

**CITY OF GATLINBURG, TENNESSEE**

**FINANCIAL STATEMENTS  
AND OTHER INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2023**

CITY OF GATLINBURG, TENNESSEE  
FINANCIAL STATEMENTS

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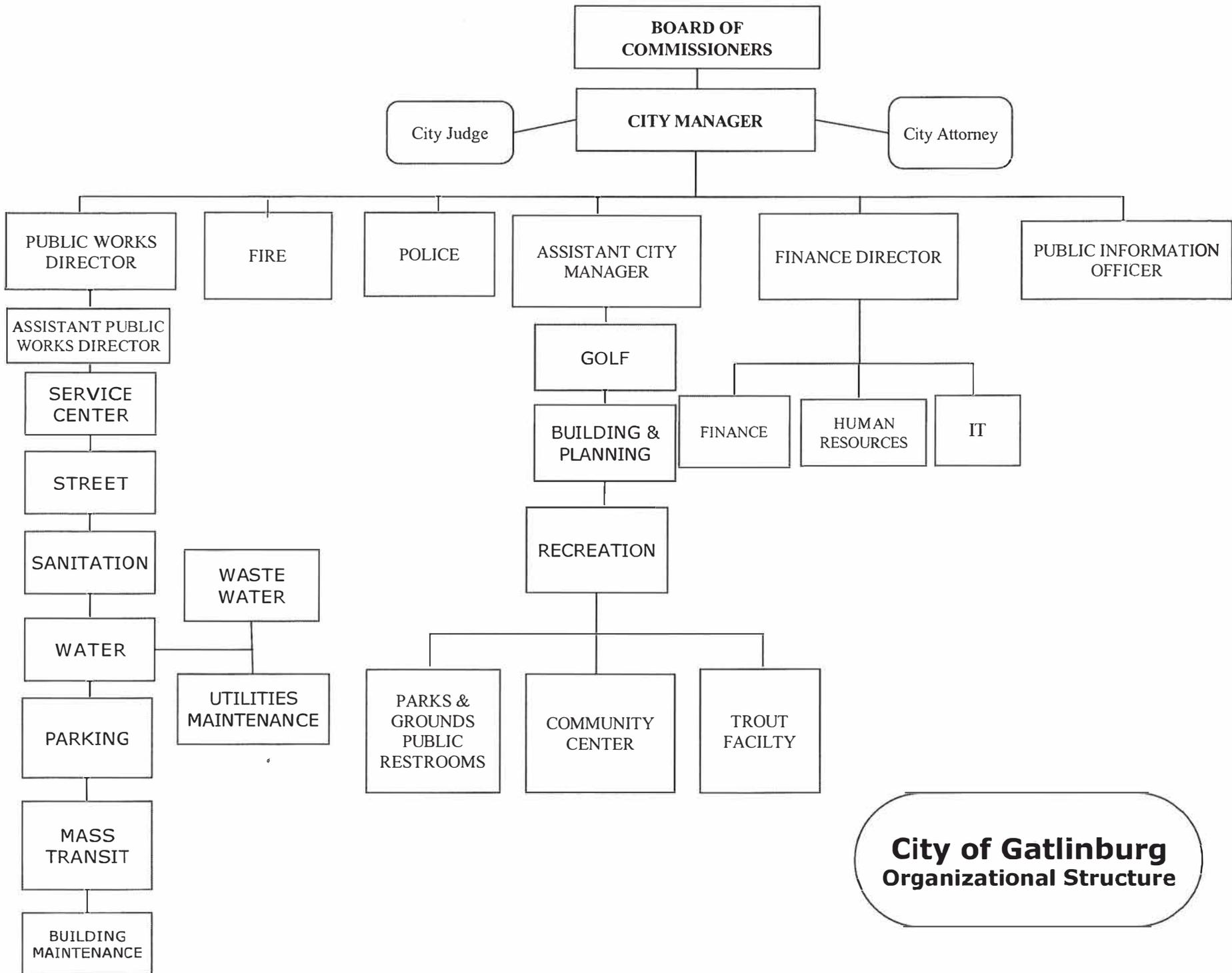
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## INTRODUCTORY SECTION





**City of Gatlinburg  
Organizational Structure**

CITY OF GATLINBURG, TENNESSEE  
OFFICIALS OF THE CITY OF GATLINBURG, TENNESSEE  
JUNE 30, 2023

**Elected Officials**

Mike Werner	Mayor
Mark McCown	Vice Mayor
Chad Reagan	Commissioner
Kirby Smith	Commissioner
Jay Horner	Commissioner

**Principal Officials**

Cindy Cameron Ogle	City Manager
Greg Patterson	Assistant City Manager
Robert L. Holt (CMFO Designee)	Finance Director
Ronald Barrett	Chief of Police
Charlie Cole	Fire Chief
Laurence Evans	Recreation Director
Jeff Ownby	City Planner
Larry Henderson	Public Works Director

**FINANCIAL SECTION**





## Independent Auditor's Report

Board of Commissioners and Senior Management  
City of Gatlinburg, Tennessee

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, budgetary comparison information for the general fund, special tax fund, convention center debt service fund, tourism fund, parking and mass transit fund, and public works construction fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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



### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary schedules on pages 73 through 89 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance on page 94 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee, and is also 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 schedules and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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



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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 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.

Nashville, Tennessee  
December 12, 2023

CITY OF GATLINBURG, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

The management of the City of Gatlinburg, Tennessee, (the "City"), offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023.

**Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$234,790,970 (net position). Of this amount, \$104,006,743 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's current year change in net position was an increase of \$28,210,416.
- As of the close of the current fiscal year, the City governmental funds reported combined ending fund balances of \$94,747,466, an increase of \$11,173,031 in comparison with the prior year ending fund balance of \$83,574,435.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$27,207,774 or 74.7% of the total general fund expenditures and operating transfers out of \$36,430,814. Because of the very positive amount of unassigned year-end fund balance for FY22 and FY23, the City has been able to provide funding for many important Capital Projects out of the General Fund.
- The City maintained the Moody's Investor Service rating of "A1" and the S & P rating of "AA" on all the City's outstanding debt.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Activities are considered either as those of the primary government (the government as legally defined) or those of the component unit (a legally separate entity for which the primary government is financially accountable).

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

CITY OF GATLINBURG, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

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

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Public Works, including Streets and Sanitation, Recreation, and Tourism Promotion. The business-type activities of the City include a Water Department and a Wastewater Department.

The government-wide financial statements include not only the City itself (the primary government), but also Rocky Top Sports World which is a legally separate entity for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 17 and 18 of this report.

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

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

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

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

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

CITY OF GATLINBURG, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

The basic governmental fund financial statements, including reconciliation to the government-wide statements of net position and activities, are presented on pages 17 through 28 of this report.

**Proprietary Funds.** Enterprise funds are a type of proprietary fund used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Wastewater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater operations, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 29 through 31 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 67 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's changes in net pension liability (asset) and contributions to pension plans. Required supplementary information can be found on pages 69 through 73 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$234,790,970 at the close of the most recent fiscal year.

The City's net investment in capital assets of \$125,303,224 (e.g., land, buildings, machinery, and equipment, net of related debt) represents approximately 53.4% of the above-referenced net position. The City uses these capital assets to provide services to citizens, businesses, and visitors. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GATLINBURG, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

**CITY OF GATLINBURG CONDENSED STATEMENT OF NET POSITION AS OF  
JUNE 30, 2023 AND 2022**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and Other Assets	\$119,025,788	\$116,597,643	\$ 20,990,540	\$ 32,701,561	\$140,016,328	\$149,299,204
Capital Assets, Net	111,613,080	99,233,030	46,858,981	33,095,226	158,472,061	132,328,256
Total Assets	<u>230,638,868</u>	<u>215,830,673</u>	<u>67,849,521</u>	<u>65,796,787</u>	<u>298,488,389</u>	<u>281,627,460</u>
Deferred Outflows of Resources	<u>3,754,931</u>	<u>4,111,222</u>	<u>320,220</u>	<u>293,575</u>	<u>4,075,151</u>	<u>4,404,797</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$234,393,799</u>	<u>\$219,941,895</u>	<u>\$ 68,169,741</u>	<u>\$ 66,090,362</u>	<u>\$302,563,540</u>	<u>\$286,032,257</u>
<b>Liabilities</b>						
Current Liabilities	\$ 5,158,518	\$ 4,851,493	\$ 2,318,408	\$ 2,310,726	\$ 7,476,926	\$ 7,162,219
Long-term Liabilities	32,303,818	34,415,180	25,677,347	26,039,082	57,981,165	60,454,262
Total Liabilities	<u>37,462,336</u>	<u>39,266,673</u>	<u>27,995,755</u>	<u>28,349,808</u>	<u>65,458,091</u>	<u>67,616,481</u>
Deferred Inflows of Resources	<u>2,307,143</u>	<u>11,155,582</u>	<u>7,336</u>	<u>679,640</u>	<u>2,314,479</u>	<u>11,835,222</u>
<b>Net Position</b>						
Net Investment in Capital Assets	96,876,659	83,536,232	28,426,565	22,167,798	125,303,224	105,704,030
Restricted	5,105,244	13,775,799	375,759	954,888	5,481,003	14,730,687
Unrestricted	92,642,417	72,207,609	11,364,326	13,938,228	104,006,743	86,145,837
Total Net Position	<u>\$194,624,320</u>	<u>\$169,519,640</u>	<u>\$ 40,166,650</u>	<u>\$ 37,060,914</u>	<u>\$234,790,970</u>	<u>\$206,580,554</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 234,393,799</u>	<u>\$ 219,941,895</u>	<u>\$ 68,169,741</u>	<u>\$ 66,090,362</u>	<u>\$ 302,563,540</u>	<u>\$ 286,032,257</u>

An additional portion of the City's net position (\$5,481,003 or 2.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$104,006,743 or 44.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's change in net position was an increase of \$28,210,416 during the current fiscal year as explained below.

CITY OF GATLINBURG, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

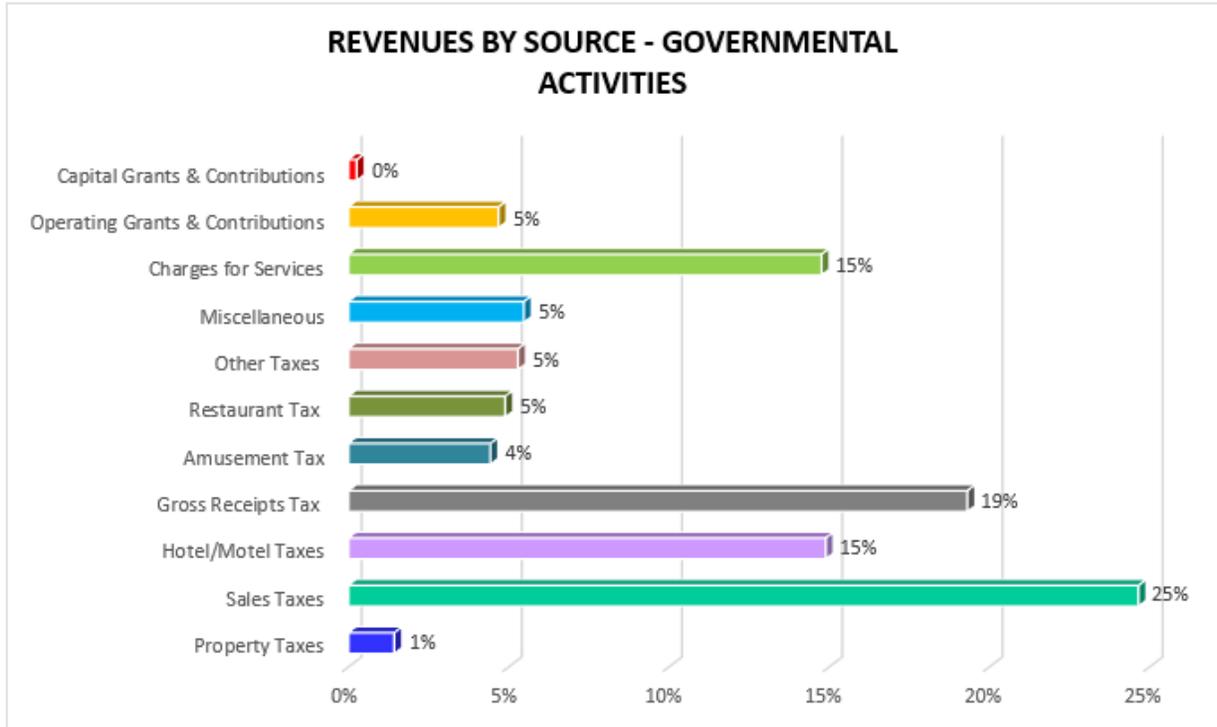
**CITY OF GATLINBURG CONDENSED CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 10,964,921	\$ 10,657,221	\$ 8,915,525	\$ 8,849,544	\$ 19,880,446	\$ 19,506,765
Operating Grants and Contributions	3,473,937	1,862,908	-	-	3,473,937	1,862,908
Capital Grants and Contributions	186,628	1,661,463	-	-	186,628	1,661,463
General Revenues:						
Property Taxes	1,056,395	1,049,468	-	-	1,056,395	1,049,468
Other Taxes	54,555,932	56,347,111	-	-	54,555,932	56,347,111
Other	4,061,260	1,243,657	813,948	90,414	4,875,208	1,334,071
<b>Total Revenues</b>	<u>74,299,073</u>	<u>72,821,828</u>	<u>9,729,473</u>	<u>8,939,958</u>	<u>84,028,546</u>	<u>81,761,786</u>
<b>Expenses</b>						
General Government	8,366,103	8,771,960	-	-	8,366,103	8,771,960
Public Safety	9,418,269	6,340,150	-	-	9,418,269	6,340,150
Public Works	6,124,559	4,696,717	-	-	6,124,559	4,696,717
Recreation	4,438,868	3,351,160	-	-	4,438,868	3,351,160
Tourism	14,523,539	14,233,676	-	-	14,523,539	14,233,676
Transportation	3,249,206	2,549,545	-	-	3,249,206	2,549,545
Education	1,011,311	765,626	-	-	1,011,311	765,626
Debt Service Interest	1,170,038	1,257,188	-	-	1,170,038	1,257,188
Wastewater	-	-	4,045,413	4,006,839	4,045,413	4,006,839
Water	-	-	3,704,824	3,225,589	3,704,824	3,225,589
<b>Total Expenses</b>	<u>48,301,893</u>	<u>41,966,022</u>	<u>7,750,237</u>	<u>7,232,428</u>	<u>56,052,130</u>	<u>49,198,450</u>
<b>Transfers</b>	<u>(892,500)</u>	<u>(4,500,000)</u>	<u>1,126,500</u>	<u>4,500,000</u>	<u>234,000</u>	<u>-</u>
<b>Change in Net Position</b>	25,104,680	26,355,806	3,105,736	6,207,530	28,210,416	32,563,336
Net Position -						
Beginning of Year	<u>169,519,640</u>	<u>143,163,834</u>	<u>37,060,914</u>	<u>30,853,384</u>	<u>206,580,554</u>	<u>174,017,218</u>
Net Position - End of Year	<u>\$194,624,320</u>	<u>\$169,519,640</u>	<u>\$ 40,166,650</u>	<u>\$ 37,060,914</u>	<u>\$234,790,970</u>	<u>\$206,580,554</u>

Components contributing to this net increase of \$28,210,416 are as follows:

- Charges for Services increased by \$373,681 (1.9%) during the year.
- Operating Grants increased by \$1,611,029 (86.4%) due primarily to an increase in Mass Transit grant revenue.
- Transfers from the General Fund to the Wastewater Fund also decreased by \$3,375,000 (from \$4,500,000 to \$1,126,500) which contributed to an overall increase in Net Position.
- Overall Expenses for the Government increased by \$6,853,680 (13.9%) primarily due to the City's implementation of market-driven adjustments to personnel costs, particularly in the Public Safety category. Though expenditures did increase, revenues were sufficient to still achieve a sizeable increase in Net Position.

CITY OF GATLINBURG, TENNESSEE  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2023



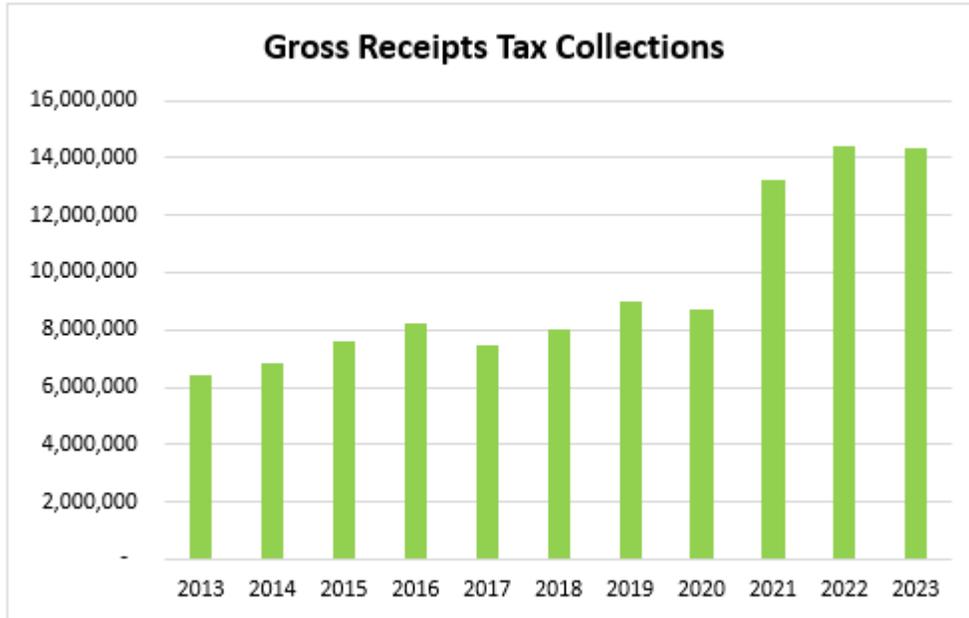
The Revenues by Source – Governmental Activities chart shows property tax revenues as a much smaller percentage of total revenues than is found in most other cities. Because the City is a premier type tourist destination, service levels are geared to provide services to a transient population which is in excess of ten (10) times the City’s permanent population. Because of this large transient population, the City derives the majority of its revenues from the users of these services through add-on taxes and the City’s Gross Receipts Tax. The Gross Receipts Tax is a tax levied on the gross income of all business in the City. These add-on taxes and the Gross Receipts Tax account for approximately 73% of the governmental activities total revenues.

Because the Gross Receipts Tax is a tax on the gross income of all businesses in the City, it is a good barometer of the economic health of the City. For the most part, the City has enjoyed steady moderate growth over the last ten years with temporary declines caused by the 2016 Wildfires along with the impact of the COVID-19 pandemic in FY2020. The last three fiscal years have shown an impressive rebound from Fiscal Year 2020 with a significant overall increase in City revenue fueled in large part by continued growth in the Amusement business sector.

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The following chart shows the City's Gross Receipts Tax collections for the last ten years.

**Gross Receipts Tax Collections - Last Ten Years**



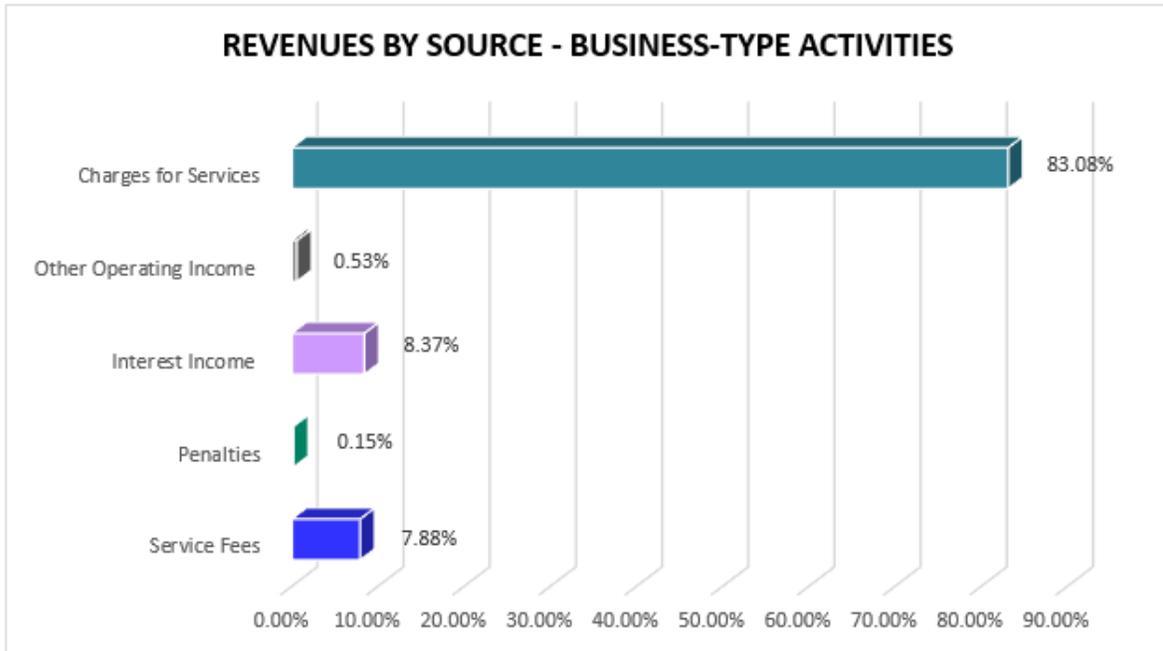
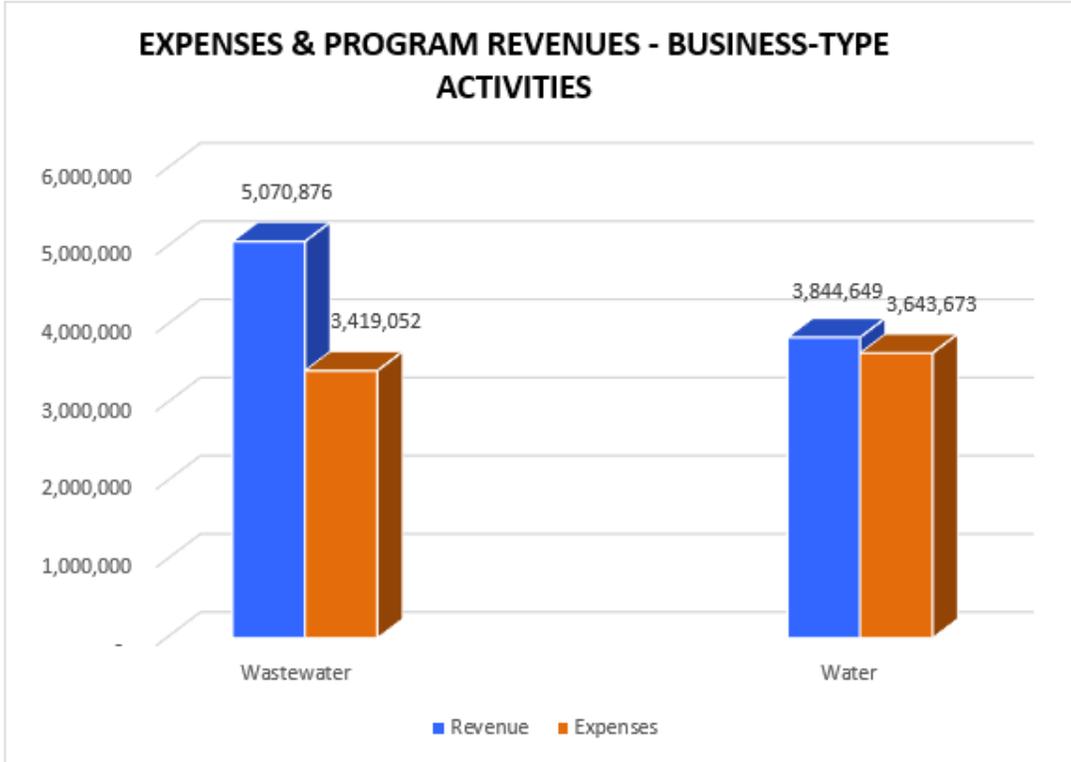
**Business-Type Activities.** Business-type activities increased the City's net position by \$3,105,736.

Key elements of this increase are as follows:

- The Water and Wastewater funds had combined operating revenue of \$8,915,525 and combined non-operating revenue of \$1,252,936. The net decrease in non-operating revenue was the result of a non-recurring transfer of \$4.5 million from the General Fund to the Sewer Fund in the prior year compared to a much smaller transfer of \$1,126,500 in the current year.
- The above items resulted in the above-noted increase in net position of \$3,105,736 for the Wastewater and Water funds combined as compared to an increase of \$6,207,530 for the previous year.

Operating Revenue increased by \$65,981, basically equal to the previous year since the 20% increase in Water and Sewer Rates that were effective July 2021 impacted the prior and current years.

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**Discretely Presented Component Unit.** Component units are legally separate organizations for which the primary government is financially accountable. The nature and significance of the component unit is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit for the City is Rocky Top Sports World. The Organization is an instrumentality of the governments of the City and Sevier County. A summary of the City's component unit operations follows:

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	2023	2022
<b>Operating Revenue</b>	\$ 1,722,151	\$ 1,560,851
<b>Operating Expenses</b>	3,259,983	2,850,783
<b>Loss From Operations</b>	(1,537,832)	(1,289,932)
<b>Nonoperating Revenues</b>	630,457	1,925,042
<b>(Decrease) Increase in Net Position</b>	(907,375)	635,110
<b>Net Position - Beginning of Year</b>	17,696,982	17,061,872
<b>Net Position - End of Year</b>	\$ 16,789,607	\$ 17,696,982

Fiscal year 2023 is the ninth year of the Organization's actual operations. Operating revenues consist primarily of food services, events, sponsorships, and building and outdoor rentals. Operating expenses consist primarily of depreciation, personnel costs, occupancy, and contractual services. Depreciation expense of \$911,607 represents approximately 28.0% of operating expenses of \$3,259,983. Nonoperating revenues (expenses) consist primarily of cash contributions from the City and County governments to help in funding the operations of the sports complex.

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$94,747,466. As previously noted, approximately 28.7% of this total amount, or \$27,207,774, constitutes unassigned fund balance, which is available for spending at the government's discretion. The assigned fund balance of \$458,967 represents the portion of fund balance the City has set aside for a specific use. A small portion (0.6%) of fund balance is non-spendable in the form of inventories in the amount of \$589,893. The remaining fund balance, which is not available for new spending, is made up of \$9,963,854 restricted fund balance because it has restrictions placed upon its use and \$56,526,978 of committed fund balance to indicate that it is has been committed to the purposes of these funds.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$27,207,774. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund revenues. The Government Finance Officers Association recommends that general purpose governments maintain unassigned fund balances in the General Fund of no less than two to three months of regular general fund operating revenues or of regular general fund operating expenditures. The City is fortunate to carry approximately twelve months of estimated operating expenditures in its Unassigned Fund Balance.

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The fund balance of the City's general fund increased by \$3,324,966 during the current fiscal year compared to a decrease of \$7,210,844 in the prior fiscal year. The general fund had a net increase in revenues of \$177,969 in 2023. Though there was a significant increase in interest revenue, it was offset by a reduction in the amount of Premier Resort Tax Revenue transferred from the State. Total expenditures increased by \$6,118,164 mainly due to increases in personnel costs and capital outlay expenditures. Operating Transfers Out decreased from the prior year by \$16,476,005 due to decreases in significant transfers to the Public Works Construction Fund.

The Special Tax Fund had an increase in revenues of \$979,018 in 2023 primarily due to restaurant tax revenue and interest income. Expenditures showed a decrease of \$1,063,260 due to a decrease in the contribution to Component Unit for funding of capital projects. Transfers to other funds from this fund increased by \$3,500,384 primarily due to an increase in transfers related to Public Works Construction Projects.

The Convention Center Debt Service Fund services debt and provides additional operation and maintenance funds for the convention center as needed and provides funding for the promotion of tourism. The fund balance in this fund increased by \$5,096,794 from \$15.94 million to \$21.03 million. The local taxes category decreased by \$332,207 and there was also a decrease of \$458,378 in State-shared taxes. This reduction in State-shared taxes is a direct result of the State reducing the City's portion of post FY2000 growth in the Premiere Resort Tax from 50% to 25% of growth, which is the percentage the City is slated to receive in future years. Interest income increased by \$659,980 due to an increase in the interest rate on bank balances.

Virtually all the revenues in the Tourism/Convention Center Fund are now received the Gatlinburg Convention and Visitors Bureau (CVB). The expenditures for this fund showed a large increase as the City's tourism-related revenues grew significantly resulting in a related increase in the subsequent transfer of these dedicated tax streams to the CVB. The Fund showed a decrease of \$275,149 in fund balance as a result of the transfer of surplus revenue to the CVB. This surplus was a result of actual tourism-related revenue exceeding budget projections.

The fund balance of the public works construction fund decreased by \$3,030,056 due to significant capital projects occurring during the fiscal year.

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

Net position of the water and wastewater funds at the end of the year amounted to \$40,166,650. The total change in net position for these funds was an increase of \$593,639 for the Water Fund and an increase of \$3,105,736 for the Sewer Fund. Other factors concerning the finances of these funds have already been addressed in the discussion of these business-type activities above.

### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budgeted expenditures for the general fund was an increase of \$1,189,739. This increase was primarily due to budget amendments necessary to fund costs associated with the restoration of City Hall due to water damage from an incident with the sprinkler system in November 2022.

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Actual general fund revenues exceeded final budgeted revenues by \$5,737,394, primarily due to local taxes and interest income exceeded budget estimates.

Actual general fund expenditures were lower than final budgeted expenditures by \$1,816,516 or approximately 6.4% of the total expenditure budget. This variance was due to a combination of certain expenditures being encumbered but not spent by June 30, 2023 and having some personnel vacancies during the fiscal year.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$158,472,061 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, and park facilities. This net increase of \$26,143,805 over the prior year is due to an addition of approximately \$29.7 million in new assets noted below offset by an increase of \$3.5 million in related depreciation.

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

- \$16,018,986 was added as various building and infrastructure projects were capitalized of which over \$12 Million is related to Convention Center Additions and Renovations.
- \$2,589,302 was added to land and land improvements with the major addition being ADA renovations and other upgrades to Mynatt Park.
- \$2,268,827 in new vehicles and equipment were added, net of disposals.
- Current year resources were applied to various equipment purchases, building and system improvements in the wastewater and water funds in the amount of \$13,763,755.

Capital assets are as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land and Land Improvements	\$ 19,173,463	\$ 16,584,161	\$ 237,734	\$ 237,734	\$ 19,411,197	\$ 16,821,895
Buildings	78,583,580	62,601,737	20,461,682	20,424,539	99,045,262	83,026,276
Vehicles	16,316,301	14,924,288	-	-	16,316,301	14,924,288
Main System	-	-	31,630,386	31,514,809	31,630,386	31,514,809
Equipment	9,603,152	8,871,740	6,550,285	6,404,883	16,153,437	15,276,623
Infrastructure	51,422,778	50,547,009	-	-	51,422,778	50,547,009
Construction in Progress	7,222,294	13,858,180	19,855,702	5,415,951	27,077,996	19,274,131
Accumulated Depreciation	(70,708,488)	(68,154,085)	(31,876,808)	(30,902,690)	(102,585,296)	(99,056,775)
Total Net of Depreciation	<u>\$ 111,613,080</u>	<u>\$ 99,233,030</u>	<u>\$ 46,858,981</u>	<u>\$ 33,095,226</u>	<u>\$ 158,472,061</u>	<u>\$ 132,328,256</u>

The net decrease in construction in process of \$6,635,886 in governmental activities is primarily attributable to the completion and capitalization of major projects such as Convention Center Additions and Renovations, Mynatt Park Renovations, and other projects.

CITY OF GATLINBURG, TENNESSEE  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

The net increase of \$14,439,751 in the business-type activities construction in process is primarily attributable to the Wastewater Treatment Plant expansion project still being in process as of June 30, 2023. Additional information on the City’s capital assets can be found in Note 6 on pages 41 through 43 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$57,819,097. The City’s long-term debt as of June 30, 2023 is as follows:

Governmental Activities		Business-Type Activities		Total Primary Government	
2023	2022	2023	2022	2023	2022
\$ 32,097,673	\$ 34,416,399	\$ 25,721,424	\$ 26,031,577	\$ 57,819,097	\$ 60,447,976

The City’s total debt decreased a net of \$2,628,879 (-4.3%) during the current fiscal year. There was no new debt issued in 2023.

The City maintains a debt rating of “A1” from Moody’s Investor Service and “AA” from Standard & Poor’s for general obligation debt, so all City debt carries an “A” or higher rating.

Additional information regarding the City’s long-term debt activity during the current fiscal year can be found in Note 7 on pages 43 through 45 of this report.

**Next Year’s Budget**

The fiscal year 2024 budget was prepared with major tax revenues projected to be approximately 2.5 percent less than the previous year collections. Utility revenues are budgeted to remain about the same as the prior year but increases in Water and Sewer rate of 20%, effective in January 2024, should produce surplus revenue for this fund in FY 2024. The 2024 fiscal year general fund budget has been approved with the projected use of approximately \$2.68 Million of fund balance to implement an animal-resistant refuse container program. It should be noted that the first quarter of fiscal year 2024 has been more positive than projected with combined major tax streams running slightly ahead of the prior year instead of the projected 2.5% budgeted decrease. The City’s required contribution rate to the Tennessee Consolidated Retirement System (“TCRS”) remained at 5.6% which is much lower than the highest rate of almost 17% a few years ago.

For the 2024 Budget, the City was able to allocate approximately \$7.8 million to various capital projects funded from the General and Special Revenue/CIP Funds. The budget does still contain the planned continuance of expenditures related to the Vehicle Replacement Program with funding of \$1,753,000 in the upcoming budget.

**Requests for Information**

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Gatlinburg, Office of the Finance Director, P.O. Box 5, Gatlinburg, Tennessee 37738.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF GATLINBURG, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Rocky Top Sports World
<b>ASSETS:</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 64,933,157	\$ 7,574,409	\$ 72,507,566	\$ 1,612,402
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$56,167	1,319,147	776,948	2,096,095	112,779
Property Taxes Receivable, Net of Allowance for Doubtful Accounts of \$101,608	1,115,358	-	1,115,358	-
Other Tax and Nonexchange Revenue Receivable	4,375,503	-	4,375,503	-
Sponsorships Receivable, Current Portion	-	-	-	18,125
Due From Other Governments	3,175,805	-	3,175,805	-
Due From Component Unit	234,000	-	234,000	-
Internal Balances	(1,088,232)	1,088,232	-	-
Inventories	589,893	323,020	912,913	56,755
TCRS Stabilization Trust	497,073	44,637	541,710	-
Prepaid Expenses and Other Assets	-	-	-	40,127
<b>Total Current Assets</b>	<b>75,151,704</b>	<b>9,807,246</b>	<b>84,958,950</b>	<b>1,840,188</b>
<b>NONCURRENT ASSETS</b>				
Investments in Joint Ventures	-	3,563,164	3,563,164	-
Investment in Component Unit	16,141,392	-	16,141,392	-
Cash Restricted or Held for Long-Term Purposes	24,042,049	7,289,008	31,331,057	-
Sponsorships Receivable	-	-	-	20,000
Net Pension Asset	3,690,643	331,122	4,021,765	-
Capital Assets:				
Nondepreciable	19,634,069	20,093,436	39,727,505	2,399,256
Depreciable, Net of Accumulated Depreciation	91,979,011	26,765,545	118,744,556	12,931,978
Total Capital Assets, Net of Depreciation	111,613,080	46,858,981	158,472,061	15,331,234
<b>Total Noncurrent Assets</b>	<b>155,487,164</b>	<b>58,042,275</b>	<b>213,529,439</b>	<b>15,351,234</b>
<b>Total Assets</b>	<b>230,638,868</b>	<b>67,849,521</b>	<b>298,488,389</b>	<b>17,191,422</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Outflows	3,530,624	316,764	3,847,388	-
Deferred OPEB Outflows	38,489	3,456	41,945	-
Deferred Amounts on Refundings	185,818	-	185,818	-
<b>Total Deferred Outflows of Resources</b>	<b>3,754,931</b>	<b>320,220</b>	<b>4,075,151</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 234,393,799</b>	<b>\$ 68,169,741</b>	<b>\$ 302,563,540</b>	<b>\$ 17,191,422</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 2,023,541	\$ 1,044,321	\$ 3,067,862	\$ 59,974
Accrued Liabilities	197,299	70,834	268,133	97,983
Accrued Interest Payable	107,678	93,365	201,043	-
Customer Deposits	-	669,888	669,888	-
Due To Primary Government	-	-	-	234,000
Unearned Revenue	-	-	-	9,858
Compensated Absences	850,000	60,000	910,000	-
Current Portion of Long Term	1,980,000	380,000	2,360,000	-
<b>Total Current Liabilities</b>	<b>5,158,518</b>	<b>2,318,408</b>	<b>7,476,926</b>	<b>401,815</b>
<b>NONCURRENT LIABILITIES</b>				
Compensated Absences Payable	1,117,199	239,932	1,357,131	-
Long-Term Debt	30,117,673	25,341,424	55,459,097	-
Accrued Post-Retirement Plan (OPEB) Liability	1,068,946	95,991	1,164,937	-
<b>Total Noncurrent Liabilities</b>	<b>32,303,818</b>	<b>25,677,347</b>	<b>57,981,165</b>	<b>-</b>
<b>Total Liabilities</b>	<b>37,462,336</b>	<b>27,995,755</b>	<b>65,458,091</b>	<b>401,815</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Current Property Taxes	1,052,755	-	1,052,755	-
Deferred Sales Tax	1,172,692	-	1,172,692	-
Deferred Pension Inflows	20,581	1,847	22,428	-
Deferred OPEB Inflows	61,115	5,489	66,604	-
<b>Total Deferred Inflows of Resources</b>	<b>2,307,143</b>	<b>7,336</b>	<b>2,314,479</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	96,876,659	28,426,565	125,303,224	15,331,234
Restricted:				
Minority Participants' Interest in Joint Venture	-	-	-	1,458,373
Net Pension Asset	3,690,643	331,122	4,021,765	-
TCRS Stabilization Trust	497,073	44,637	541,710	-
Cash Restricted for Long-Term Purposes	917,528	-	917,528	-
Unrestricted	92,642,417	11,364,326	104,006,743	-
<b>Total Net Position</b>	<b>194,624,320</b>	<b>40,166,650</b>	<b>234,790,970</b>	<b>16,789,607</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 234,393,799</b>	<b>\$ 68,169,741</b>	<b>\$ 302,563,540</b>	<b>\$ 17,191,422</b>

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

**CITY OF GATLINBURG, TENNESSEE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Activities	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position			Component Unit
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Rocky Top Sports World
<b>Governmental</b>								
General Government	\$ 8,366,103	\$ 3,341,454	\$ 1,350,816	\$ -	\$ (3,673,833)	\$ -	\$ (3,673,833)	\$ -
Public Safety	9,418,269	1,249,005	193,993	-	(7,975,271)	-	(7,975,271)	-
Public Works	6,124,559	900	322,675	186,628	(5,614,356)	-	(5,614,356)	-
Recreation	4,438,868	2,326,134	-	-	(2,112,734)	-	(2,112,734)	-
Tourism Promotion	14,523,539	2,736	-	-	(14,520,803)	-	(14,520,803)	-
Transportation	3,249,206	4,044,692	1,606,453	-	2,401,939	-	2,401,939	-
Education	1,011,311	-	-	-	(1,011,311)	-	(1,011,311)	-
Debt Service	1,170,038	-	-	-	(1,170,038)	-	(1,170,038)	-
<b>Total Governmental Activities</b>	<b>48,301,893</b>	<b>10,964,921</b>	<b>3,473,937</b>	<b>186,628</b>	<b>(33,676,407)</b>	<b>-</b>	<b>(33,676,407)</b>	<b>-</b>
<b>Business-Type</b>								
Wastewater	4,045,413	5,070,876	-	-	-	1,025,463	1,025,463	-
Water	3,704,824	3,844,649	-	-	-	139,825	139,825	-
<b>Total Business-Type Activities</b>	<b>7,750,237</b>	<b>8,915,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,165,288</b>	<b>1,165,288</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 56,052,130</b>	<b>\$ 19,880,446</b>	<b>\$ 3,473,937</b>	<b>\$ 186,628</b>	<b>(33,676,407)</b>	<b>1,165,288</b>	<b>(32,511,119)</b>	<b>-</b>
<b>Component Unit</b>	<b>\$ 3,259,983</b>	<b>\$ 1,722,151</b>	<b>\$ 864,457</b>	<b>\$ -</b>				<b>(673,375)</b>
<b>General Revenues</b>								
Taxes:								
Property Taxes					1,056,395	-	1,056,395	-
Sales Taxes					18,311,960	-	18,311,960	-
Hotel/Motel Tax					11,060,163	-	11,060,163	-
Gross Receipts Tax					14,344,299	-	14,344,299	-
Amusement Tax					3,284,107	-	3,284,107	-
Restaurant Tax					3,630,296	-	3,630,296	-
Business Tax					1,130,270	-	1,130,270	-
Franchise and Income Taxes					502,988	-	502,988	-
Wholesale Beer, Liquor Licenses, Beer Permits, State Beer and State Mixed Drink Taxes					2,291,849	-	2,291,849	-
Interest Income					3,462,247	813,948	4,276,195	-
Miscellaneous					599,013	-	599,013	-
Transfers					(892,500)	1,126,500	234,000	(234,000)
<b>Total General Revenues and Transfers</b>					<b>58,781,087</b>	<b>1,940,448</b>	<b>60,721,535</b>	<b>(234,000)</b>
<b>Change in Net Position</b>					<b>25,104,680</b>	<b>3,105,736</b>	<b>28,210,416</b>	<b>(907,375)</b>
<b>Net Position, Beginning of Year</b>					<b>169,519,640</b>	<b>37,060,914</b>	<b>206,580,554</b>	<b>17,696,982</b>
<b>Net Position, End of Year</b>					<b>\$ 194,624,320</b>	<b>\$ 40,166,650</b>	<b>\$ 234,790,970</b>	<b>\$ 16,789,607</b>

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

**CITY OF GATLINBURG, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General Fund	Special Tax Fund	Convention Center Debt Service Fund	Tourism Fund	Parking & Mass Transit Fund	Public Works Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>								
Cash and Cash Equivalents	\$ 25,639,278	\$ 11,366,407	\$ 20,238,334	\$ 2,185,494	\$ 5,043,116	\$ -	\$ 460,528	\$ 64,933,157
Accounts Receivable, Net	1,319,147	-	-	-	-	-	-	1,319,147
Property Taxes Receivable, Net	1,115,358	-	-	-	-	-	-	1,115,358
Other Tax and Nonexchange Revenue Receivable	2,148,169	1,022,950	726,743	-	-	-	477,641	4,375,503
Due From Other Governments	1,037,407	-	437,354	-	525,054	-	1,175,990	3,175,805
Due from Component Unit	-	-	-	-	-	234,000	-	234,000
Due From Other Funds	-	-	-	-	-	-	38,268	38,268
Inventories	589,893	-	-	-	-	-	-	589,893
TCRS Stabilization Trust	459,911	-	-	4,280	32,882	-	-	497,073
Cash Restricted or Held for Long-Term Purposes	101,767	-	-	-	-	19,042,468	4,897,814	24,042,049
<b>TOTAL ASSETS</b>	<b>\$ 32,410,930</b>	<b>\$ 12,389,357</b>	<b>\$ 21,402,431</b>	<b>\$ 2,189,774</b>	<b>\$ 5,601,052</b>	<b>\$ 19,276,468</b>	<b>\$ 7,050,241</b>	<b>\$ 100,320,253</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ 457,866	\$ 32,083	\$ -	\$ 97,141	\$ 22,941	\$ 1,148,716	\$ 264,794	\$ 2,023,541
Accrued Liabilities	186,431	-	-	-	10,868	-	-	197,299
Due To Other Funds	1,126,500	-	-	-	-	-	-	1,126,500
<b>Total Liabilities</b>	<b>1,770,797</b>	<b>32,083</b>	<b>-</b>	<b>97,141</b>	<b>33,809</b>	<b>1,148,716</b>	<b>264,794</b>	<b>3,347,340</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,735,244</b>	<b>-</b>	<b>369,653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,550</b>	<b>2,225,447</b>
<b>FUND BALANCES</b>								
Nonspendable:								
Inventory	589,893	-	-	-	-	-	-	589,893
Restricted:								
TCRS Stabilization Trust	459,911	-	-	4,280	32,882	-	-	497,073
Special Revenue Funds	-	-	-	-	5,534,361	-	2,643,347	8,177,708
Capital Projects Funds	-	-	-	-	-	-	1,289,073	1,289,073
Unrestricted:								
Committed	647,311	12,357,274	21,032,778	2,088,353	-	18,127,752	2,273,510	56,526,978
Assigned	-	-	-	-	-	-	458,967	458,967
Unassigned	27,207,774	-	-	-	-	-	-	27,207,774
<b>Total Fund Balances</b>	<b>28,904,889</b>	<b>12,357,274</b>	<b>21,032,778</b>	<b>2,092,633</b>	<b>5,567,243</b>	<b>18,127,752</b>	<b>6,664,897</b>	<b>94,747,466</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 32,410,930</b>	<b>\$ 12,389,357</b>	<b>\$ 21,402,431</b>	<b>\$ 2,189,774</b>	<b>\$ 5,601,052</b>	<b>\$ 19,276,468</b>	<b>\$ 7,050,241</b>	<b>\$ 100,320,253</b>

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

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

Total Fund Balances for Governmental Funds	\$ 94,747,466
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	111,613,080
Other assets, consisting of investment in component unit, which are not available to fund current period expenditures and, therefore, are not reported as assets in the fund financial statements.	16,141,392
Net pension asset and deferred pension outflow, net of deferred pension inflow, which do not represent current period sources or uses and, therefore, are not reported in the fund financial statements.	7,200,686
Net accrued post-retirement plan (OPEB) liability and deferred OPEB outflow, net of deferred OPEB inflow, which do not represent current period sources or uses and, therefore, are not reported in the fund financial statements.	(1,091,572)
Some liabilities, including long-term debt, unamortized bond premiums, accrued interest on long-term debt, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(34,172,550)
Deferred outflows of unamortized amounts on bond refundings increase the amount of net position reported in the statement of net position, and are not reported as assets in the funds.	185,818
Net Position of Governmental Activities	<u>\$ 194,624,320</u>

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

**CITY OF GATLINBURG, TENNESSEE**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Special Tax Fund	Convention Center Debt Service Fund	Tourism Fund	Parking & Mass Transit Fund	Public Works Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Local Taxes	\$ 29,768,739	\$ 9,783,267	\$ 8,193,164	\$ -	\$ -	\$ -	\$ 3,686,721	\$ 51,431,891
Licenses and Permits	2,684,898	-	-	-	-	-	-	2,684,898
Intergovernmental	2,332,130	-	1,441,798	-	1,606,453	-	2,768,122	8,148,503
Miscellaneous Income	-	-	-	-	-	-	254,008	254,008
Use of Money and Property	3,366,547	1,296,902	755,838	53,342	189,666	-	121,894	5,784,189
Charges for Services	1,290,068	-	-	2,736	4,034,732	-	-	5,327,536
Fines, Forfeitures and Penalties	313,398	-	-	-	-	-	91,397	404,795
Contributions and Donations	-	186,628	-	-	-	76,625	-	263,253
<b>Total Revenues</b>	<b>39,755,780</b>	<b>11,266,797</b>	<b>10,390,800</b>	<b>56,078</b>	<b>5,830,851</b>	<b>76,625</b>	<b>6,922,142</b>	<b>74,299,073</b>
<b>EXPENDITURES</b>								
General Government	8,495,667	-	-	-	-	-	30,000	8,525,667
Public Safety	9,209,560	-	-	-	-	-	11,841	9,221,401
Public Works	4,760,461	-	-	-	-	-	163,918	4,924,379
Recreation	4,589,428	-	-	-	-	-	-	4,589,428
Tourism Promotion	-	-	-	12,353,193	-	-	-	12,353,193
Parking / Mass Transit	-	-	-	-	2,860,372	-	-	2,860,372
Education	-	-	-	-	-	-	1,011,311	1,011,311
Capital Outlay	-	87,417	-	359,868	-	11,042,761	3,525,897	15,015,943
Capital Contributions to Component Unit	-	476,810	-	-	-	-	-	476,810
Debt Service:								
Principal	-	650,000	1,435,000	-	-	-	-	2,085,000
Interest	-	260,350	908,188	-	-	-	-	1,168,538
Paying Agent Fees	-	500	1,000	-	-	-	-	1,500
<b>Total Expenditures</b>	<b>27,055,116</b>	<b>1,475,077</b>	<b>2,344,188</b>	<b>12,713,061</b>	<b>2,860,372</b>	<b>11,042,761</b>	<b>4,742,967</b>	<b>62,233,542</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,700,664</b>	<b>9,791,720</b>	<b>8,046,612</b>	<b>(12,656,983)</b>	<b>2,970,479</b>	<b>(10,966,136)</b>	<b>2,179,175</b>	<b>12,065,531</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating Transfers In	-	-	-	12,381,834	-	7,936,080	3,000,000	23,317,914
Operating Transfers Out	(9,375,698)	(7,537,616)	(2,949,818)	-	(10,000)	-	(4,337,282)	(24,210,414)
<b>Net Other Financing Sources (Uses)</b>	<b>(9,375,698)</b>	<b>(7,537,616)</b>	<b>(2,949,818)</b>	<b>12,381,834</b>	<b>(10,000)</b>	<b>7,936,080</b>	<b>(1,337,282)</b>	<b>(892,500)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>3,324,966</b>	<b>2,254,104</b>	<b>5,096,794</b>	<b>(275,149)</b>	<b>2,960,479</b>	<b>(3,030,056)</b>	<b>841,893</b>	<b>11,173,031</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>25,579,923</b>	<b>10,103,170</b>	<b>15,935,984</b>	<b>2,367,782</b>	<b>2,606,764</b>	<b>21,157,808</b>	<b>5,823,004</b>	<b>83,574,435</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 28,904,889</b>	<b>\$ 12,357,274</b>	<b>\$ 21,032,778</b>	<b>\$ 2,092,633</b>	<b>\$ 5,567,243</b>	<b>\$ 18,127,752</b>	<b>\$ 6,664,897</b>	<b>\$ 94,747,466</b>

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

**CITY OF GATLINBURG, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE 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	\$ 11,173,031
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation and loss on disposals in the current year.	 12,380,050
 The issuance of long-term debt (e.g. bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds also report interest expense in the period it is paid. However, in the statement of activities, interest expense is recorded on the accrual basis of accounting in the period to which the interest relates. Also, governmental funds report the effect of premiums, discounts, refunding losses and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.	 2,310,185
 Expense from net pension assets is recognized in the statement of activities but does not represent a current use of resources. Current year pension contributions of are expenditures in the governmental funds but recognized as deferred outflows of resources in the statement of net position.	 (29,560)
 Expense from net other post retirement employment benefits (OPEB) is recognized in the statement of activities but does not represent a current use of resources. Current year OPEB benefit payments are expenditures in the governmental funds but recognized as deferred inflows of resources in the statement of net position.	 20,576
 Contributions of \$476,810 made to the component unit are expenditures in the governmental fund financial statements. However, in the statement of net position these cash contributions increase the Investment in Component Unit. The City's allocated portion of the Component Unit's decrease in net position before capital contributions for 2023 of \$1,020,160, is included in Tourism Promotion expenses in the statement of activities and is a reduction of Investment in Component Unit on the statement of net position. However, it does not require the use of current financial resources and, therefore, is not reported in the governmental funds.	 (543,350)
 The current year increase in the liability for compensated absences does not require the use of current financial resources and therefore is not reported in the governmental funds.	 <u>(206,252)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 25,104,680</u></u>

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

**CITY OF GATLINBURG, TENNESSEE**  
**STATEMENT OF GENERAL FUND BUDGETARY COMPARISON**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local Taxes:				
Current Year Property Taxes	\$ 985,998	\$ 985,998	\$ 970,875	\$ (15,123)
Prior Year Property Taxes	22,588	22,588	22,584	(4)
Local Option Sales Tax	9,120,199	9,120,199	10,515,034	1,394,835
Wholesale Beer Tax	843,733	843,733	788,772	(54,961)
Liquor Inspection Fee	2,294,387	2,294,387	2,085,844	(208,543)
Gross Receipts Tax	9,773,915	9,773,915	11,475,435	1,701,520
1/3 Hotel/Motel Tax	3,327,646	3,327,646	3,686,721	359,075
Other Local Taxes	155,540	155,540	223,474	67,934
Licenses and Permits	2,221,597	2,221,597	2,684,898	463,301
Intergovernmental:				
State Sales Tax	1,710,269	1,710,269	1,844,094	133,825
Other Intergovernmental	237,400	237,400	488,036	250,636
Use of Money and Property	2,186,614	2,186,614	3,366,547	1,179,933
Charges for Service	813,500	813,500	1,290,068	476,568
Fines, Forfeitures and Penalties	325,000	325,000	313,398	(11,602)
<b>Total Revenues</b>	<u>34,018,386</u>	<u>34,018,386</u>	<u>39,755,780</u>	<u>5,737,394</u>
<b>Expenditures</b>				
General government:				
City Manager:				
Personnel Costs	715,682	715,887	702,801	13,086
Supplies	5,000	5,150	5,149	1
General Services	39,000	38,645	34,691	3,954
Contingency	50,450	50,450	46,228	4,222
<b>Total City Manager</b>	<u>810,132</u>	<u>810,132</u>	<u>788,869</u>	<u>21,263</u>
City Attorney:				
Personnel Costs	130,000	130,000	95,727	34,273
General Services	4,750	4,750	525	4,225
<b>Total City Attorney</b>	<u>134,750</u>	<u>134,750</u>	<u>96,252</u>	<u>38,498</u>
Finance:				
Personnel Costs	824,883	824,883	808,936	15,947
Supplies	22,500	22,500	21,165	1,335
Maintenance	7,150	7,150	4,717	2,433
General Services	222,808	248,308	239,592	8,716
<b>Total Finance</b>	<u>1,077,341</u>	<u>1,102,841</u>	<u>1,074,410</u>	<u>28,431</u>
Nondepartmental:				
Personnel Costs	2,771,540	2,696,540	2,590,337	106,203
Maintenance	171,902	1,054,474	883,078	171,396
General Services	995,855	1,065,855	1,234,186	(168,331)
Contingency	5,000	5,000	2,472	2,528
Capital Outlay	400,000	400,000	400,000	-
<b>Total Nondepartmental</b>	<u>4,344,297</u>	<u>5,221,869</u>	<u>5,110,073</u>	<u>111,796</u>
Building and Planning:				
Personnel Costs	651,180	635,180	498,031	137,149
Supplies	7,000	7,000	6,789	211
General Services	73,148	89,148	85,378	3,770
Contingency	7,080	7,080	4,626	2,454
<b>Total Building and Planning</b>	<u>738,408</u>	<u>738,408</u>	<u>594,824</u>	<u>143,584</u>
Legislative:				
Personnel Costs	36,400	36,400	35,931	469
Supplies	2,000	2,000	1,108	892
General Services	334,539	353,706	325,701	28,005
Contingency	481,142	481,142	468,499	12,643
<b>Total Legislative</b>	<u>854,081</u>	<u>873,248</u>	<u>831,239</u>	<u>42,009</u>
<b>Total General Government</b>	<u>7,959,009</u>	<u>8,881,248</u>	<u>8,495,667</u>	<u>385,581</u>

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

**CITY OF GATLINBURG, TENNESSEE**  
**STATEMENT OF GENERAL FUND BUDGETARY COMPARISON - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Public Safety:</b>				
<b>Police:</b>				
Personnel Costs	4,082,617	4,012,617	3,707,958	304,659
Supplies	338,444	338,444	198,073	140,371
Maintenance	106,915	140,915	108,520	32,395
General Services	241,032	314,032	252,607	61,425
Capital Outlay	273,420	273,420	225,899	47,521
<b>Total Police</b>	<b>5,043,428</b>	<b>5,080,428</b>	<b>4,493,057</b>	<b>587,371</b>
<b>Jail Operations:</b>				
Personnel Costs	450,500	450,500	462,655	(12,155)
Supplies	6,000	6,000	1,485	4,515
General Services	3,800	3,800	80	3,720
<b>Total Jail Operations</b>	<b>460,300</b>	<b>460,300</b>	<b>464,220</b>	<b>(3,920)</b>
<b>Fire / Rescue:</b>				
Personnel Costs	3,640,500	3,682,000	3,703,002	(21,002)
Supplies	193,942	153,842	140,060	13,782
Maintenance	60,500	137,000	127,503	9,497
General Services	216,804	216,804	226,203	(9,399)
Capital Outlay	42,000	45,600	55,515	(9,915)
<b>Total Fire / Rescue</b>	<b>4,153,746</b>	<b>4,235,246</b>	<b>4,252,283</b>	<b>(17,037)</b>
<b>Total Public Safety</b>	<b>9,657,474</b>	<b>9,775,974</b>	<b>9,209,560</b>	<b>566,414</b>
<b>Public Works:</b>				
<b>Service Center:</b>				
Personnel Costs	387,600	387,600	356,478	31,122
Supplies	67,200	67,200	42,564	24,636
Maintenance	261,427	261,427	195,895	65,532
General Services	51,024	51,024	41,955	9,069
<b>Total Service Center</b>	<b>767,251</b>	<b>767,251</b>	<b>636,892</b>	<b>130,359</b>
<b>Building Maintenance:</b>				
Personnel Costs	289,300	289,300	278,091	11,209
Supplies	26,050	26,050	15,774	10,276
Maintenance	20,150	20,150	20,276	(126)
General Services	29,010	29,010	25,276	3,734
<b>Total Building Maintenance</b>	<b>364,510</b>	<b>364,510</b>	<b>339,417</b>	<b>25,093</b>
<b>Street:</b>				
Personnel Costs	910,564	890,564	838,282	52,282
Supplies	203,500	199,500	104,473	95,027
Maintenance	246,500	266,500	198,503	67,997
General Services	17,743	21,743	17,824	3,919
Contingency	500	500	745	(245)
Capital Outlay	200,404	200,404	136,954	63,450
<b>Total Street</b>	<b>1,579,211</b>	<b>1,579,211</b>	<b>1,296,781</b>	<b>282,430</b>
<b>Sanitation:</b>				
Personnel Costs	1,584,579	1,546,479	1,468,363	78,116
Supplies	277,951	150,051	147,815	2,236
Maintenance	120,950	286,950	282,786	4,164
General Services	652,709	652,709	584,087	68,622
Contingency	1,253	1,253	859	394
Capital Outlay	8,267	8,267	3,461	4,806
<b>Total Sanitation</b>	<b>2,645,709</b>	<b>2,645,709</b>	<b>2,487,371</b>	<b>158,338</b>
<b>Total Public Works</b>	<b>5,356,681</b>	<b>5,356,681</b>	<b>4,760,461</b>	<b>596,220</b>

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

**CITY OF GATLINBURG, TENNESSEE**  
**STATEMENT OF GENERAL FUND BUDGETARY COMPARISON - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Recreation:</b>				
<b>Golf:</b>				
Personnel Costs	790,000	826,850	829,986	(3,136)
Supplies	197,660	222,160	215,193	6,967
Maintenance	333,448	324,098	317,856	6,242
General Services	207,500	216,500	200,490	16,010
Capital Outlay	415,789	413,789	366,128	47,661
<b>Total Golf</b>	<u>1,944,397</u>	<u>2,003,397</u>	<u>1,929,653</u>	<u>73,744</u>
<b>Recreation:</b>				
Personnel Costs	1,653,288	1,653,288	1,605,104	48,184
Supplies	314,865	324,865	260,982	63,883
Maintenance	185,703	281,703	257,223	24,480
General Services	390,344	401,344	372,459	28,885
Contingency	27,000	27,000	22,320	4,680
Capital Outlay	193,134	166,134	141,687	24,447
<b>Total Recreation</b>	<u>2,764,333</u>	<u>2,854,333</u>	<u>2,659,775</u>	<u>194,558</u>
<b>Total Recreation and Golf</b>	<u>4,708,730</u>	<u>4,857,730</u>	<u>4,589,428</u>	<u>268,302</u>
<b>Total Expenditures</b>	<u>27,681,893</u>	<u>28,871,632</u>	<u>27,055,116</u>	<u>1,816,516</u>
<b>Excess of Revenues Over Expenses</b>	<u>6,336,493</u>	<u>5,146,754</u>	<u>12,700,664</u>	<u>3,920,878</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Other Funds				
To Street Aid Fund	(468,000)	(468,000)	(468,000)	-
To Vehicle Replacement Fund	(1,325,000)	(1,263,500)	(1,456,000)	(192,500)
To Department of Tourism	(2,472,758)	(2,681,758)	(2,636,813)	44,945
To Public Works Construction Fund	(3,688,385)	(3,688,385)	(3,688,385)	-
To Wastewater Fund	-	(1,126,500)	(1,126,500)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(7,954,143)</u>	<u>(9,228,143)</u>	<u>(9,375,698)</u>	<u>(147,555)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(1,617,650)</u>	<u>(4,081,389)</u>	<u>3,324,966</u>	<u>3,773,323</u>
<b>Fund Balance - Beginning of Year</b>	<u>25,579,923</u>	<u>25,579,923</u>	<u>25,579,923</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 23,962,273</u>	<u>\$ 21,498,534</u>	<u>\$ 28,904,889</u>	<u>\$ 3,773,323</u>

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

**CITY OF GATLINBURG, TENNESSEE**  
**SPECIAL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Local Taxes:</b>				
Gross Receipts Tax	\$ 2,443,483	\$ 2,443,483	\$ 2,868,864	\$ 425,381
Amusement Tax	2,759,511	2,759,511	3,284,107	524,596
Restaurant Tax	2,879,991	2,879,991	3,630,296	750,305
<b>Total Local Taxes</b>	<u>8,082,985</u>	<u>8,082,985</u>	<u>9,783,267</u>	<u>1,700,282</u>
<b>Use of Money and Property:</b>				
Interest Income	204,000	204,000	1,296,902	1,092,902
<b>Total Use of Money and Property</b>	<u>204,000</u>	<u>204,000</u>	<u>1,296,902</u>	<u>1,092,902</u>
<b>Contributions:</b>				
Underground Utilities Assessment	150,000	150,000	186,628	36,628
<b>Total Contributions</b>	<u>150,000</u>	<u>150,000</u>	<u>186,628</u>	<u>36,628</u>
<b>Total Revenues</b>	<u>8,436,985</u>	<u>8,436,985</u>	<u>11,266,797</u>	<u>2,829,812</u>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	650,000	650,000	650,000	-
Interest	260,350	260,350	260,350	-
Paying Agent Fees	1,000	1,000	500	500
<b>Total Debt Service</b>	<u>911,350</u>	<u>911,350</u>	<u>910,850</u>	<u>500</u>
<b>Capital Outlay:</b>				
Sidewalk Maintenance	25,000	25,000	24,279	721
Winter Lights	31,800	76,800	63,138	13,662
<b>Total Capital Outlay</b>	<u>56,800</u>	<u>101,800</u>	<u>87,417</u>	<u>14,383</u>
<b>Contribution to Component Unit</b>	<u>1,235,838</u>	<u>1,235,838</u>	<u>476,810</u>	<u>759,028</u>
<b>Total Expenditures</b>	<u>2,203,988</u>	<u>2,248,988</u>	<u>1,475,077</u>	<u>773,911</u>
<b>Excess of Revenues Over Expenditures</b>	<u>6,232,997</u>	<u>6,187,997</u>	<u>9,791,720</u>	<u>3,603,723</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Public Works Construction Fund	(1,882,695)	(2,807,695)	(3,368,695)	(561,000)
Transfer to Department of Tourism	(2,659,195)	(2,757,195)	(3,102,921)	345,726
Transfer to Grant Financed Projects Fund	(1,066,000)	(1,066,000)	(1,066,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(5,607,890)</u>	<u>(6,630,890)</u>	<u>(7,537,616)</u>	<u>(215,274)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>625,107</u>	<u>(442,893)</u>	<u>2,254,104</u>	<u>2,696,997</u>
<b>Fund Balance - Beginning of Year</b>	<u>10,103,170</u>	<u>10,103,170</u>	<u>10,103,170</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 10,728,277</u>	<u>\$ 9,660,277</u>	<u>\$ 12,357,274</u>	<u>\$ 2,696,997</u>

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

**CITY OF GATLINBURG, TENNESSEE  
TOURISM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Advertising Fees	\$ -	\$ -	\$ 2,720	\$ 2,720
Interest Income	12,000	12,000	53,342	41,342
Other Revenue	-	-	16	16
<b>Total Revenues</b>	<u>12,000</u>	<u>12,000</u>	<u>56,078</u>	<u>44,078</u>
<b>EXPENDITURES</b>				
<b>Convention Center:</b>				
Personnel	174,798	188,798	183,323	5,475
General Services	1,641,807	1,655,807	1,655,664	143
Capital Outlay	1,264,526	1,236,526	359,868	876,658
<b>Total Convention Center</b>	<u>3,081,131</u>	<u>3,081,131</u>	<u>2,198,855</u>	<u>882,276</u>
<b>Tourism Department:</b>				
Personnel	14,900	14,900	5,772	9,128
Maintenance	58,185	56,685	9,278	47,407
General Services	10,129,446	10,691,946	10,499,156	192,790
<b>Total Tourism Department</b>	<u>10,202,531</u>	<u>10,763,531</u>	<u>10,514,206</u>	<u>249,325</u>
<b>Total Expenditures</b>	<u>13,283,662</u>	<u>13,844,662</u>	<u>12,713,061</u>	<u>1,131,601</u>
<b>Excess of Expenditures Over Revenues</b>	<u>(13,271,662)</u>	<u>(13,832,662)</u>	<u>(12,656,983)</u>	<u>1,175,679</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	11,409,417	11,409,417	12,381,834	972,417
<b>Total Other Financing Sources (Uses)</b>	<u>11,409,417</u>	<u>11,409,417</u>	<u>12,381,834</u>	<u>972,417</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(1,862,245)</u>	<u>(2,423,245)</u>	<u>(275,149)</u>	<u>2,148,096</u>
<b>Fund Balance - Beginning of Year</b>	<u>2,367,782</u>	<u>2,367,782</u>	<u>2,367,782</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 505,537</u>	<u>\$ (55,463)</u>	<u>\$ 2,092,633</u>	<u>\$ 2,148,096</u>

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

**CITY OF GATLINBURG, TENNESSEE  
PARKING AND MASS TRANSIT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Intergovernmental:</b>				
State Mass Transit Grants	\$ 1,002,916	\$ 1,002,916	\$ 1,606,453	\$ 603,537
<b>Total Intergovernmental</b>	<u>1,002,916</u>	<u>1,002,916</u>	<u>1,606,453</u>	<u>603,537</u>
<b>Use of Money and Property:</b>				
Interest Income	22,000	22,000	156,346	134,346
Advertising Fees	10,000	10,000	9,960	(40)
Miscellaneous Income	-	-	23,360	23,360
<b>Total Use of Money and Property</b>	<u>32,000</u>	<u>32,000</u>	<u>189,666</u>	<u>157,666</u>
<b>Charges for Service:</b>				
Parking Lot Income	3,600,000	3,600,000	4,025,582	425,582
Trolley Fares	8,000	8,000	9,150	1,150
<b>Total Charges for Service</b>	<u>3,608,000</u>	<u>3,608,000</u>	<u>4,034,732</u>	<u>426,732</u>
<b>Total Revenues</b>	<u>4,642,916</u>	<u>4,642,916</u>	<u>5,830,851</u>	<u>1,187,935</u>
<b>EXPENDITURES</b>				
<b>Parking Lots:</b>				
Personnel Costs	528,522	564,297	544,563	19,734
Supplies	38,893	38,893	27,241	11,652
Maintenance	304,884	304,884	152,369	152,515
General Services	237,080	281,080	283,748	(2,668)
<b>Total Parking Lots</b>	<u>1,109,379</u>	<u>1,189,154</u>	<u>1,007,921</u>	<u>181,233</u>
<b>Mass Transit</b>				
Personnel Costs	1,364,374	1,315,374	1,298,882	16,492
Supplies	277,000	247,000	143,061	103,939
Maintenance	179,000	243,000	213,193	29,807
General Services	189,244	204,244	191,679	12,565
Contingency	6,000	6,000	5,636	364
<b>Total Mass Transit</b>	<u>2,077,318</u>	<u>2,037,543</u>	<u>1,852,451</u>	<u>185,092</u>
<b>Total Expenditures</b>	<u>3,186,697</u>	<u>3,226,697</u>	<u>2,860,372</u>	<u>366,325</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,456,219</u>	<u>1,416,219</u>	<u>2,970,479</u>	<u>1,554,260</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out to Other Funds	(10,000)	(10,000)	(10,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>1,446,219</u>	<u>1,406,219</u>	<u>2,960,479</u>	<u>1,554,260</u>
<b>Fund Balance - Beginning of Year</b>	<u>2,606,764</u>	<u>2,606,764</u>	<u>2,606,764</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 4,052,983</u>	<u>\$ 4,012,983</u>	<u>\$ 5,567,243</u>	<u>\$ 1,554,260</u>

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

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

ASSETS	Wastewater Fund	Water Fund	Total
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 6,663,620	\$ 910,789	\$ 7,574,409
Receivables:			
Customer Accounts, Net of Allowance for Doubtful Accounts of \$56,167	380,463	396,485	776,948
Due From Other Funds	1,088,232	-	1,088,232
Inventories	80,484	242,536	323,020
TCRS Stabilization Trust	15,710	28,927	44,637
<b>Total Current Assets</b>	<b>8,228,509</b>	<b>1,578,737</b>	<b>9,807,246</b>
<b>Noncurrent Assets</b>			
Land	121,116	116,618	237,734
Construction in Progress	19,509,093	346,609	19,855,702
Buildings and Improvements	18,925,199	1,536,483	20,461,682
Equipment, Furniture and Fixtures	3,720,051	2,830,234	6,550,285
Infrastructure	15,938,074	15,692,312	31,630,386
Allowance for Depreciation	(21,102,339)	(10,774,469)	(31,876,808)
<b>Total Capital Assets</b>	<b>37,111,194</b>	<b>9,747,787</b>	<b>46,858,981</b>
<b>Other Assets</b>			
Restricted Cash and Cash Equivalents	7,289,008	-	7,289,008
Investment in Joint Venture	-	3,563,164	3,563,164
Net Pension Asset	116,556	214,566	331,122
<b>Total Other Assets</b>	<b>7,405,564</b>	<b>3,777,730</b>	<b>11,183,294</b>
<b>Total Noncurrent Assets</b>	<b>44,516,758</b>	<b>13,525,517</b>	<b>58,042,275</b>
<b>TOTAL ASSETS</b>	<b>52,745,267</b>	<b>15,104,254</b>	<b>67,849,521</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	111,502	205,262	316,764
Deferred OPEB Outflows	1,216	2,240	3,456
<b>Total Deferred Outflows of Resources</b>	<b>112,718</b>	<b>207,502</b>	<b>320,220</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 52,857,985</b>	<b>\$ 15,311,756</b>	<b>\$ 68,169,741</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 859,057	\$ 185,264	\$ 1,044,321
Accrued Liabilities	-	70,834	70,834
Accrued Interest Payable	87,281	6,084	93,365
Customer Deposits	-	669,888	669,888
Compensated Absences - Current	22,000	38,000	60,000
Current Maturities of Long-Term Debt	280,000	100,000	380,000
<b>Total Current Liabilities</b>	<b>1,248,338</b>	<b>1,070,070</b>	<b>2,318,408</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	90,317	149,615	239,932
Long-Term Debt	23,138,830	2,202,594	25,341,424
Accrued Post-Retirement Plan (OPEB) Liability	33,783	62,208	95,991
<b>Total Noncurrent Liabilities</b>	<b>23,262,930</b>	<b>2,414,417</b>	<b>25,677,347</b>
<b>TOTAL LIABILITIES</b>	<b>24,511,268</b>	<b>3,484,487</b>	<b>27,995,755</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	650	1,197	1,847
Deferred OPEB Inflows	1,932	3,557	5,489
<b>Total Deferred Inflows of Resources</b>	<b>2,582</b>	<b>4,754</b>	<b>7,336</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	20,981,372	7,445,193	28,426,565
Restricted			
Net Pension Asset	116,556	214,566	331,122
TCRS Stabilization Trust	15,710	28,927	44,637
Unrestricted	7,230,497	4,133,829	11,364,326
<b>Total Net Position</b>	<b>28,344,135</b>	<b>11,822,515</b>	<b>40,166,650</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 52,857,985</b>	<b>\$ 15,311,756</b>	<b>\$ 68,169,741</b>

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

**CITY OF GATLINBURG, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Wastewater Fund	Water Fund	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 4,798,867	\$ 3,284,188	\$ 8,083,055
Penalties	7,622	7,070	14,692
Service Fees	264,387	502,280	766,667
Other Operating Revenue	-	51,111	51,111
<b>Total Operating Revenues</b>	<b>5,070,876</b>	<b>3,844,649</b>	<b>8,915,525</b>
<b>OPERATING EXPENSES</b>			
Cost of Sales and Services of Plant and Systems	1,572,211	2,256,688	3,828,899
Maintenance	1,163,254	977,555	2,140,809
Depreciation	683,587	409,430	1,093,017
<b>Total Operating Expenses</b>	<b>3,419,052</b>	<b>3,643,673</b>	<b>7,062,725</b>
<b>OPERATING INCOME</b>	<b>1,651,824</b>	<b>200,976</b>	<b>1,852,800</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Transfers in	1,126,500	-	1,126,500
Interest Income	726,613	87,335	813,948
Interest Expense	(632,458)	(67,830)	(700,288)
Gain on Disposal of Capital Assets	6,097	6,679	12,776
<b>Total Non-Operating Revenues</b>	<b>1,226,752</b>	<b>26,184</b>	<b>1,252,936</b>
<b>CHANGE IN NET POSITION</b>	<b>2,878,576</b>	<b>227,160</b>	<b>3,105,736</b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>25,465,559</b>	<b>11,595,355</b>	<b>37,060,914</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 28,344,135</b>	<b>\$ 11,822,515</b>	<b>\$ 40,166,650</b>

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

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

	Wastewater Fund	Water Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 5,038,414	\$ 3,742,878	\$ 8,781,292
Payments to or on Behalf of Employees	(1,206,645)	(968,732)	(2,175,377)
Payments to Suppliers	(1,812,143)	(2,242,899)	(4,055,042)
<b>Net Cash Provided by Operating Activities</b>	2,019,626	531,247	2,550,873
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets	(14,416,003)	(427,993)	(14,843,996)
Principal Paid on Long-Term Debt	(180,000)	(95,000)	(275,000)
Interest Paid on Long-Term Debt	(631,735)	(77,763)	(709,498)
<b>Net Cash Used in Capital and Related Financing Activities</b>	(15,227,738)	(600,756)	(15,828,494)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments and Cash Deposits	726,613	87,335	813,948
<b>Net Cash Provided by Investing Activities</b>	726,613	87,335	813,948
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(12,481,499)	17,826	(12,463,673)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	26,434,127	892,963	27,327,090
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 13,952,628	\$ 910,789	\$ 14,863,417
<b>Cash and Cash Equivalents at End of Year Consist of:</b>			
Restricted Cash and Cash Equivalents	\$ 7,289,008	\$ -	\$ 7,289,008
Unrestricted Cash and Cash Equivalents	\$ 6,663,620	\$ 910,789	\$ 7,574,409
<b>RECONCILIATION OF OPERATING INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$ 1,651,824	\$ 200,976	\$ 1,852,800
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation & Amortization	683,587	409,430	1,093,017
(Increase) Decrease in Assets:			
Accounts Receivable	(32,462)	(101,771)	(134,233)
Inventories	(14,524)	(94,792)	(109,316)
Change in TCRS Stabilization Trust	(7,520)	(9,593)	(17,113)
Change in Deferred Outflows - Pension Expense	(25,303)	(1,790)	(27,093)
Change in Deferred Outflows - OPEB Expense	(54)	502	448
Increase (Decrease) in Liabilities:			
Accounts Payable	(225,408)	85,254	(140,154)
Accrued Liabilities	-	21,834	21,834
Accrued Post-Retirement Plan (OPEB) Liability	9,567	5,045	14,612
Change in Net Pension Liability	159,405	436,837	596,242
Change in Deferred Inflows - OPEB Expense	115	(733)	(618)
Change in Deferred Inflows - Pension Expense	(199,777)	(471,909)	(671,686)
Customer Deposits	-	23,327	23,327
Compensated Absences Payable	20,176	28,630	48,806
Total Adjustments	367,802	330,271	698,073
<b>Net Cash Provided by Operating Activities</b>	\$ 2,019,626	\$ 531,247	\$ 2,550,873
<b>Supplemental Schedule of Non-cash Activities</b>			
Amortization of Deferred Amount of Refunding	\$ -	\$ (3,981)	\$ (3,981)
Amortization of Bond Premium	\$ (25,616)	\$ (9,537)	\$ (35,153)

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

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Gatlinburg, Tennessee (the "City") is a primary government entity governed by an elected five-member board of commissioners from whom the mayor is chosen. The reporting entity also includes the City's component unit.

Rocky Top Sports World (the "Organization") is a non-profit organization formed by the City of Gatlinburg and Sevier County for the purpose of developing, equipping, and maintaining a complex of sports and recreation facilities to promote community development through youth sports tourism. Each of the two government entities which created the Organization is given a place on the board of directors with voting interest directly proportionate to their participation interest. The City of Gatlinburg has a voting interest or financial responsibility of 70%. Sevier County has a voting interest or financial responsibility of 30%. Complete financial statements for the Organization may be obtained from their administrative office at 1870 Sports World Boulevard, Gatlinburg, Tennessee 37738. See Note 9.

The accounting and reporting policies of the City relating to the accounts included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the *Financial Accounting Standards Board* (when applicable). All applicable GASB Statements have been implemented.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The legally separate component unit, for which the primary government is financially accountable, is reported in the government-wide financial statements in a separate column as a discretely presented component unit.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Statement of Net Position presents the City's assets, deferred outflows or resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

*Net Investment in Capital Assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted Net Position* - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - Unrestricted net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets." These are available for current use by the City.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various fund categories and fund types presented in the financial statements are described below:

Description of Funds

In accordance with the City's charter and ordinances, several different types of funds are used to record the City's financial transactions. For financial reporting, they have been grouped and are presented in this report as follows:

Governmental Fund Types

*General Fund* - To account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - To account for the proceeds of specific revenue sources that are restricted by law to expenditures for specific purposes.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

*Debt Service Funds* - To account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

*Capital Projects Funds* - To account for the financial resources to be used for the construction or renovation of major capital facilities.

*Proprietary Fund Type*

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

*Discretely Presented Component Unit*

*Rocky Top Sports World* - This Organization is included in the government-wide financial statements and is accounted for on the same basis as the City's proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenue is recorded when it becomes susceptible to accrual (measurable and available):

- Revenue considered susceptible to accrual includes: property taxes, shared revenues, licenses, interest revenue and charges for services (collected within thirty days after year end).
- Interest and principal on general long-term debt indebtedness are not accrued but are recorded as an expenditure on their due date.
- Accrued vacation leave is not recorded as an expenditure.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures; bond proceeds are reported as other financing sources.
- Other tax and nonexchange revenue receivable include state sales tax, state beer tax, state franchise and income tax, state gasoline and motor fuel tax, and state mixed drink tax. Certain other nonexchange transaction revenue was not recognized due to immateriality or not being susceptible to accrual.

The City reports the following major governmental funds: The general fund is the City'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 special tax fund is used to account for the monies levied by the City for the restaurant tax, a portion of the gross receipts tax, and the amusement tax. The revenues from this fund are to be used for advertising and capital improvements. The convention center debt service fund is used to account for revenues designated for operation, maintenance expenses, and retirement of debt related to the City's convention center. The tourism fund is used to account for the revenues and expenses related to tourism promotion. The public works construction fund, a capital projects fund, is used to account for financial resources related to the construction or renovation of major capital projects.

The City's proprietary funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The City reports the following major proprietary funds: the water fund and the wastewater fund.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, maintenance, and depreciation on capital assets.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy that committed amounts would be reduced first, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

Estimates

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

Internal Activity

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 and other charges between the City's water and wastewater utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Restrictions

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is also the City's policy that committed amounts would be reduced first, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of certificates of deposit, money market investment accounts maturing within 90 days of original purchase.

Cash and cash equivalents in certain funds are classified as restricted or held for long-term purposes because the restriction is either imposed by enabling legislation or the source of funds restrict their use to specific purposes such as capital projects, education, police protection, state street aid, or city court fees.

Inventories

Inventories are valued at lower of average cost (first-in, first-out) or net realizable value. Inventories are determined by physical count. Inventories in the general fund consist of parts held for consumption. The costs thereof are recorded as an expenditure when consumed rather than when purchased.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets

Governmental Funds

Capital outlay is recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 is met. Depreciation on capital assets has been recorded over the estimated useful lives using the straight-line method, as follows:

Land Improvements	40 years
Buildings and Improvements	40 - 60 years
Equipment, Furniture, and Fixtures	5 - 40 years
Vehicles	5 - 20 years
Infrastructure	40 - 80 years

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated.

Proprietary Fund Types

Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis to the extent the City's capitalization threshold of \$5,000 is met. Capital assets are stated at cost or estimated original cost based on independent consultant studies, net of accumulated depreciation. Donated capital assets are recorded at their fair value at the date of receipt. Repairs and maintenance are charged to expense when incurred. When capital assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated, and a gain or loss is recognized. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation rates are as follows:

Infrastructure (Main Lines)	50 years
Buildings and Improvements	50 years
Equipment, Furniture and Fixtures	3 - 10 years

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. Deferred pension outflows represent employer contributions to the pension plan during the year ended June 30, 2023 and actuarial experience and earnings differences for the pension plan. Deferred other post retirement employment benefits ("OPEB") outflows represent potential claims during the year ended June 30, 2023 and actuarial experience and earnings differences for the OPEB plan. Deferred amounts on refundings consist of deferred charges on debt refundings resulting from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balances

GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, GASB 54 clarified the definitions of the General Fund and the special revenue, capital projects, and debt service fund types. These classifications are defined as follows:

*Nonspendable Fund Balance* - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. These amounts include inventories and prepaid items.

*Restricted Fund Balance* - includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council, the City's highest level of decision-making authority. The distinction between restricted and committed fund balances is the source and strength of the constraints placed on them.

*Assigned Fund Balance* - includes amounts that the City intends to use for a specific purpose, but for which the use is not legislatively mandated. City Council is the authorized body to make assignments.

*Unassigned Fund Balance* - the residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits.

Vacation pay which is payable to the employee in the event of termination is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for unused vacation amounts is reported in governmental funds only if the amounts have matured, for example as a result of employee resignations and retirements.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City's policy is to allow retiring employees to receive payment for one-half of their accumulated sick leave at retirement, or the unused sick leave can be applied toward the calculation of the employee's retirement benefits. The City also allows all employees to receive a payment each year for any accumulated sick pay in excess of a predetermined base amount. The liability associated with the City's policies related to accumulated unused sick leave is accrued in the government-wide and proprietary funds as the employee earns the rights to the benefits. A liability is reported in governmental funds only if it has matured.

Long-Term Obligations

The City reports long-term debt of governmental funds at face value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide financial statements. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types and at the government-wide level for governmental funds, bond premiums and discounts, the difference between the carrying amount of defeased debt and its reacquisition price are deferred and amortized. Bond premiums and discounts are amortized proportionately to the amount of principal paid in a given year on the debt. The difference between the carrying amount of defeased debt and its reacquisition price is amortized over the shorter of the life of the refunded debt or the life of the refunding debt. Bonds payable are reported net of the applicable bond premium or discount and any difference between the carrying amount of the defeased debt and its reacquisition price.

Budgetary Principles

Annual budgets are prepared in accordance with the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets. The City Council may amend the budget by a majority vote on the amendment.

Prior to the beginning of the fiscal year, the City Manager submits an operating budget for all funds to the City Commission. Public hearings are held, and the City Commission legally adopts the budget through passage of an appropriation ordinance. All supplemental appropriations must also be approved by the City Commission. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the individual fund level. Budgetary control, however, is maintained at the departmental level. Appropriations lapse at the close of the fiscal year.

The City has not chosen to present a budget for proprietary funds.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of its fiscal year are referred to as “interfund receivables/payables.” All other outstanding balances between funds are reported as “due to/from other funds” in the governmental and proprietary fund financial statements.

Sponsorships

Sponsorships for the Organization consist of corporate agreements to provide support for events and programs. The sponsor receives no substantial benefit other than the use or acknowledgement of the sponsors name, logo, or product line. Sponsorships are recognized as receivables at the execution of an agreement and revenue is recognized over the contract term.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The City records revenue as billed to its customers based on a monthly meter reading cycle. Any service rendered from the latest billing cycle date to the end of the month is unbilled and is not reflected in the financial statements.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Property Taxes

Property taxes become a lien on January 1 on property values assessed on the same date (the lien date). The tax levy is billed on or about October 1 of the same year, and taxpayers qualify for a 2% discount if paid before the first day of November. Taxes become delinquent on the first day of March and are subject to penalties of 2% per month, not to exceed 24%. Property assessments are provided by the Sevier County Tax Assessor; however, the City bills and collects its own property taxes.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Inflows of Resources

As noted above, property taxes for 2023 of \$1,052,755 are recognized as an enforceable legal claim on January 1, 2023. However, the revenue net of estimated refunds and estimated uncollectible amounts is recognized in the year in which the levy occurs and therefore is deferred until the following year. Deferred sales tax revenue of \$1,172,692 is reported as deferred inflows of resources. Deferred amounts on refundings consist of deferred charges on debt refundings resulting from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred pension inflows represent inflows for actuarial experience and earnings differences for the pension plan. Deferred OPEB inflows represent inflows for change in assumptions for the OPEB plan.

Unearned Revenue

Unearned revenue consists of deposits received by the Organization in advance for future events booked at the complex and sponsorships deferred and which will be recognized as revenue over the term of the sponsorship agreement.

Pensions

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

Tap Fees

All tap fees are recorded as operating revenue and the related cost of setting taps is expensed.

Presentation of Certain Taxes

The City collects various taxes from customers and remits these amounts to applicable taxing authorities. The City's accounting policy is to exclude these taxes from revenues and cost of sales.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 2 - CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk - Deposits**

For cash and cash equivalents, this is the risk that, in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City follows State law regarding the collateralization of deposits, which requires collateral to be obtained on any deposits exceeding insurance coverage of the Federal Deposit Insurance Corporation ("FDIC"). As of June 30, 2023, the book balances of the reporting entity's cash, cash equivalents, and restricted cash totaled \$103,848,623 and the bank balances totaled \$107,290,103 (\$106,892,973 was covered by FDIC Insurance and \$397,130 was insured by the Tennessee Bank Collateral Pool Board of the State of Tennessee Treasury Department).

Rocky Top Sports World has no uninsured cash as of June 30, 2023.

**NOTE 3 - OTHER TAX AND NONEXCHANGE REVENUE RECEIVABLE**

Other tax and nonexchange revenue receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Special Tax Fund</u>	<u>Convention Center Debt Service Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
<b>Other Tax and Nonexchange Revenue Receivables:</b>					
Taxes:					
Sales	\$ 616,102	\$ -	\$ 369,653	\$ -	\$ 985,755
Gross Receipts	1,174,977	293,745	-	-	1,468,722
Amusement	-	367,524	-	-	367,524
Hotel/Motel	357,090	-	357,090	357,091	1,071,271
Gasoline (Restricted for Streets and Highways)	-	-	-	27,478	27,478
Mixed Drink	-	-	-	93,072	93,072
Restaurant	-	361,681	-	-	361,681
<b>Total Other Tax and Nonexchange Revenue Receivables</b>	<b><u>\$ 2,148,169</u></b>	<b><u>\$1,022,950</u></b>	<b><u>\$ 726,743</u></b>	<b><u>\$ 477,641</u></b>	<b><u>\$4,375,503</u></b>

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A detailed listing of interfund receivables or payables at of June 30, 2023 is as follows:

	Due From Other Funds	Due to Other Funds	Total Balances	Due From Component Unit	Due to Primary Government
<b>Governmental Activities:</b>					
General Fund	\$ -	\$ 1,126,500	\$ 1,126,500	\$ -	\$ -
Vehicle Replacement Fund	38,268	-	38,268	-	-
Public Works Construction Fund	-	-	-	234,000	-
	<u>\$ 38,268</u>	<u>\$ 1,126,500</u>	<u>\$ 1,164,768</u>	<u>\$ 234,000</u>	<u>\$ -</u>
<b>Business-type Activities:</b>					
Wastewater Fund	\$ 1,088,232	\$ -	\$ 1,088,232	\$ -	\$ -
<b>Component Unit:</b>					
Rocky Top Sports World	\$ -	\$ -	\$ -	\$ -	\$ 234,000

Typically, these balances relate primarily to the reimbursement of expenditures incurred, or income earned, by one fund paid by, or received by, another fund. All interfund balances are short-term and scheduled to be collected/paid in the subsequent year, when applicable.

Interfund transfers during the fiscal year were as follows:

	Transfers From:						Total
	General Fund	Convention Center Debt Service Fund	Special Tax Fund	Hotel/Motel Tax Fund	Parking & Mass Transit Fund	School Fund	
Transfers To:							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tourism Fund	2,636,813	2,949,818	3,102,921	3,692,282	-	-	12,381,834
Public Works Construction Fund	3,688,385	-	3,368,695	-	-	645,000	7,702,080
State Street Aid Fund	468,000	-	-	-	-	-	468,000
Vehicle Replacement Fund	1,456,000	-	-	-	10,000	-	1,466,000
Grants Financed Projects Fund	-	-	1,066,000	-	-	-	1,066,000
Wastewater Fund	1,126,500	-	-	-	-	-	1,126,500
<b>Total</b>	<u>\$ 9,375,698</u>	<u>\$ 2,949,818</u>	<u>\$ 7,537,616</u>	<u>\$ 3,692,282</u>	<u>\$ 10,000</u>	<u>\$ 645,000</u>	<u>\$ 24,210,414</u>

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

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 5 - SPONSORSHIPS

The following schedule summarizes the sponsorships due to Rocky Top Sports World as of June 30, 2023:

2024	\$ 18,125
2025	10,000
2026	5,000
2027	<u>5,000</u>
	38,125
Less current portion	<u>(18,125)</u>
Total	<u>\$ 20,000</u>

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CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 6 - CAPITAL ASSETS

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

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
<b>Governmental Activities:</b>					
Capital Assets not depreciated:					
Land	\$12,411,775	\$ -	\$ -	\$ -	\$ 12,411,775
Construction in progress	13,858,180	6,345,716	-	(12,981,602)	7,222,294
Total Capital Assets, Not Depreciated	<u>26,269,955</u>	<u>6,345,716</u>	<u>-</u>	<u>(12,981,602)</u>	<u>19,634,069</u>
Capital Assets, Being Depreciated:					
Land Improvements	4,172,386	52,125	-	2,537,177	6,761,688
Buildings and Improvements	62,601,737	7,039,481	(1,239,916)	10,182,278	78,583,580
Equipment, Furniture, and Fixtures	8,871,740	782,272	(70,716)	19,856	9,603,152
Vehicles	14,924,288	2,301,693	(909,680)	-	16,316,301
Infrastructure	50,547,009	633,478	-	242,291	51,422,778
Total Capital Assets, Being Depreciated	<u>141,117,160</u>	<u>10,809,049</u>	<u>(2,220,312)</u>	<u>12,981,602</u>	<u>162,687,499</u>
Less Accumulated Depreciation for:					
Land Improvements	(1,001,780)	(90,261)	-	-	(1,092,041)
Buildings and Improvements	(35,855,557)	(1,641,794)	676,221	-	(36,821,130)
Equipment, Furniture, and Fixtures	(4,922,694)	(450,695)	48,756	-	(5,324,633)
Vehicles	(7,729,851)	(764,066)	695,304	-	(7,798,613)
Infrastructure	(18,644,203)	(1,027,868)	-	-	(19,672,071)
Total Accumulated Depreciation	<u>(68,154,085)</u>	<u>(3,974,684)</u>	<u>1,420,281</u>	<u>-</u>	<u>(70,708,488)</u>
Total Capital Assets, Being Depreciated, Net	<u>72,963,075</u>	<u>6,834,365</u>	<u>(800,031)</u>	<u>12,981,602</u>	<u>91,979,011</u>
Governmental Activities Capital Assets, Net	<u>\$99,233,030</u>	<u>\$13,180,081</u>	<u>\$ (800,031)</u>	<u>\$ -</u>	<u>\$ 111,613,080</u>

Depreciation was charged to primary government governmental activities as follows:

General government	\$268,368
Public safety	465,955
Public works	1,342,123
Recreation	359,217
Transportation	388,836
Tourism	<u>1,150,185</u>
	<u>\$3,974,684</u>

At June 30, 2023, construction in progress for the governmental activities related to various projects. The estimated costs to complete the construction in progress for the various projects totaled approximately \$15,435,000.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 6 - CAPITAL ASSETS - Continued

Capital asset activity for the City's business-type activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
<b>Business-Type Activities:</b>					
Capital Assets not depreciated:					
Land	\$ 237,734	\$ -	\$ -	\$ -	\$ 237,734
Construction in progress	5,415,951	14,527,319	(87,568)	-	19,855,702
Total Capital Assets, Not Depreciated	<u>5,653,685</u>	<u>14,527,319</u>	<u>(87,568)</u>	<u>-</u>	<u>20,093,436</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	20,424,539	37,143	-	-	20,461,682
Equipment, Furniture, and Fixtures	6,404,883	261,645	(116,243)	-	6,550,285
Infrastructure	31,514,809	119,377	(3,800)	-	31,630,386
Total Capital Assets, Being Depreciated	<u>58,344,231</u>	<u>418,165</u>	<u>(120,043)</u>	<u>-</u>	<u>58,642,353</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(12,120,628)	(285,911)	-	-	(12,406,539)
Equipment, Furniture, and Fixtures	(2,358,070)	(227,648)	115,099	-	(2,470,619)
Infrastructure	(16,423,992)	(579,458)	3,800	-	(16,999,650)
Total Accumulated Depreciation	<u>(30,902,690)</u>	<u>(1,093,017)</u>	<u>118,899</u>	<u>-</u>	<u>(31,876,808)</u>
Total Capital Assets, Being Depreciated, Net	<u>27,441,541</u>	<u>(674,852)</u>	<u>(1,144)</u>	<u>-</u>	<u>26,765,545</u>
Business-Type Activities Capital Assets, Net	<u>\$33,095,226</u>	<u>\$13,852,467</u>	<u>\$ (88,712)</u>	<u>\$ -</u>	<u>\$ 46,858,981</u>

At June 30, 2023, construction in progress for the business-type activities related to various projects. The estimated costs to complete the construction in progress for the various projects totaled approximately \$9,093,000.

Capital asset activity for the City's discretely presented component unit for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>Component Unit:</b>				
Capital Assets not depreciated:				
Land	\$ 2,390,256	\$ -	\$ -	\$ 2,390,256
CIP	195,115	9,000	(195,115)	9,000
Total Capital Assets, Not Depreciated	<u>2,585,371</u>	<u>9,000</u>	<u>(195,115)</u>	<u>2,399,256</u>
Capital Assets, Being Depreciated:				
Equipment	1,355,366	7,714	-	1,363,080
Furniture and Fixtures	64,500	-	-	64,500
Building	16,603,753	-	-	16,603,753
Improvements Other Than Building	4,273,367	898,784	-	5,172,151
Total Capital Assets, Being Depreciated	<u>22,296,986</u>	<u>906,498</u>	<u>-</u>	<u>23,203,484</u>
Less Accumulated Depreciation for:				
Equipment	(1,034,749)	(123,606)	-	(1,158,355)
Furniture and Fixtures	(62,282)	(739)	-	(63,021)
Building	(5,922,387)	(488,371)	-	(6,410,758)
Improvements Other Than Building	(2,340,481)	(298,891)	-	(2,639,372)
Total Accumulated Depreciation	<u>(9,359,899)</u>	<u>(911,607)</u>	<u>-</u>	<u>(10,271,506)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,937,087</u>	<u>(5,109)</u>	<u>-</u>	<u>12,931,978</u>
Component Unit Capital Assets, Net	<u>\$15,522,458</u>	<u>\$ 3,891</u>	<u>\$ (195,115)</u>	<u>\$ 15,331,234</u>

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 6 - CAPITAL ASSETS - Continued

At June 30, 2023, construction in progress for the component unit related to the construction of outdoor bathrooms. The estimated costs to complete totaled approximately \$275,000.

NOTE 7 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due in Year Ending June 30, 2024
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 31,080,000	\$ -	\$ (2,085,000)	\$ 28,995,000	\$ 1,980,000
Premium (Discount) on Bond Issuance	3,336,399	-	(233,726)	3,102,673	-
Sub-Total	34,416,399	-	(2,318,726)	32,097,673	1,980,000
Compensated Absences	1,760,947	206,252	-	1,967,199	850,000
Total Governmental Activities	<u>\$ 36,177,346</u>	<u>\$ 206,252</u>	<u>\$ (2,318,726)</u>	<u>\$ 34,064,872</u>	<u>\$ 2,830,000</u>
<b>Business-type Activities:</b>					
General Obligation Bonds	\$ 25,235,000	\$ -	\$ (275,000)	\$ 24,960,000	\$ 380,000
Premium (Discount) on Bond Issuance	796,577	-	(35,153)	761,424	-
Sub-Total	26,031,577	-	(310,153)	25,721,424	380,000
Compensated Absences	251,126	48,806	-	299,932	60,000
Total Business-type Activities	<u>\$ 26,282,703</u>	<u>\$ 48,806</u>	<u>\$ (310,153)</u>	<u>\$ 26,021,356</u>	<u>\$ 440,000</u>

Governmental Activities

The City issues general obligation bonds and capital outlay notes and incurs loans payable to provide funds for the acquisition and construction of major capital items. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15 to 20-year bonds with varying amounts of principal maturing each year.

During 2020, the City issued General Refunding Obligation Bonds, Series 2019A to refund the Series 2009 General Obligation Refunding Bond and 2011 General Obligation Bond in the amount of \$6,850,000. The City received a premium on the bonds of \$1,077,642 which is being amortized on the government-wide financial statements over the term of the bonds. The refunding reduced cash flows required for debt service to be repaid by the City by \$778,172 and resulted in an economic gain of \$680,131.

During 2020, the City issued General Obligation Bonds, Series 2020A to fund ongoing water and sewer projects and to refund all or a portion of the Series 2012, 2013B, 2014 Sport Complex, and 2014 Arrowmont General Obligation Bonds. Of the Series 2020A, \$23,330,000 has been allocated to governmental activities and \$4,055,000 to business-type activities. The City received a premium on the bonds of \$2,311,906 which is being amortized on the government-wide financial statements over the term of the bonds. The refunding reduced cash flows required for debt service to be repaid by the City by \$2,478,638 and resulted in an economic gain of \$1,994,678.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 7 - LONG-TERM OBLIGATIONS - Continued

During 2021, the City issued General Obligation Bonds, Series 2020B totaling \$4,550,000 to fund improvements to the convention center and auditorium. The City received a premium on the bonds of \$683,368, which is being amortized on the government-wide financial statements over the term of the bonds.

During 2022, the City issued General Obligation Bonds, Series 2021 and Series 2022 totaling \$9,685,000 and \$9,820,000, respectively, to fund improvements related to the Wastewater Fund. The City received a premium on the bonds of \$493,998, which is being amortized on the proprietary fund financial statements over the term of the bonds. See the business-type activities.

General obligation bonds currently outstanding are as follows:

Debt Issue	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance June 30, 2023
General Obligation Refunding Bond	3.00% - 5.00%	10/29/19	05/01/31	\$ 6,850,000	\$ 5,245,000
General Obligation Bond	2.50% - 5.00%	5/29/20	06/01/39	23,330,000 *	19,885,000
General Obligation Bond	1.00% - 2.00%	12/11/20	06/01/40	4,550,000	3,865,000
					\$ 28,995,000

\*Total issue \$27,385,000 - allocated between governmental and business-type activities.

Annual debt service requirements to maturity of the primary government for the bonds are as follows:

<u>Year Ending June</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	1,980,000	1,064,288
2025	2,060,000	965,288
2026	1,980,000	862,288
2027	2,060,000	763,288
2028-2032	10,955,000	2,308,240
2033-2037	9,285,000	826,112
2038-2042	675,000	40,500
	\$ 28,995,000	\$ 6,830,004

Business-Type Activities

The City issues general obligation bonds to provide funds for acquisition and construction of major capital items. All bonds and loans are backed by the full faith and credit of the City.

The bonds and loans payable outstanding as of June 30, 2023 are as follows:

Debt Issue	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance June 30, 2023
Series 2016 General Obligation Bonds	2.00% - 2.20%	10/29/2019	06/01/2037	\$ 3,650,000	\$ 1,850,000
Series 2020A General Obligation Bonds	2.50% - 5.00%	05/29/20	06/01/2039	4,055,000 *	3,605,000
Series 2021 General Obligation Bond	2.00% - 3.00%	12/10/2021	06/01/2051	9,685,000	9,685,000
Series 2022 General Obligation Bond	3.00% - 5.00%	05/20/2022	03/01/2052	9,820,000	9,820,000
					\$24,960,000

\*Total issue \$27,385,000 - allocated between governmental and business-type activities.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 7 - LONG-TERM OBLIGATIONS - Continued

Annual debt service requirements to maturity of the proprietary funds for the bonds and loans payable are as follows:

Year Ending June	General Obligation Bonds	
	Principal	Interest
2024	380,000	753,986
2025	645,000	740,436
2026	780,000	716,886
2027	810,000	686,686
2028-2032	4,500,000	2,949,930
2033-2037	5,170,000	2,292,147
2038-2042	4,160,000	1,665,597
2043-2047	4,165,000	1,105,210
2048-2052	4,350,000	421,518
	\$24,960,000	\$11,332,396

The above bonds and notes payable contain provisions that in the event of default, the lenders can exercise one or more of the following options: 1) make the outstanding bond and/or note payable with accrued interest due and payable, 2) use any remedy allowed by state or federal law.

NOTE 8 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City carries commercial insurance covering boiler and machinery property damage, employee dishonesty and performance, automobiles, and fire damage. Coverage for all other risks is through a risk management pool sponsored by Public Entity Partners Pool ("PEP:), formerly the TML Risk Management Pool, a public entity risk pool currently operating as a common risk management and insurance program for Tennessee municipalities. The City pays an annual premium to the PEP for its general insurance coverage. The agreement for the formation of the PEP provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$250,000 for each insured event. No significant reductions were made in insurance coverage from the previous year. No insurance settlements exceeded coverage in any of the prior three fiscal years.

The pooling agreement allows for the PEP to make additional assessments to make the pool self-sustaining. It is not possible to estimate the amount of such additional assessments. The PEP has published its own financial report for the year ended June 30, 2023, which can be obtained from Public Entity Partners, 5100 Maryland Way, Brentwood, Tennessee 37027.

Various claims and lawsuits are pending against the City. In the opinion of City management, the potential loss on these other claims will not be significant to the City's financial statements.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9 - JOINT VENTURES, OTHER RELATED ORGANIZATION AND  
COMPONENT UNIT

***Joint Ventures and Other Related Organizations***

Sevier Solid Waste, Inc.

In 1988, the City entered into a joint venture with the City of Pigeon Forge, the City of Sevierville, and Sevier County to create Sevier Solid Waste, Inc. Sevier Solid Waste, Inc. is a nonprofit organization created under the laws of the State of Tennessee for the purposes of developing and implementing a comprehensive program for the collection, transportation, disposal, and recycling of solid waste generated within the cities of Gatlinburg, Pigeon Forge, Sevierville, and Sevier County, Tennessee. The Corporation received a pro-rata contribution from each of the governmental units when the management of the operation was assumed from the City of Gatlinburg in July 1990. Sevier Solid Waste, Inc. was formed pursuant to a mutual Interlocal Cooperation Agreement between each of the governmental entities.

Sevier Solid Waste, Inc. is governed by a board of directors which consists of one representative appointed from each governmental unit. Each director has a vote equal 25%. During 1995 the Public Building Authority of Sevier County issued Solid Waste Facility Bonds, Series 1995 in the amount of \$12,500,000 to finance the capital needs of Sevier Solid Waste, Inc. In 2005, the remaining balance of these Series 1995 bonds was refinanced through the Public Building Authority of Sevier County with new bonds, Series VI-E-1 with the City's pro-rata portion being 22.02%. In 1999, the Public Building Authority of Sevier County issued Solid Waste Facility Bonds, Series III-E-3 in the amount of \$2,500,000 to also finance the capital needs of Sevier Solid Waste, Inc. with the City's pro-rata portion being 21.52%. During 2009 these debt issuances were refinanced with each governmental unit issuing debt for their pro-rata share of the outstanding debt. The City of Gatlinburg issued \$1,585,000 in fixed rate bonds for its portion of the original outstanding Sevier Solid Waste Facility Bonds. As of June 30, 2023, the remaining balance on these bonds was paid in full. Each governmental unit is assessed for its share of the operational costs of Sevier Solid Waste based on a preset tipping fee multiplied by the total tonnage of solid waste taken to the facility each month by the governmental entity. The City's assessed portion of solid waste disposal services provided during the fiscal year ended June 30, 2023 was \$996,634. Complete financial statements for Sevier Solid Waste, Inc. may be obtained from their administrative office at 1826 Ridge Road, Pigeon Forge, Tennessee 37876.

Sevier Water Board, Inc.

In 1994, the City entered into a joint venture with the City of Pigeon Forge, the City of Sevierville, and Sevier County to create the Sevier Water Board, Inc. Sevier Water Board, Inc. is a nonprofit organization created under the laws of the State of Tennessee. The purpose of the joint venture is to secure future sources of raw water for the use and benefit of the participants' citizens. An Interlocal Cooperation Agreement was entered into on December 14, 1994, providing for the development of facilities for the intake of raw water from Douglas Lake and transmission of the raw water to treatment facilities servicing the participants' respective distribution systems.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 9 - JOINT VENTURES, OTHER RELATED ORGANIZATION AND COMPONENT UNIT - Continued**

The City of Gatlinburg, through an interlocal agreement with Sevier County, the City of Pigeon Forge, and the City of Sevierville agreed that it was in the best interest of these cooperative governments to jointly construct and operate water intake, pumping, treatment, and transmission facilities for the use and benefit of these entities. To finance the project, an agreement was reached with the Public Building Authority of Sevier County, Tennessee to issue Adjustable-Rate Local Government Public Improvement Bonds, Series A. Through a loan agreement between the participating governments dated June 1, 1996, the City of Gatlinburg's percentage of ownership and liability was determined to be 30%. During 2009, the outstanding bonds were refinanced by each participating entity issuing debt for their pro-rata share of the outstanding debt. The City of Gatlinburg issued \$1,110,000 in fixed rate bonds for the refinancing of the City's share of the debt. As of June 30, 2023, the balance on these bonds has been paid in full. Total investment in the Sevier Water Board, Inc. by the City of Gatlinburg as of June 30, 2023 was \$3,563,164 (cost). Financial statements of the Sevier Water Board, Inc. are available at 3221 Rena Street, Pigeon Forge, Tennessee 37863.

**Gatlinburg Airport Authority, Inc.**

The City of Gatlinburg officials are responsible for appointing members to the board of The Gatlinburg Airport Authority, Inc.; however, the City's accountability for this organization does not extend beyond making the appointments. The Gatlinburg Airport Authority, Inc.'s five-member board is appointed by the City; however, only two members are nominated by the City. The remaining members are nominated by another area government (the City of Pigeon Forge) and industry. The City appropriated \$100,000 to The Gatlinburg Airport Authority, Inc. for the year ended June 30, 2023. Complete financial statements for The Gatlinburg Airport Authority, Inc. can be obtained from the City of Gatlinburg or the Authority's administrative office at 134 Air Museum Way, Sevierville, Tennessee 37862.

***Component Unit***

**Rocky Top Sports World**

In December 2012, the City entered into an agreement with Sevier County (the "County") to develop, construct, equip and operate a Youth Sports Complex (the "Project"), consisting of soccer fields, indoor sports complex and parking facilities. The County committed to fund \$6,000,000 of the project. During 2013, the County contributed \$2,000,000 of its total committed amount, with the remaining to be paid to the City in four \$1,000,000 installments beginning fiscal year 2016. Total cost of construction at completion, including land, buildings and equipment, was approximately \$24 million. The City issued bonds totaling \$23,050,000 for construction costs and other costs associated with the Project.

In accordance with the Memorandum of Understanding dated September 2012 and Inter Local Agreement dated December 2012, the City and County created a Youth Sports Complex Advisory Authority (the "Authority"), with the City appointing four members and the County appointing three members. This Authority advises and makes recommendations regarding the operation and management of the facility.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 9 - JOINT VENTURES, OTHER RELATED ORGANIZATION AND COMPONENT UNIT - Continued

The Youth Sports Complex is named “Rocky Top Sports World” and in December 2013 the entity was incorporated as a not-for-profit corporation. The directors of the Organization consist of the City Manager, County Mayor, and a City Commissioner. The City and County have an interest in the corporation of 70% and 30%, respectively. The City reports its investment in the Organization using the equity method. Budgeted deficits arising from the operation of the Organization shall be funded in proportion to each party’s respective interest. For the year ended June 30, 2023, the City contributed a total of \$476,810 to the Organization to assist in funding operations and capital needs.

In January 2013, the City and County entered into an agreement with Sports Facilities Advisory, LLC (“SFA”) to provide consulting and preopening management services for the Organization until the complex was opened. Effective July 1, 2017, the facility management agreement was renewed for a period of five years and includes three individual one-year renewal options. The renewal agreement calls for a monthly fixed base fee of \$12,500 until the City of Gatlinburg tax revenues return to their 2015-2016 fiscal year levels for a full fiscal year. At that time, the monthly fixed base fee will increase to \$14,500. The fixed base fee is subject to certain performance metrics that if not achieved could reduce the monthly payment to not less than \$9,250. The renewal agreement calls for a monthly fixed base fee of \$14,500 beginning in fiscal year 2020. SFA also receives an incentive fee equal to 2% of the total gross revenues of the Organization above \$500,000.

Construction of the facilities was completed, and the complex opened in July 2014. The approximately \$24 million asset was contributed in fiscal year 2015 from the City and County to the Organization where it was recorded as a noncash capital contribution on the books of the Organization. The City’s portion of the cost is recorded on their statement of net position as part of their investment in component unit. The outstanding bonds incurred to finance the project will remain on the books of the City.

Rocky Top Sports World is a discretely presented component unit of the City.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Employees of the City participate in the following retirement systems:

- a. Public Employee Retirement Plan.
- b. Public Employee Retirement Hybrid Plan.
- c. Defined Contribution Plan - A component of the Public Employee Retirement Hybrid Plan with Cost Controls.
- d. Deferred Compensation Plan.

CITY OF GATLINBURG, TENNESSEE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

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

The following information is provided to support the balances as of June 30, 2023, in the total column on the Statement of Net Position on page 17 of the financial statements.

	<u>Public Employee Retirement Plan</u>	<u>Public Employee Retirement Plan (Hybrid with Cost Controls)</u>	<u>All Plans</u>
Net pension asset	\$3,916,209	\$105,556	\$4,021,765
Pension deferred outflows	3,408,615	438,773	3,847,388
Pension deferred inflows	-	22,428	22,428

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

Contributions

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

Net Pension Liability (Asset)

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

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

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

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

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging markets 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%	<u>1%</u>
Total		<u>100%</u>

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

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

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

**(A) Tennessee Consolidated Retirement System - Legacy Plan**

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

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

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

*Employees Covered by 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	196
Inactive employees entitled to, but not yet receiving benefits	187
Active employees	<u>119</u>
Total	<u>502</u>

This plan is closed to new entrants hired after July 1, 2014.

*Contributions* - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City has adopted a noncontributory retirement plan. 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, employer contributions for the City were \$431,355 based on a rate of 5.39% of covered payroll. By law, employer contributions are required to be paid.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

Changes in Net Pension Liability (Asset)

The changes in net pension liability (asset) are shown below:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (Asset) (a) - (b)
Balances at June 30, 2021	<u>\$ 69,954,511</u>	<u>\$ 82,940,391</u>	<u>\$(12,985,880)</u>
Changes for the Year:			
Service Cost	574,888	-	574,888
Interest	4,658,693	-	4,658,693
Difference between Expected and Actual Expenses	811,869	-	811,869
Changes of assumptions	-	-	-
Contributions - Employer	-	105,323	(105,323)
Contributions - Employee	-	-	-
Net Investment Income	-	( 3,116,924)	3,116,924
Benefit Payments - Including Refunds of Employee Contributions	( 3,023,440)	( 3,023,440)	-
Administrative Expenses	-	( 12,620)	12,620
Net Changes	<u>3,022,010</u>	<u>( 6,047,661)</u>	<u>9,069,671</u>
Balances at June 30, 2022	<u>\$ 72,976,521</u>	<u>\$ 76,892,730</u>	<u>\$( 3,916,209)</u>

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

	1% Decrease (5.75%)	Current Discount Rate (6.75 %)	1% Increase (7.75%)
Net pension liability (asset)	<u>\$5,555,675</u>	<u>\$(3,916,209)</u>	<u>\$(11,796,350)</u>

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

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

*Pension Expense* - For the year ended June 30, 2023, the City recognized pension expense of \$252,752.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 721,679	\$ -
Changes of assumptions	2,231,219	-
Net difference between projected and actual earnings on pension plan investments	24,362	-
Contributions subsequent to the measurement date of June 30, 2022	<u>431,355</u>	<u>N/A</u>
Total	<u>\$3,408,615</u>	<u>\$ -</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>For the Years Ended June 30,</u>	<u>Amount</u>
2024	\$ 898,491
2025	911,761
2026	( 556,290)
2027	1,723,298

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

CITY OF GATLINBURG, TENNESSEE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

At June 30, 2023, the City did not report a payable for any outstanding amount of employer contributions to the Plan required for the year ended June 30, 2023 since all contributions were paid prior to year end.

**(B) Tennessee Consolidated Retirement System - Hybrid Plan With Cost Controls**

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

Benefits Provided - Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments ("COLAs") after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index ("CPI") during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A 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. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

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	1
Inactive employees entitled to, but not yet receiving benefits	100
Active employees	<u>129</u>
Total	<u>230</u>

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

*Contributions* - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions are required to be paid. TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. Employer contributions by the City for the year ended June 30, 2023 to the Public Employee Retirement Plan were \$170,037, which is 4.01% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

The changes in net pension liability (asset) are shown below:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Position Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at June 30, 2021	<u>\$ 1,111,467</u>	<u>\$ 1,389,762</u>	<u>\$(278,295)</u>
Changes for the Year:			
Service Cost	247,792	-	247,792
Interest	91,037	-	91,037
Difference between Expected and Actual Expenses	90,504	-	90,504
Contributions - Employer	-	84,324	( 84,324)
Contributions - Employee	-	243,713	(243,713)
Net Investment Income	-	(58,796)	58,796
Benefit Payments - Including Refunds of Employee Contributions	( 21,121)	( 21,121)	-
Administrative Expenses	-	( 12,647)	12,647
Net Changes	<u>364,547</u>	<u>489,819</u>	<u>(125,272)</u>
Balances at June 30, 2022	<u>\$ 1,519,679</u>	<u>\$ 1,625,235</u>	<u>\$(105,556)</u>

**Changes in Net Pension Liability (Asset)**

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

	<u>1% Decrease</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase</u>
	<u>(5.75%)</u>		<u>(7.75%)</u>
Net pension liability (asset)	<u>\$323,617</u>	<u>\$(105,556)</u>	<u>\$(424,276)</u>

CITY OF GATLINBURG, TENNESSEE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

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

*Pension Expense* - For the year ended June 30, 2023, the City recognized pension expense of \$31,952.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$156,674	\$22,428
Changes of Assumptions	87,915	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	24,148	-
Contributions Subsequent to the Measurement Date of June 30, 2022	170,036	N/A
Total	\$438,773	\$22,428

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2022” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>For the Years Ended June 30,</u>	<u>Amount</u>
2024	\$28,729
2025	28,959
2026	25,360
2027	61,358
2028	28,851
Thereafter	73,044

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 did not report a payable for any outstanding amount of employer contributions to the Plan required for the year ended June 30, 2023 since all contributions were paid prior to year-end.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

**Defined Contribution Retirement Plan**

The City has adopted the State of Tennessee's defined contribution retirement plan for employees as a component of the Tennessee Consolidated Retirement System - Hybrid Plan with Cost Controls for employees hired on or after July 1, 2014.

The City has elected to contribute 5% of each eligible participant's compensation per year. The City contributed \$336,819 to the plan during 2023 which represents 5% of covered payroll. Covered payroll for the year ended June 30, 2023 was \$6,718,899.

**TCRS Stabilization Trust**

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

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The City's Hybrid Agent Plan may not impose any restrictions on investments placed by the trust on their behalf.

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

Investments are reported at fair value or amortized which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2022, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

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

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

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

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

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

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

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

At June 30, 2023, the City’s Hybrid Agent Plan had the following investments held by the trust on its behalf.

	<u>Weighted Average Maturity (Days)</u>	<u>Maturities</u>	<u>Fair Value</u>
Investments at Fair Value			
U.S. Equity	N/A	N/A	\$167,931
Developed Market International Equity	N/A	N/A	75,839
Emerging Market International Equity	N/A	N/A	21,668
U.S. Fixed Income	N/A	N/A	108,342
Real Estate	N/A	N/A	54,171
Short-Term Securities	N/A	N/A	5,417
Investments at Amortized Cost using the NAV			
Private Equity and Strategic Lending	N/A	N/A	<u>108,342</u>
Total			<u>\$541,710</u>

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS - Continued

	<u>Fair Value Measurements Using</u>				
	<u>Carrying Amount</u>	<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Amortized Cost (NAV)</u>
<b>Investments at Fair Value</b>					
U.S. Equity	\$167,931	\$167,931	\$ -	\$ -	\$ -
Developed Market					
International Equity	75,839	75,839	-	-	-
Emerging Market					
International Equity	21,668	21,668	-	-	-
U.S. Fixed Income	108,342	-	108,342	-	-
Real Estate	54,171	-	-	54,171	-
Short-Term Securities	5,417	-	5,417	-	-
Private Equity and Strategic Lending	<u>108,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,342</u>
<b>Total</b>	<b><u>\$541,710</u></b>	<b><u>\$265,438</u></b>	<b><u>\$113,759</u></b>	<b><u>\$54,171</u></b>	<b><u>\$108,342</u></b>

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

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

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's Hybrid Agent Plan does not have the ability to limit the credit ratings of individual investments made by the trust.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. The City's Hybrid Agent Plan places no limit on the amount the county may invest in one issuer.

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

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (“OPEB”)

For further information concerning the City’s investments with the TCRS Stabilization Reserve Trust, audited financial statements of the TCRS may be obtained at:  
[https://treasury.tn.gov/Portals/0/Documents/Retirement/CAFR%20Reports/2021/2021TCRSReport\\_Full%20Report.pdf](https://treasury.tn.gov/Portals/0/Documents/Retirement/CAFR%20Reports/2021/2021TCRSReport_Full%20Report.pdf).

**(C) Deferred Compensation Plan**

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Plan, which is available to non-seasonal employees, permits employees to defer a portion of their salaries to future years upon completion of six consecutive months of employment. This deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. Since the assets of the plan are not held in a trustee capacity by the City, the related assets of the plan are not reflected in the statement of net position. No contributions are made to this plan by the City.

**General Information About the OPEB Plan**

*Plan Description* - The City provides certain post-employment benefits to certain retirees. The City will allow retirees and their dependents to participate in the City’s health insurance plan provided the retiree pays the requisite premium. Former employees that have attained the age of 55 and 5 years of qualifying service, or at least 30 years of services regardless of age, may obtain health insurance coverage until the earlier of age 65, Medicare eligibility, or covered by another individual health insurance plan.

*Benefits Provided* - The City’s healthcare plan is insured and serviced by Humana. A premium is paid for medical coverage which is not age related. However, the underlying cost of the medical coverage does vary by age as medical costs tend to increase with age. As a result, older employees receive a more valuable benefit than younger employees. As the premium paid for retirees is the same as for active employees, a more valuable benefit is received by retirees as compared to younger, active employees. GASB Statement No. 75 defines this benefit as an implicit rate subsidy and it is to be valued under the standards.

Employees Covered by Benefit Terms - At July 1, 2022, the following employees of the City were covered by the benefit terms of The Plan:

Retired employees	7
Disabled employees	-
Beneficiaries	-
Active employees	<u>276</u>
Total participants	<u>283</u>

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

The contribution requirements are established and may be amended by the City. The Plan is currently being funded on a pay-as-you-go basis, whereby amounts paid by retirees are the only contributions. There are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. For the fiscal year ended June 30, 2023, the City paid \$54,760 to the Plan for OPEB benefits as they came due.

**Total OPEB Liability**

*Actuarial Assumptions* - The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Healthcare Cost Trend Rates	5.50% for 2021, decreasing annually to an ultimate rate of 4.50%.
Retiree's Share of Benefit-Related Costs	Members are required to make monthly contributions in order to maintain coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

The actuarial demographic assumptions used in the July 1, 2021 valuations were based on the results of past experience. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the Group Annuity 1983 Mortality Table. Mortality improvements have not been considered in the above table. We do not anticipate mortality improvements in the Southeast U.S. as is being seen in other areas.

*Discount Rate* - The discount rate used to measure the total OPEB liability as of June 30, 2023 was 3.65% (3.54% as of June 30, 2022). This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the 20-Bond GO Index.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2022	<u>\$ 1,164,213</u>
Changes for the Year	
Service Cost	24,452
Interest	42,079
Difference between expected and actual experience	(11,047)
Benefit Payments	<u>( 54,760)</u>
Net Changes	<u>724</u>
Balance at June 30, 2023	<u>\$ 1,164,937</u>

*Changes in Assumptions* - The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

*Sensitivity of Total OPEB Liability to Changes in the Discount Rate* - The following presents the total OPEB liability related to The Plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

<u>Total OPEB Liability</u>	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
2023	<u>\$1,286,953</u>	<u>\$1,164,937</u>	<u>\$1,060,032</u>

*Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate* - The following presents the total OPEB liability related to The Plan, 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 healthcare cost trend rate.

<u>Total OPEB Liability</u>	<u>1% Decrease (4.5% Decreasing to 3.50%</u>	<u>Cost Trend Rates (5.5% Decreasing) to 4.50%)</u>	<u>1% Increase (6.5% Decreasing to 5.50%)</u>
2023	<u>\$1,038,746</u>	<u>\$1,164,937</u>	<u>\$1,314,358</u>

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

OPEB Expense - For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$6,134.

CITY OF GATLINBURG, TENNESSEE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023

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

*Deferred Outflows of Resources and Deferred Inflows of Resources* - For the fiscal year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of of Resources</u>
Differences between-expected and actual differences	<u>\$41,945</u>	<u>\$66,604</u>

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

<u>For the Years Ended June 30,</u>	<u>Amount</u>
2024	\$(14,804)
2025	(16,863)
2026	418
2027	4,429
2028	3,602
Thereafter	<u>( 1,442)</u>
Total	<u>\$(24,660)</u>

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

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**



**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS-LEGACY PLAN**  
**LAST FISCAL YEAR ENDED JUNE 30,**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service cost	\$ 574,888	\$ 566,006	\$ 592,727	\$ 609,912	\$ 674,246	\$ 707,862	\$ 744,068	\$ 770,068	\$ 764,023
Interest	4,658,693	4,508,860	4,343,634	4,201,436	4,073,333	3,920,255	3,787,658	3,642,131	3,465,188
Change in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	811,869	202,709	45,688	(433,691)	(794,254)	(108,066)	(1,104,493)	(950,793)	(503,091)
Change in assumptions	-	4,462,439	-	-	-	1,269,169	-	-	-
Benefit payments, including refunds of member contributions	(3,023,440)	(2,821,335)	(2,531,386)	(2,266,855)	(1,977,259)	(1,706,265)	(1,539,838)	(1,450,273)	(1,295,573)
<b>Net Change in Total Pension Liability</b>	<b>3,022,010</b>	<b>6,918,679</b>	<b>2,450,663</b>	<b>2,110,802</b>	<b>1,976,066</b>	<b>4,082,955</b>	<b>1,887,395</b>	<b>2,011,133</b>	<b>2,430,547</b>
<b>Total Pension Liability - Beginning</b>	<b>69,954,511</b>	<b>63,035,832</b>	<b>60,585,169</b>	<b>58,474,367</b>	<b>56,498,301</b>	<b>52,415,346</b>	<b>50,527,951</b>	<b>48,516,818</b>	<b>46,086,271</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 72,976,521</b>	<b>\$ 69,954,511</b>	<b>\$ 63,035,832</b>	<b>\$ 60,585,169</b>	<b>\$ 58,474,367</b>	<b>\$ 56,498,301</b>	<b>\$ 52,415,346</b>	<b>\$ 50,527,951</b>	<b>\$ 48,516,818</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	105,323	331,802	583,976	638,319	675,369	1,583,741	1,656,808	1,713,616	1,705,792
Contributions - Member	-	190	-	260	-	-	-	6,369	196,239
Net Investment Income	(3,116,924)	17,264,941	3,268,195	4,691,041	4,942,200	6,134,279	1,399,269	1,570,960	7,166,033
Benefit Payments, Including Refunds of Member Contributions	(3,023,440)	(2,821,335)	(2,531,386)	(2,266,855)	(1,977,259)	(1,706,265)	(1,539,838)	(1,450,273)	(1,295,573)
Administrative Expenses	(12,620)	(12,645)	(13,800)	(15,133)	(17,581)	(17,049)	(17,153)	(12,477)	(11,546)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(6,047,661)</b>	<b>14,762,953</b>	<b>1,306,985</b>	<b>3,047,632</b>	<b>3,622,729</b>	<b>5,994,706</b>	<b>1,499,086</b>	<b>1,828,195</b>	<b>7,760,945</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>82,940,391</b>	<b>68,177,438</b>	<b>66,870,453</b>	<b>63,822,821</b>	<b>60,200,092</b>	<b>54,205,386</b>	<b>52,706,300</b>	<b>50,878,105</b>	<b>43,117,160</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 76,892,730</b>	<b>\$ 82,940,391</b>	<b>\$ 68,177,438</b>	<b>\$ 66,870,453</b>	<b>\$ 63,822,821</b>	<b>\$ 60,200,092</b>	<b>\$ 54,205,386</b>	<b>\$ 52,706,300</b>	<b>\$ 50,878,105</b>
<b>Net Pension Liability/(Asset) - Ending (a-b)</b>	<b>\$ (3,916,209)</b>	<b>\$ (12,985,880)</b>	<b>\$ (5,141,606)</b>	<b>\$ (6,285,284)</b>	<b>\$ (5,348,454)</b>	<b>\$ (3,701,791)</b>	<b>\$ (1,790,040)</b>	<b>\$ (2,178,349)</b>	<b>\$ (2,361,287)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	105.37%	118.56%	108.16%	110.37%	109.15%	106.55%	103.42%	104.31%	104.87%
<b>Covered payroll</b>	<b>\$ 7,021,488</b>	<b>\$ 7,372,497</b>	<b>\$ 7,834,145</b>	<b>\$ 8,131,449</b>	<b>\$ 8,603,922</b>	<b>\$ 9,393,977</b>	<b>\$ 9,826,858</b>	<b>\$ 10,163,797</b>	<b>\$ 10,319,362</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	-55.77%	-176.14%	-65.63%	-77.30%	-62.16%	-39.41%	-18.22%	-21.43%	-22.88%

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

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 GATLINBURG, TENNESSEE**  
**SCHEDULES OF CONTRIBUTIONS**  
**BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS-LEGACY PLAN**  
**LAST FISCAL YEAR ENDED JUNE 30,**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 431,355	\$ 40,023	\$ 331,802	\$ 583,968	\$ 638,319	\$ 675,369	\$ 1,583,740	\$ 1,656,809	\$ 1,713,616	\$ 1,705,792
Contributions in Relation to the Actuarially Determined Contributions	431,355	105,323	331,802	583,968	638,319	675,369	1,583,740	1,656,809	1,713,616	1,705,792
Contribution Deficiency/(Excess)	\$ -	\$ (65,300)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 8,008,462	\$ 7,021,488	\$ 7,372,497	\$ 7,834,145	\$ 8,131,449	\$ 8,603,922	\$ 9,393,977	\$ 9,826,858	\$ 10,163,797	\$ 10,319,362
Contributions as a Percentage of Covered Payroll	5.39%	1.50%	4.50%	7.45%	7.85%	7.85%	16.86%	16.86%	16.86%	16.53%

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.

Notes to Schedule:

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

Methods and Assumptions Used to Determine Contribution Rates:

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

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 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.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS-HYBRID PLAN WITH**  
**COST CONTROLS**  
**LAST FISCAL YEAR ENDED JUNE 30,**

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>								
Service Cost	\$ 247,792	\$ 185,327	\$ 182,476	\$ 148,463	\$ 98,706	\$ 65,560	\$ 38,689	\$ 30,401
Interest	91,037	67,316	53,362	36,305	20,966	11,684	4,817	2,280
Differences Between Expected and Actual Experience	90,504	12,721	(29,256)	34,423	48,898	21,346	22,666	(7,150)
Change in Assumptions	-	106,671	-	-	-	5,152	-	-
Benefit Payments, Including Refunds of Member Contributions	(21,121)	(7,488)	(26,417)	(9,473)	(4,029)	(2,949)	-	-
<b>Net Change in Pension Liability</b>	<b>408,212</b>	<b>364,547</b>	<b>180,165</b>	<b>209,718</b>	<b>164,541</b>	<b>100,793</b>	<b>66,172</b>	<b>25,531</b>
<b>Total Pension Liability - Beginning</b>	<b>1,111,467</b>	<b>746,920</b>	<b>566,755</b>	<b>357,037</b>	<b>192,496</b>	<b>91,703</b>	<b>25,531</b>	<b>-</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 1,519,679</b>	<b>\$ 1,111,467</b>	<b>\$ 746,920</b>	<b>\$ 566,755</b>	<b>\$ 357,037</b>	<b>\$ 192,496</b>	<b>\$ 91,703</b>	<b>\$ 25,531</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	84,324	62,976	41,763	30,142	92,179	63,967	39,019	17,372
Contributions - Member	243,713	182,013	143,530	144,697	115,223	79,960	48,774	21,715
Net Investment Income	(58,796)	261,595	38,975	43,795	31,536	21,797	2,110	554
Benefit Payments, Including Refunds of Member Contributions	(21,121)	(7,488)	(26,417)	(9,473)	(4,029)	(2,949)	-	-
Administrative Expenses	(12,647)	(9,277)	(8,480)	(8,160)	(7,157)	(4,926)	(2,767)	(1,013)
Other	-	-	-	-	-	-	-	(2,094)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>235,473</b>	<b>489,819</b>	<b>189,371</b>	<b>201,001</b>	<b>227,752</b>	<b>157,849</b>	<b>87,136</b>	<b>36,534</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,389,762</b>	<b>899,943</b>	<b>710,572</b>	<b>509,571</b>	<b>281,819</b>	<b>123,670</b>	<b>36,534</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 1,625,235</b>	<b>\$ 1,389,762</b>	<b>\$ 899,943</b>	<b>\$ 710,572</b>	<b>\$ 509,571</b>	<b>\$ 281,519</b>	<b>\$ 123,670</b>	<b>\$ 36,534</b>
<b>Net Pension Liability/(Asset) - Ending (a-b)</b>	<b>\$ (105,556)</b>	<b>\$ (278,295)</b>	<b>\$ (153,023)</b>	<b>\$ (143,817)</b>	<b>\$ (152,534)</b>	<b>\$ (89,023)</b>	<b>\$ (31,967)</b>	<b>\$ (11,003)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>106.95%</b>	<b>125.04%</b>	<b>120.49%</b>	<b>125.38%</b>	<b>142.72%</b>	<b>146.25%</b>	<b>134.86%</b>	<b>143.10%</b>
<b>Covered payroll</b>	<b>\$ 4,874,228</b>	<b>\$ 3,640,243</b>	<b>\$ 3,252,147</b>	<b>\$ 2,893,908</b>	<b>\$ 2,304,461</b>	<b>\$ 1,599,179</b>	<b>\$ 975,467</b>	<b>\$ 434,293</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>-2.17%</b>	<b>-7.64%</b>	<b>-4.71%</b>	<b>-4.97%</b>	<b>-6.62%</b>	<b>-5.57%</b>	<b>-3.28%</b>	<b>-2.53%</b>

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

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 GATLINBURG, TENNESSEE**  
**SCHEDULES OF CONTRIBUTIONS**  
**BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN**  
**OF TCRS-HYBRID PLAN WITH COST CONTROLS**  
**LAST FISCAL YEAR ENDED JUNE 30,**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 170,036	\$ 84,324	\$ 62,976	\$ 41,763	\$ 30,142	\$ 292,368	\$ 22,069	\$ 19,509	\$ 8,686
Contributions in Relation to the Actuarially Determined Contributions	<u>170,036</u>	<u>84,324</u>	<u>62,976</u>	<u>41,763</u>	<u>30,142</u>	<u>92,179</u>	<u>63,967</u>	<u>39,019</u>	<u>17,372</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,189</u>	<u>\$ (41,898)</u>	<u>\$ (19,510)</u>	<u>\$ (8,686)</u>
Covered Employee Payroll	6,718,899	4,874,228	3,640,243	\$ 3,252,147	\$ 2,893,908	\$ 2,304,461	\$ 1,599,179	\$ 975,467	\$ 434,293
Contributions as a Percentage of Covered Payroll	2.53%	1.73%	1.73%	1.28%	1.04%	4.00%	4.00%	4.00%	4.00%

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

\* In FY 2023 the City placed the actuarially determined contribution rate (2.53%) of covered payroll into the pension plan and placed 1.73 percent of covered payroll into the Pension Stabilization Reserve Trust.

\*\* In FY 2022 the City placed the actuarially determined contribution rate (1.75%) of covered payroll into the pension plan and placed 2.25 percent of covered payroll into the Pension Stabilization Reserve Trust.

\*\*\* In FY 2021 the City placed the actuarially determined contribution rate (1.73%) of covered payroll into the pension plan and placed 2.27 percent of covered payroll into the Pension Stabilization Reserve Trust.

\*\*\*\* In FY 2020 the City placed the actuarially determined contribution rate (1.28%) of covered payroll into the pension plan and placed 2.72 percent of covered payroll into the Pension Stabilization Reserve Trust.

\*\*\*\*\* In FY 2019 the City placed the actuarially determined contribution rate (1.04%) of covered payroll into the pension plan and placed 2.96 percent of covered payroll into the Pension Stabilization Reserve Trust.

Notes to Schedule:

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 w ithin a 20.0% corridor to market value
Inflation	2.25%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.13%

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; and decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST FISCAL YEAR ENDED JUNE 30**

<b>Total OPEB liability</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 24,452	\$ 33,367	\$ 27,854	\$ 21,439	\$ 25,853	\$ 23,339
Interest	42,079	29,546	25,211	34,967	43,521	45,359
Differences between expected and actual experience	(11,047)	39,891	7,727	(155,257)	44,016	(33,073)
Benefit payments	<u>(54,760)</u>	<u>(54,760)</u>	<u>(57,561)</u>	<u>(57,558)</u>	<u>(61,648)</u>	<u>(61,647)</u>
<b>Net change in Total OPEB Liability</b>	724	48,044	3,231	(156,409)	51,742	(26,022)
<b>Total OPEB liability- beginning</b>	<u>1,164,213</u>	<u>1,116,169</u>	<u>1,112,938</u>	<u>1,269,347</u>	<u>1,217,605</u>	<u>1,243,627</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 1,164,937</u></u>	<u><u>\$ 1,164,213</u></u>	<u><u>\$ 1,116,169</u></u>	<u><u>\$ 1,112,938</u></u>	<u><u>\$ 1,269,347</u></u>	<u><u>\$ 1,217,605</u></u>
<b>Covered payroll</b>	\$ 16,513,264	\$ 13,201,262	\$ 12,380,090	\$ 12,580,462	\$ 12,595,347	\$ 12,393,063
<b>Total OPEB liability (Asset) as a percentage of covered payroll</b>	7.05%	8.82%	9.02%	8.85%	10.08%	9.82%

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. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

**SUPPLEMENTARY INFORMATION SECTION**



**CITY OF GATLINBURG, TENNESSEE  
CONVENTION CENTER DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Taxes:</b>				
3/4 % Local Option Tax Increase	\$ 3,908,657	\$ 3,908,657	\$ 4,506,443	\$ 597,786
1/3 Hotel / Motel Tax	3,327,646	3,327,646	3,686,721	359,075
<b>Total Taxes</b>	<u>7,236,303</u>	<u>7,236,303</u>	<u>8,193,164</u>	<u>956,861</u>
<b>Use of Money and Property:</b>				
Interest Income	99,500	99,500	755,838	656,338
<b>Total Use of Money and Property</b>	<u>99,500</u>	<u>99,500</u>	<u>755,838</u>	<u>656,338</u>
<b>Intergovernmental:</b>				
State Sales Tax	1,407,475	1,407,475	1,441,798	34,323
<b>Total Intergovernmental</b>	<u>1,407,475</u>	<u>1,407,475</u>	<u>1,441,798</u>	<u>34,323</u>
<b>Total Revenues</b>	<u>8,743,278</u>	<u>8,743,278</u>	<u>10,390,800</u>	<u>1,647,522</u>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	1,435,000	1,435,000	1,435,000	-
Interest	908,188	908,188	908,188	-
Paying Agent Fees	1,000	1,000	1,000	-
Legal and Issue Costs	-	-	-	-
<b>Total Debt Service</b>	<u>2,344,188</u>	<u>2,344,188</u>	<u>2,344,188</u>	<u>-</u>
<b>Total Expenditures</b>	<u>2,344,188</u>	<u>2,344,188</u>	<u>2,344,188</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>6,399,090</u>	<u>6,399,090</u>	<u>8,046,612</u>	<u>1,647,522</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Department of Tourism	(2,949,818)	(2,982,818)	(2,949,818)	33,000
<b>Total Other Financing Uses</b>	<u>(2,949,818)</u>	<u>(2,982,818)</u>	<u>(2,949,818)</u>	<u>33,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses</b>	<u>3,449,272</u>	<u>3,416,272</u>	<u>5,096,794</u>	<u>1,680,522</u>
<b>Fund Balance - Beginning of Year</b>	<u>15,935,984</u>	<u>15,935,984</u>	<u>15,935,984</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 19,385,256</u>	<u>\$ 19,352,256</u>	<u>\$ 21,032,778</u>	<u>\$ 1,680,522</u>

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE  
PUBLIC WORKS CONSTRUCTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Prior Years	Current Year	Total To Date
<b>REVENUES</b>				
Wildfires Memorial Fund			\$ 76,625	
<b>Total Revenues</b>			76,625	
<b>EXPENDITURES</b>				
<b>Capital Outlay:</b>				
Herbert Holt Park Renovations	\$ 1,895,599	\$ 12,158	\$ 1,113,023	\$ 1,125,181
Public Works Complex	6,093,065	22,325	1,389,065	1,411,390
Traffic Signal Management System	350,000	61,950	3,025	64,975
Public Restrooms Renovation	693,000	7,800	175,198	182,998
Transfer Station Upgrade	792,000	158,305	614,280	772,585
Bishop Lane Bridge Replacement	375,100	231,971	74,840	306,811
Winters Lights Refurbish	848,816	629,251	171,368	800,619
Stone Fence Lane Slope and Roadway Repair	570,000	10,320	490,729	501,049
Mills Park Basketball/Soccer Court	310,000	174,044	123,097	297,141
Mynatt Park Renovations	451,000	184,015	429,766	613,781
Golf Course Irrigation System Repair	1,326,781	1,284,291	42,490	1,326,781
Dog Park at Mills Park	445,000	432,001	12,897	444,898
Winter Lights Refurbish	1,320,000	765,868	114,118	879,986
Ivy Road Slope Repair	495,000	434,225	67,970	502,195
City Hall Repairs/Renovations	619,080	305,265	640,297	945,562
Convention Center Additions and Renovations	13,190,413	10,052,792	3,129,877	13,182,669
Walnut Street Repair - Water Main Break	-	-	67,909	67,909
Connector Path - GP Junior High Shool to Community Center	195,000	-	4,897	4,897
Underground Utilities Study 2023	50,000	-	40,500	40,500
Fire Station #1 Renovation	1,000,000	-	6,398	6,398
Renovation of Fire Halls #2 and #3	500,000	-	79,424	79,424
Field #6 Renovation - Concession and Restrooms	1,585,000	-	73,345	73,345
Field #7 Bleachers, Press Box, and Scoreboard	585,000	-	184,309	184,309
Bowling Center Renovations	1,000,000	-	7,781	7,781
Holly Branch Drainage Improvements	531,000	-	493,591	493,591
Kingwood Property Development	582,850	-	157,582	157,582
Water Tower Road Slope Repair	-	-	191,058	191,058
Aquarium Garage Renovation	3,459,494	-	714,610	714,610
Downtown and City Hall Fiber Connections	175,000	-	137,092	137,092
Glades Road Drainage Project	586,650	-	20,600	20,600
Community Center Pool Humidifications System	175,100	-	169,461	169,461
Golf Course Wash Pad	140,000	-	102,164	102,164
<b>Total Capital Outlay</b>		\$ 11,990,151	11,042,761	\$ 15,955,310
<b>Total Expenditures</b>			11,042,761	
<b>Deficiency of Revenues Under Expenditures</b>			(10,966,136)	
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds			7,702,080	
Transfers From Component Unit			234,000	
<b>Total Other Financing Sources (Uses)</b>			7,936,080	
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>			(3,030,056)	
<b>Fund Balance - Beginning of Year</b>			21,157,808	
<b>Fund Balance - End of Year</b>			\$ 18,127,752	

See the independent auditor's report.

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	State Street Aid Fund	Asset Forfeiture/ Donation Fund	Contingency Fund	Hotel/ Motel Tax Fund	School Fund	Sinking Fund	Grant Financed Projects Fund	Vehicle Replacement Fund	
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ -	\$ 1,561	\$ -	\$ -	\$ -	\$ 458,967	\$ -	\$ -	\$ 460,528
Cash Restricted or Held for Long-Term Purposes	589,464	-	136,550	-	1,816,411	-	282,362	2,073,027	4,897,814
Receivables:									
Other Tax and Nonexchange Revenue	27,478	-	-	357,091	93,072	-	-	-	477,641
Due From Other Governments	28,118	-	-	-	109,541	-	1,038,331	-	1,175,990
Due From Other Funds	-	-	-	-	-	-	-	38,268	38,268
TCRS Stabilization Trust	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 645,060</u>	<u>\$ 1,561</u>	<u>\$ 136,550</u>	<u>\$ 357,091</u>	<u>\$ 2,019,024</u>	<u>\$ 458,967</u>	<u>\$ 1,320,693</u>	<u>\$ 2,111,295</u>	<u>\$ 7,050,241</u>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>LIABILITIES</b>									
Accounts Payable:									
Trade	\$ 38,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,620	\$ 194,876	\$ 264,794
Accrued Liabilities	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>38,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,620</u>	<u>194,876</u>	<u>264,794</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>27,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,550</u>
<b>FUND BALANCE</b>									
Restricted	579,284	1,561	136,550	-	1,925,952	-	1,289,073	-	3,932,420
Unrestricted									
Assigned	-	-	-	-	-	458,967	-	-	458,967
Committed	-	-	-	357,091	-	-	-	1,916,419	2,273,510
<b>TOTAL FUND BALANCE</b>	<u>579,284</u>	<u>1,561</u>	<u>136,550</u>	<u>357,091</u>	<u>1,925,952</u>	<u>458,967</u>	<u>1,289,073</u>	<u>1,916,419</u>	<u>6,664,897</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 645,060</u>	<u>\$ 1,561</u>	<u>\$ 136,550</u>	<u>\$ 357,091</u>	<u>\$ 2,019,024</u>	<u>\$ 458,967</u>	<u>\$ 1,320,693</u>	<u>\$ 2,111,295</u>	<u>\$ 7,050,241</u>

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
JUNE 30, 2023**

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds	
	State Street Aid Fund	Asset Forfeiture/ Donation Fund	Contingency Fund	Hotel/ Motel Tax Fund	School Fund	Sinking Fund	Grant Financed Projects Fund		Vehicle Replacement Fund
<b>REVENUES</b>									
Local Taxes	\$ -	\$ -	\$ -	\$ 3,686,721	\$ -	\$ -	\$ -	\$ -	\$ 3,686,721
Intergovernmental	322,675	-	-	-	1,444,264	-	1,001,183	-	2,768,122
Use of Money and Property	-	59	2,961	-	101,487	17,387	-	-	121,894
Charges for Services	-	-	-	-	-	-	-	-	-
Fines, Forfeitures and Penalties	-	-	91,397	-	-	-	-	-	91,397
Contributions and Donations	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	9,826	-	-	-	103,917	140,265	254,008
<b>Total Revenues</b>	<u>322,675</u>	<u>59</u>	<u>104,184</u>	<u>3,686,721</u>	<u>1,545,751</u>	<u>17,387</u>	<u>1,105,100</u>	<u>140,265</u>	<u>6,922,142</u>
<b>EXPENDITURES</b>									
Public Safety	-	-	11,841	-	-	-	-	-	11,841
Public Works	163,918	-	-	-	-	-	-	-	163,918
Parking / Mass Transit	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	1,011,311	-	-	-	1,011,311
Capital Outlay	753,735	-	-	-	-	-	1,270,742	1,501,420	3,525,897
Grant Match for Gatlinburg-Pigeon Forge Airport Authority	-	-	-	-	-	-	30,000	-	30,000
<b>Total Expenditures</b>	<u>917,653</u>	<u>-</u>	<u>11,841</u>	<u>-</u>	<u>1,011,311</u>	<u>-</u>	<u>1,300,742</u>	<u>1,501,420</u>	<u>4,742,967</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(594,978)</u>	<u>59</u>	<u>92,343</u>	<u>3,686,721</u>	<u>534,440</u>	<u>17,387</u>	<u>(195,642)</u>	<u>(1,361,155)</u>	<u>2,179,175</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating Transfers In	468,000	-	-	-	-	-	1,066,000	1,466,000	3,000,000
Operating Transfers Out	-	-	-	(3,692,282)	(645,000)	-	-	-	(4,337,282)
<b>Total Other Financing Sources (Uses)</b>	<u>468,000</u>	<u>-</u>	<u>-</u>	<u>(3,692,282)</u>	<u>(645,000)</u>	<u>-</u>	<u>1,066,000</u>	<u>1,466,000</u>	<u>(1,337,282)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(126,978)</u>	<u>59</u>	<u>92,343</u>	<u>(5,561)</u>	<u>(110,560)</u>	<u>17,387</u>	<u>870,358</u>	<u>104,845</u>	<u>841,893</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>706,262</u>	<u>1,502</u>	<u>44,207</u>	<u>362,652</u>	<u>2,036,512</u>	<u>441,580</u>	<u>418,715</u>	<u>1,811,574</u>	<u>5,823,004</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 579,284</u>	<u>\$ 1,561</u>	<u>\$ 136,550</u>	<u>\$ 357,091</u>	<u>\$ 1,925,952</u>	<u>\$ 458,967</u>	<u>\$ 1,289,073</u>	<u>\$ 1,916,419</u>	<u>\$ 6,664,897</u>

**CITY OF GATLINBURG, TENNESSEE  
STATE STREET AID FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Intergovernmental:</b>				
State City Street and Transportation Funds	\$ 315,000	\$ 315,000	\$ 304,172	\$ (10,828)
Additional 3 Cent Gas Tax	17,000.00	17,000	18,503	1,503
<b>Total Intergovernmental</b>	<u>332,000</u>	<u>332,000</u>	<u>322,675</u>	<u>(9,325)</u>
<b>EXPENDITURES</b>				
<b>Maintenance:</b>				
Street Repair and Maintenance	65,195	65,195	31,891	33,304
Traffic Signal Maintenance	26,456	26,456	12,737	13,719
Street Striping and Painting	99,549	119,549	119,289	260
<b>Total Maintenance</b>	<u>191,200</u>	<u>211,200</u>	<u>163,917</u>	<u>47,283</u>
<b>Capital Outlay:</b>				
Equipment Purchase / Replacement	1,155,858	1,135,858	753,735	382,123
<b>Total Capital Outlay</b>	<u>1,155,858</u>	<u>1,135,858</u>	<u>753,735</u>	<u>382,123</u>
<b>Total Expenditures</b>	<u>1,347,058</u>	<u>1,347,058</u>	<u>917,652</u>	<u>429,406</u>
<b>Excess (Deficiency) of Revenues (Over) Under Expenditures</b>	<u>(1,015,058)</u>	<u>(1,015,058)</u>	<u>(594,977)</u>	<u>420,081</u>
<b>Other Financing Sources (Uses):</b>				
Transfer From Other Funds	468,000	468,000	468,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>468,000</u>	<u>468,000</u>	<u>468,000</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(547,058)</u>	<u>(547,058)</u>	<u>(126,977)</u>	<u>420,081</u>
<b>Fund Balance - Beginning of Year</b>	<u>706,261</u>	<u>706,261</u>	<u>706,261</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 159,203</u>	<u>\$ 159,203</u>	<u>\$ 579,284</u>	<u>\$ 420,081</u>

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE**  
**ASSET FORFEITURE/DONATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Use of Money and Property:</b>				
Interest Income	\$ 10	\$ 10	\$ 59	\$ 49
<b>Total Use of Money and Property</b>	<u>10</u>	<u>10</u>	<u>59</u>	<u>49</u>
<b>Total Revenues</b>	<u>10</u>	<u>10</u>	<u>59</u>	<u>49</u>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	10	10	59	49
<b>Fund Balance - Beginning of Year</b>	<u>1,502</u>	<u>1,502</u>	<u>1,502</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,512</u>	<u>\$ 1,512</u>	<u>\$ 1,561</u>	<u>\$ 49</u>

**CITY OF GATLINBURG, TENNESSEE  
CONTINGENCY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Use of Money and Property:</b>				
Interest Income	\$ 300	\$ 300	\$ 2,961	\$ 2,661
Miscellaneous Income	-	-	9,826	9,826
<b>Total Use of Money and Property</b>	<u>300</u>	<u>300</u>	<u>12,787</u>	<u>12,487</u>
<b>Fines, Forfeitures and Penalties:</b>				
Fines and Forfeitures and Penalties	5,200	5,200	91,397	86,197
<b>Total Fines, Forfeitures and Penalties</b>	<u>5,200</u>	<u>5,200</u>	<u>91,397</u>	<u>86,197</u>
<b>Total Revenues</b>	<u>5,500</u>	<u>5,500</u>	<u>104,184</u>	<u>98,684</u>
<b>EXPENDITURES</b>				
<b>Public Safety:</b>				
Miscellaneous	15,000	15,000	11,841	3,159
<b>Total Public Safety</b>	<u>15,000</u>	<u>15,000</u>	<u>11,841</u>	<u>3,159</u>
<b>Total Expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>11,841</u>	<u>3,159</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(9,500)	(9,500)	92,343	101,843
<b>Fund Balance - Beginning of Year</b>	<u>44,207</u>	<u>44,207</u>	<u>44,207</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 34,707</u>	<u>\$ 34,707</u>	<u>\$ 136,550</u>	<u>\$ 101,843</u>

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE  
HOTEL/MOTEL TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Local Taxes:</b>				
1/3 Hotel / Motel Tax	\$ 3,327,646	\$ 3,327,646	\$ 3,686,721	\$ 359,075
<b>Total Local Taxes</b>	<u>3,327,646</u>	<u>3,327,646</u>	<u>3,686,721</u>	<u>359,075</u>
<b>Total Revenues</b>	<u>3,327,646</u>	<u>3,327,646</u>	<u>3,686,721</u>	<u>359,075</u>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	3,327,646	3,327,646	3,686,721	359,075
<b>Other Financing Uses</b>				
Transfer to Department of Tourism	(3,327,646)	(3,548,646)	(3,692,282)	(143,636)
<b>Total Other Financing Uses</b>	<u>(3,327,646)</u>	<u>(3,548,646)</u>	<u>(3,692,282)</u>	<u>(143,636)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses</b>	-	(221,000)	(5,561)	215,439
<b>Fund Balance - Beginning of Year</b>	<u>362,652</u>	<u>362,652</u>	<u>362,652</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 362,652</u>	<u>\$ 141,652</u>	<u>\$ 357,091</u>	<u>\$ 215,439</u>

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE  
SCHOOL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Intergovernmental:</b>				
State Mixed Drink Tax	\$ 1,302,000	\$ 1,302,000	\$ 1,444,264	\$ 142,264
<b>Total Intergovernmental</b>	<u>1,302,000</u>	<u>1,302,000</u>	<u>1,444,264</u>	<u>142,264</u>
<b>Use of Money and Property:</b>				
Interest Income	14,000	14,000	101,487	87,487
<b>Total Use of Money and Property</b>	<u>14,000</u>	<u>14,000</u>	<u>101,487</u>	<u>87,487</u>
<b>Total Revenues</b>	<u>1,316,000</u>	<u>1,316,000</u>	<u>1,545,751</u>	<u>229,751</u>
<b>EXPENDITURES</b>				
<b>Education:</b>				
Gatlinburg-Pittman High School	331,073	431,073	413,347	17,726
Gatlinburg Junior High School	274,431	274,431	272,874	1,557
Pi Beta Phi Elementary School	325,090	575,090	325,090	250,000
<b>Total Education</b>	<u>930,594</u>	<u>1,280,594</u>	<u>1,011,311</u>	<u>269,283</u>
<b>Total Expenditures</b>	<u>930,594</u>	<u>1,280,594</u>	<u>1,011,311</u>	<u>269,283</u>
<b>Excess of Revenues Over Expenditures</b>	385,406	35,406	534,440	499,034
<b>Other Financing Uses</b>				
Transfer to Public Works Construction Fund	(3,327,646)	(3,548,646)	(645,000)	2,903,646
<b>Total Other Financing Uses</b>	<u>(3,327,646)</u>	<u>(3,548,646)</u>	<u>(645,000)</u>	<u>2,903,646</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses</b>	(2,942,240)	(3,513,240)	(110,560)	3,402,680
<b>Fund Balance - Beginning of Year</b>	<u>2,036,512</u>	<u>2,036,512</u>	<u>2,036,512</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 2,421,918</u>	<u>\$ 2,071,918</u>	<u>\$ 1,925,952</u>	<u>\$ 499,034</u>

See the independent auditor's report.

CITY OF GATLINBURG, TENNESSEE  
SINKING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Use of Money and Property:</b>				
Interest Income	\$ 2,600	\$ 2,600	\$ 17,387	\$ 14,787
<b>Total Use of Money and Property</b>	<u>2,600</u>	<u>2,600</u>	<u>17,387</u>	<u>14,787</u>
<b>Total Revenues</b>	<u>2,600</u>	<u>2,600</u>	<u>17,387</u>	<u>14,787</u>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	2,600	2,600	17,387	14,787
<b>Fund Balance - Beginning of Year</b>	<u>441,580</u>	<u>441,580</u>	<u>441,580</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 444,180</u>	<u>\$ 444,180</u>	<u>\$ 458,967</u>	<u>\$ 14,787</u>

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE  
GRANT FINANCED PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Prior Years	Current Year	Total To Date
<b>REVENUES</b>				
<b>Intergovernmental:</b>				
State of Tennessee VCIF Body Camera			101,107	
Wildfires Memorial TDOT Grant Project			849,661	
TDOT 2021 Improve Act Site Development			50,415	
<b>Total Intergovernmental</b>			1,001,183	
<b>Miscellaneous:</b>				
Miscellaneous Income			103,917	
<b>Total Miscellaneous</b>			103,917	
<b>Total Revenues</b>			1,105,100	
<b>EXPENDITURES</b>				
<b>Capital Outlay:</b>				
TDOT 2020 Grant Improve Act	635,810	27,500	-	27,500
Local Government Support Grant	121,452	118,619	1,260	119,879
Wildfires Memorial TDOT Grant	1,333,531	186,832	1,034,155	1,220,987
State of Tennessee VCIF Body Camera	101,107	-	101,107	101,107
TDOT 2021 Improve Act Site Development	795,698	-	67,220	67,220
EDA ARPA Traffic Signal Upgrades	1,036,000	-	67,000	67,000
<b>Total Capital Outlay</b>		\$ 332,951	1,270,742	\$ 1,603,693
<b>Other:</b>				
Grant Match for Gatlinburg-Pigeon Forge Airport Authority	30,000	61,008	30,000	91,008
<b>Total Expenditures</b>			1,300,742	
<b>Excess of Revenues Over Expenditures</b>			(195,642)	
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds			1,066,000	
<b>Total Other Financing Sources (Uses)</b>			1,066,000	
<b>Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</b>			870,358	
<b>Fund Balance - Beginning of Year, as restated</b>			418,715	
<b>Fund Balance - End of Year</b>			\$ 1,289,073	

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE  
VEHICLE REPLACEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Current Year
<b>REVENUES</b>		
<b>Miscellaneous:</b>		
Miscellaneous Income		\$ 140,265
<b>Total Miscellaneous</b>		140,265
<b>Total Revenues</b>		140,265
<b>EXPENDITURES</b>		
<b>Capital Outlay:</b>		
Equipment Purchase/Replacement	\$ 2,100,000	1,501,420
<b>Total Capital Outlay</b>		1,501,420
<b>Total Expenditures</b>		1,501,420
<b>Deficiency of Revenues Under Expenditures</b>		(1,361,155)
<b>Other Financing Sources (Uses)</b>		
Transfers From Other Funds		1,466,000
<b>Total Other Financing Sources (Uses)</b>		1,466,000
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>		104,845
<b>Fund Balance - Beginning of Year</b>		1,811,574
<b>Fund Balance - End of Year</b>		\$ 1,916,419

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**JUNE 30, 2023**

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2023
<b>Governmental Activities</b>									
<b>Bonds Payable</b>									
<u>Payable through Special Tax Fund</u>									
Series 2019A General Obligation Refunding Bond	6,850,000	3.00 - 5.00 %	10/25/2019	5/1/2031	\$ 5,895,000	\$ -	\$ 650,000	\$ -	\$ 5,245,000
Total Payable through Special Tax Fund					5,895,000	-	650,000	-	5,245,000
<u>Payable through Convention Center Debt Service Fund</u>									
Series 2020A General Obligation Bond	* 23,330,000	2.00 - 5.00 %	5/29/2020	6/1/2039	21,090,000	-	1,205,000	-	19,885,000
Series 2020B General Obligation Bond	4,550,000	1.00 - 2.00 %	12/11/2020	6/1/2040	4,095,000	-	230,000	-	3,865,000
Total Payable through Convention Center Debt Service Fund					25,185,000	-	1,435,000	-	23,750,000
<b>Total Governmental Activities</b>					<b>\$ 31,080,000</b>	<b>\$ -</b>	<b>\$ 2,085,000</b>	<b>\$ -</b>	<b>\$ 28,995,000</b>
<b>Business-Type Activities</b>									
<b>Bonds Payable</b>									
<u>Payable through Water Fund</u>									
Series 2020A General Obligation Bond	* 2,420,000	2.00 - 5.00 %	5/29/2020	6/1/2039	\$ 2,245,000	\$ -	\$ 95,000	\$ -	\$ 2,150,000
Total Payable through Water Fund					2,245,000	-	95,000	-	2,150,000
<u>Payable through Wastewater Fund</u>									
Series 2016 General Obligation Bond	3,650,000	2.00 - 2.20 %	10/20/2016	6/1/2037	1,965,000	-	115,000	-	1,850,000
Series 2020A General Obligation Bond	* 1,635,000	2.00 - 5.00 %	5/29/2020	6/1/2039	1,520,000	-	65,000	-	1,455,000
Series 2021 General Obligation Bond	9,685,000	2.00 - 3.00 %	12/10/2021	6/1/2051	9,685,000	-	-	-	9,685,000
Series 2022 General Obligation Bond	9,820,000	3.00 - 5.00 %	5/20/2022	3/1/2052	9,820,000	-	-	-	9,820,000
Total Payable through Sewer Fund					22,990,000	-	180,000	-	22,810,000
<b>Total Business-Type Activities</b>					<b>\$ 25,235,000</b>	<b>\$ -</b>	<b>\$ 275,000</b>	<b>\$ -</b>	<b>\$ 24,960,000</b>

\*Total issue \$27,385,000 - allocated between governmental and business - type activities.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

Fiscal Year Ended June 30,	Existing Debt Principal	Interest	Total
2024	\$ 2,360,000	\$ 1,818,274	\$ 4,178,274
2025	2,705,000	1,705,724	4,410,724
2026	2,760,000	1,579,174	4,339,174
2027	2,870,000	1,449,974	4,319,974
2028-2032	15,455,000	5,258,170	20,713,170
2033-2037	14,455,000	3,118,259	17,573,259
2038-2042	4,835,000	1,706,097	6,541,097
2043-2047	4,165,000	1,105,210	5,270,210
2048-2052	4,350,000	421,518	4,771,518
	<u>\$ 53,955,000</u>	<u>\$ 18,162,400</u>	<u>\$ 72,117,400</u>

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

**Governmental Activities**

For the Year Ended June 30,	\$6,850,000 General Obligation Bonds		\$27,385,000 (\$23,330,300 Refunding Portion) General Obligation Bonds		\$4,550,000 General Obligation Convention Center Debt Service Fund		Total Governmental Activities	
	Series 2019A, Dated 10/25/19		Series 2020A, Dated 5/29/20		Series 2020B, Dated 12/11/20		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2023-2024	\$ 685,000	\$ 227,850	\$ 1,065,000	\$ 697,488	\$ 230,000	\$ 138,950	\$ 1,980,000	\$ 1,064,288
2024-2025	710,000	193,600	1,120,000	644,238	230,000	127,450	2,060,000	965,288
2025-2026	570,000	158,100	1,180,000	588,238	230,000	115,950	1,980,000	862,288
2026-2027	600,000	129,600	1,230,000	529,238	230,000	104,450	2,060,000	763,288
2027-2028	630,000	99,600	1,300,000	467,738	230,000	92,950	2,160,000	660,288
2028-2029	660,000	68,100	1,365,000	402,738	230,000	81,450	2,255,000	552,288
2029-2030	685,000	41,700	1,435,000	334,488	230,000	74,550	2,350,000	450,738
2030-2031	705,000	21,150	1,505,000	262,738	230,000	67,650	2,440,000	351,538
2031-2032	-	-	1,525,000	232,638	225,000	60,750	1,750,000	293,388
2032-2033	-	-	1,560,000	200,231	225,000	54,000	1,785,000	254,231
2033-2034	-	-	1,595,000	165,131	225,000	47,250	1,820,000	212,381
2034-2035	-	-	1,635,000	127,250	225,000	40,500	1,860,000	167,750
2035-2036	-	-	1,670,000	86,375	225,000	33,750	1,895,000	120,125
2036-2037	-	-	1,700,000	44,625	225,000	27,000	1,925,000	71,625
2037-2038	-	-	-	-	225,000	20,250	225,000	20,250
2038-2039	-	-	-	-	225,000	13,500	225,000	13,500
2039-2040	-	-	-	-	225,000	6,750	225,000	6,750
	<u>\$ 5,245,000</u>	<u>\$ 939,700</u>	<u>\$ 19,885,000</u>	<u>\$ 4,783,154</u>	<u>\$ 3,865,000</u>	<u>\$ 1,107,150</u>	<u>\$ 28,995,000</u>	<u>\$ 6,830,004</u>

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
JUNE 30, 2023**

**Business-Type Activities**

For the Year Ended June 30,	\$3,650,000 General Obligation Bonds Series 2016, Dated 10/20/16		\$27,385,000 General Obligation Bonds Series 2020A, Dated 5/29/20 (\$2,420,000 Water Fund Portion)		\$27,385,000 General Obligation Bonds Series 2020A, Dated 5/29/20 (\$1,635,000 Sewer Fund Portion)		\$9,685,000 General Obligation Bonds Series 2021, Dated 12/10/2021		\$9,820,000 General Obligation Bonds Series 2022, Dated 5/20/2022		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2023-2024	\$ 115,000	\$ 37,885	\$ 100,000	\$ 73,013	\$ 65,000	\$ 49,363	\$ 100,000	\$ 227,331	\$ -	\$ 366,394	\$ 380,000
2024-2025	120,000	35,585	100,000	68,013	70,000	46,113	255,000	224,331	100,000	366,394	645,000	740,436
2025-2026	120,000	33,185	110,000	63,013	75,000	42,613	260,000	216,681	215,000	361,394	780,000	716,886
2026-2027	125,000	30,785	115,000	57,513	75,000	38,863	270,000	208,881	225,000	350,644	810,000	686,686
2027-2028	125,000	28,285	120,000	51,763	80,000	35,113	275,000	200,781	235,000	339,394	835,000	655,336
2028-2029	125,000	25,785	125,000	45,763	85,000	31,113	285,000	192,531	245,000	327,644	865,000	622,836
2029-2030	130,000	23,285	130,000	39,513	90,000	26,863	295,000	183,981	260,000	315,394	905,000	589,036
2030-2031	130,000	20,685	135,000	33,013	95,000	22,363	305,000	175,131	270,000	302,394	935,000	553,586
2031-2032	135,000	18,085	140,000	30,313	95,000	20,463	310,000	165,981	280,000	294,294	960,000	529,136
2032-2033	140,000	15,385	145,000	27,338	95,000	18,444	320,000	159,781	290,000	285,894	990,000	506,842
2033-2034	140,000	12,585	145,000	24,075	100,000	16,306	325,000	153,381	295,000	277,194	1,005,000	483,541
2034-2035	145,000	9,645	150,000	20,631	100,000	13,931	330,000	146,881	305,000	268,344	1,030,000	459,432
2035-2036	150,000	6,600	155,000	16,881	105,000	11,431	340,000	140,282	315,000	259,194	1,065,000	434,388
2036-2037	150,000	3,300	155,000	13,006	105,000	8,806	345,000	133,482	325,000	249,350	1,080,000	407,944
2037-2038	-	-	160,000	8,938	110,000	6,050	350,000	126,582	335,000	239,194	955,000	380,764
2038-2039	-	-	165,000	4,538	110,000	3,025	360,000	119,582	345,000	228,306	980,000	355,451
2039-2040	-	-	-	-	-	-	365,000	112,382	355,000	217,094	720,000	329,476
2040-2041	-	-	-	-	-	-	375,000	104,626	370,000	205,556	745,000	310,182
2041-2042	-	-	-	-	-	-	380,000	96,656	380,000	193,068	760,000	289,724
2042-2043	-	-	-	-	-	-	390,000	88,106	395,000	180,243	785,000	268,349
2043-2044	-	-	-	-	-	-	400,000	79,332	410,000	166,417	810,000	245,749
2044-2045	-	-	-	-	-	-	410,000	70,332	425,000	151,556	835,000	221,888
2045-2046	-	-	-	-	-	-	415,000	61,106	440,000	136,150	855,000	197,256
2046-2047	-	-	-	-	-	-	425,000	51,768	455,000	120,200	880,000	171,968
2047-2048	-	-	-	-	-	-	435,000	42,206	470,000	102,000	905,000	144,206
2048-2049	-	-	-	-	-	-	445,000	32,418	490,000	83,200	935,000	115,618
2049-2050	-	-	-	-	-	-	455,000	21,850	510,000	63,600	965,000	85,450
2050-2051	-	-	-	-	-	-	465,000	11,044	530,000	43,200	995,000	54,244
2051-2052	-	-	-	-	-	-	-	-	550,000	22,000	550,000	22,000
	<u>\$ 1,850,000</u>	<u>\$ 301,080</u>	<u>\$ 2,150,000</u>	<u>\$ 577,324</u>	<u>\$ 1,455,000</u>	<u>\$ 390,860</u>	<u>\$ 9,685,000</u>	<u>\$ 3,547,426</u>	<u>\$ 9,820,000</u>	<u>\$ 6,515,706</u>	<u>\$ 24,960,000</u>	<u>\$ 11,332,396</u>

See the independent auditor's report.

**CITY OF GATLINBURG, TENNESSEE  
SCHEDULES OF PROPERTY TAX INFORMATION  
JUNE 30, 2023**

**CHANGES IN TAXES RECEIVABLE**

	Current Year	Prior Years	Total
<b>Balance at Beginning of Year</b>	\$ -	\$ 1,085,739	\$ 1,085,739
Add: Fiscal Year 2023 Taxes Levied	1,130,300	-	1,130,300
Less: Taxes Collected	-	(999,073)	(999,073)
	1,130,300	86,666	1,216,966
Allowance for Uncollectible Accounts	(41,282)	(60,326)	(101,608)
<b>Balance at End of Year</b>	<u>\$ 1,089,018</u>	<u>\$ 26,340</u>	<u>\$ 1,115,358</u>

**TAX ASSESSMENTS AND UNPAID BALANCES**

Tax Year	Assessed Values	Tax rate Per \$100	Total Levy	Adjustments Collections, Releases and Abatements in Prior Years	Adjustments Collections, Releases and Abatements in Current Year	Unpaid Balances
2023	\$ 899,436,051	0.1257%	1,130,300			1,130,300
2022	804,937,957	0.1257%	1,010,838	-	973,919	36,919
2021	789,371,808	0.1257%	991,426	968,861	11,701	10,864
2020	614,470,410	0.1592%	978,773	966,259	4,167	8,347
2019	583,499,473	0.1592%	929,898	913,637	1,684	14,577
2018	521,778,404	0.1592%	830,417	825,927	1,285	3,205
2017	490,656,407	0.1592%	781,125	777,118	1,235	2,772
2016	549,191,840	0.1592%	873,547	870,243	582	2,722
2015	542,379,830	0.1592%	862,731	859,378	597	2,756
2014	547,371,482	0.1592%	871,415	868,576	603	2,236
2013	544,964,104	0.1592%	867,583	864,750	583	2,250
						<u>\$ 1,216,948</u>

Property taxes unpaid for periods prior to 2011 have been filed with the Sevier County Circuit Court Clerk.

## OTHER INFORMATION SECTION



CITY OF GATLINBURG, TENNESSEE  
 SCHEDULE OF UTILITY RATES  
 JUNE 30, 2023

**Water Rates:**

First 2,000 gallons per month, based on meter size:

<u>Meter Size</u>	<u>Charge (for &lt; 1,750 ft. elevation)</u>
5/8"-3/4"	\$ 7.75 minimum charge
<b>1"</b>	<b>19.86 minimum charge</b>
1 1/2"-2"	26.47 minimum charge
<b>3"</b>	<b>39.72 minimum charge</b>
4"	52.97 minimum charge
<b>6"</b>	<b>79.44 minimum charge</b>
>= 8"	119.16 minimum charge

Usage in excess of 2,000 gallons per month for all meter sizes at an elevation below 1,750 feet is \$3.88 per 1,000 gallons. At or above an elevation of 1,750 feet is \$4.38 per 1,000 gallons. Rates outside the City are 25% higher.

**Number of Water Customers:** 3,340

**Wastewater Rates:**

First 2,000 gallons per month, based on meter size:

<u>Meter Size</u>	<u>Charge (for &lt; 1,750 ft. elevation)</u>
5/8"-3/4"	\$ 12.17 minimum charge
<b>1"</b>	<b>28.80 minimum charge</b>
1 1/2"-2"	38.40 minimum charge
<b>3"</b>	<b>52.80 minimum charge</b>
4"	76.80 minimum charge
<b>6"</b>	<b>115.20 minimum charge</b>
8"	172.80 minimum charge

Usage in excess of 2,000 gallons per month is \$6.08 per 1,000 gallons. Rates outside the City are 25% higher.

**Number of Wastewater Customers:** 2,201

The Administrative charge per month for each customer with one or both services is \$1.00.

See Independent Auditor's Report

**CITY OF GATLINBURG, TENNESSEE  
 FULL-TIME GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS**

<b>Department</b>	<b>Fiscal Year</b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Building & Planning*	8	8	7	7	6	6	6	5	5	6
Building Maintenance	5	5	5	5	5	5	5	5	5	5
City Manager's Office	5	5	4	4	3	3	3	3	3	3
Convention Center	-	-	3	3	21	21	21	21	21	21
Finance	11	11	10	10	10	10	10	10	10	9
Fire Department	43	43	40	40	40	40	40	40	40	37
Golf	11	11	11	11	11	11	11	11	11	11
Mass Transit	10	10	11	10	11	11	11	11	11	11
Parking	5	5	7	5	5	5	5	5	5	5
Police/Dispatch	59	59	55	55	55	55	55	55	55	52
Recreation	27	27	27	27	27	27	27	27	27	27
Sanitation	26	26	22	22	22	22	22	22	22	20
Service Center	9	9	7	8	8	8	8	8	8	8
Streets	17	17	17	17	15	15	15	15	15	14
Water/Utilities	26	26	26	28	28	28	28	28	28	28
<b>Total Employees</b>	<b>262</b>	<b>262</b>	<b>252</b>	<b>252</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>266</b>	<b>266</b>	<b>257</b>

\* Building Inspections and Planning Departments were combined in 2015

**CITY OF GATLINBURG, TENNESSEE  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Public Safety</b>										
<b>Police</b>										
Number of employees	59	59	55	55	55	55	55	55	55	52
Number of violations (citations)	3,504	5,484	4,396	4,903	5,073	4,572	4,424	3,461	5,408	4,865
Accidents investigated	730	502	631	243	260	555	544	566	401	588
<b>Fire</b>										
Number of employees*	43	43	40	40	40	40	40	40	40	37
Number of calls answered	4,495	4,176	3,859	3,184	3,304	3,078	3,274	3,128	2,891	2,744
Number of inspections	3,360	3,589	3,627	3,408	3,623	3,920	3,909	4,841	5,025	4,088
<b>Cultural and Recreational</b>										
<b>Parks and Recreation</b>										
Number of Pool memberships	366	134	151	205	178	200	181	142	114	107
Number of Tone Zone memberships	1,291	1,031	887	1,142	1,605	1,611	1,541	1,190	1,393	1,290
<b>Library</b>										
Registered Customers	4,656	4,389	4,046	3,824	3,613	3,479	6,100	4,904	5,090	4,776
Books loaned out and digital resources provided	17,921	23,447	28,009	24,371	21,112	23,415	27,300	27,309	26,203	24,584
Computer users	10,590	9,421	4,312	2,769	2,971	6,159	4,788	5,274	6,023	6,584
<b>Water and Sewer</b>										
<b>Water</b>										
Number of Water consumers	3,340	3,266	3,215	3,163	3,152	3,049	2,841	3,638	3,635	3,623
Daily average consumption (Gallons)	2,580,000	2,100,000	2,100,000	1,992,419	1,868,000	1,725,000	1,832,320	2,260,000	2,450,000	1,950,000
<b>Sewer</b>										
Number of Sewer consumers	2,201	2,151	2,109	2,073	2,042	1,962	1,897	2,404	2,405	2,403
Daily average treatment (Gallons)	2,750,000	2,700,000	2,750,000	2,660,000	2,750,000	2,560,000	2,470,000	2,600,000	2,490,000	2,710,000
<b>Golf Course</b>										
Number of rounds played	29,701	25,929	32,016	18,926	20,274	23,862	24,819	25,025	21,906	22,009

Source: City Departments

Notes: N/A - data not available

\* Does not include volunteers

**CITY OF GATLINBURG, TENNESSEE  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	52	47	47	44	44	27	27	27	27	39
<b>Fire Stations</b>	3	3	3	3	3	3	3	3	3	3
<b>Refuse Collection</b>	10									
Collection Trucks		10	10	10	10	9	9	9	8	9
<b>Other Public Works</b>										
Streets (Miles)	93	93	90	90	90	90	90	90	90	90
<b>Parks &amp; Recreation</b>										
Parks	3	3	3	3	3	3	3	3	3	3
Parks Acreage	31	31	31	31	31	31	31	31	31	31
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Basketball Courts	2	2	2	2	2	2	2	2	2	2
Community Centers	1	1	1	1	1	1	1	1	1	1
Disc Golf Courses	1	1	1	1	1	1	1	1	1	1
Pickle Ball Courts	3	-	-	-	-	-	-	-	-	-
<b>Water</b>										
Miles of water lines	98	98	98	97	97	97	97	97	97	97
Fire hydrants	545	545	545	536	529	531	531	524	517	517
No. of treatment plants	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Miles of sewer lines	67	67	67	66	66	66	66	66	66	66
No. of treatment plants	1	1	1	1	1	1	1	1	1	1
<b>Transit</b>										
Number of Trolleys	20	23	23	24	20	20	20	19	19	19

\*Patrol units for years prior to 2015 includes patrol personnel only. Post 2014 includes patrol vehicle count only.

**COMPLIANCE SECTION**



**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/Program	Assistance Listing Number	State/Pass-through Entity Identifying Number	Expenditures
<b>Federal Awards</b>			
U.S. Department of Housing and Urban Development Passed through the Tennessee Housing Development Agency: Home Investment Partnerships Program (HOME)	14.239	HM17-05	\$ 273,008
Total U.S. Department of Housing and Urban Development			<u>273,008</u>
U.S. Department of Transportation Passed through the Tennessee Department of Transportation: Rural Transportation Program - Operations, RTAP and Appalachian Operating Assistance Highway Planning and Construction (Federal-Aid Highway Program)	20.509 20.205	Z-23-5311-04 78LPLM-F3-049	171,169 <u>727,860</u>
Total U.S. Department of Transportation			<u>899,029</u>
U.S. Department of Safety and Homeland Security Passed through the Tennessee Department of Safety and Homeland Security: Community-Based Traffic Safety Enforcement and Education Total U.S. Department of Safety and Homeland Security	20.600	'02-18-21 GG	593 <u>593</u>
U.S. Department of Treasury American Rescue Plan Act State and Local Fiscal Recovery Funds	21.027	N/A	<u>591,540</u>
Total U.S. Department of Treasury			<u>591,540</u>
Total Federal Awards			<u>1,764,170</u>
<b>State Financial Assistance</b>			
Tennessee Department of Finance and Administration, Office of Criminal Justice Programs VCIF Grant - Body Cameras for Police		FA00003518	<u>101,107</u>
Total Tennessee Department of Finance and Administration, Office of Criminal Justice Programs			<u>101,107</u>
Tennessee Department of Transportation Urban Operating Assistance Program (UROP) Operating Assistance		Z-23-UROP-12	412,700
5311 Rural Transportation Program - Operating, RTAP and Appalachian Operating Assistance		Z-23-5311-04	600,086
IMPROVE Act Capital Assistance		Z-22-IMPV-03	50,415
5311 Rural Transportation Program - Operating, RTAP and Appalachian Operating Assistance		Z-22-5311-10	229,410
Urban Operating Assistance Program (UROP) Operating Assistance		Z-22-UROP-04	<u>193,088</u>
Total Tennessee Department of Transportation			<u>1,485,699</u>
Total State Financial Assistance			<u>1,586,806</u>
Total Federal Awards and State Financial Assistance			<u>\$ 3,350,976</u>

CITY OF GATLINBURG, TENNESSEE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATE

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

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - CONTINGENCIES

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

See Independent Auditor's Report.



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

Board of Commissioners and Senior Management City of Gatlinburg  
Gatlinburg, 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, the discretely presented component unit, each major fund, budgetary comparisons for the general fund, special tax fund, tourism fund, and convention center debt service fund, and the aggregate remaining fund information of City of Gatlinburg, Tennessee (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise City of Gatlinburg's basic financial statements and have issued our report thereon dated December 12, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 City of Gatlinburg'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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nashville, Tennessee  
December 12, 2023



Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance  
Required by the Uniform Guidance

Board of Commissioners and Senior Management  
City of Gatlinburg, Tennessee

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Gatlinburg, Tennessee's ("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 the City's major federal program for the year ended June 30, 2023. City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 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 the City's major federal program. Our audit does not provide a legal determination of 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 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 City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of its major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 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.

Nashville, Tennessee  
December 12, 2023

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

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

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

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

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

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

<u>Program Name</u>	<u>Assistance Listing #</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027

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

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Findings**

Current Year Audit Findings: None

**Section III: Federal Award Findings**

Current Year Audit Findings: None

CITY OF GATLINBURG  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

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