28 or \$45
Energy charge per kWh per month	0.10502	0.10165	0.10289	0.10648	0.10735	0.10852	1.1052	0.10784	0.11804	0.11519
GSA – 2 (demand of 51 to 1,000 kW)										
Customer charge per month	133.00	133.00	135.00	135.50	135.50	135.50	135.50	135.50	135.50	135.50
Demand charge:										
First 50 kW per month										
Excess over 50 kW per month	12.00	12.35	12.88	13.12	13.36	13.66	13.66	13.66	13.66	13.66
Energy charge:										
First 15,000 kWh per month	0.09986	0.09650	0.09766	0.10126	0.10148	0.10266	0.09934	0.10252	0.11272	0.10987
Additional kWh per month	0.06695	0.06284	0.06236	0.06515	0.06459	0.06479	0.06151	0.06465	0.07472	0.07191
GSA – 3 (demand of 1,001 to 5,000 kW)										
Customer charge per month	270.00	270.00	275.08	275.08	275.08	275.08	275.08	275.08	275.08	275.08
Demand charge:										
First 1,000 kW per month	12.24	12.50	13.06	13.32	13.58	13.91	13.91	13.91	13.91	13.91
Excess over 1,000 kW per month	13.99	14.32	15.00	15.32	15.64	16.04	16.04	16.04	16.04	16.04
Energy charge:										
Per kWh per month	0.06691	0.06279	0.0623	0.06508	0.06451	0.0647	0.06142	0.06456	0.07463	0.07182

(Continued)

TABLE 10

CITY OF MORRISTOWN, TENNESSEE

POWER RATES
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial, Industrial, Governmental, and Institutional (Continued)										
MSB										
Demand Charge:										
On Peak	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.24
Excess off Peak	-	-	-	-	-	-	2.26	2.26	2.26	2.26
Excess over contract	-	-	-	-	-	-	10.24	10.24	10.24	10.24
Energy Charge:										
On Peak	-	-	-	-	-	-	0.07016	0.07403	0.08483	0.08139
Off Peak (200 hours)	-	-	-	-	-	-	0.04516	0.04903	0.05893	0.05639
Off Peak (next 200 hours)	-	-	-	-	-	-	0.01547	0.01934	0.02929	0.02670
Off Peak (additional kWh)	-	-	-	-	-	-	0.12920	0.01679	0.02682	0.02415
TDMSA										
Demand charge:										
On peak	16.84	17.24	9.52	9.74	9.97	11.00	-	-	-	-
Excess off peak	4.07	4.14	3.36	3.40	4.24	4.62	-	-	-	-
Excess over contract	16.84	17.24	9.52	9.74	9.97	11.00	-	-	-	-
Energy charge:										
On peak	0.10127	0.09815	0.06940	0.07197	0.07152	0.08102	-	-	-	-
Off peak (first 425 kWh)	0.06568	0.06163	-	0.04819	0.04718	0.05182	-	-	-	-
Off peak (next 195 kWh)	0.04653	0.04198	-	0.02209	0.02126	0.02229	-	-	-	-
Off peak (additional kWh)	0.03026	0.02529	-	0.01966	0.01878	0.01974	-	-	-	-
GSB (demand of 5,001 to 15,000 kW)										
Customer charge per month	-	-	-	-	-	-	-	-	-	-
Demand charge:										
Per kWh per month	-	-	-	-	-	-	-	-	-	-
Energy charge:										
First 620 kWh per Kw per month	-	-	-	-	-	-	-	-	-	-
Additional kWh per month	-	-	-	-	-	-	-	-	-	-

(Continued)

TABLE 10

CITY OF MORRISTOWN, TENNESSEE

POWER RATES
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commercial, Industrial, Governmental, and Institutional (Continued)										
GSB (non-manufacturing)										
(demand of 15,001 to 25,000 kW)										
Customer charge per month	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand charge:										
Per kWh per month	-	-	-	-	-	-	-	-	-	-
Energy charge:										
First 620 kWh per Kw per month	-	-	-	-	-	-	-	-	-	-
Additional kWh per month	-	-	-	-	-	-	-	-	-	-
Part F (demand greater than 25,000 kW)										
Customer charge per month	-	-	-	-	-	-	-	-	-	-
Demand charge:										
Per kWh per month	-	-	-	-	-	-	-	-	-	-
Energy charge:										
Per kWh per month	-	-	-	-	-	-	-	-	-	-
Active Service (number of customers)										
Residential	11,721	11,826	11,862	11,995	12,133	12,198	12,296	12,460	12,934	13,180
Commercial	2,120	2,141	2,160	2,163	2,191	2,239	2,231	2,252	2,282	2,307
Industrial	458	439	446	458	448	439	446	428	434	444
Street and athletic	73	76	75	76	79	79	79	82	82	83
Outdoor lighting	34	33	33	34	35	77	79	145	143	161
Total active service	14,406	14,515	14,576	14,726	14,886	15,032	15,131	15,367	15,875	16,175

Source: Morristown Utility Commission

TABLE 11

CITY OF MORRISTOWN, TENNESSEE

WATER RATES AND NUMBER OF CUSTOMERS
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Inside City Rate										
Customer charge per month	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65
Commodity charge (per 1,000 gallons)										
First 50,000 gallons	2.05	2.05	2.05	2.20	2.35	2.35	2.35	2.35	2.35	2.35
Next 50,000 gallons	1.80	1.80	1.80	1.95	2.10	2.10	2.10	2.10	2.10	2.10
Over 100,000	1.60	1.60	1.60	1.75	1.90	1.90	1.90	1.90	1.90	1.90
Minimum bill:										
5/8" meter	8.75	8.75	8.75	9.05	9.35	9.35	9.35	9.35	11.35	11.35
3/4" meter	9.25	9.25	9.25	9.55	9.85	9.85	9.85	9.85	14.76	14.76
1" meter	10.00	10.00	10.00	10.30	10.60	10.60	10.60	10.60	22.13	22.13
1 1/2" meter	11.50	11.50	11.50	11.80	12.10	12.10	12.10	12.10	38.59	38.59
2" meter	16.00	16.00	16.00	16.30	16.60	16.60	16.90	16.60	61.86	61.86
3" meter	61.00	61.00	61.00	61.30	61.60	61.60	61.90	61.60	147.55	147.55
4" meter	71.00	71.00	71.00	71.30	71.60	71.60	71.60	71.60	221.33	221.33
6" meter	101.00	101.00	101.00	101.30	101.60	101.60	101.60	101.60	402.93	402.93
8" meter	114.30	114.30	114.30	114.60	114.90	114.90	114.90	114.90	607.23	607.23
Outside City rates:										
Customer charge per month	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Commodity charge (per 1,000 gallons)										
First 50,000 gallons	4.10	4.10	4.10	4.40	4.70	4.70	4.70	4.70	4.70	4.70
Next 50,000 gallons	3.60	3.60	3.60	3.90	4.20	4.20	4.20	4.20	4.20	4.20
Over 100,000 gallons	3.20	3.20	3.20	3.50	3.80	3.80	3.80	3.80	3.80	3.80
Minimum bill:										
5/8" meter	12.85	12.85	12.85	13.45	14.05	14.05	14.05	14.05	16.05	16.05
3/4" meter	13.35	13.35	13.35	13.95	14.55	14.55	14.55	14.55	20.87	20.87
1" meter	14.10	14.10	14.10	14.70	15.30	15.30	15.30	15.30	31.30	31.30
1 1/2" meter	15.60	15.60	15.60	16.20	16.80	16.80	16.80	16.80	54.57	54.57
2" meter	20.10	20.10	20.10	20.70	21.30	21.30	21.30	21.30	87.47	87.47
3" meter	65.10	65.10	65.10	65.70	66.30	66.30	66.30	66.30	208.65	208.65
4" meter	75.10	75.10	75.10	75.70	76.30	76.30	76.30	76.30	312.98	312.98
6" meter	105.10	105.10	105.10	105.70	106.30	106.30	106.30	106.30	569.78	569.78
8" meter	118.40	118.40	118.40	119.00	119.60	119.60	119.60	119.60	858.68	858.68
Monthly fire protection service charge:										
4"	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
6"	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
8"	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
10"	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12"	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00
Number of Customers										
Total active service	12,549	12,589	12,649	12,671	12,758	12,804	12,877	12,981	13,154	13,250

TABLE 12

CITY OF MORRISTOWN, TENNESSEE

MONTHLY BROADBAND RATES
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Standard Cable:										
Expanded basic	\$ 50.95	\$ 56.95	\$ 56.95	\$ 60.95	\$ 60.95	\$ 60.95	\$ 60.95	\$ 60.95	\$ 60.95	\$ 60.95
Digital basic	60.95	68.95	68.95	72.95	72.95	72.95	72.95	72.95	72.95	72.95
Digital basic + 1	69.95	78.75	78.75	82.95	87.90	87.90	87.90	87.90	87.90	87.90
Digital basic + 2	77.95	86.95	86.95	90.95	99.90	99.90	99.90	99.90	99.90	99.90
Digital basic + 4	90.95	99.95	99.95	103.95	119.90	119.90	119.90	119.90	119.90	119.00
Premium channels	9.95-12.95	11.95-16.35	11.95-16.35	11.95-16.35	14.95-46.95	14.95-46.95	14.95-46.95	14.95-46.95	14.95-46.95	14.95-46.95
Internet:										
Residential										
Tier 1	34.95	34.95	34.95	34.95	39.95	39.95	39.95	44.95	49.95	49.95
Tier 2	39.95	39.95	39.95	39.95	59.95	59.95	59.95	64.95	69.95	69.95
Tier 3	74.95	74.95	74.95	74.95	74.95	74.95	74.95	79.95	84.95	-
Tier 4	99.95	99.95	99.95	99.95	99.96	99.95	99.95	104.95	109.95	-
Commercial										
Tier 1	44.95	49.95	49.95	49.95	49.95	49.95	49.95	54.95	59.95	59.95
Tier 2	74.95	79.95	79.95	79.95	79.95	79.95	79.95	84.95	89.95	89.95
Tier 3	99.95	104.95	104.95	104.95	104.95	104.95	104.95	109.95	114.95	114.95
Tier 4	149.90	154.95	154.95	154.95	154.90	154.95	154.95	159.95	164.95	164.95
Tier 5	199.95	199.95	199.95	199.95	-	-	-	-	-	-
Telephone:										
Residential										
Basic Pack	22.95	22.95	22.95	22.95	28.65	32.95	32.95	32.95	32.95	32.95
Preferred Pack	25.00	25.00	25.00	25.00	28.65	48.95	48.95	48.95	48.95	48.95
Additional services	3.75-11.95	3.79-11.95	3.79-11.95	3.79-11.95	3.95-17.95	3.75-17.95	3.75-17.95	3.75-17.95	3.75-17.95	3.75-17.95
Long distance per minute	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
Commercial										
Access line	25.95	25.95	25.95	25.95	29.95	29.95	29.95	29.95	29.95	29.95
Business local telephone service	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95
Additional services	7.95-27.95	7.95-27.95	7.95-27.95	7.95-27.95	3.75-36.95	3.75-36.95	3.75-36.95	3.75-36.95	3.75-36.95	3.75-36.95
Long distance rate per minute	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05

Note: The Broadband System began operations in 2006.

Source: Morristown Utility Commission

TABLE 14

CITY OF MORRISTOWN, TENNESSEE

DEBT CAPACITY INFORMATION
RATIOS OF OUTSTANDING DEBT TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Population	Per Capita Income	Governmental Activities	Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
			General Obligation Bonds	Revenue Bonded Debt			
2014	29,324	32,588	\$ 20,237,974	\$ 106,117,010	\$ 126,354,984	0.03 %	\$ 4,309
2015	29,304	33,217	19,064,476	116,342,780	135,407,256	0.02	4,621
2016	29,478	30,846	17,852,950	114,160,479	132,013,429	0.02	4,478
2017	29,663	28,930	26,620,225	114,284,913	140,905,138	0.02	4,750
2018	29,771	31,259	24,953,248	114,645,160	139,598,408	0.02	4,689
2019	29,926	33,597	32,707,643	122,762,242	155,469,885	0.02	5,195
2020	30,193	32,386	69,275,650	116,390,228	185,665,878	0.02	6,149
2021	30,431	32,193	67,702,256	107,672,336	175,374,592	0.02	5,763
2022	30,777	33,511	64,685,850	104,761,581	169,447,431	0.02	5,506
2023	31,425	36,495	65,208,719	96,264,978	161,473,697	0.02	5,138

Source: U.S. Census Bureau

TABLE 15

CITY OF MORRISTOWN, TENNESSEE

DEBT CAPACITY INFORMATION
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Population	Actual Value of Taxable Property	General Bonded Debt	Percent of General Obligation Debt to Actual Value	Net Bonded Debt Per Capita
2014	29,324	\$ 2,720,476,644	\$ 20,237,974	0.74	\$ 690
2015	29,304	2,736,636,423	19,064,476	0.70	651
2016	29,478	2,665,051,327	17,852,950	0.67	606
2017	29,663	2,791,909,491	26,620,225	0.95	897
2018	29,771	2,879,128,380	24,953,248	0.87	838
2019	29,926	2,934,086,480	32,707,643	1.11	1,093
2020	30,193	2,999,344,651	69,275,650	2.31	2,294
2021	30,431	3,279,367,845	67,702,256	2.06	2,225
2022	30,777	3,268,980,991	64,685,850	1.98	2,102
2023	31,425	3,336,249,634	65,208,719	1.95	2,075

TABLE 16

CITY OF MORRISTOWN, TENNESSEE

**GENERAL BONDED DEBT WITH TOTAL ASSESSMENT AND
EXPENDITURE RATIO
LAST TEN FISCAL YEARS**

Tax Year	General Bonded Debt (1)	Total Assessment	Ratio of Bonded Debt to Total Assessment	Total Expenditures	Ratio of Bonded Debt to Total Expenditures
2014	\$ 20,237,974	\$ 863,349,937	.023 to 1	\$ 32,341,385	0.63 to 1
2015	19,064,476	868,315,105	.022 to 1	35,135,389	0.54 to 1
2016	17,852,950	851,362,810	.020 to 1	38,829,339	0.46 to 1
2017	26,620,225	891,084,039	.030 to 1	42,018,162	0.63 to 1
2018	24,953,248	907,516,309	.027 to 1	40,611,738	0.61 to 1
2019	32,707,643	924,907,897	.035 to 1	35,075,309	0.93 to 1
2020	69,275,650	943,044,667	.068 to 1	37,983,315	1.82 to 1
2021	66,712,256	1,011,849,689	.064 to 1	52,767,538	1.26 to 1
2022	64,685,850	1,037,543,811	.061 to 1	65,099,146	0.99 to 1
2023	65,208,719	1,059,843,174	.062 to 1	60,821,656	1.07 to 1

(1) This is total bonded debt for governmental activities only.

TABLE 17

CITY OF MORRISTOWN, TENNESSEE

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age (1)	Education Level In Years of Formal Schooling (1)	School Enrollment	Unemployment Rate (2)
2014	29,324	\$ 955,610,512	\$ 32,588	39.80	14.5	13,136	7.70
2015	29,304	973,390,968	33,217	36.00	14.5	12,148	6.90
2016	29,478	909,278,388	30,846	36.30	14.0	11,970	5.40
2017	29,663	872,982,090	29,430	39.40	14.0	13,583	4.40
2018	29,771	930,611,689	31,259	39.90	14.0	16,900	4.40
2019	29,926	1,005,423,822	33,597	36.80	14.0	16,900	4.50
2020	30,193	977,830,498	32,386	37.40	14.0	15,850	9.40
2021	30,431	979,665,183	32,193	37.80	14.0	17,470	5.40
2022	30,777	1,031,368,047	33,511	37.80	14.0	17,268	4.40
2023	31,425	1,146,855,375	36,495	37.40	14.0	17,268	4.10

(1) Population is based on figures available from U.S. Census Bureau

(2) Source: U.S. Bureau of Labor and Statistics

TABLE 18

CITY OF MORRISTOWN, TENNESSEE

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2023			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Hamblen County Dept. of Education	1,284	1	16 %	1,284	1	18 %
Koch Foods	951	2	12	1,125	2	15
MAHLE	801	3	10	1,006	3	14
Arconic (f/k/a Howmet)	785	4	10	520	7	-
Team Technologies	782	5	10	-		7
Wal-Mart	749	6	9	432	8	6
Morristown Hamblen Healthcare	716	7	8	716	5	10
JTEKT Automotive	700	8	9	715	6	10
Walters State Community College	650	9	9	743	4	10
Rich Products	600	10	7	402	10	5
Lear Corporation	-		-	403	9	5
	<u>8,018</u>		<u>100 %</u>	<u>7,346</u>		<u>100 %</u>

Source: Morristown Area Chamber of Commerce

TABLE 19

CITY OF MORRISTOWN, TENNESSEE

CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/Program										
General Government										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Administration and Staff	4	4	4	6	6	6	6	6	6	6
Finance	7	7	7	6	7	7	6	6	6	6
Purchasing	1	1	1	1	1	1	1	1	1	1
Information technology	1	1	1	1	1	1	1	1	1	1
Human Resources	3	3	3	2	2	1	1	1	1	1
Risk Management	-	-	-	-	-	2	2	2	2	2
Legal services	2	2	2	2	2	1	-	-	-	-
Court Administration	-	-	-	-	-	2	2	2	2	2
Planning	4	4	4	4	4	4	4	4	4	4
GIS	1	2	2	2	2	2	2	2	2	2
Engineering	3	2	2	3	2	2	2	2	2	2
Inspections	5	5	5	5	5	5	5	5	5	5
LAMTPO	1	1	1	1	1	1	1	1	1	1
CDBG	1	1	1	1	1	-	1	1	1	1
Police:										
Administration	5	6	6	6	6	6	6	6	6	6
Support	-	-	-	-	-	12	13	13	13	13
Liter Crew	-	-	-	-	-	1	1	1	1	1
Patrol	65	64	64	64	63	52	51	51	51	51
Investigations	15	15	15	14	15	13	13	13	13	13
Codes Enforcement	1	2	2	2	2	2	2	2	2	2
Vice	-	-	-	-	-	-	-	-	-	-
Narcotics and Vice	5	6	6	7	7	7	7	7	7	7
Fire:										
Administration	6	6	6	6	6	6	6	6	6	6
Firefighting	79	79	79	79	79	79	78	78	78	78
Prevention and inspection	1	1	1	1	1	1	2	2	2	2
Public works:										
Administration	2	3	3	3	4	3	3	3	3	3
Facilities Maintenance	3	3	3	3	3	3	3	3	4	4
Fleet Maintenance	7	7	7	7	7	7	7	7	7	7
Repairs and maintenance	9	14	15	13	15	15	15	15	17	17
Street lights and signs	1	1	1	1	1	1	1	1	1	1
Brush and Bulk	11	11	11	15	13	11	11	11	11	11
Communication shop	2	2	2	2	2	2	2	2	2	2
Park and recreation	17	17	17	17	17	17	17	17	17	17
Natural Resource Maintenance	-	-	-	-	-	3	3	3	3	3
Sewer	16	-	-	-	-	-	-	-	-	-
Stormwater	5	4	4	4	4	6	8	8	8	8
Solid waste	13	14	14	13	13	13	10	10	7	7
	<u>302</u>	<u>293</u>	<u>294</u>	<u>297</u>	<u>299</u>	<u>302</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>

Source: City of Morristown, Tennessee Finance Department

TABLE 20**CITY OF MORRISTOWN, TENNESSEE****OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
Police:										
Physical arrests	3,661	5,071	4,378	4,339	3,639	3,412	3,277	2,376	2,695	2,720
Parking violations	167	102	117	251	42	50	48	36	41	31
Fire:										
Number of calls answered	3,984	4,288	4,742	3,916	3,184	4,077	3,476	3,317	4,188	4,278
Inspections	2,535	2,724	2,663	2,635	2,498	2,726	703	1,516	1,206	1,250
Highway and streets:										
Street maintenance/resurfacing (miles)	1.33	5.10	5.60	11.50	3.85	23.16	4.50	4.75	5.30	14.00
Sanitation:										
Brush collected (annual)	2,412	2,126	2,649	3,620	3,141	3,304	3,438	3,239	2,753	2,651
Refuse collected	9,313	9,064	9,358	9,405	12,856	10,737	13,333	11,103	10,726	10,691

Source: Various Department of the City of Morristown

TABLE 21

CITY OF MORRISTOWN, TENNESSEE

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	48	48	48	48	48	48	48	48	51	51
Fire stations	6	6	6	6	6	6	6	6	6	6
Sanitation										
Collection trucks	4	4	4	4	4	4	4	4	4	4
Highways and streets										
Street (miles)	320	320	320	320	320	320	320	320	320	320
Culture and recreation										
Parks acreage	264	264	264	264	264	276	328	328	378.3	378.3
Parks	16	16	16	16	16	16	17	17	18	18

Source: Various Department of the City of Morristown

**INTERNAL CONTROL AND
COMPLIANCE SECTION**



**INDEPENDENT AUDITORS' 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***

**The Honorable Mayor and Members
of the City Council of the
City of Morristown, Tennessee**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morristown, Tennessee (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2023. Our report includes a reference to other auditors who audited the financial statements of the Morristown Utilities Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Mauldin & Jenkins, LLC

Chattanooga, Tennessee

December 3, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**The Honorable Mayor and Members
of the City Council of the
City of Morristown, Tennessee**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Morristown, Tennessee's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Chattanooga, Tennessee

December 3, 2023

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Agency/Pass-through Agency/ Program or Cluster Title	Assistance Listing	Pass-through entity Identifying Number	Expenditures
<u>FEDERAL AWARDS</u>			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Program:			
<i>CDBG Entitlement Grants Cluster:</i>			
COVID 19 - Community Development Block Grant-CV	14.218	B20-MW-47-0013	\$ 217,048
Community Development Block Grant	14.218	B20-MC-47-0013	40,113
Community Development Block Grant	14.218	B21-MC-47-0013	165,929
Community Development Block Grant	14.218	B22-MC-47-0013	109,108
<i>Total CDBG Entitlement Grants Cluster</i>			<u>532,198</u>
Total U.S. Department of Housing and Urban Development			<u>532,198</u>
U.S. DEPARTMENT OF JUSTICE:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2021-DJ-BX-0701	6,490
COVID-19 Coronavirus Emergency Supplemental Grant	16.034	2020-VD-BX-1407	<u>18,842</u>
Total U.S. Department of Justice			<u>25,332</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through Tennessee Department of Transportation:			
Airport Improvement Program	20.106	32-555-0172-22	52,163
Airport Improvement Program	20.106	32-555-0175-23	84,400
COVID 19: Airport Improvement Program	20.106	32-555-0169-21	41,667
COVID 19: Airport Improvement Program	20.106	32-555-0171-22	22,574
COVID 19: Airport Improvement Program	20.106	32-555-0173-22	13,869
Total Airport Improvement Program			<u>214,673</u>
Metropolitan Transportation Planning Program	20.505	985303-S3-003	<u>22,500</u>
Direct Program:			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	STP-M-9113(24)	44,006
Highway Planning and Construction	20.205	STP-M-5930(10)	<u>41,253</u>
			<u>85,259</u>
Metropolitan Transportation Planning	20.205	Z19MPO009	185,271
Highway Railroad Crossing Program	20.301	CRR070465	<u>47,908</u>
<i>Total Highway Planning and Construction Cluster</i>			<u>318,438</u>
Total U.S. Department of Transportation			<u>555,611</u>
U.S. DEPARTMENT OF TREASURY:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>2,830,750</u>
Total U.S. Department of the Treasury			<u>2,830,750</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 3,943,891</u></u>

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE A: BASIS OF PRESENTATION

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

NOTE B: 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 costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C: INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF MORRISTOWN, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Grantor Agency/Program	Contract Number	Expenditures
Airport Improvement Grant	32-555-0770-22	\$ 15,000
Airport Land Acquisition TW Relocation (Study)	32-555-0776-23	36,179
2018 MultiModal	32LPLM-S3-068	1,830
2021 MultiModal	32LPLM-S3-071	89,884
TOTAL STATE AWARDS		\$ 142,893

CITY OF MORRISTOWN, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether financial
statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for
major programs Unmodified

Any audit findings disclosed that are required to
be reported in accordance with Section 2 CFR
200.516(a)? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

CITY OF MORRISTOWN, TENNESSEE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**SECTION II
FINANCIAL STATEMENT FINDINGS**

None reported

CITY OF MORRISTOWN, TENNESSEE

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

2022-001 Auditor Adjustments

Criteria: Multiple adjustments were proposed as a result of audit procedures on unusual or non-recurring transactions. The City failed to properly record capital assets for the stormwater system, defer recognition for grant awards the City has not yet earned, and record the impact resulting from debt refunding.

Condition: The City failed to properly follow governmental accounting standards in the above instances.

Status: Management has correctly accounted for capital assets and grants without material exception as of June 30, 2023.