

# *Financial Statements*

CITY OF HARRIMAN, TENNESSEE

Year Ended June 30, 2024

## TABLE OF CONTENTS

	<u>Page Nos.</u>
INDEPENDENT ACCOUNTANTS' AUDIT REPORT	1-5
MANAGEMENT'S DISCUSSION AND ANALYSIS	6-15
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	16-19
Statement of Activities	20-23
Fund Financial Statements:	
Balance Sheet - Governmental Funds	24-27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	28
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	29-30
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - General Fund	32-41
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - American Rescue Plan Act	42
Statement of Net Position - Proprietary Funds	43-50
Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds	51-54
Statement of Cash Flows - Proprietary Funds	55-60

TABLE OF CONTENTS  
(continued)

Page Nos.

Statement of Fiduciary Net Position - Fiduciary Funds 61

Statement of Changes in Fiduciary  
Net Position - Fiduciary Funds 62

Notes to the Financial Statements 63-115

REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net Pension Liability(Asset) - Legacy Pension Plan 116-119

Pension Contributions - Legacy Pension Plan 120-121

Changes in Net Pension Liability(Asset) - Hybrid Pension Plan 122-125

Pension Contributions - Hybrid Pension Plan 126-127

Changes in Net Pension Liability(Asset) - Pension Trust Fund 128-131

Pension Contributions - Pension Trust Fund 132-133

Schedule of Funding Progress 134-135

SUPPLEMENTARY INFORMATION

Combining and Individual Nonmajor Fund Financial Statements:

Combining Balance Sheet - Nonmajor Governmental Funds 136-139

Combining Statement of Revenue, Expenditures and Changes in  
Fund Balances - Nonmajor Governmental Funds 140-143

Statement of Revenue, Expenditures and Changes in Fund  
Balance - Actual and Budget - Solid Waste Management Fund 144-145

Statement of Revenue, Expenditures and Changes in Fund  
Balance - Actual and Budget - Drug Enforcement Fund 146

Statement of Revenue, Expenditures and Changes in Fund  
Balance - Actual and Budget - State Street Aid Fund 147

Statement of Revenue, Expenditures and Changes in Fund  
Balance - Actual and Budget - Debt Service Fund 148

TABLE OF CONTENTS  
(continued)

	<u>Page Nos.</u>
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - Capital Projects Fund	149
Property Taxes Receivable	150-151
Long-Term Debt Requirements	152-164
Lease Obligations, Principal and Interest Requirements by Fiscal Year	165-166
Changes in Long-Term Debt by Individual Issue	167-170
Changes in Lease Obligations	171-172
Expenditures of Federal Awards	173-174
 OTHER INFORMATION	
Utility Rates and Metered Customers	175-178
Principal Officials	179
 INTERNAL CONTROL AND COMPLIANCE	
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	180-181
Findings, Recommendations and Management Responses	182-184
Summary Schedule of Prior Year Findings	185
Independent Accountants' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	186-188
Findings and Questioned Costs	189

TABLE OF CONTENTS  
(continued)

Page Nos.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Management's Corrective Action Plan

190-191

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Mayor and City Council  
City of Harriman, Tennessee  
Harriman, Tennessee

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

***Unmodified and Disclaimer of Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information; and we were engaged to audit the aggregate discretely presented component units, of City of Harriman, Tennessee as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Harriman, Tennessee's basic financial statements as listed in the table of contents.

***Disclaimer of Opinion on the Aggregate Discretely Presented Component Units***

We do not express an opinion on the financial statements of the aggregate discretely presented component units of City of Harriman, Tennessee. Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units.

***Unmodified Opinions on Governmental Activities, Business-Type Activities, each Major Fund and Aggregate Remaining Fund Information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of City of Harriman, Tennessee, as of June 30, 2024, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Harriman Utility Board, which represent 100 percent of the business-type activities presented in City of Harriman, Tennessee's financial statements. We did not audit the Harriman Utility Board Pension Trust Fund which represents 100 percent of the fiduciary funds presented in City of Harriman, Tennessee's financial statements. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, as it relates to the amounts included for Harriman Utility Board and the Harriman Utility Post-Employment Benefits Trust is based solely on the reports of the other auditors.

### ***Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units***

A detail of the capital assets owned by the Industrial Development Board was not maintained. For this reason, we are unable to satisfy ourselves as to the completeness or value of the capital asset amounts recorded.

### ***Basis for Unmodified 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 of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Harriman, Tennessee and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 misstatements, 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 City of Harriman, Tennessee's ability to continue as a going concern within twelve months beyond the date of the financial statements, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our responsibility is to conduct an audit of City of Harriman's financial statements in accordance with generally accepted auditing standards and to issue an auditors' report. However, because of the matters described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units.

We are required to be independent of City of Harriman, Tennessee and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

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 auditors' report that includes our opinion. 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 City of Harriman, Tennessee'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 City of Harriman, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information/Management's Discussion and Analysis***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedules of changes in net pension liability(asset) – legacy pension plan, pension contributions – legacy pension plan, changes in net pension liability(asset) – hybrid pension plan, pension contributions – hybrid pension plan, changes in net pension liability(asset) – pension trust fund, pension contributions – pension trust fund and schedule of funding progress be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We and the other auditors 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 financial statements, and other information we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise City of Harriman, Tennessee's financial statements. The accompanying information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements for Federal Awards*, and is also not a part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules of property taxes receivable, long-term debt requirements, lease obligations - principal and interest requirements by fiscal year, changes in long-term debt by individual issue, changes in lease obligations and expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the schedules of utility rates and metered customers and principal officials but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we 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 May 2, 2025 on our consideration of City of Harriman, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 City of Harriman, Tennessee'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 City of Harriman, Tennessee's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The signature is written in a cursive, flowing style.

May 2, 2025

**City of Harriman, Tennessee**  
**408 North Roane Street**  
**Harriman, TN 37748**  
**(865) 882-9414**

**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2024**

The management of City of Harriman, 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, 2024.

Consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which begin on page 16.

**FINANCIAL HIGHLIGHTS**

The following are key financial highlights:

- The net position of the City at June 30, 2024 was \$77,470,311 (\$74,923,139 in 2023). Of this amount, \$7,747,295 may be used to meet the City's ongoing obligations to citizens and creditors (\$8,917,547 in 2023).
- The City's net position increased by \$2,547,173 (3%) during the year ended June 30, 2024 and increased by \$637,816 (less than 1%), during the year ended June 30, 2023.
- At June 30, 2024 the City's governmental funds reported combined ending fund balances of \$3,590,324, a decrease of \$272,135 from June 30, 2023. Approximately 86% of this total amount (\$3,073,448) is available for spending at the City's discretion. At June 30, 2023 combined ending fund balances from governmental funds was \$3,862,460, a decrease of \$84,499 from June 30, 2022.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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.

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

The *statement of activities* presents information showing how the City'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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenue (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 the following:

- General government
- Public safety
- Public welfare
- Streets and highways
- Solid waste collection and disposal

The business-type activities of the City include operations of the Harriman Utilities Board Electric, Gas, Water and Sewer Departments.

The government-wide financial statements can be found on pages 16 to 23 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 of 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 requirement. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information present for *governmental funds* with similar information present for *governmental activities* in the government-wide financial statements.

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

The City maintains two major and five non-major individual governmental funds that are used to account for expendable financial resources and related liabilities. Information is presented separately in the governmental fund balance sheets and in the governmental fund statement of revenue, expenditures and changes in fund balances for the general fund and American Rescue Plan Act fund, both of which are considered to be major funds. The City also maintains five individual governmental funds that are classified as nonmajor governmental funds and are summarized under the heading "Other Governmental Funds" in the governmental fund presentation.

The City adopts annual appropriation budgets for each of its governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for all of the City's major funds and are presented on pages 32 to 42. Budget comparisons for nonmajor funds are included as supplementary information on pages 144 to 149.

***Proprietary Funds*** - Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains its business-type activities in four major proprietary funds. The City uses this type of fund to account for its electric department, gas department, sewer department and water department. Proprietary funds are used to account for activities that are similar to those often found in the private sector.

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 electric department, gas department, sewer department and water department operations, all four of which are considered to be major funds of the City. The proprietary fund financial statements can be found on pages 43 to 60 of this report.

### ***Component Unit***

The discretely presented component unit columns provide information on the Industrial Development Board of City of Harriman, Tennessee.

### ***Fiduciary fund statements***

The fiduciary fund statements provide information on the Harriman Utility Board Pension Trust Fund.

***Notes to the financial statements*** - The notes provide additional information essential to the full understanding of the data provided in the government fund financial statements.

***Internal Control and Compliance Section*** – This includes the auditors' report on the City's internal controls and compliance.

### **Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$77,470,311 at June 30, 2024 and \$74,923,139 at June 30, 2023.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens so 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. In the governmental activities sector, property tax is the primary debt payment resource. Business-type activities rely primarily on charges for services to repay debt.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$7,748,265 and \$8,917,547 at June 30, 2024 and 2023, respectively) may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, 2024 and 2023 the City's statement of net position consisted of the following:

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current assets	\$ 23,322,147	\$ 24,444,627
Noncurrent assets	862,160	601,110
Capital assets, net of accumulated depreciation	<u>85,386,649</u>	<u>82,977,939</u>
<b>TOTAL ASSETS</b>	109,570,956	108,023,676
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pension	<u>1,632,634</u>	<u>3,518,166</u>
	<u>\$ 111,203,590</u>	<u>\$ 111,541,841</u>
<b>LIABILITIES</b>		
Current liabilities	\$ 6,092,466	\$ 7,301,049
Noncurrent liabilities	<u>24,438,678</u>	<u>23,524,344</u>
<b>TOTAL LIABILITIES</b>	30,531,144	30,825,393
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pension	1,555	2,043,570
Deferred revenues	<u>3,200,583</u>	<u>3,749,739</u>
	3,202,138	5,793,309

**NET POSITION**

Net investment in capital assets	68,758,797	65,312,259
Restricted	963,248	693,333
Unrestricted	<u>7,748,265</u>	<u>8,917,547</u>
<b>TOTAL NET POSITION</b>	<u>77,470,311</u>	<u>74,923,139</u>
	<u>\$ 111,203,590</u>	<u>\$ 111,541,841</u>

At June 30, 2024 and 2023, the City reported positive balances in all categories of net position.

Following is a summary of financial activities for the City during the fiscal years ended June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
<b>REVENUE</b>		
Program Revenue:		
Fees, fines and charges for services	\$ 39,287,554	\$ 39,625,719
Operating grants and contributions	74,470	219,000
Capital grants and contributions	1,792,190	318,135
General Revenue:		
Taxes	5,976,194	5,846,617
Intergovernmental	1,086,610	1,073,035
Insurance recoveries	64,510	49,016
Miscellaneous	34,495	13,575
Interest income	<u>293,236</u>	<u>94,414</u>
<b>TOTAL REVENUE</b>	48,609,259	47,239,512
<b>EXPENSES</b>		
General government	3,076,402	2,917,641
Public safety	2,589,754	2,561,037
Public welfare	1,350,790	1,301,627
Streets and highways	1,142,909	1,734,233
Solid waste collection and disposal	508,040	492,175
Interest on long-term debt	98,308	66,071
Electric department	29,258,306	29,033,984
Gas department	3,086,982	3,466,811
Sewer department	1,897,188	1,854,919
Water department	<u>3,053,409</u>	<u>3,173,198</u>
<b>TOTAL EXPENSES</b>	<u>46,062,088</u>	<u>46,601,696</u>

	<u>2024</u>	<u>2023</u>
<b>INCREASE IN NET POSITION</b>	2,547,173	637,815
<b>NET POSITION AT THE BEGINNING OF THE YEAR</b>	<u>74,923,139</u>	<u>74,285,324</u>
<b>NET POSITION AT THE END OF THE YEAR</b>	<u>\$ 77,470,311</u>	<u>\$ 74,923,139</u>

**Governmental activities** - Governmental activities increased the City’s net position during the year ended June 30, 2024 by \$583,742. The City had an increase in capital grant revenue due to the Coronavirus State and Local Fiscal Recovery Funds being expended. Governmental activities decreased the City’s net position by \$277,333 during the year ended June 30, 2023.

Information regarding these changes can be found on page 20 to 23 of this report.

**Business-type activities** - Business-type activities increased the City’s net position by \$1,963,431 for the year ended June 30, 2024, as compared to an increase of \$915,148 for the year ended June 30, 2023. The electric department, gas department, water and sewer department contributed to the increase. The change in net position of the electric department was an increase of \$276,861, as compared to the change in net position for the year ending June 30, 2023 of \$583,639. The decrease was primarily the result of the increase in operational expenses of approximately 8%. The change in net position of the gas department was \$110,524, as compared to the change in net position for the year ending June 30, 2023 of \$113,797. This increase was due primarily to a decrease in gas sales. The change in net position of the sewer department was \$499,193, as compared to the change in net position for the year ending June 30, 2023 of \$350,779. This increase was due primarily to an increase in sewer sales. The change in net position of the water department was \$1,076,853, as compared to the change in net position for the year ending June 30, 2023 of \$(133,067). This increase was due primarily to increased capital grants and contributions.

### **Fund Financial Statements**

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

**Governmental Funds** – Unreserved fund balance may serve as a useful measure of the City’s net resources available for spending at the end of the fiscal year. At June 30, 2024 the City’s governmental funds reported combined fund balances of \$3,590,324, a decrease of \$272,135 in comparison with the prior year. Approximately 86% of the fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for spending because it has already been restricted (\$101,088) or committed (\$415,787) for various purposes. Additional information can be found in Note B to the financial statements.

The general fund is the chief operating fund of the City. At June 30, 2024 unassigned fund balance of the general fund was \$3,073,442. As a matter of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund balance decreased \$189,884 during the year ended June 30, 2024.

Nonmajor governmental funds had a fund balance of \$493,237 at June 30, 2024, as compared to \$575,492 at June 30, 2023.

**Proprietary funds** – The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Harriman Utility Board amounted to \$3,660,401 at June 30, 2024, and at June 30, 2023 amounted to \$4,833,332.

**Component unit** – The component unit column provides information about the assets, liabilities, net position and changes in net position of the Industrial Development Board of City of Harriman, Tennessee. The net position of the Industrial Development Board decreased \$263 during the year ended June 30, 2024. At June 30, 2024, the Industrial Development Board had a net position of \$983,710.

**Fiduciary funds** – The fiduciary fund statements provide information about the assets, liabilities, net position and changes in net position of Harriman Utility Board Pension Trust Fund. The net position of the Harriman Utility Board Pension Trust Fund fiduciary fund increased \$427,318 during the year ended June 30, 2024. At June 30, 2024, the Harriman Utility Board Pension Trust Fund had a net position of \$6,300,699.

## **BUDGETARY HIGHLIGHTS**

Budget amendments for the year ended June 30, 2024 were not approved by the Mayor and City Council to legally adopted appropriations. For this reason, the final budgeted revenue and expenditures of the general fund, American Rescue Plan Act fund, solid waste management fund, drug enforcement fund, state street aid fund, debt service fund and capital project fund were the same amounts portrayed as the original budgeted revenue and expenditures.

## CAPITAL ASSETS

The City’s investment in capital assets for its governmental activities as of June 30, 2024, amounted to \$9,930,761 (net of accumulated depreciation). The investment in capital assets includes land, construction in process, buildings, building improvements, machinery and equipment, leased equipment and infrastructure.

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

- Pickleball court
- Dock at Riverfront Park
- Police vehicles
- Fire department equipment
- Various construction projects

The City’s investment in capital assets as of June 30, 2024 for governmental activities was \$9,930,761 (\$9,916,110 in 2023) net of accumulated depreciation.

	2024	2023
Land	\$ 650,004	\$ 650,004
Construction in process	876,388	576,291
Land improvements	485,562	397,927
Buildings	2,830,145	2,666,965
Building improvements	40,500	40,500
Machinery and equipment	4,753,357	6,069,319
Leased equipment	87,126	87,126
Leased buildings	253,290	253,290
Infrastructure	7,771,545	7,771,545
Accumulated depreciation	(7,817,154)	(8,596,857)
<b>Total Capital Assets,</b>		
<b>Net of Accumulated Depreciation</b>	<b>\$ 9,930,761</b>	<b>\$ 9,916,110</b>

The City’s net investment in capital assets as of June 30, 2024 for business-type activities was \$75,455,888 (\$73,280,504 in 2023). Additional information on the City’s capital assets can be found on pages 78 to 83 of the notes to the financial statements.

## LONG-TERM DEBT

At June 30, 2024 the City's proprietary funds had outstanding debt of \$12,704,625 (\$13,622,969 in 2023). During the year ended June 30, 2024 the proprietary funds retired \$918,344 (\$916,364 in 2023) of debt of its business-type activities. The proprietary fund debt is backed by the full faith and credit of the City.

At June 30, 2024 the City's governmental funds had outstanding debt of \$3,069,342 (\$3,361,881 in 2023) consisting of the following:

	<u>2024</u>	<u>2023</u>
General obligation bonds	\$ 1,304,342	\$ 1,325,481
TN municipal bonds	0	15,400
General obligation capital outlay notes	<u>1,765,000</u>	<u>2,021,000</u>
	3,069,342	3,361,881
Less: current portion due	<u>(387,801)</u>	<u>(343,240)</u>
Total long-term debt principal	<u>\$ 2,681,541</u>	<u>\$ 3,018,641</u>

During the year ended June 30, 2024 the City retired \$292,539 (\$316,460 in 2023) of debt of its governmental funds.

Additional information on the City's long-term debt can be found in Note I of the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Mayor and City Council approved the budget for the year ending June 30, 2025. The estimated revenue and appropriations did not vary significantly from the budget for the year ended June 30, 2024.

Current electric rates are listed on page 175.

Current water and sewer rates are listed on pages 176.

The Harriman Utility Board (HUB) continues to upgrade and improve itself. Harriman Utility Board will continue to upgrade its infrastructure in FY2024 through the implementation of an Advanced Meter Infrastructure (AMI). The AMI project will be beneficial to all departments as it provides an infrastructure that can allow HUB to operate more efficiently as well as provide exceptional service to our customers. The Electric Department will also be looking into producing some of its own power through TVA's new Flexibility Agreement. Doing this could allow HUB to save a large amount of money on its purchased power costs. The Electric Department is also exploring the possibility of building out a fiber infrastructure to support operations and to possibly provide broadband internet to Roane County customers. HUB will thoroughly review the feasibility of providing broadband internet prior to making a large investment. The Gas Department will continue working on expanding the gas system to new areas to help increase the customer base. The Water Department will be finishing the installation of AMI ready water meters as well as submitting new projects to CDBG to improve the water system. The information provided by these meters will be beneficial to both HUB and our customers. HUB works on projects to improve its water and sewer systems with money received from the American Rescue Plan Act. HUB will continue to look at options for a new warehouse to replace the warehouse that is 50+ years old. We also expect to see the first phase of a new residential development on the north end of Harriman that will add to the customers for the Electric, Water and Sewer departments. The Midtown area continues to see growth and the Electric and Gas departments will benefit from any growth in that area.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Harriman.

Chris Ahler, Chief Financial Officer  
City of Harriman, Tennessee  
408 N. Roane Street,  
Harriman, TN 37748  
Telephone 865-882-9414  
[chris.ahler@cityofharriman.net](mailto:chris.ahler@cityofharriman.net)

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF NET POSITION**

June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash	\$ 4,073,558	\$ 11,566,782	\$ 15,640,340
Accounts receivable, net of allowance for uncollectible accounts	35,872	0	35,872
Trade account, net of allowance for uncollectible accounts, and grants receivable	0	3,087,796	3,087,796
Property taxes receivable, net of allowance for uncollectible accounts	1,595,592	0	1,595,592
Grants receivable	24,018	0	24,018
Taxes receivable	666,203	0	666,203
Due from other governments	180,794	0	180,794
Other	0	566,539	566,539
Materials and supplies inventory	0	1,024,159	1,024,159
Prepaid expenses	0	455,734	455,734
Emergency reserve fund	0	45,100	45,100
Net pension asset	862,160	0	862,160
Capital assets not being depreciated	1,526,392	5,892,438	7,418,830
Capital assets being depreciated, net of accumulated depreciation	<u>8,404,369</u>	<u>69,563,450</u>	<u>77,967,819</u>
	17,368,958	92,201,998	109,570,956
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	<u>612,265</u>	<u>1,020,369</u>	<u>1,632,634</u>
	<u>\$ 17,981,224</u>	<u>\$ 93,222,367</u>	<u>\$ 111,203,590</u>

See the accompanying notes to the financial statements.



CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF NET POSITION**

(continued)

June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>LIABILITIES</b>			
Accounts payable	\$ 134,534	\$ 4,177,801	\$ 4,312,335
Salaries and vacation payable	197,762	2,172,248	2,370,010
Other payables	26,065	397,225	423,290
Customer deposits	0	1,803,397	1,803,397
Net pension liability	14,046	4,960,838	4,974,884
Accrued interest	0	19,375	19,375
Current portion of long-term leases	24,352	0	24,352
Long-term leases, net of current portion	263,216	0	263,216
Current portion of long-term debt	387,801	925,312	1,313,113
Long-term debt, net of current portion	<u>2,681,541</u>	<u>12,345,630</u>	<u>15,027,171</u>
	3,729,318	26,801,826	30,531,144
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	1,471,993	0	1,471,993
Deferred inflows related to pension	1,555	0	1,555
Deferred grant revenue	1,153,396	0	1,153,396
Deferred revenue	<u>0</u>	<u>575,194</u>	<u>575,194</u>
	2,626,944	575,194	3,202,138
<b>NET POSITION</b>			
Net investment in capital assets	6,573,851	62,184,946	68,758,797
Restricted	963,248	0	963,248
Unrestricted	<u>4,087,864</u>	<u>3,660,401</u>	<u>7,748,265</u>
	<u>11,624,964</u>	<u>65,845,347</u>	<u>77,470,311</u>
	<u>\$ 17,981,224</u>	<u>\$ 93,222,367</u>	<u>\$ 111,203,590</u>



CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2024

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General government	\$ 3,076,402	\$ 11,217	\$ 0	\$ 479,021
Public safety	2,589,754	63,629	33,743	12,143
Public welfare	1,350,790	329,610	0	0
Streets and highways	1,142,909	1,401	40,727	0
Solid waste collection and disposal	508,040	414,812	0	0
Interest on long-term debt	<u>98,308</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental activities	8,766,203	820,669	74,470	491,164
<b>Business-Type Activities:</b>				
Electric department	29,258,306	30,082,907	0	0
Gas department	3,086,982	3,158,361	0	0
Sewer department	1,897,188	1,978,602	0	417,779
Water department	<u>3,053,409</u>	<u>3,247,015</u>	<u>0</u>	<u>883,247</u>
Total business-type activities	<u>37,295,885</u>	<u>38,466,885</u>	<u>0</u>	<u>1,301,026</u>
Total primary government	<u>\$ 46,062,088</u>	<u>\$ 39,287,554</u>	<u>\$ 74,470</u>	<u>\$ 1,792,190</u>
<b>Component Unit:</b>				
Industrial Development Board	<u>\$ 8,314</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See the accompanying notes to the financial statements.

Net (Expense)Revenue and Changes In Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Totals	Industrial Development Board
\$ (2,586,164)	\$ 0	\$ (2,586,164)	\$ 0
(2,480,239)	0	(2,480,239)	0
(1,021,180)	0	(1,021,180)	0
(1,100,781)	0	(1,100,781)	0
(93,228)	0	(93,228)	0
(98,308)	0	(98,308)	0
(7,379,900)	0	(7,379,900)	0
0	824,601	824,601	0
0	71,379	71,379	0
0	499,193	499,193	0
0	1,076,853	1,076,853	0
0	2,472,026	2,472,026	0
<u>\$ (7,379,900)</u>	<u>\$ 2,472,026</u>	<u>\$ (4,907,874)</u>	<u>\$ 0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (8,314)</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF ACTIVITIES**

(continued)

Year Ended June 30, 2024

**NET (EXPENSE)REVENUE FROM PROGRAM ACTIVITIES**

**General Revenue:**

Taxes:

- Property tax
- In-Lieu of tax payments
- Local sales tax
- Business tax
- Franchise tax
- Room occupancy tax
- Wholesale beer tax
- Wholesale liquor tax

- Intergovernmental
- Insurance recoveries
- Miscellaneous
- Interest income

Total general revenue

**Transfers**

Total general revenue and transfers

**CHANGES IN NET POSITION**

**NET POSITION AT THE BEGINNING OF THE YEAR**

**NET POSITION AT THE END OF THE YEAR**

Net (Expense)Revenue and Changes In Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Totals	Industrial Development Board
\$ (7,379,900)	\$ 2,472,026	\$ (4,907,874)	\$ (8,314)
1,468,057	0	1,468,057	0
47,425	0	47,425	0
3,390,062	0	3,390,062	0
242,947	0	242,947	0
26,215	0	26,215	0
366,175	0	366,175	0
294,334	0	294,334	0
140,979	0	140,979	0
1,086,610	0	1,086,610	0
64,510	0	64,510	0
34,495	0	34,495	8,051
86	293,150	293,236	0
7,161,895	293,150	7,455,045	8,051
801,745	(801,745)	0	0
7,963,640	(508,595)	7,455,045	8,051
583,742	1,963,431	2,547,173	(263)
11,041,223	63,881,916	74,923,139	983,973
\$ 11,624,964	\$ 65,845,347	\$ 77,470,311	\$ 983,710

CITY OF HARRIMAN, TENNESSEE

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2024

	<u>General Fund</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 2,285,850	\$ 1,340,302	\$ 447,405
Accounts receivable	0	0	35,872
Grants receivable	24,018	0	0
Property taxes receivable, net of allowance for uncollectible accounts	1,116,908	0	478,684
Taxes receivable	666,203	0	0
Due from other governments	180,794	0	0
Due from other funds	<u>186,900</u>	<u>0</u>	<u>36,017</u>
	<u>\$ 4,460,673</u>	<u>\$ 1,340,302</u>	<u>\$ 997,978</u>

See the accompanying notes to the financial statements.

Totals

\$ 4,073,558  
35,872  
24,018

1,595,592  
666,203  
180,794  
222,917

\$ 6,798,954

CITY OF HARRIMAN, TENNESSEE

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

(continued)

June 30, 2024

	<u>General Fund</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 134,534	\$ 0	\$ 0
Salaries payable	76,127	0	0
Funds held for others	0	0	26,065
Due to other funds	36,017	186,900	0
	<u>246,678</u>	<u>186,900</u>	<u>26,065</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	1,116,914	0	478,678
Deferred grant revenue	0	1,153,396	0
	<u>1,116,914</u>	<u>1,153,396</u>	<u>478,678</u>
<b>FUND BALANCES</b>			
Restricted	23,639	0	77,449
Committed	0	0	415,787
Unassigned	3,073,442	6	0
	<u>3,097,080</u>	<u>6</u>	<u>493,237</u>
	<u>\$ 4,460,673</u>	<u>\$ 1,340,302</u>	<u>\$ 997,978</u>

Totals

\$ 134,534  
76,127  
26,065  
222,917  
459,643

1,595,592  
1,153,396  
2,748,988

101,088  
415,787  
3,073,448  
3,590,324

\$ 6,798,954

CITY OF HARRIMAN, TENNESSEE

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

June 30, 2024

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 3,590,324</b>
Capital assets used in governmental activities are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	9,930,761
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures; therefore, they are reported as deferred revenue in the governmental funds balance sheet.	123,599
Long-term liabilities are not due in the current period; therefore, they are not reported in the governmental funds balance sheet.	(3,356,910)
Compensated absences are not due in the current period; therefore, they are not reported in the governmental funds balance sheet.	(121,634)
Net pension assets and liabilities, and the related deferred outflows and deferred inflows, are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet:	
Net pension asset	848,114
Deferred outflows of resources	612,265
Deferred inflows of resources	<u>(1,555)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 11,624,964</u></b>

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

Year Ended June 30, 2024

	<u>General Fund</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>REVENUE</b>				
Taxes:				
Property tax	\$ 954,312	\$ 0	\$ 408,990	\$ 1,363,302
In-Lieu of tax payments	47,425	0	0	47,425
Local sales tax	3,390,062	0	0	3,390,062
Business tax	242,947	0	0	242,947
Room occupancy tax	366,175	0	0	366,175
Wholesale beer tax	294,334	0	0	294,334
Wholesale liquor tax	140,979	0	0	140,979
Franchise tax	26,215	0	0	26,215
Intergovernmental	988,217	479,021	206,059	1,673,297
Licenses and permits	4,430	0	0	4,430
Receipts for use of facilities	21,424	0	0	21,424
Charges for services	325,717	0	414,812	740,529
Fines and forfeitures	30,130	0	23,935	54,065
Other revenue	94,824	3	4,485	99,312
	<u>6,927,190</u>	<u>479,024</u>	<u>1,058,282</u>	<u>8,464,496</u>
<b>TOTAL REVENUE</b>				
<b>EXPENDITURES</b>				
Current:				
General government	2,910,970	479,021	0	3,389,991
Public safety	2,374,445	0	19,207	2,393,652
Public welfare	1,187,121	0	0	1,187,121
Solid waste collection	85	0	507,955	508,040
Streets and highways	562,524	0	297,762	860,286
Capital outlay	662,384	0	122,020	784,404
Debt service	35,425	0	379,460	414,885
	<u>7,732,955</u>	<u>479,021</u>	<u>1,326,403</u>	<u>9,538,379</u>
<b>TOTAL EXPENDITURES</b>				

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

(continued)

Year Ended June 30, 2024

	<u>General Fund</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>NET CHANGES IN FUND BALANCES BEFORE OTHER FINANCING SOURCES(USES)</b>	(805,765)	3	(268,120)	(1,073,883)
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers to other funds	(185,865)	0	0	(185,865)
Transfers from other funds	801,747	0	185,865	987,612
	<u>615,882</u>	<u>0</u>	<u>185,865</u>	<u>801,747</u>
<b>NET CHANGES IN FUND BALANCES</b>	(189,884)	3	(82,255)	(272,135)
<b>FUND BALANCES AT THE BEGINNING OF THE YEAR</b>	<u>3,286,965</u>	<u>3</u>	<u>575,492</u>	<u>3,862,460</u>
<b>FUND BALANCES AT THE END OF THE YEAR</b>	<u>\$ 3,097,080</u>	<u>\$ 6</u>	<u>\$ 493,237</u>	<u>\$ 3,590,324</u>

CITY OF HARRIMAN, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2024

<b>Net Changes in Fund Balances</b>	<b>\$ (272,135)</b>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Acquisition of capital assets	784,404
Depreciation expense	(743,255)
Abandoned construction projects	(26,497)
<p>Repayment of long-term liabilities is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.</p>	
	295,527
<p>Accruals for long-term compensated absences reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the statement of revenue, expenditures and changes in fund balances of governmental funds.</p>	
	(10,089)
<p>Retirement contributions made after the actuarial measurement date are an expenditure in the governmental funds, but increase deferred outflows for governmental activities.</p>	
	501,297
<p>Pension expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental fund financial statements.</p>	
	(50,262)
<p>Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental fund financial statements:</p>	
Deferred property tax revenue - June 30, 2023	(18,844)
Deferred property tax revenue - June 30, 2024	<u>123,599</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 583,742</u></b>

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND**

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
<b>REVENUE</b>				
Taxes:				
Property taxes	\$ 1,245,000	\$ 1,245,000	\$ 948,576	\$ (296,424)
Interest and penalty	7,000	7,000	5,736	(1,264)
In-lieu of tax payments	29,105	29,105	47,425	18,320
Local sales tax	3,200,000	3,200,000	3,390,062	190,062
Business tax	240,000	240,000	242,947	2,947
Room occupancy tax	335,000	335,000	366,175	31,175
Wholesale beer tax	300,000	300,000	294,334	(5,666)
Wholesale liquor tax	120,000	120,000	140,979	20,979
Franchise tax	40,000	40,000	26,215	(13,785)
	5,516,105	5,516,105	5,462,449	(53,656)
Intergovernmental:				
State income tax	0	0	172	172
State beer tax	3,000	3,000	2,590	(410)
State sales tax	680,000	680,000	723,618	43,618
State mixed drink tax	25,000	25,000	29,214	4,214
State telecommunication tax	5,500	5,500	5,314	(186)
State police supplement	25,600	25,600	33,743	8,143
Gasoline inspection tax	14,756	14,756	29,575	14,819
Sport betting tax	8,000	8,000	11,199	3,199
City streets	11,200	11,200	11,152	(48)
Corporate excise tax	20,000	20,000	21,617	1,617
TVA in-lieu of tax payments	80,000	80,000	107,101	27,101
Grants	4,349,720	4,349,720	12,923	(4,336,797)
	5,222,776	5,222,776	988,217	(4,234,558)

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**GENERAL FUND**

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Fines and forfeitures	22,000	22,000	30,130	8,130
Licenses and permits:				
Beer licenses	3,700	3,700	3,750	50
Building permits	300	300	680	380
	<u>4,000</u>	<u>4,000</u>	<u>4,430</u>	<u>430</u>
Charges for services:				
Solid waste collection	1,500	1,500	0	(1,500)
Highway and streets	2,000	2,000	1,401	(599)
Parks and recreation	500	500	0	(500)
Tourism	11,000	11,000	22,319	11,319
Special fire protection	1,000	1,000	8,564	7,564
Special police service	1,500	1,500	1,000	(500)
Athletic tournaments	70,000	70,000	78,098	8,098
Golf charges	160,000	160,000	207,769	47,769
Special assessments	4,000	4,000	6,305	2,305
Accident report	150	150	261	111
	<u>251,650</u>	<u>251,650</u>	<u>325,717</u>	<u>74,067</u>
Receipts for use of facilities:				
Rent	27,502	27,502	21,424	(6,078)
Other revenue:				
Sale of materials and supplies	8,000	8,000	0	(8,000)
Insurance recoveries	10,000	10,000	64,510	54,510
Fire and police donations	1,500	1,500	1,869	369

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND**

(continued)

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Other revenue (continued):				
Miscellaneous revenue	25,000	25,000	28,445	3,445
	<u>44,500</u>	<u>44,500</u>	<u>94,824</u>	<u>50,324</u>
<b>TOTAL REVENUE</b>	11,088,533	11,088,533	6,927,190	(4,161,343)
<b>EXPENDITURES</b>				
Legislative and general government:				
Salaries and wages	3,900	3,900	3,900	0
Mayor and Council	10,800	10,800	10,800	0
Dues and subscriptions	3,200	3,200	3,247	47
Operating supplies	16,322	16,322	10,050	(6,272)
Travel	1,000	1,000	304	(696)
	<u>35,222</u>	<u>35,222</u>	<u>28,301</u>	<u>(6,921)</u>
City manager:				
Salary	152,025	152,025	157,652	5,627
Telephone	1,000	1,000	1,751	751
Gas, oil and grease	950	950	360	(590)
Travel	1,750	1,750	928	(822)
Office supplies	500	500	303	(197)
	<u>156,225</u>	<u>156,225</u>	<u>160,994</u>	<u>4,769</u>
Building inspector:				
Salary	50,034	50,034	46,292	(3,742)
Repairs and maintenance	350	350	0	(350)
Gas, oil and grease	1,500	1,500	901	(599)
Telephone	300	300	690	390
Travel	500	500	865	365

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**GENERAL FUND**

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Building inspector(continued):				
Operating supplies	1,300	1,300	727	(573)
Operating expense	54,400	54,400	44,762	(9,638)
	<u>108,384</u>	<u>108,384</u>	<u>94,237</u>	<u>(14,147)</u>
Financial administration:				
Salary	203,488	203,488	202,557	(931)
Auditing services	42,000	42,000	28,000	(14,000)
Professional services	40,000	40,000	42,165	2,165
Telephone	1,500	1,500	1,623	123
Office supplies	27,000	27,000	30,028	3,028
Dues and subscriptions	500	500	695	195
Travel	500	500	0	(500)
Employee education	1,000	1,000	0	(1,000)
	<u>315,988</u>	<u>315,988</u>	<u>305,068</u>	<u>(10,920)</u>
Public buildings:				
Salaries - regular	101,200	101,200	91,932	(9,268)
Health insurance	50,000	50,000	58,499	8,499
Utilities	50,000	50,000	38,890	(11,110)
Telephone	17,500	17,500	25,255	7,755
Repairs and maintenance	175,500	175,500	128,274	(47,226)
Other contractual services	36,068	36,068	9,673	(26,395)
Supplies	14,000	14,000	22,881	8,881
	<u>444,268</u>	<u>444,268</u>	<u>375,404</u>	<u>(68,864)</u>
City garage:				
Salaries	40,812	40,812	37,956	(2,856)
Utilities	14,000	14,000	12,273	(1,727)
Communications	50	50	0	(50)
Repairs and maintenance	3,000	3,000	381	(2,619)

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**GENERAL FUND**

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
City garage (continued):				
Supplies	3,000	3,000	3,774	774
	60,862	60,862	54,384	(6,478)
Other general government:				
OASDI - employer's share	295,000	295,000	261,633	(33,367)
Health insurance	452,000	452,000	484,630	32,630
Retirement	536,316	536,316	500,097	(36,219)
Workers' compensation	77,000	77,000	100,730	23,730
Unemployment insurance	2,106	2,106	2,022	(84)
Insurance	91,200	91,200	122,340	31,140
Professional services	14,666	14,666	14,666	0
Utilities	210,713	210,713	185,052	(25,661)
911 contributions	91,937	91,937	97,913	5,976
Mixed drink share to school	19,045	19,045	0	(19,045)
Donations	66,250	66,250	65,250	(1,000)
Miscellaneous	8,500	8,500	3,258	(5,242)
	1,864,733	1,864,733	1,837,591	(27,142)
Police department:				
Salary	1,155,775	1,155,775	1,117,759	(38,016)
Health insurance	1,000	1,000	890	(110)
Professional services	30,000	30,000	30,790	790
Utilities	0	0	3,694	3,694
Insurance	42,000	42,000	36,361	(5,639)
Communications	22,000	22,000	31,960	9,960
Repairs and maintenance	28,000	28,000	24,085	(3,915)
Gas, oil and grease	55,000	55,000	54,044	(956)
Office supplies	5,500	5,500	2,480	(3,020)
Supplies	10,700	10,700	9,238	(1,462)
Equipment	21,352	21,352	21,750	398

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**GENERAL FUND**

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Police department(continued):				
Uniforms	7,500	7,500	7,000	(500)
Drug enforcement	500	500	450	(50)
Employee education	18,000	18,000	9,423	(8,577)
	<u>1,397,327</u>	<u>1,397,327</u>	<u>1,349,924</u>	<u>(47,403)</u>
Fire department:				
Salary	911,012	911,012	898,333	(12,679)
Professional services	6,500	6,500	6,367	(133)
Training	10,000	10,000	7,453	(2,547)
Utilities	18,000	18,000	20,760	2,760
Communications	8,000	8,000	9,906	1,906
Repairs and maintenance	30,000	30,000	32,660	2,660
Gas, oil and grease	13,000	13,000	15,254	2,254
Office supplies	1,200	1,200	1,682	482
Supplies	16,500	16,500	12,558	(3,942)
Small items of equipment	24,000	24,000	12,564	(11,436)
Uniforms	5,500	5,500	5,120	(380)
Fire hydrants	5,000	5,000	1,864	(3,136)
	<u>1,048,712</u>	<u>1,048,712</u>	<u>1,024,521</u>	<u>(24,191)</u>
City court:				
Salary	35,000	35,000	36,342	1,342
Professional service	24,500	24,500	18,530	(5,970)
Operating supplies	50	50	120	70
	<u>59,550</u>	<u>59,550</u>	<u>54,992</u>	<u>(4,558)</u>
Recreation:				
Salary	381,767	381,767	323,207	(58,560)
Utilities	70,000	70,000	79,541	9,541
Telephone	0	0	1,249	1,249

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**GENERAL FUND**

(continued)

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Recreation(continued):				
Repairs and maintenance	28,620	28,620	25,745	(2,875)
Gas, oil and grease	8,750	8,750	10,681	1,931
Small items of equipment	98,335	98,335	148,532	50,197
Supplies	62,500	62,500	91,812	29,312
Uniforms	1,200	1,200	1,407	207
	<u>651,172</u>	<u>651,172</u>	<u>682,174</u>	<u>31,002</u>
Golf course:				
Salary	184,150	184,150	125,078	(59,072)
Training	250	250	0	(250)
Utilities	17,000	17,000	24,061	7,061
Communications	1,500	1,500	1,957	457
State fees	14,000	14,000	19,896	5,896
Repairs and maintenance	64,000	64,000	45,364	(18,636)
Gas, oil and grease	6,000	6,000	5,720	(280)
Supplies	9,300	9,300	14,439	5,139
Chemicals	16,000	16,000	13,889	(2,111)
Uniforms	400	400	348	(52)
Small items of equipment	18,000	18,000	8,390	(9,610)
	<u>330,600</u>	<u>330,600</u>	<u>259,142</u>	<u>(71,458)</u>
Library:				
Salary	117,695	117,695	115,079	(2,616)
Utilities	13,000	13,000	11,428	(1,572)
Computer literacy program	20,500	20,500	19,600	(900)
Supplies	2,700	2,700	4,347	1,647
	<u>153,895</u>	<u>153,895</u>	<u>150,454</u>	<u>(3,441)</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**GENERAL FUND**

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Animal control:				
Salary	13,075	13,075	13,075	0
Veterinary services	7,500	7,500	11,317	3,817
Repairs and maintenance	750	750	146	(604)
Gas, oil and grease	1,000	1,000	0	(1,000)
Supplies	750	750	49	(701)
	<u>23,075</u>	<u>23,075</u>	<u>24,587</u>	<u>1,512</u>
Solid waste collection:				
Salary	0	0	85	85
Streets and highways:				
Salary	480,819	480,819	369,934	(110,885)
Repairs and maintenance	124,500	124,500	77,659	(46,841)
Vehicle maintenance	40,000	40,000	36,288	(3,712)
Gas, oil and grease	35,000	35,000	24,315	(10,685)
Supplies	40,000	40,000	29,886	(10,114)
Small equipment	20,000	20,000	14,431	(5,569)
Uniforms	7,500	7,500	4,479	(3,021)
	<u>747,819</u>	<u>747,819</u>	<u>556,992</u>	<u>(190,827)</u>
Tourism:				
Salary	36,444	36,444	35,757	(687)
Telephone	500	500	457	(43)
Employee education	250	250	0	(250)
Donations	15,000	15,000	33,607	18,607
Office supplies	1,000	1,000	507	(493)
Travel	320	320	0	(320)
NRCS grant	1,500	1,500	436	(1,064)
	<u>55,014</u>	<u>55,014</u>	<u>70,764</u>	<u>15,750</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND**

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
Special projects:				
Special city projects and marketing	7,000	7,000	5,400	(1,600)
Historical commission grant	300,000	300,000	0	(300,000)
Safe streets for all grant	67,200	67,200	0	(67,200)
TAP grant	779,710	779,710	132	(779,578)
	<u>1,153,910</u>	<u>1,153,910</u>	<u>5,532</u>	<u>(1,148,378)</u>
Capital outlay:				
General government	3,464,278	3,464,278	326,594	(3,137,684)
Public safety	240,948	240,948	206,995	(33,953)
Parks	128,795	128,795	128,795	0
	<u>3,834,021</u>	<u>3,834,021</u>	<u>662,385</u>	<u>(3,171,637)</u>
Debt service	<u>34,980</u>	<u>34,980</u>	<u>35,425</u>	<u>445</u>
<b>TOTAL EXPENDITURES</b>	<u>12,475,757</u>	<u>12,475,757</u>	<u>7,732,958</u>	<u>(4,742,800)</u>
<b>NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES(USES)</b>	(1,387,224)	(1,387,224)	(805,768)	581,457

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**GENERAL FUND**

(continued)

Year Ended June 30, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
<b>OTHER FINANCING</b>				
<b>SOURCES(USES)</b>				
Proceeds from the sale of properties sold by the Industrial Development Board	50,000	50,000	0	(50,000)
Transfer to State Street Aid Fund	(175,000)	(175,000)	(92,723)	82,277
Transfer to Solid Waste Fund	(63,495)	(63,495)	(93,142)	(29,647)
Transfer to Capital Projects Fund	(332,000)	(332,000)	0	332,000
Transfer from Harriman Utility Board	840,000	840,000	801,747	(38,253)
	<u>319,505</u>	<u>319,505</u>	<u>615,882</u>	<u>296,377</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 (1,067,719)	 (1,067,719)	 (189,886)	 877,834
 <b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	 <u>2,446,415</u>	 <u>2,446,415</u>	 <u>3,286,965</u>	 <u>840,550</u>
 <b>FUND BALANCE AT THE END OF THE YEAR</b>	 <u>\$ 1,378,696</u>	 <u>\$ 1,378,696</u>	 <u>\$ 3,097,080</u>	 <u>\$ 1,718,384</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
AMERICAN RESCUE PLAN ACT**

Year Ended June 30, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
<b>REVENUE</b>				
Coronavirus State and Local Fiscal Recovery Funds	\$ 0	\$ 0	\$ 479,021	\$ 479,021
Interest	<u>0</u>	<u>0</u>	<u>3</u>	<u>3</u>
<b>TOTAL REVENUE</b>	0	0	479,024	479,024
<b>EXPENDITURES</b>				
Repairs and maintenance	25,000	25,000	0	(25,000)
Office supplies	0	0	4,021	4,021
Capital contribution to Harriman Utility Board	0	0	475,000	475,000
Capital outlay	<u>375,000</u>	<u>375,000</u>	<u>0</u>	<u>(375,000)</u>
<b>TOTAL EXPENDITURES</b>	<u>400,000</u>	<u>400,000</u>	<u>479,021</u>	<u>79,021</u>
<b>NET CHANGE IN FUND BALANCE</b>	(400,000)	(400,000)	3	400,003
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>400,000</u>	<u>400,000</u>	<u>3</u>	<u>(399,997)</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6</u>	<u>\$ 6</u>

See the accompanying notes to the financial statements.



CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

June 30, 2024

	<u>Electric Department</u>	<u>Gas Department</u>	<u>Sewer Department</u>
<b><u>ASSETS</u></b>			
<b>CAPITAL ASSETS</b>			
Land and land rights	\$ 99,773	\$ 0	\$ 0
Plant in service	77,995,874	17,104,994	30,814,212
Construction in progress	<u>3,339,052</u>	<u>917,767</u>	<u>121,633</u>
	81,434,699	18,022,761	30,935,845
Accumulated depreciation	<u>(48,118,589)</u>	<u>(8,298,753)</u>	<u>(15,328,101)</u>
<b>NET CAPITAL ASSETS</b>	33,316,110	9,724,008	15,607,744
<b>CURRENT ASSETS</b>			
Cash - interest bearing	7,092,313	1,944,842	1,631,547
Trade account, net of allowance for uncollectible accounts, and grants receivable	3,087,796	0	0
Due from(to) other utility departments	304,809	(44,301)	213,181
Other	64,375	73,843	159,290
Materials and supplies inventory	669,242	106,315	21,518
Prepaid expenses	<u>6,557</u>	<u>435,751</u>	<u>2,315</u>
<b>TOTAL CURRENT ASSETS</b>	11,225,092	2,516,450	2,027,851

See the accompanying notes to the financial statements.

<u>Water Department</u>	<u>Totals</u>
\$ 0	\$ 99,773
29,259,072	155,174,152
<u>1,414,213</u>	<u>5,792,665</u>
30,673,285	161,066,590
<u>(13,865,259)</u>	<u>(85,610,702)</u>
16,808,026	75,455,888
898,080	11,566,782
0	3,087,796
189,998	663,687
269,031	566,539
227,084	1,024,159
<u>11,111</u>	<u>455,734</u>
1,595,304	17,364,697

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

(continued)

June 30, 2024

	<u>Electric Department</u>	<u>Gas Department</u>	<u>Sewer Department</u>
<b><u>LIABILITIES AND NET POSITION</u></b>			
<b>LONG-TERM DEBT</b>			
Revenue bonds and revenue refunding bonds	\$ 0	\$ 0	\$ 3,749,460
Notes payable and obligations under capital lease	2,365,000	1,860,000	0
Unamortized premiums/discounts	<u>171,345</u>	<u>95,318</u>	<u>135,011</u>
	2,536,345	1,955,318	3,884,471
<b>NET PENSION LIABILITY</b>	2,976,502	744,126	496,084
<b>COMPENSATED ABSENCES</b>	1,091,956	338,828	226,758
<b>CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>			
Trade accounts payable	4,177,801	0	0
Due to other utility departments	598,901	0	0
Accrued payroll and taxes	185,838	0	0
Customers' deposits	1,403,559	236,962	0
Other payables	396,144	0	1,081
Deferred revenue	<u>575,194</u>	<u>0</u>	<u>0</u>
	7,337,437	236,962	1,081

<u>Water Department</u>	<u>Totals</u>
\$ 3,804,853	\$ 7,554,313
0	4,225,000
164,643	566,317
<u>3,969,496</u>	<u>12,345,630</u>
744,126	4,960,838
304,200	1,961,742
0	4,177,801
89,454	688,355
0	185,838
162,876	1,803,397
0	397,225
<u>0</u>	<u>575,194</u>
<u>252,330</u>	<u>7,827,810</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

(continued)

June 30, 2024

	<u>Electric Department</u>	<u>Gas Department</u>	<u>Sewer Department</u>
<b>RESTRICTED ASSETS</b>			
Emergency reserve fund	<u>45,100</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	44,586,302	12,240,458	17,635,595
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension outflows	<u>612,226</u>	<u>153,057</u>	<u>102,037</u>
	<u>\$ 45,198,528</u>	<u>\$ 12,393,515</u>	<u>\$ 17,737,632</u>

<u>Water Department</u>	<u>Totals</u>
<u>0</u>	<u>45,100</u>
18,403,330	92,865,685
<u>153,049</u>	<u>1,020,369</u>
<u>\$ 18,556,379</u>	<u>\$ 93,886,054</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

(continued)

	<u>Electric Department</u>	<u>Gas Department</u>	<u>Sewer Department</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>			
Current installments of long-term debt	245,000	125,000	274,884
Accrued interest	<u>5,158</u>	<u>3,429</u>	<u>5,153</u>
	<u>250,158</u>	<u>128,429</u>	<u>280,037</u>
<b>TOTAL LIABILITIES</b>	14,192,398	3,403,663	4,888,431
<b>NET POSITION</b>			
Net investment in capital assets	30,534,765	7,643,690	11,448,389
Unrestricted	<u>471,365</u>	<u>1,346,162</u>	<u>1,400,812</u>
	<u>31,006,130</u>	<u>8,989,852</u>	<u>12,849,201</u>
	<u>\$ 45,198,528</u>	<u>\$ 12,393,515</u>	<u>\$ 17,737,632</u>

<u>Water Department</u>	<u>Totals</u>
280,428	925,312
<u>5,635</u>	<u>19,375</u>
<u>286,063</u>	<u>944,687</u>
5,556,215	28,040,707
12,558,102	62,184,946
<u>442,062</u>	<u>3,660,401</u>
<u>13,000,164</u>	<u>65,845,347</u>
<u>\$ 18,556,379</u>	<u>\$ 93,886,054</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

June 30, 2024

	<u>Electric Department</u>	<u>Gas Department</u>	<u>Sewer Department</u>
<b>OPERATING REVENUE</b>			
Residential	\$ 16,654,356	\$ 1,755,689	\$ 0
Commercial, industrial and interruptible	11,773,392	1,369,455	0
Sewer and water charges	0	0	1,957,769
Street and outdoor lighting sales	792,938	0	0
Customers' forfeited discounts	227,075	21,293	21,903
Rent from city	21,624	0	0
Rent from others	580,496	0	0
Miscellaneous	113,070	18,416	12,830
Bad debt expense	<u>(80,044)</u>	<u>(6,492)</u>	<u>(13,900)</u>
<b>TOTAL OPERATING REVENUE</b>	<b>30,082,907</b>	<b>3,158,361</b>	<b>1,978,602</b>
<b>OPERATING EXPENSES</b>			
Operation	20,063,509	0	0
Repairs and maintenance	1,956,520	0	0
Purchased gas	0	953,585	0
Power, pumping and utilities	0	0	167,786
Purification	0	0	240,267
Transmission and distribution	1,691,401	591,339	281,330
Customers' accounting and collection	654,060	306,115	61,672
Administrative and general	2,787,892	761,929	439,073
Depreciation and amortization	<u>2,054,484</u>	<u>435,412</u>	<u>635,870</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>29,207,866</u></b>	<b><u>3,048,380</u></b>	<b><u>1,825,998</u></b>
<b>NET OPERATING INCOME</b>	<b>875,041</b>	<b>109,981</b>	<b>152,604</b>
<b>NONOPERATING REVENUE(EXPENSE)</b>			
Interest income	254,005	39,145	0
Interest expense	<u>(50,440)</u>	<u>(38,602)</u>	<u>(71,190)</u>
	<u>203,565</u>	<u>543</u>	<u>(71,190)</u>

See the accompanying notes to the financial statements.

<u>Water Department</u>	<u>Totals</u>
\$ 0	\$ 18,410,045
0	13,142,847
3,170,304	5,128,073
0	792,938
35,412	305,683
0	21,624
0	580,496
62,557	206,873
<u>(21,258)</u>	<u>(121,694)</u>
3,247,015	38,466,885
0	20,063,509
0	1,956,520
0	953,585
364,038	531,824
337,349	577,616
509,915	3,073,985
279,654	1,301,501
854,669	4,843,563
<u>644,507</u>	<u>3,770,273</u>
<u>2,990,132</u>	<u>37,072,376</u>
256,883	1,394,509
0	293,150
<u>(63,277)</u>	<u>(223,509)</u>
<u>(63,277)</u>	<u>69,641</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

(continued)

June 30, 2024

	<u>Electric Department</u>	<u>Gas Department</u>	<u>Sewer Department</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	1,078,606	110,524	81,414
Capital contributions	<u>0</u>	<u>0</u>	<u>417,779</u>
<b>INCOME BEFORE TRANSFERS</b>	1,078,606	110,524	499,193
Transfers out	<u>(801,745)</u>	<u>0</u>	<u>0</u>
<b>CHANGE IN NET POSITION</b>	276,861	110,524	499,193
<b>NET POSITION AT THE BEGINNING OF THE YEAR</b>	<u>30,729,269</u>	<u>8,879,328</u>	<u>12,350,008</u>
<b>NET POSITION AT THE END OF THE YEAR</b>	<u>\$ 31,006,130</u>	<u>\$ 8,989,852</u>	<u>\$ 12,849,201</u>

<u>Water Department</u>	<u>Totals</u>
193,606	1,464,150
<u>883,247</u>	<u>1,301,026</u>
1,076,853	2,765,176
<u>0</u>	<u>(801,745)</u>
1,076,853	1,963,431
<u>11,923,311</u>	<u>63,881,916</u>
<u>\$ 13,000,164</u>	<u>\$ 65,845,347</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

Year Ended June 30, 2024

	<u>Electric Department</u>	<u>Gas Department</u>	<u>Sewer Department</u>
<b>CASH PROVIDED(USED) BY OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 29,375,987	\$ 3,158,361	\$ 1,978,602
Payments to suppliers and vendors	(25,241,847)	(2,262,597)	(1,025,637)
Payments to employees	(1,082,481)	(295,057)	(147,610)
Payments for other expenses	<u>(120,477)</u>	<u>154,173</u>	<u>186,915</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	2,931,182	754,880	992,270
<b>CASH PROVIDED(USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers to other funds	(801,745)	0	0
<b>CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets:			
Additions to plant	(4,418,423)	(693,723)	(224,299)
Salvage value of plant retirements	756,599	93,950	125,731
Principal paid on revenue and revenue refunding bond maturities	0	0	(273,864)
Principal paid on notes payable and finance leases	(245,000)	(120,000)	0
Interest paid on bonds, notes and finance leases	(50,440)	(38,602)	(71,190)
Amortization of debt costs	(18,193)	(5,847)	(8,476)
Capital contribution	<u>0</u>	<u>0</u>	<u>417,781</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(3,975,457)	(764,222)	(34,317)

See the accompanying notes to the financial statements.

<u>Water Department</u>	<u>Totals</u>
\$ 3,247,015	\$ 37,759,965
(2,038,054)	(30,568,135)
(293,235)	(1,818,383)
(60,751)	159,860
854,975	5,533,307
0	(801,745)
(1,193,727)	(6,530,171)
(391,766)	584,514
(279,480)	(553,344)
0	(365,000)
(63,277)	(223,509)
(10,119)	(42,635)
883,248	1,301,029
(1,055,121)	(5,829,116)

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

(continued)

Year Ended June 30, 2024

	<u>Electric Department</u>	<u>Gas Department</u>	<u>Sewer Department</u>
<b>CASH PROVIDED(USED) BY INVESTING ACTIVITIES</b>			
Interest from cash management activities	<u>254,005</u>	<u>39,145</u>	<u>0</u>
<b>INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,592,015)	29,803	957,953
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>8,729,428</u>	<u>1,915,039</u>	<u>673,594</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 7,137,413</u>	<u>\$ 1,944,842</u>	<u>\$ 1,631,547</u>
<b>SUMMARY OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>			
Cash - interest bearing	\$ 7,092,313	\$ 1,944,842	\$ 1,631,547
Restricted assets	<u>45,100</u>	<u>0</u>	<u>0</u>
	<u>\$ 7,137,413</u>	<u>\$ 1,944,842</u>	<u>\$ 1,631,547</u>

<u>Water Department</u>	<u>Totals</u>
<u>0</u>	<u>293,150</u>
(200,146)	(804,403)
<u>1,098,226</u>	<u>12,416,287</u>
<u>\$ 898,080</u>	<u>\$ 11,611,884</u>

\$ 898,080	\$ 11,566,784
<u>0</u>	<u>45,100</u>
<u>\$ 898,080</u>	<u>\$ 11,611,884</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

(continued)

Year Ended June 30, 2024

	<u>Electric Department</u>	<u>Gas Department</u>	<u>Sewer Department</u>
<b>RECONCILIATION OF INCOME(LOSS) FROM OPERATIONS TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES</b>			
Income(loss) from operations	\$ 875,041	\$ 109,981	\$ 152,604
Adjustments to reconcile income(loss) from operations to net cash provided by operating activities:			
Depreciation and amortization	2,054,482	435,412	635,870
Customer deposits	0	0	0
(Increase)decrease in:			
Accounts receivable	(706,920)	0	0
Inventory	(59,027)	2,682	169
Other assets	(820)	160,941	191,427
Deferred outflows of resources	(70,054)	5,633	3,755
Increase(decrease) in:			
Accounts payable	656,093	0	0
Accrued liabilities	306,660	35,408	16,712
Net pension liability	(49,603)	(12,401)	(8,267)
Customer deposits	<u>(74,670)</u>	<u>17,224</u>	<u>0</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 2,931,182</u></b>	<b><u>\$ 754,880</u></b>	<b><u>\$ 992,270</u></b>

<u>Water Department</u>	<u>Totals</u>
\$ 256,883	\$ 1,394,509
644,507	3,770,271
0	0
0	(706,920)
(9,320)	(65,496)
(53,982)	297,566
5,633	(55,033)
0	656,093
22,947	381,727
(12,401)	(82,672)
<u>708</u>	<u>(56,738)</u>
<u>\$ 854,975</u>	<u>\$ 5,533,307</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

June 30, 2024

	<u>Harriman Utility Board Pension Trust Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,314,762
Receivable: investment	19,310
Fixed income	2,276,042
Equities	<u>2,690,585</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,300,699</u>
<b>RESTRICTED NET POSITION</b>	<u>\$ 6,300,699</u>

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

Year Ended June 30, 2024

	<u>Harriman Utility Board Pension Trust Fund</u>
<b>ADDITIONS</b>	
Employer contributions	\$ 770,909
Employee contributions	215,059
Net increase in fair value of investments	<u>698,045</u>
<b>TOTAL ADDITIONS</b>	1,684,013
<b>DEDUCTIONS</b>	
Benefits	1,233,819
Administrative expenses	<u>22,876</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,256,695</u>
<b>NET INCREASE IN FIDUCIARY NET POSITION</b>	427,318
<b>FIDUCIARY NET POSITION AT THE BEGINNING OF THE YEAR</b>	<u>5,873,381</u>
<b>FIDUCIARY NET POSITION AT THE END OF THE YEAR</b>	<u><u>\$ 6,300,699</u></u>

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

**NOTE A - DESCRIPTION OF ORGANIZATION**

City of Harriman, Tennessee (the City) was incorporated in 1891 under the provisions of the State of Tennessee. The City operates under an elected Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water, sewer, gas, electric and general administration services. The Council is composed of seven members, including the Mayor, who are elected at-large to four-year staggered terms.

The Harriman Utility Board (HUB) is made up of four self-supporting enterprise funds of the City. An enterprise fund is used to account for the financing services to the general public on a continuing basis with costs recovered primarily through user charges. HUB is managed and controlled by a Board of Electric Light and Waterworks Commissioners who are appointed for four-year terms by the Mayor and City Council. HUB manages, operates, and maintains the electric, gas, sewer and water departments who services the citizens of the City and surrounding areas.

HUB manages office space, employees and certain other general and administrative functions for the electric, gas, water, and sewer departments. Expenses are allocated to the four departments based on direct or estimated usage.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The City, for financial reporting purposes, includes all funds relevant to the operations of City of Harriman, Tennessee, and its component unit. The discretely presented component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

Discretely Presented Component Unit - The Industrial Development Board of City of Harriman, Tennessee meets the criteria for discretely presented component units of the City. The component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The Industrial Development Board was organized to promote industrial development in the City and the surrounding area in accordance with Title 7, Chapter 53, of *Tennessee Code Annotated*. The Industrial Development Board of the City is governed by a seven-member board of directors appointed by the City.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Government-Wide and Fund Financial Statements

The government-wide financial statements, which consist of the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the City and its component unit. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

All trade receivables are shown net of an allowance for uncollectible accounts. Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. In Tennessee, this date is January 1, and is referred to as the lien date. Revenue from property taxes, however, is recognized in the period for which the taxes are levied, which for the City is October 1 of the ensuing fiscal year. Since the receivable for property taxes is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated amount for uncollectible taxes, is reported as deferred revenue in the fund financial statements and unearned revenue in the government-wide financial statements as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied and uncollected during the current fiscal year as well as the previous eight fiscal years. These property taxes receivable are presented on the general fund balance sheet with offsetting deferred revenue to reflect the amounts not available as of June 30. Property taxes collected within 60 days of year-end are considered available and are accrued as revenue. Property taxes collected later than 60 days after year-end are not considered available and are accrued and reported as deferred revenue. An allowance for uncollectible taxes is also recorded representing the estimated amount of delinquent taxes receivable that will be filed with the Roane County Clerk and Master for collection.

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 *American Rescue Plan Act fund* is used to account for costs associated with the American Rescue Plan Act grants.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Additionally, the City reports the following nonmajor governmental funds:

The *solid waste management fund* is used to account for the solid waste service charges legally committed for solid waste management.

The *drug enforcement fund* is used to account for funds restricted for use in drug enforcement.

The *state street aid fund* is used to account for the City's share of motor fuel tax revenue that is legally restricted to the maintenance of streets within the City's boundaries.

The *debt service fund* is used to account for the costs associated with the repayment of the City's debt.

The *capital projects fund* is used to account for major capital expenditures not financed by enterprise funds, internal service funds or trust funds.

The City reports the following major proprietary funds:

The *water department* accounts for the activities of the water department, which operates and maintains a water distribution system for residents and businesses on a user charge basis.

The *sewer department* accounts for the activities of the wastewater department, which operates and maintains a wastewater collection system for residents and businesses on a user charge basis.

The *gas department* accounts for the activities of the natural gas department, which operates and maintains a natural gas distribution system for residents and businesses on a user charge basis.

The *electric department* accounts for the activities of the electric utility department, which operates and maintains an electric utility distribution system for residents and businesses on a user charge basis.

All activities necessary to provide these services are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

The City reports the following fiduciary fund:

The *Harriman Utility Board Pension Trust Fund* accounts for resources that are required to be held in trust for the members and beneficiaries of the Harriman Utility Board pension plan.

The City had no internal service funds as of or for the year ended June 30, 2024.

Proprietary fund financial statements include a statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows for each major proprietary fund and non-major funds aggregated. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the statement of net position. The statement of revenue, expenses and changes in net position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary funds is charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting reporting purposes into the following three net position groups:

Net Investment in Capital Assets

This category includes capital assets, net of accumulated depreciation and outstanding principal balances of any debt attributable to the acquisition, construction or improvement of those assets.

Net investment in capital assets at June 30, 2024 has been calculated as follows:

Governmental Activities:

Capital assets	\$ 17,747,915
Accumulated depreciation	(7,817,154)
Principal balance on long-term lease	(287,568)
Principal balance on long-term debt	<u>(3,069,342)</u>
	<u>\$ 6,573,851</u>

Business-Type Activities:

Electric department:	
Capital assets	\$ 81,434,699
Accumulated depreciation	(48,118,589)
Principal balance on long-term debt	<u>(2,781,345)</u>
	<u>\$ 30,534,765</u>
Gas department:	
Capital assets	\$ 18,022,761
Accumulated depreciation	(8,298,753)
Principal balance on long-term debt	<u>(2,080,318)</u>
	<u>\$ 7,643,690</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Sewer department:	
Capital assets	\$ 30,935,845
Accumulated depreciation	(15,328,101)
Principal balance on long-term debt	<u>(4,159,355)</u>
	<u>\$ 11,448,389</u>
 Water department:	
Capital assets	\$ 30,673,285
Accumulated depreciation	(13,865,259)
Principal balance on long-term debt	<u>(4,249,924)</u>
	<u>\$ 12,558,102</u>

Restricted

This category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the City pursuant to those stipulations or that expire by the passage of time. 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. Net position at June 30, 2024 was restricted for the following:

Drug enforcement	\$ 41,432
Hooray for Harriman	15,241
Sex offender registration	8,398
Street improvements	36,017
Pension	<u>862,160</u>
	<u>\$ 963,248</u>

Unrestricted

This category includes net position that is not subject to externally imposed stipulations and that does not meet the definition of "Restricted" or "Net Investment in Capital Assets". Unrestricted net position may be designated for specific purposes by action of the Mayor and City Council or may otherwise be limited by contractual agreements with outside parties.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Fund Balances

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable Fund Balances

Fund balances reported as nonspendable in the accompanying financial statements represent amounts for prepaid expenses or inventory.

Restricted Fund Balances

Fund balances reported as restricted in the accompanying financial statements represent amounts restricted to specific purposes by externally imposed restrictions or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balances

Fund balances reported as committed in the accompanying financial statements represent amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Mayor and City Council commit resources for specific purposes by passing ordinances. Fund balance at June 30, 2024 was committed for the following:

Debt service	\$ 83,707
Solid waste management	35,872
Capital projects	<u>296,207</u>
	<u>\$ 415,788</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Assigned Fund Balances

Fund balances reported as assigned in the accompanying financial statements represent amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The intent is expressed by the Mayor and City Council.

Unassigned Fund Balance

In accordance with generally accepted accounting principles, the general fund is the only fund of the City that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the general fund.

The City would typically use restricted resources first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Inventories

Materials and supplies are valued at the lower of cost or market, utilizing the moving average method of determining cost.

Budgets and Budgetary Accounting

Formal budgetary integration is employed by the City and HUB as a management control device during the year. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Unused appropriations lapse at the end of the year.

Cash and Cash Equivalents

For purposes of reporting cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Accounts Receivables

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual accounting. Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

The City records an allowance for doubtful accounts for uncollectible property taxes. Receivables for property tax and other receivables are reported net of the estimated uncollectible portion. The City bills and collects its own property taxes. Property taxes are levied (based on the assessed valuation as of January 1) and become payable the following October 1. Property taxes attach as a lien on the property as of the next January 1 and become delinquent on February 28. The county tax assessor provides the property assessment but the City bills and collects its own taxes. Penalties and interest on delinquent taxes are recognized when collected.

The electric department bills all accounts receivable for the gas, sewer, and water departments and pays each department at the time of billing.

Unbilled Revenue

HUB unbilled revenue represents the estimated amount of accounts receivable for services that have not been billed as of the statement of net position date. The amounts are a result of a timing difference between the end of the financial statements cycle (month end) and the billing cycle (various dates within the month for each billing period).

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Capital Assets

*City of Harriman, Tennessee*

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns on the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Infrastructure	25-40 years
Buildings and improvements	20-50 years
Equipment and vehicles	5-25 years

*Harriman Utility Board*

Plant and equipment are carried at historical cost, including applicable general and administrative costs and payroll related costs such as pensions, taxes and other employee benefits. All material renewals and betterments are capitalized in accordance with HUB's capitalization policy. The policy is to capitalize items of \$500 or greater. When property is retired or otherwise disposed of, its average costs, together with its cost of removal less salvage, is charged to accumulated depreciation; no gain or loss is recognized. Plant and equipment are depreciated using the straight-line method of depreciation which will amortize costs over the estimated useful lives of the assets. Accumulated depreciation is reported on the statement of net position. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Transmission equipment, fixtures and devices	40-50 years
Distribution transformers, meters, fixtures and devices	15-50 years
Buildings and improvements	50 years
Furniture, fixtures and equipment	5-25 years

The provision for depreciation does not include depreciation on transportation equipment. Those amounts are reported as operating expenses totaling \$584,514 in 2024 in the statement of revenue, expenses and changes in net position - proprietary funds. The cost of maintenance and repairs is charged to expense as incurred.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Pensions

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

Retirement Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of HUB's participation in the Harriman Utility Board Retirement Plan, and additions to/deductions from HUB's fiduciary net position have been determined on the same basis as they are reported by the Harriman Utility Board 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 Harriman utility Board Retirement Plan. Investments are reported at fair value.

Prepaid Expenses

HUB's prepaid expenses include payments made to vendors that will benefit periods beyond the end of the current fiscal year.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Compensated Absences

*City of Harriman, Tennessee*

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the City's service. The cost of vacation leave not used during the fiscal year is considered a liability at year-end. The total cost of accumulated compensated absences as of June 30, 2024 was \$111,545 for the City. Upon termination, the City has no obligation to pay employees for unused sick leave.

*Harriman Utility Board*

HUB recognizes the cost of vacation pay as it is earned. Sick pay benefits, which accumulate to a maximum of 200 days and vest, are recognized when paid. All vacation pay has been accrued and is reflected in the noncurrent liabilities section of the financial statements. The total cost of accumulated compensated absences as of June 30, 2024 was \$1,961,742 for HUB.

Revenue Recognition

HUB utilizes a cycle billing method to bill customers. In order to properly match revenue with related costs, unbilled customer revenue are recorded at the end of each year.

Use of Estimates

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

Property Taxes

Property taxes are levied on October 1 and are due and payable at that time. Taxes become delinquent and begin accumulating interest and penalties the following March 1 and attach as an enforceable lien on the property after one year of delinquency.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Investments

Investments are recorded at fair value as determined by quoted market prices at the balance sheet date. The City and HUB has not formally adopted an investment policy and places no limit on the amount that may be invested in any one issuer. State statutes authorize the City and HUB to invest in certificates of deposit, U.S. Treasury Obligations, U.S. Agency Issues and the State of Tennessee local government investment pool. As of June 30, 2024, the City and HUB did not have any of these types of investments.

Miscellaneous Income/Deduction Account

HUB normally uses this account to record civic donations and unreimbursed expenses related to community support projects.

Taxes

HUB's municipal utilities are exempt from federal and state income taxes.

Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Allowance for Uncollectible Accounts

An allowance for uncollectible taxes receivable is provided based upon historical trends. The allowance for uncollectible accounts for the year ended for June 30, 2024 was as follows:

Governmental funds	\$ 201,628
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*Harriman Utility Board*

An allowance is maintained for uncollectible accounts during the fiscal year. The allowance is adjusted at year end to reflect the current year bad debt expense. Residential operating revenue is netted with bad debt expense for the electric and gas departments; operating revenue is netted with bad debt expense for the sewer and water departments. Since customer receivables are all collected in the electric department, HUB allocates a bad debt expense to the other departments. The bad debt expense for the year ended June 30, 2024 was as follows:

Electric department	\$ 80,044
Gas department	6,492
Sewer department	13,900
Water department	<u>21,258</u>
	<u>\$ 121,694</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

**NOTE C - CASH AND INVESTMENTS**

Cash represents money on deposit in various banks.

State of Tennessee law authorizes the City and HUB to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All cash balances at June 30, 2024 for the City and HUB were entirely insured through either the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

**NOTE D - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2024 was as follows:

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/24</u>
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated</u>				
Land	\$ 650,004	\$ 0	\$ 0	\$ 650,004
Construction in process	<u>576,291</u>	<u>326,594</u>	<u>(26,497)</u>	<u>876,388</u>
	1,226,295	326,594	(26,497)	1,526,392
<u>Capital assets being depreciated</u>				
Land improvements	397,927	87,635	0	485,562
Buildings	2,666,965	163,180	0	2,830,145
Building improvements	40,500	0	0	40,500
Leased buildings	253,290	0	0	253,290
Machinery and equipment	6,069,319	206,995	(1,522,958)	4,753,357
Leased equipment	87,126	0	0	87,126
Infrastructure	<u>7,771,545</u>	<u>0</u>	<u>0</u>	<u>7,771,545</u>
	17,286,672	457,810	(1,522,958)	16,221,524
<u>Accumulated depreciation</u>				
Land improvements	(177,440)	(36,892)	0	(214,332)
Buildings	(847,645)	(129,468)	0	(977,113)
Building improvements	(32,744)	(2,025)	0	(34,769)
Leased buildings	(34,616)	(10,132)	0	(44,748)
Machinery and equipment	(4,737,872)	(270,194)	1,522,958	(3,485,108)
Leased equipment	(17,425)	(17,425)	0	(34,850)
Infrastructure	<u>(2,749,115)</u>	<u>(277,118)</u>	<u>0</u>	<u>(3,026,233)</u>
	<u>(8,596,857)</u>	<u>(743,255)</u>	<u>1,522,958</u>	<u>(7,817,154)</u>
	<u>\$ 9,916,110</u>	<u>\$ 41,149</u>	<u>\$ (26,497)</u>	<u>\$ 9,930,761</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Depreciation expense is charged to the various governmental functions as follows:

General government	\$ 128,358
Public safety	196,101
Public welfare	162,669
Streets and highways	<u>256,127</u>
	<u>\$ 743,255</u>

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>6/30/24</u>	<u>Depreciation</u> <u>Expense</u>
<b>Business-Type Activities:</b>					
<b>Electric Department</b>					
<u>Distribution plant</u>					
<u>Capital assets</u>					
<u>not being depreciated</u>					
Land and land rights	\$ 710,689	\$ 0	\$ 610,915	\$ 99,774	\$ 0
<u>Capital assets</u>					
<u>being depreciated</u>					
Structure and improvements	678,743	0	0	678,743	17,890
Station equipment	7,425,169	9,175	0	7,434,344	195,948
Poles, towers and fixtures	19,620,931	336,328	0	19,957,259	526,017
Overhead conductors and devices	8,788,296	39,848	0	8,828,144	232,685
Underground conduit	612,772	212,806	0	825,578	21,760
Underground conduit and devices	2,161,020	58,480	0	2,219,500	58,500
Line transformers	11,003,681	1,199,756	113,885	12,089,552	318,646
Services	5,974,040	0	68,566	5,905,474	155,652
Meters	1,080,935	0	0	1,080,935	28,490

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>6/30/24</u>	<u>Depreciation</u> <u>Expense</u>
<b>Business-Type Activities:</b>					
<b>Electric Department</b>					
<b>(continued)</b>					
Installations on customers' premises	4,898,145	13,302	0	4,911,447	129,452
Street lighting and signal systems	<u>1,877,474</u>	<u>0</u>	<u>0</u>	<u>1,877,474</u>	<u>49,485</u>
	64,831,895	1,869,694	793,367	65,908,223	1,734,525
<u>General plant</u>					
Structure and improvements	2,960,561	16,272	0	2,976,833	78,461
Office furniture and equipment	1,242,633	146,944	0	1,389,577	36,625
Transportation equipment	3,521,290	441,110	0	3,962,400	104,438
Shop equipment	159,842	0	0	159,842	4,213
Laboratory equipment	23,526	0	0	23,526	620
Communication equipment	603,878	4,107	0	607,985	16,025
Miscellaneous equipment	<u>2,997,328</u>	<u>21,869</u>	<u>0</u>	<u>3,019,197</u>	<u>79,577</u>
	11,509,058	630,302	0	12,139,360	<u>319,959</u>
Plant purchased but not classified	<u>48,000</u>	<u>0</u>	<u>0</u>	<u>48,000</u>	
	76,388,953	2,499,996	793,367	78,095,582	

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>6/30/24</u>	<u>Depreciation</u> <u>Expense</u>
<b>Business-Type Activities:</b>					
<b>Electric Department</b>					
<b>(continued)</b>					
Construction in progress	<u>1,540,235</u>	<u>1,918,431</u>	<u>119,549</u>	<u>3,339,116</u>	
	77,929,188	4,418,427	912,916	81,434,699	
Less accumulated depreciation	<u>46,220,422</u>	<u>2,699,951</u>	<u>801,784</u>	<u>48,118,589</u>	
Total electric capital assets	<u>\$ 31,708,766</u>	<u>\$ 1,718,476</u>	<u>\$ 111,132</u>	<u>\$ 33,316,110</u>	<u>\$ 2,054,484</u>
<b>Business-Type Activities:</b>					
<b>Gas Department</b>					
<u>Gas plant in service</u>					
Transmission and distribution plant	\$ 12,667,600	\$ 239,338	\$ 0	\$ 12,906,938	\$ 329,500
General plant - transportation and equipment	<u>4,081,707</u>	<u>66,994</u>	<u>0</u>	<u>4,148,701</u>	<u>105,912</u>
	16,749,307	306,332	0	17,055,639	
Construction in progress	<u>579,729</u>	<u>387,394</u>	<u>0</u>	<u>967,123</u>	
	17,329,036	693,726	0	18,022,762	
Less accumulated depreciation	<u>7,769,387</u>	<u>529,366</u>	<u>0</u>	<u>8,298,753</u>	
Total gas plant	<u>\$ 9,559,649</u>	<u>\$ 164,360</u>	<u>\$ 0</u>	<u>\$ 9,724,008</u>	<u>\$ 435,412</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>6/30/24</u>	<u>Depreciation</u> <u>Expense</u>
<b>Business-Type Activities:</b>					
<b>Sewer Department</b>					
<u>Sewer plant in service</u>					
Treatment plant	\$ 12,681,410	\$ 16,088	\$ 0	\$ 12,697,498	\$ 262,020
Lines and service	17,058,567	85,775	0	17,144,342	353,784
General plant - transportation and equipment	<u>971,570</u>	<u>800</u>	<u>0</u>	<u>972,370</u>	<u>20,065</u>
	30,711,547	102,663	0	30,814,210	
Construction in progress	<u>117,859</u>	<u>121,633</u>	<u>117,857</u>	<u>121,635</u>	
	30,829,406	224,296	117,857	30,935,845	
Less accumulated depreciation	<u>14,684,358</u>	<u>643,743</u>	<u>0</u>	<u>15,328,101</u>	
Total sewer plant	<u>\$ 16,145,048</u>	<u>\$ (419,447)</u>	<u>\$ 117,857</u>	<u>\$ 15,607,744</u>	<u>\$ 635,870</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>6/30/24</u>	<u>Depreciation</u> <u>Expense</u>
<b>Business-Type Activities:</b>					
<b>Water Department</b>					
<u>Water plant in service</u>					
Source and supply intake and pumping equipment	\$ 917,785	\$ 30,116	\$ 0	\$ 947,901	\$ 20,700
Treatment plant	1,880,914	0	0	1,880,914	41,074
Transmission and distribution plant	22,627,721	445,567	0	23,073,288	503,860
General plant - transportation and equipment	<u>3,348,666</u>	<u>8,307</u>	<u>0</u>	<u>3,356,973</u>	<u>73,307</u>
	28,775,086	483,990	0	29,259,076	
Construction in progress	<u>704,472</u>	<u>917,915</u>	<u>208,178</u>	<u>1,414,209</u>	
	29,479,558	1,401,905	208,178	30,673,285	
Less accumulated depreciation	<u>13,612,518</u>	<u>252,741</u>	<u>0</u>	<u>13,865,259</u>	
Total water plant	<u>\$ 15,867,040</u>	<u>\$ 1,149,164</u>	<u>\$ 208,178</u>	<u>\$ 16,808,026</u>	<u>\$ 638,941</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

**NOTE E - PENSION PLAN**

The City provides employees post-retirement benefits through two pension plans administered by TCRS: Public Employee Retirement Plan (Legacy) and Public Employee Retirement Plan (Hybrid without Cost Controls).

*Public Employee Retirement Plan (Legacy)*

Plan Description

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

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for 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 2<sup>nd</sup> 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 .5%. A 1% COLA is granted if the CPI change is between .5% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Employees Covered by Benefit Terms

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	229
Inactive employees entitled to but not yet receiving benefits	300
Active employees	<u>20</u>
	<u>549</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, employer contributions for the City were \$302,261 based on a rate of 32.00% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability(Asset)

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

Actuarial Assumptions

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

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

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns were 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%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	<u>1.00</u>
		<u>100.00%</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

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 future capital market projections, historical market returns and expected inflation rate, as 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 HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Changes in Net Pension Liability(Asset)

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability(Asset) <u>(a)-(b)</u>
Changes for the year ended June 30, 2023:			
Increase(decrease):			
Service cost	\$ 110,106	\$ 0	\$ 110,106
Interest	2,091,000	0	2,091,000
Differences between expected and actual experience	25,368	0	25,368
Contributions-employer	0	323,140	(323,140)
Contributions-employees	0	53,857	(53,857)
Net investment income	0	2,127,394	(2,127,394)
Benefit payments, including refunds of employee contributions	(2,316,307)	(2,316,307)	0
Administrative expense	<u>0</u>	<u>(16,867)</u>	<u>16,867</u>
Net changes for the year ended June 30, 2023	(89,833)	171,217	(261,050)
Balances at June 30, 2022	<u>32,025,820</u>	<u>32,626,930</u>	<u>(601,110)</u>
Balances at June 30, 2023	<u>\$ 31,935,987</u>	<u>\$ 32,798,147</u>	<u>\$ (862,160)</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

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%) and 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease</u> <u>5.75%</u>	<u>Current</u> <u>Discount Rate</u> <u>6.75%</u>	<u>1% Increase</u> <u>7.75%</u>
Net pension liability(asset)	\$ 2,457,954	\$ (862,160)	\$ (3,658,500)

Negative Pension Expense

For the year ended June 30, 2024, the City recognized negative pension expense of \$132,106.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 0	\$ 0
Net difference between projected and actual earnings on pension plan investments	195,656	0
Contributions subsequent to the measurement date of June 30, 2023	<u>302,261</u>	<u>not applicable</u>
Totals	<u>\$ 497,917</u>	<u>\$ 0</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023,” will be recognized as a reduction (increase) to net pension liability(asset) in the following measurement period.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

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

<u>Year Ending</u> <u>June 30:</u>	
2025	\$ (205,915)
2026	(340,132)
2027	739,925
2028	1,781
2029	0
Thereafter	0

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

*Public Employee Retirement Plan (Hybrid without 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. 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 publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Board-and-Governance/Reporting-and-Investment-Policies>.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for 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 2<sup>nd</sup> 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 .5%. A 1% COLA is granted if the CPI change is between .5% 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>49</u>
	<u>85</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, employer contributions for the City were \$53,150 based on a rate of 2.39% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability(Asset)

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

Actuarial Assumptions

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

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

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns were 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%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	<u>1.00</u>
		<u>100.00%</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

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 future capital market projections, historical market returns and expected inflation rate, as 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 HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Changes in Net Pension Liability(Asset)

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability(Asset) <u>(a)-(b)</u>
Changes for the year ended June 30, 2023:			
Increase(decrease):			
Service cost	\$ 123,620	\$ 0	\$ 123,620
Interest	35,028	0	35,028
Differences between expected and actual experience	20,732	0	20,732
Contributions-employer	0	47,260	(47,260)
Contributions-employees	0	100,126	(100,126)
Net investment income	0	30,759	(30,759)
Benefit payments, including refunds of employee contributions	(5,908)	(5,908)	0
Administrative expense	<u>0</u>	<u>(2,819)</u>	<u>2,819</u>
Net changes for the year ended June 30, 2023	173,472	169,418	4,054
Balances at June 30, 2022	<u>398,260</u>	<u>388,268</u>	<u>9,992</u>
Balances at June 30, 2023	<u>\$ 571,732</u>	<u>\$ 557,686</u>	<u>\$ 14,046</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

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%) and 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease</u> <u>5.75%</u>	<u>Current</u> <u>Discount Rate</u> <u>6.75%</u>	<u>1% Increase</u> <u>7.75%</u>
Net pension liability(asset)	\$ 174,631	\$ 14,046	\$ (103,824)

Pension Expense

For the year ended June 30, 2024, the City recognized pension expense of \$36,482.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 28,200	\$ 1,555
Net difference between projected and actual earnings on pension plan investments	6,801	0
Changes of assumptions	26,197	0
Contributions subsequent to the measurement date of June 30, 2023	<u>53,150</u>	<u>not applicable</u>
Totals	<u>\$ 114,348</u>	<u>\$ 1,555</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023,” will be recognized as a reduction (increase) to net pension liability(asset) in the following measurement period.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

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

<u>Year Ending</u> <u>June 30:</u>	
2025	\$ 6,070
2026	5,348
2027	13,654
2028	6,125
2029	6,099
Thereafter	22,357

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

Defined Contribution Plan

The City contributes to a defined contribution pension plan under section 401(k) of the Internal Revenue Code administered through the State of Tennessee as part of the Public Employee Retirement System of TCRS. Employees hired on or after October 1, 2015 that work 40 or more hours per week or are elected or appointed officials are eligible to participate in the plan. The plan is a component of the defined benefit plan reported above (TCRS Hybrid without cost controls). Employees are automatically enrolled with a 2% deferral and may opt out. The City contributes 7% of eligible compensation. The City's contribution is a non-matching contribution and employees are fully vested. The City's employer contributions to the plan were \$153,724 for the year ended June 30, 2024.

Deferred Compensation Plan

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

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The plan is part of the TCRS Hybrid Plan without cost controls. No matching contributions are made.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

**NOTE F – HARRIMAN UTILITY BOARD PENSION PLAN**

Plan Description

HUB is the administrator of a single-employer defined benefit retirement plan.

Measurement Period

The measurement period is April 1, 2023 to March 31, 2024.

Benefits Provided

Employees who retire at age 65 or at age 60 with 35 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 56% of a participant's average monthly earnings reduced proportionately, for each year of credited service less than 15 years. These benefit provisions and all other requirements are established by state statute. All full-time HUB employees, who meet minimum age and length of service requirements, are eligible to participate in the plan. A variety of death benefits are available under various eligibility criteria.

Employees Covered by Benefit Terms

At the measurement date of March 31, 2024, the following employees were covered by the benefit terms:

Inactive plan participants:

Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to deferred benefits	9

Active plan participants:

Vested (fully and partially)	54
Nonvested	<u>14</u>
	<u>78</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Contributions

HUB employees are required to contribute 3% of salary if hired before April 1, 2009, and 5% of their annual salary to the plan if hired on April 1, 2009, or thereafter. HUB is required to contribute the remaining amounts necessary to fund the plan using the actuarial basis specified by statute. For the year ended June 30, 2024, employer's contributions for HUB were \$779,870 based on a rate of 13.80% of covered payroll. The employers actuarially determined contribution(ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. HUB's net pension liability(asset) was measured as of March 31, 2024, and the total pension liability used to calculate net pension liability(asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of the March 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	2% per year
Investment rate of return	6.50%, net of pension plan investment expenses

Pre-retirement mortality is based on the Pri-2012 Mortality Table with fully generational mortality projection using the MP-2020 projection scale. Post-Retirement mortality and Lump Sum mortality is based on the current year's 417(e) Lump Sum Mortality Table published by the IRS for participants hired before April 1, 2009; post-retirement mortality is based on the Pri-2012 Mortality Table with fully generational mortality projection using the MP-2020 projection scale for participants hired on or after April 1, 2009.

Discount Rate

Pre-retirement: 6.50% per annum; post-retirement: 5.00% per annum (6.50% for participants hired on or after April 1, 2009). Paragraph 43 of Statement No. 67 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The annual recommended contribution is based on the Entry Age Normal Funding Method where the contribution is equal to the normal cost plus the 20-year closed amortization of the unfunded liabilities. HUB adopted a funding policy as required by recent State of Tennessee legislation. The funding policy states that HUB will contribute at least the actuarially determined contribution as described in the funding policy. Based on actuarial theory if the actuarial experience is within reasonable expectations, and HUB makes at least the actuarially determined contribution, the plan's fiduciary net position will remain positive.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

	Increase(decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Changes for the year ended June 30, 2024:			
Changes for the year:			
Service cost	\$ 345,646	\$ 0	\$ 345,646
Interest	739,039	0	739,039
Changes of assumptions	220,986	0	220,986
Differences between expected and actual experience	116,460	192,778	(76,318)
Contributions-employer	0	779,870	(779,870)
Contributions-employee	0	135,306	(135,306)
Net investment income	0	419,885	(419,885)
Benefit payments	(873,282)	(873,282)	0
Administrative expenses	<u>0</u>	<u>(23,037)</u>	<u>23,037</u>
Net changes for the year ended June 30, 2024	548,849	631,520	(82,671)
Balances at June 30, 2023	<u>11,032,591</u>	<u>5,989,081</u>	<u>5,043,510</u>
Balances at June 30, 2024	<u>\$ 11,581,440</u>	<u>\$ 6,620,601</u>	<u>\$ 4,960,838</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Sensitivity of the Net Pension Liability(Asset) to Changes in the Discount Rate

The following presents the net pension liability(asset) of HUB calculated using the discount rate of 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>5.50%</u>	<u>6.50%</u>	<u>7.50%</u>
\$ 7,533,264	\$ 5,341,179	\$ 3,549,532

Pension Expense

For the fiscal year ended June 30, 2024, HUB recognized pension expense of \$779,870.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, HUB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, the period from March 31, 2023 to June 30, 2024:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 2,147,560	\$ (474,529)	\$ 1,673,031
Net difference between projected and actual earnings on investments	316,942	(253,164)	63,778
Changes of assumptions	<u>453,987</u>	<u>(1,170,418)</u>	<u>(716,431)</u>
Totals	<u>\$ 2,918,489</u>	<u>\$ (1,898,111)</u>	<u>\$ 1,020,378</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

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

<u>Year Ending June 30:</u>	<u>Outflows</u>	<u>Inflows</u>	<u>Net</u>
2025	\$ 440,617	\$ (305,933)	\$ 134,684
2026	440,621	(221,697)	218,924
2027	282,148	(221,697)	60,451
2028	282,148	(216,793)	65,355
Thereafter	<u>1,472,955</u>	<u>(931,991)</u>	<u>540,964</u>
Total	<u>\$ 2,918,489</u>	<u>\$ (1,898,111)</u>	<u>\$ 1,020,378</u>

**NOTE G – POSTRETIREMENT HEALTHCARE BENEFITS**

HUB currently offers insurance to retirees. The minimum qualifications for retirement with HUB is 10 years of service and at least the age of 55. The insurance offered to retirees is not a defined benefit and is not found anywhere in the employee policy manual. The benefit is determined by Harriman Utility Board each year when approving insurance renewal. Retirees currently pay 40% of the total premium. A retiree must maintain continuous coverage with HUB from the time they retire to continue to be eligible for the benefit. There were 37 participants at the end of the fiscal year. Benefits relating to these retirees are expensed when paid and totaled the following for each department:

	<u>Year Ended June 30, 2024</u>
Electric	\$ 87,883
Gas	14,612
Water	10,256
Sewer	<u>10,027</u>
Total	<u>\$ 122,777</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

**NOTE H – FAIR VALUE OF INVESTMENTS**

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following table summarizes the assets and liabilities of the Proprietary Fund and Pension Trust Fund for which fair values are determined on a recurring basis as of March 31, 2024:

	<u>Fair Value Measurements Using</u>			<u>Totals</u>
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
<u>Pension Trust Fund</u>				
Cash and cash equivalents	\$ 1,334,072	\$ 0	\$ 0	\$ 1,334,072
Fixed income	2,276,042	0	0	2,276,042
Equities	<u>0</u>	<u>2,690,585</u>	<u>0</u>	<u>2,690,585</u>
Total investments, at fair value	<u>\$ 3,610,114</u>	<u>\$ 2,690,585</u>	<u>\$ 0</u>	<u>\$ 6,300,699</u>

For the year ended June 30, 2024, there were no significant transfers in or out of Levels 1, 2, or 3. There have been no changes in the methodologies used for year ended June 30, 2024.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

**NOTE I - LONG-TERM DEBT**

Long-term debt at June 30, 2024 consisted of the following:

Governmental Activities:

General Obligation Capital Outlay Note, Series 2016, Interest rate of 2.187%, principal installments due annually in varying amounts through 2028	\$ 850,000
General Obligation Capital Outlay Note, Series 2018, interest rate of 3.87%, principal installments due annually in varying amounts	180,000
General Obligation Bond, Series 2020, interest rate of 2.25%, principal installments due annually in varying amounts	1,304,342
General Capital Outlay Notes, Series 2022 interest rate of 3.38%, principal installments due annually in varying amounts through 2035	<u>735,000</u>
	3,069,342
Less current maturities	<u>(387,801)</u>
	<u>\$ 2,681,541</u>

The net revenue of the taxing authority of the City is pledged for the repayment of the principal and interest maturities of the General Obligation Bond, Tennessee Municipal Bond and Capital Outlay Notes.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Business-Type Activities:

Harriman Utility Board

General Obligation Bond, Series 2021A, \$9,525,000 dated April 2021, payable in varying amounts from \$400,000 to \$570,000, interest rates varying from 1.10% to 3.00%. Maturing in 2040.	\$ 7,400,000
General Obligation Bond, Series 2021B \$4,150,000 dated June 2021, payable in varying Amounts from \$195,000 to \$210,000, interest rates Varying from 1.75% to 3.00%. Maturing in 2041.	<u>3,555,000</u> 10,955,000
Less current maturities	<u>(775,000)</u>
	<u>\$ 10,180,000</u>
Unamortized premium	<u>\$ 574,852</u>
Other loans:	
State revolving loan, \$1,600,000 dated September 6, 2011, interest rate 1.35% during both the draw period and permanent repayment period. Principal repayment began when 90% of loan balance was drawn (Sewer).	\$ 879,344
State revolving loan, \$1,440,000 dated September 6, 2011, interest rate 1.35% during both the draw period and permanent repayment period. Principal repayment began when 90% of loan balance was drawn (Water).	<u>870,281</u> 1,749,625
Less current maturities	<u>(150,312)</u>
	<u>\$ 1,599,313</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

HUB (through the City) issued general obligations bonds 2021A and 2021B for (a) the acquisition of land and the construction, renovation, extension and equipping of site improvements, facilities and equipment for the electric system; (b) the acquisition of land and the construction, renovation, extension and equipping of site improvements, facilities and equipment for gas, water and sewer systems; (c) the acquisition of all property, real and personal, appurtenant to the foregoing; (d) the conversion to bonds of the General Obligation Capital Outlay Note, Series 2017B, the General Obligation Capital Outlay Note, Series 2018, and the Series VII-H-1. The issuance was dated April 2021 for the 2021A and June 2021 for the 2021B.

HUB applied for and obtained funding from the State Revolving Fund, CGO 2011-269 for sewer rehabilitation and DWO 2011-109 for water loss monitoring and repair. Both loans are 80% state funding and 20% forgivable funding. Interest is paid on these loans monthly.

Maturities of long-term debt as of June 30, 2024 are due as follows:

Governmental Activities:

*Direct borrowings and placements*

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 387,801	\$ 75,689	\$ 463,491
2026	346,395	67,658	414,053
2027	355,699	58,368	414,068
2028	301,040	50,133	351,173
2029	83,541	42,763	126,305
2030	86,181	40,202	126,383
2031	88,833	37,558	126,391
2032	91,428	34,900	126,328
2033	94,273	32,020	126,294
2034	97,264	29,121	126,385
2035	100,168	26,128	126,296
2036	27,722	23,106	50,828
2037	28,416	22,413	50,828
2038	29,062	21,767	50,828
2039	29,722	21,106	50,828
2040	30,342	20,486	50,828

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2041	31,088	19,740	50,828
2042	31,794	19,034	50,828
2043	32,517	18,311	50,828
2044	33,208	17,620	50,828
2045	34,011	16,817	50,828
2046	34,785	16,044	50,828
2047	35,575	15,253	50,828
2048	36,345	14,483	50,828
2049	37,210	13,618	50,828
2050	38,056	12,772	50,828
2051	38,921	11,907	50,828
2052	39,776	11,052	50,828
2053	40,711	10,118	50,828
2054	41,636	9,192	50,828
2055	42,583	8,246	50,828
2056	43,531	7,297	50,828
2057	44,540	6,288	50,828
2058	45,553	5,275	50,828
2059	46,588	4,240	50,828
2060	47,639	3,189	50,828
2061	48,731	2,098	50,828
2062	49,838	990	50,828
2063	16,815	79	16,895
	<u>\$ 3,069,342</u>	<u>\$ 847,079</u>	<u>\$ 3,916,420</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Business-Type Activities:

Harriman Utility Board

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 925,372	\$ 255,204	\$ 1,180,576
2026	927,412	229,914	1,157,326
2027	929,488	204,588	1,134,076
2028	936,588	179,238	1,115,826
2029	938,700	153,726	1,092,426
2030	920,872	128,154	1,049,026
2031	773,044	115,732	888,776
2032	775,264	104,512	879,776
2033	777,508	92,593	870,101
2034	779,788	80,638	860,426
2035	719,856	68,373	788,229
2036	650,733	57,108	707,841
2037	610,000	47,276	657,276
2038	610,000	37,200	647,200
2039	610,000	26,400	636,400
2040	610,000	15,400	625,400
2041	<u>210,000</u>	<u>4,200</u>	<u>214,200</u>
	<u>\$ 12,704,625</u>	<u>\$ 1,800,256</u>	<u>\$ 14,504,881</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Changes in long-term debt for the year ended June 30, 2024 were as follows:

	<u>Balance</u> <u>7/1/23</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/24</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Bonds payable:					
TN Municipal Bond,					
Series 2016	\$ 15,400	\$ 0	\$ (15,400)	\$ 0	\$ 0
General Obligation Bond		0			
Series 2020	1,325,481	0	(21,139)	1,304,342	21,701
Notes payable:					
General Obligation,					
Capital Outlay					
Note, Series 2016	1,050,000	0	(200,000)	850,000	205,000
General Obligation					
Capital Outlay					
Note, Series 2018	236,000	0	(56,000)	180,000	58,000
General Obligation					
Capital Outlay					
Note, Series 2022	<u>735,000</u>	<u>0</u>	<u>0</u>	<u>735,000</u>	<u>103,100</u>
	<u>\$ 3,361,881</u>	<u>\$ 0</u>	<u>\$ (292,539)</u>	<u>\$ 3,069,342</u>	<u>\$ 387,801</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Business-Type Activities:

Harriman Utility Board

	<u>Balance</u> <u>7/1/23</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/24</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds payable:					
Series 2021A	\$ 7,970,000	\$ 0	\$ (570,000)	\$ 7,400,000	\$ 570,000
Series 2021B	<u>3,755,000</u>	<u>0</u>	<u>(200,000)</u>	<u>3,555,000</u>	<u>205,000</u>
Total bonds payable	11,725,000	0	(770,000)	10,955,000	775,000
Other loans payable:					
Sewer 2011-269	958,208	0	(78,864)	879,344	79,944
Water 2011-109	<u>939,761</u>	<u>0</u>	<u>(69,480)</u>	<u>870,281</u>	<u>70,368</u>
Total other loans payable	<u>1,897,969</u>	<u>0</u>	<u>(148,344)</u>	<u>1,749,625</u>	<u>150,312</u>
	<u>\$ 13,622,969</u>	<u>\$ 0</u>	<u>\$ (918,344)</u>	<u>\$ 12,704,625</u>	<u>\$ 925,312</u>

**NOTE J – LONG-TERM LEASES**

Long-term leases at June 30, 2024 consisted of the following:

Governmental Activities:

Building lease, monthly payments of \$1,500, interest rate of 4.75%, secured by building	\$ 233,114
Municipal lease, monthly payments of \$2,178, interest rate of 4.28%, secured by equipment	<u>54,454</u>
	287,568
Less current maturities	<u>(24,352)</u>
	<u>\$ 263,216</u>

The municipal lease, secured by equipment is not renewable and the City will acquire the equipment at the end of the lease. The building lease, secured by a building is renewable for a twenty five year term at the end of the lease.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Maturities of long-term leases are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 24,352	\$ 16,018	\$ 40,371
2026	24,681	15,157	39,838
2027	25,026	14,258	39,284
2028	10,140	10,337	20,476
2029	8,340	9,660	18,000
2030	8,736	9,264	18,000
2031	9,151	8,849	18,000
2032	9,586	8,414	18,000
2033	10,041	7,959	18,000
2034	10,518	7,482	18,000
2035	11,018	6,982	18,000
2036	11,541	6,459	18,000
2037	12,089	5,911	18,000
2038	12,663	5,337	18,000
2039	13,265	4,735	18,000
2040	13,895	4,105	18,000
2041	14,555	3,445	18,000
2042	15,246	2,754	18,000
2043	15,971	2,029	18,000
2044	16,729	1,271	18,000
2045	<u>10,024</u>	<u>476</u>	<u>10,500</u>
	<u>\$ 287,568</u>	<u>\$ 150,901</u>	<u>\$ 438,469</u>

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

Changes in long-term leases for the year ended June 30, 2024 were as follows:

	<u>Balance</u> <u>7/1/23</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/24</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Building lease	\$ 239,727	\$ 0	\$ 6,613	\$ 233,114	\$ 6,927
Municipal lease	<u>71,879</u>	<u>0</u>	<u>17,425</u>	<u>54,454</u>	<u>17,425</u>
	<u>\$ 311,606</u>	<u>\$ 0</u>	<u>\$ 24,038</u>	<u>\$ 287,568</u>	<u>\$ 24,352</u>

The electric department leases certain facilities used in its operations from the Tennessee Valley Authority. The facilities rental charges are based on delivery of bulk transmission voltage. Rental charges under the terms of this contract amounted to \$23,772 in 2024. There are no future minimum payments for facilities leased under the terms of this contract.

Certain short-term arrangements provide for the electric department's joint utilization of other local utilities' facilities. Similar arrangements provide for the joint use of the electric department's facilities by other utilities. Rental revenue under the terms of these arrangements amounted to \$580,496 in 2024. Rental expenses applicable to such arrangements amounted to \$108,384 in 2024.

**NOTE K – TENNESSEE VALLEY AUTHORITY HOME INSULATION PROGRAM**

HUB electric department participated in the Tennessee Valley Authority's (TVA) Home Insulation Program, which provided noninterest-bearing loans to the electric department's customers for insulation costs. Although TVA has discontinued this program, the electric department continued to collect payments on outstanding loans, which are forwarded to TVA. The electric department is currently participating in TVA's Heat Pump program and Revised Home Insulation program, which provides interest-bearing loans to the electric department's customers for heat pump and insulation costs.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

**NOTE L - INTERFUND BALANCES**

Amounts due from the general fund to the state street aid fund represent amounts owed to the state street aid fund for state shared revenue belonging to the state street aid fund which were not remitted by June 30, 2024. Amounts due from the American Rescue Plan Act fund represent amounts paid by the general fund for Coronavirus State and Local Fiscal Recovery Funds which were not remitted back to the general fund by June 30, 2024. Amounts due between the electric, sewer, water and gas departments are a result of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General fund	State street aid fund	\$ 36,017
American Rescue Plan Act fund	General fund	186,900
Electric department	Gas department	118,079
Electric department	Sewer department	170,871
Electric department	Water department	309,951
Water department	Sewer department	<u>89,450</u>
		<u>\$ 911,268</u>

**NOTE M – POWER CONTRACT**

HUB electric department has a power contract with TVA whereby the electric department purchases all of its electric power from TVA and is subject to certain restrictions and conditions as provided in the contract. The contract with TVA has been extended.

**NOTE N – CONCENTRATION OF CREDIT RISK**

HUB provides electric, water, sewer and gas utility services to the City and portions of Roane County and Morgan County. HUB grants credit to its customers, substantially all of whom are local businesses and residents, and requires payment generally within 15 days of billing. A significant portion of operations is attributable to a relatively small number of industrial plants in Roane County.

CITY OF HARRIMAN, TENNESSEE

**NOTES TO THE FINANCIAL STATEMENTS**

(continued)

June 30, 2024

**NOTE O - TRANSFERS**

The following interfund transfers were made during the year ended June 30, 2024:

<u>From</u>	<u>To</u>	<u>Amount</u>
Electric department	General fund	\$ 801,745
General fund	Solid waste management fund	93,142
General fund	State street aid fund	<u>92,723</u>
		<u>\$ 987,610</u>

HUB reflects their portion of property tax paid to the City as “Transfers Out” in the statement of revenue, expenses and changes in net position – proprietary funds. The transfer from the electric department to the general fund was for the payment of in-lieu of taxes. The transfers made from the general fund to the solid waste management fund and state street aid fund were to help subsidize the costs of street and highway repairs and sanitation collection fees.

**NOTE P - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Tennessee Municipal League Risk Management Pool (the Pool) and pays an annual premium to the Pool for its workers’ compensation and general liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

HUB is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; natural disasters; and injuries of employees for which HUB carries commercial insurance purchased from independent third parties. HUB has not experienced an insurance settlement in excess of insurance coverage in any of the past three fiscal years. HUB bears the risk of loss up to the deductible amounts.

**NOTE Q – EXPENDITURES EXCEEDED APPROPRIATIONS**

During the year ended June 30, 2024, expenditures exceeded appropriations in the American Rescue Plan Act fund by \$79,021, the drug enforcement fund by \$207 and the debt service fund by \$967. Expenditures that exceed appropriations are a violation of state statutes.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HARRIMAN, TENNESSEE

**CHANGES IN NET PENSION LIABILITY(ASSET)**  
**LEGACY PENSION PLAN**

June 30, 2024

	Measurement Date at June 30,			
	2023	2022	2021	2020
<u>Total pension liability(asset)</u>				
Service cost	\$ 110,106	\$ 116,027	\$ 147,024	\$ 159,384
Interest	2,091,000	2,094,630	2,141,112	2,161,349
Differences between actual and expected experience	25,368	63,852	(293,823)	(361,930)
Changes of assumptions	0	0	1,815,645	0
Benefit payments, including refunds of employee contributions	(2,316,307)	(2,328,446)	(2,231,517)	(2,219,627)
Net change in total pension liability	(89,833)	(53,937)	1,578,441	(260,824)
Total pension liability - beginning	32,025,820	32,079,757	30,501,316	30,762,140
Total pension liability - ending (a)	31,935,987	32,025,820	32,079,757	30,501,316
<u>Plan fiduciary net position</u>				
Contributions - employer	323,140	396,185	559,831	452,579
Contributions - employee	53,857	61,904	87,474	71,187
Net investment income	2,127,394	(1,335,080)	7,511,265	1,453,608
Benefit payments, including refunds of employee contributions	(2,316,307)	(2,328,446)	(2,231,517)	(2,219,627)
Administrative expense	(16,867)	(2,422)	(2,625)	(2,813)
Net change in plan fiduciary net position	171,217	(3,207,859)	5,924,428	(245,066)
Plan fiduciary net position - beginning	32,626,930	35,834,789	29,910,361	30,155,427
Plan fiduciary net position - ending (b)	32,798,147	32,626,930	35,834,789	29,910,361
Net pension liability(asset) - ending (a) - (b)	\$ (862,160)	\$ (601,110)	\$ (3,755,032)	\$ 590,955

See the accompanying independent accountants' audit report.

2019	2018	Measurement Date at June 30,		2015	2014
		2017	2016		
\$ 172,699	\$ 174,679	\$ 205,917	\$ 191,271	\$ 182,163	\$ 180,817
2,184,650	2,219,130	2,260,418	2,274,180	2,267,277	2,297,603
(441,746)	(631,476)	(477,710)	(370,297)	(82,387)	(721,993)
0	0	759,677	0	0	0
<u>(2,227,724)</u>	<u>(2,244,152)</u>	<u>(2,250,423)</u>	<u>(2,336,176)</u>	<u>(2,232,048)</u>	<u>(2,092,212)</u>
(312,121)	(481,819)	497,879	(241,022)	135,005	(335,785)
31,074,261	31,556,080	31,058,201	31,299,223	31,164,218	31,500,003
<u>30,762,140</u>	<u>31,074,261</u>	<u>31,556,080</u>	<u>31,058,201</u>	<u>31,299,223</u>	<u>31,164,218</u>
490,655	533,209	601,661	618,703	600,824	437,805
76,689	83,340	94,039	96,672	93,879	93,709
2,147,402	2,336,672	3,027,439	731,448	871,289	4,247,186
(2,227,724)	(2,244,152)	(2,250,423)	(2,336,176)	(2,232,048)	(2,092,212)
<u>(3,193)</u>	<u>(3,909)</u>	<u>(3,828)</u>	<u>(3,860)</u>	<u>(2,659)</u>	<u>(3,646)</u>
483,829	705,160	1,468,888	(893,213)	(668,715)	2,682,842
29,671,598	28,966,438	27,497,550	28,390,763	29,059,478	26,376,636
<u>30,155,427</u>	<u>29,671,598</u>	<u>28,966,438</u>	<u>27,497,550</u>	<u>28,390,763</u>	<u>29,059,478</u>
<u>\$ 606,713</u>	<u>\$ 1,402,663</u>	<u>\$ 2,589,642</u>	<u>\$ 3,560,651</u>	<u>\$ 2,908,460</u>	<u>\$ 2,104,740</u>

CITY OF HARRIMAN, TENNESSEE

**CHANGES IN NET PENSION LIABILITY(ASSET)**

**LEGACY PENSION PLAN**

(continued)

June 30, 2024

	<u>2023</u>	<u>Measurement Date at June 30,</u>		<u>2020</u>
		<u>2022</u>	<u>2021</u>	
Plan fiduciary net position as a percentage of total net pension liability	102.70%	101.88%	111.71%	98.06%
Covered employee payroll	\$ 1,077,135	\$ 1,238,078	\$ 1,443,885	\$ 1,414,308
Net pension liability(asset) as a percentage of covered employee payroll	(80.04)%	(48.55)%	(260.06)%	41.78%

**Notes to Schedule of Changes in Net Pension Liability(Asset)**

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.

<u>2019</u>	<u>2018</u>	Measurement Date at June 30,		<u>2015</u>	<u>2014</u>
		<u>2017</u>	<u>2016</u>		
98.03%	95.49%	91.79%	88.54%	90.71%	93.25%
\$ 1,533,774	\$ 1,666,799	\$ 1,880,777	\$ 1,933,447	\$ 1,877,576	\$ 1,874,172
39.56%	84.15%	137.69%	184.16%	154.91%	112.30%

CITY OF HARRIMAN, TENNESSEE

**PENSION CONTRIBUTIONS**  
**LEGACY PENSION PLAN**

June 30, 2024

	<u>2024</u>	<u>Year Ended June 30,</u>		<u>2021</u>
		<u>2023</u>	<u>2022</u>	
Actuarially determined contributions	\$ 277,986	\$ 317,001	\$ 364,366	\$ 462,043
Contributions in relation to the actuarially determined contributions	<u>(302,261)</u>	<u>(323,140)</u>	<u>(396,185)</u>	<u>(462,043)</u>
Contribution deficiency(excess)	<u>\$ (24,275)</u>	<u>\$ (6,139)</u>	<u>\$ (31,819)</u>	<u>\$ 0</u>
Covered employee payroll	\$ 944,567	\$ 1,077,135	\$ 1,238,078	\$ 1,414,308
Contributions as a percentage of covered employee payroll	32.00%	30.00%	32.00%	32.00%

Changes of Assumptions

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

See the accompanying independent accountants' audit report.

	Year Ended June 30,				
2020	2019	2018	2017	2016	2015
\$ 416,231	\$ 490,654	\$ 533,329	\$ 601,661	\$ 625,454	\$ 638,571
(452,573)	(490,654)	(533,329)	(601,661)	(625,454)	(638,571)
\$ (36,342)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 1,414,308	\$ 1,533,294	\$ 1,666,653	\$ 1,880,777	\$ 1,877,576	\$ 2,367,356
32.00%	32.00%	32.00%	31.99%	33.31%	26.97%

### Notes to Pension Contributions

Valuation date: Actuarially determined contribution rates for the year ended June 30, 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and assumptions used to determined contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based 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%

CITY OF HARRIMAN, TENNESSEE

**CHANGES IN NET PENSION LIABILITY(ASSET)**  
**HYBRID PENSION PLAN**

June 30, 2024

	Measurement Date at June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b><u>Total pension liability(asset)</u></b>			
Service cost	\$ 123,620	\$ 90,717	\$ 67,435
Interest	35,028	25,555	17,458
Differences between actual and expected experience	20,732	320	3,057
Changes of assumptions	0	0	34,608
Benefit payments, including refunds of employee contributions	<u>(5,908)</u>	<u>(12,414)</u>	<u>(3,684)</u>
Net change in total pension liability	173,472	104,178	118,874
Total pension liability - beginning	<u>398,260</u>	<u>294,082</u>	<u>175,208</u>
Total pension liability - ending (a)	571,732	398,260	294,082
<b><u>Plan fiduciary net position</u></b>			
Contributions - employer	47,260	27,106	15,529
Contributions - employee	100,126	81,156	47,993
Net investment income	30,759	(13,617)	57,763
Benefit payments, including refunds of employee contributions	<u>(5,908)</u>	<u>(12,414)</u>	<u>(3,684)</u>
Administrative expense	<u>(2,819)</u>	<u>(4,018)</u>	<u>(3,080)</u>
Net change in plan fiduciary net position	169,418	78,213	114,521
Plan fiduciary net position - beginning	<u>388,268</u>	<u>310,055</u>	<u>195,534</u>
Plan fiduciary net position - ending (b)	<u>557,686</u>	<u>388,268</u>	<u>310,055</u>
Net pension liability(asset) - ending (a) - (b)	<u>\$ 14,046</u>	<u>\$ 9,992</u>	<u>\$ (15,973)</u>

See the accompanying independent accountants' audit report.

Measurement Date at June 30,				
2020	2019	2018	2017	2016
\$ 58,076	\$ 42,781	\$ 33,388	\$ 16,124	\$ 5,711
12,062	7,615	3,936	1,424	428
(438)	3,875	9,455	(30)	(3,277)
0	0	0	528	0
(5,575)	(10,875)	0	0	0
64,125	43,396	46,779	18,046	2,862
111,083	67,687	20,908	2,862	0
175,208	111,083	67,687	20,908	2,862
12,734	8,476	10,111	4,615	1,030
55,851	44,611	35,603	20,978	4,681
7,818	7,454	4,467	2,015	73
(5,575)	(10,875)	0	0	0
(2,826)	(2,255)	(2,019)	(1,041)	(392)
68,002	47,411	48,162	26,567	5,392
127,532	80,121	31,959	5,392	0
195,534	127,532	80,121	31,959	5,392
\$ (20,326)	\$ (16,449)	\$ (12,434)	\$ (11,050)	\$ (2,530)

CITY OF HARRIMAN, TENNESSEE

**CHANGES IN NET PENSION LIABILITY(ASSET)**  
**HYBRID PENSION PLAN**

(continued)

June 30, 2024

	Measurement Date at June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Plan fiduciary net position as a percentage of total net pension liability	97.54%	97.49%	105.43%
Covered employee payroll	\$ 2,002,521	\$ 1,623,119	\$ 1,265,452
Net pension liability(asset) as a percentage of covered employee payroll	0.70%	0.62%	(1.26)%

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

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

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.

Measurement Date at June 30,				
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
111.60%	114.81%	118.37%	152.86%	188.40%
\$ 1,117,019	\$ 892,227	\$ 712,052	\$ 419,554	\$ 93,618
(1.82)%	(1.84)%	(1.75)%	(2.63)%	(2.70)%

CITY OF HARRIMAN, TENNESSEE

**PENSION CONTRIBUTIONS**  
**HYBRID PENSION PLAN**

June 30, 2024

	2024	Year Ended June 30,		2021
	2023	2022		
Actuarially determined contributions	\$ 53,150	\$ 47,260	\$ 27,106	\$ 18,982
Contributions in relation to the actuarially determined contributions	(53,150)	(47,260)	(27,106)	(18,982)
Contribution deficiency(excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered employee payroll	\$ 2,225,347	\$ 2,002,521	\$ 1,623,119	\$ 1,265,452
Contributions as a percentage of covered employee payroll	2.39%	2.36%	1.67%	1.50%

Changes of Assumptions

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

See the accompanying independent accountants' audit report.

	Year Ended June 30,				
2020	2019	2018	2017	2016	
\$ 12,734	\$ 8,476	\$ 10,111	\$ 4,615	\$ 1,030	
(12,734)	(8,476)	(10,111)	(4,615)	(1,030)	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
\$ 1,117,018	\$ 770,545	\$ 919,182	\$ 419,554	\$ 93,618	
1.14%	1.10%	1.10%	1.10%	1.10%	

### Notes to Pension Contributions

Valuation date: Actuarially determined contribution rates for the year ended June 30, 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and assumptions used to determined contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based 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%

CITY OF HARRIMAN, TENNESSEE

**CHANGES IN NET PENSION LIABILITY(ASSET)**  
**PENSION TRUST FUND**

June 30, 2024

	Measurement Date at June 30,			
	2024	2023	2022	2021
<u>Total pension liability</u>				
Service cost	\$ 345,646	\$ 374,349	\$ 418,269	\$ 419,601
Interest	739,039	708,222	612,773	700,968
Differences between actual and expected experience	116,460	113,745	1,284,942	(209,067)
Changes of assumptions	220,986	295,454	(216,546)	(1,137,540)
Benefit payments, including refunds of employee contributions	(873,282)	(397,858)	(976,280)	(1,086,964)
Net change in total pension liability	548,849	1,093,912	1,123,158	(1,313,002)
Total pension liability - beginning	11,032,591	9,938,679	8,815,521	10,128,524
Total pension liability - ending (a)	11,581,440	11,032,591	9,938,679	8,815,522
<u>Plan fiduciary net position</u>				
Contributions - employer	779,870	750,000	845,765	761,792
Contributions - employee	135,306	211,574	214,072	176,546
Net investment income	612,663	396,710	(412,095)	752,695
Benefit payments, including refunds of employee contributions	(873,282)	(397,858)	(976,280)	(1,086,964)
Administrative expense	(23,037)	(22,426)	(22,623)	(21,604)
Net change in plan fiduciary net position	631,520	938,000	(351,161)	582,465
Plan fiduciary net position - beginning	5,989,071	5,051,081	5,402,242	4,819,777
Plan fiduciary net position - ending (b)	6,620,591	5,989,081	5,051,081	5,402,242
Net pension liability(asset) - ending (a) - (b)	\$ 4,960,849	\$ 5,043,510	\$ 4,887,598	\$ 3,413,280

See the accompanying independent accountants' audit report.

		Measurement Date at June 30,				
2020	2019	2018	2017	2016	2015	
\$ 409,169	\$ 389,943	\$ 392,299	\$ 366,590	\$ 435,317	\$ 444,495	
723,706	715,090	682,324	703,263	803,018	815,026	
(402,359)	104,574	988,208	813,675	(142,672)	(32,307)	
0	0	0	0	(413,038)	0	
<u>(1,045,283)</u>	<u>(1,183,891)</u>	<u>(2,000,899)</u>	<u>(2,415,831)</u>	<u>(1,662,100)</u>	<u>(1,117,066)</u>	
(314,767)	25,716	61,932	(532,303)	(979,475)	110,148	
10,443,291	10,417,575	10,355,643	10,887,946	11,867,421	11,757,273	
<u>10,128,524</u>	<u>10,443,291</u>	<u>10,417,575</u>	<u>10,355,643</u>	<u>10,887,946</u>	<u>11,867,421</u>	
748,202	730,000	730,000	730,000	730,000	720,000	
192,060	173,608	159,690	151,507	130,714	107,059	
97,355	285,953	291,188	526,965	210,213	318,701	
(1,045,283)	(1,183,891)	(2,000,899)	(2,415,831)	(1,662,100)	(1,117,066)	
<u>(20,212)</u>	<u>(20,455)</u>	<u>(22,824)</u>	<u>(25,030)</u>	<u>(24,977)</u>	<u>(26,030)</u>	
(27,878)	(14,785)	(842,845)	(1,032,389)	(616,150)	2,664	
4,847,654	4,862,439	5,705,284	6,737,673	7,353,823	7,351,159	
<u>4,819,776</u>	<u>4,847,654</u>	<u>4,862,439</u>	<u>5,705,284</u>	<u>6,737,673</u>	<u>7,353,823</u>	
<u>\$ 5,308,748</u>	<u>\$ 5,595,637</u>	<u>\$ 5,555,136</u>	<u>\$ 4,650,359</u>	<u>\$ 4,150,273</u>	<u>\$ 4,513,598</u>	

CITY OF HARRIMAN, TENNESSEE

**CHANGES IN NET PENSION LIABILITY(ASSET)**  
**PENSION TRUST FUND**

(continued)

June 30, 2024

	Measurement Date at June 30,			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Plan fiduciary net position as a percentage of total pension liability	57.20%	54.30%	50.80%	61.30%
Covered employee payroll	\$ 5,667,605	\$ 5,535,413	\$ 5,069,073	\$ 4,834,198
Net pension liability(asset) as a percentage of covered employee payroll	87.50%	91.10%	94.40%	70.60%

Information regarding the investment policy may be obtained from the Harriman Utility Board, the following is a summary of the added allocation as of March 31, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	42.70%
Fixed income	36.10
Cash and receivables	21.20
Total	<u>100.00%</u>

The components of the net pension liability at March 31, 2024 were as follows:

Total pension liability	\$11,641,878
Plan fiduciary net position	<u>(6,300,699)</u>
Net pension liability	<u>\$ 5,341,179</u>
Plan fiduciary net position as a percentage of total pension liability	54.12%

<u>2020</u>	<u>2019</u>	Measurement Date at June 30,		<u>2016</u>	<u>2015</u>
		<u>2018</u>	<u>2017</u>		
47.60%	46.42%	46.68%	55.09%	61.88%	61.97%
\$ 5,121,776	\$ 4,976,088	\$ 4,579,910	\$ 4,457,059	\$ 4,193,509	\$ 4,742,924
103.70%	112.45%	121.29%	103.64%	98.97%	95.16%

CITY OF HARRIMAN, TENNESSEE

**PENSION CONTRIBUTIONS**  
**PENSION TRUST FUND**

June 30, 2024

	2024	Year Ended June 30,		2021
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contributions	\$ 629,312	\$ 508,087	\$ 524,953	\$ 707,682
Contributions in relation to the actuarially determined contributions	<u>(779,870)</u>	<u>(750,000)</u>	<u>(845,765)</u>	<u>(761,792)</u>
Contribution deficiency(excess)	<u>\$ (150,558)</u>	<u>\$ (241,913)</u>	<u>\$ (320,812)</u>	<u>\$ (54,110)</u>
Covered employee payroll	\$ 5,667,605	\$ 5,535,413	\$ 5,069,073	\$ 4,834,198
Contributions as a percentage of covered employee payroll	13.80%	13.50%	16.70%	15.80%
Annual money-weighted rate of return net of investment expenses	10.87%	7.35%	(7.75)%	16.08%

**Note to Pension Contributions**

For the year ended March 31, 2024, the annual money-weighted rate of return based on monthly cash flows on pension plan investments, net of pension plan investment expense, was 12.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on the April 1, 2024 actuarial valuation.

Methods and assumptions used to determined contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar
Remaining amortization period	20 years
Asset valuation	Market value
Salary increases	2% per year
Investment rate of return	6.50%, net of investment expense
Retirement age	65 or 55 with 30 years participation; hired after April 2009, 65 or 60 with 35 years of participation
Mortality	Lump sum mortality table published by the IRS

See the accompanying independent accountants' audit report.

	Year Ended June 30,				
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 670,536	\$ 722,313	\$ 664,909	\$ 612,257	\$ 740,750	\$ 733,825
<u>(748,202)</u>	<u>(730,000)</u>	<u>(730,000)</u>	<u>(737,500)</u>	<u>(720,000)</u>	<u>(720,000)</u>
<u>\$ (77,666)</u>	<u>\$ (7,687)</u>	<u>\$ (65,091)</u>	<u>\$ (125,243)</u>	<u>\$ 20,750</u>	<u>\$ 13,825</u>
\$ 5,121,776	\$ 4,976,088	\$ 4,579,910	\$ 4,487,059	\$ 4,193,509	\$ 4,617,044
14.60%	14.67%	14.50%	13.60%	17.17%	15.59%
2.22%	6.56%	5.21%	8.41%	2.66%	3.97%

CITY OF HARRIMAN, TENNESSEE

**SCHEDULE OF FUNDING PROGRESS**

June 30, 2024

<u>Valuation Date</u>	(1) <u>Net Assets Available For Benefits</u>	(2) <u>Pension Benefit Obligation</u>	(3) <u>Percentage Funded (1) / (2)</u>
4/1/2015	\$ 7,353,823	\$ 11,867,421	62.00%
4/1/2016	6,737,673	10,887,946	61.90
4/1/2017	5,705,284	10,355,643	55.10
4/1/2018	4,862,439	10,417,575	46.70
4/1/2019	4,981,547	10,443,291	47.70
4/1/2020	4,819,777	10,128,523	47.60
4/1/2021	5,402,242	8,815,521	61.30
4/1/2022	5,051,081	9,938,679	50.80
4/1/2023	5,989,071	11,032,591	54.30
4/1/2024	6,620,601	11,581,440	57.20

See the accompanying independent accountants' audit report.

(4) Unfunded Pension Benefit Obligation <u>(2) – (1)</u>	(5) Annual Covered Payroll <u>                    </u>	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll <u>(4) / (5)</u>
\$ 4,513,598	\$ 4,742,924	95.20%
4,150,273	4,193,509	99.00
4,650,359	4,487,059	103.60
5,555,136	4,579,910	121.30
5,461,744	4,976,088	109.80
5,308,746	5,121,776	103.70
3,413,279	4,834,198	70.60
4,887,598	5,069,073	96.40
5,043,520	5,535,416	91.10
4,960,839	5,667,605	87.50

SUPPLEMENTARY INFORMATION



CITY OF HARRIMAN, TENNESSEE

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2024

	<u>Solid Waste Management Fund</u>	<u>Drug Enforcement Fund</u>	<u>State Street Aid Fund</u>
<b>ASSETS</b>			
Cash	\$ 0	\$ 67,497	\$ 0
Accounts receivable	35,872	0	0
Property taxes receivable, net of allowance for uncollectible accounts	0	0	0
Due from other funds	<u>0</u>	<u>0</u>	<u>36,017</u>
	<u>\$ 35,872</u>	<u>\$ 67,497</u>	<u>\$ 36,017</u>

See the accompanying notes to the financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
\$ 83,701 0	\$ 296,207 0	\$ 447,405 35,872
478,684 <u>0</u>	0 <u>0</u>	478,684 <u>36,017</u>
<u>\$ 562,385</u>	<u>\$ 296,207</u>	<u>\$ 997,978</u>

CITY OF HARRIMAN, TENNESSEE

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

(continued)

June 30, 2024

	<u>Solid Waste Management Fund</u>	<u>Drug Enforcement Fund</u>	<u>State Street Aid Fund</u>
<b>LIABILITIES</b>			
Funds held for others	\$ 0	\$ 26,065	\$ 0
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	0	0	0
<b>FUND BALANCES</b>			
Restricted	0	41,431	36,017
Committed	<u>35,872</u>	<u>0</u>	<u>0</u>
	<u>35,872</u>	<u>41,431</u>	<u>36,017</u>
	<u>\$ 35,872</u>	<u>\$ 67,497</u>	<u>\$ 36,017</u>

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
\$ 0	\$ 0	\$ 26,065
478,678	0	478,678
0	0	77,449
<u>83,707</u>	<u>296,207</u>	<u>415,787</u>
<u>83,707</u>	<u>296,208</u>	<u>493,236</u>
<u>\$ 562,385</u>	<u>\$ 296,208</u>	<u>\$ 997,978</u>

CITY OF HARRIMAN, TENNESSEE

**COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2024

	Special Revenue Funds		
	Solid Waste Management Fund	Drug Enforcement Fund	State Street Aid Fund
<b>REVENUE</b>			
Taxes:			
Property tax	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	206,059
Charges for services	414,811	0	0
Fines and forfeitures	0	23,935	0
Other revenue	0	4,485	0
<b>TOTAL REVENUE</b>	414,811	28,419	206,059
<b>EXPENDITURES</b>			
Current:			
Public safety	0	19,207	0
Solid waste collection	507,954	0	0
Streets and highways	0	0	297,762
Capital outlay	0	0	0
Debt service	0	0	0
<b>TOTAL EXPENDITURES</b>	507,954	19,207	297,762

See the accompanying notes to the financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
\$ 408,990	\$ 0	\$ 408,990
0	0	206,059
0	0	414,811
0	0	23,935
<u>0</u>	<u>0</u>	<u>4,485</u>
408,990	0	1,058,280
0	0	19,207
0	0	507,954
0	0	297,762
0	122,020	122,020
<u>379,460</u>	<u>0</u>	<u>379,460</u>
<u>379,460</u>	<u>122,020</u>	<u>1,326,403</u>

CITY OF HARRIMAN, TENNESSEE

**COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

(continued)

Year Ended June 30, 2024

	<u>Special Revenue Funds</u>		
	<u>Solid Waste Management Fund</u>	<u>Drug Enforcement Fund</u>	<u>State Street Aid Fund</u>
<b>NET CHANGES IN FUND BALANCES BEFORE OTHER FINANCING SOURCES</b>	(93,141)	9,212	(91,704)
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	<u>93,142</u>	<u>0</u>	<u>92,723</u>
<b>NET CHANGES IN FUND BALANCES</b>	1	9,212	1,019
<b>FUND BALANCES AT THE BEGINNING OF THE YEAR</b>	<u>35,871</u>	<u>32,218</u>	<u>34,997</u>
<b>FUND BALANCES AT THE END OF THE YEAR</b>	<u>\$ 35,872</u>	<u>\$ 41,431</u>	<u>\$ 36,017</u>

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
29,530	(122,020)	(268,123)
<u>0</u>	<u>0</u>	<u>185,865</u>
29,530	(122,020)	(82,258)
<u>54,177</u>	<u>418,227</u>	<u>575,491</u>
<u>\$ 83,707</u>	<u>\$ 296,208</u>	<u>\$ 493,237</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
SOLID WASTE MANAGEMENT FUND**

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
<b>REVENUE</b>				
Collection charges	\$ 450,042	\$ 450,042	\$ 414,811	\$ (35,231)
<b>EXPENDITURES</b>				
Salaries	14,153	14,153	12,322	(1,831)
OASDI - employer's share	1,083	1,083	950	(133)
Health insurance	2,900	2,900	3,200	300
Retirement	4,529	4,529	1,200	(3,329)
Workers' compensation	1,424	1,424	1,000	(424)
Unemployment insurance	48	48	50	2
Landfill services	15,935	15,935	19,207	3,272
Collection fees	465,042	465,042	452,946	(12,096)
Operating supplies	1,450	1,450	1,431	(19)
Clothing and uniforms	200	200	498	298
Gas, oil, and diesel fuel	5,000	5,000	6,079	1,079
Repairs and maintenance	4,200	4,200	9,072	4,872
<b>TOTAL EXPENDITURES</b>	<b>515,964</b>	<b>515,964</b>	<b>507,954</b>	<b>(8,009)</b>
<b>NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES</b>				
	(65,922)	(65,922)	(93,141)	(27,221)
<b>OTHER FINANCING SOURCES</b>				
Transfer from general fund	25,000	25,000	93,142	68,142

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
SOLID WASTE MANAGEMENT FUND**

(continued)

Year Ended June 30, 2024

	Budget		Actual	Variance Over (Under)
	Original	Final		
<b>NET CHANGE IN FUND BALANCE</b>	(40,922)	(40,922)	1	40,923
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>40,922</u>	<u>40,922</u>	<u>35,871</u>	<u>(5,051)</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,872</u>	<u>\$ 35,872</u>

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
DRUG ENFORCEMENT FUND**

Year Ended June 30, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
<b>REVENUE</b>				
Drug fines	\$ 10,000	\$ 10,000	\$ 23,935	\$ 13,935
Court fines and fees	3,000	3,000	0	(3,000)
Sale of equipment	5,000	5,000	221	(4,779)
Miscellaneous refunds	<u>5,000</u>	<u>5,000</u>	<u>4,264</u>	<u>(736)</u>
<b>TOTAL REVENUE</b>	23,000	23,000	28,419	5,420
<b>EXPENDITURES</b>				
Education and training	6,000	6,000	4,230	(1,770)
Contractual services	3,000	3,000	2,963	(37)
Operating supplies	<u>10,000</u>	<u>10,000</u>	<u>12,014</u>	<u>2,014</u>
<b>TOTAL EXPENDITURES</b>	<u>19,000</u>	<u>19,000</u>	<u>19,207</u>	<u>207</u>
<b>NET CHANGE IN FUND BALANCE</b>	4,000	4,000	9,212	5,213
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>0</u>	<u>0</u>	<u>32,218</u>	<u>32,218</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 41,431</u>	<u>\$ 37,431</u>

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
STATE STREET AID FUND**

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Gasoline and motor fuel tax	\$ 228,600	\$ 228,600	\$ 206,059	\$ (22,541)
<b>EXPENDITURES</b>				
Repairs and maintenance	<u>435,000</u>	<u>435,000</u>	<u>297,762</u>	<u>(137,238)</u>
<b>NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES</b>	(206,400)	(206,400)	(91,704)	114,696
<b>OTHER FINANCING SOURCES</b>				
Transfer from general fund	<u>188,000</u>	<u>188,000</u>	<u>92,723</u>	<u>(95,277)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(18,400)	(18,400)	1,019	19,419
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>18,400</u>	<u>18,400</u>	<u>34,997</u>	<u>16,597</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,017</u>	<u>\$ 36,017</u>

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
DEBT SERVICE FUND**

Year Ended June 30, 2024

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
<b>REVENUE</b>				
Property taxes-current	\$ 399,200	\$ 399,200	\$ 384,810	\$ (14,390)
Property taxes-delinquent	25,000	25,000	23,076	(1,924)
Interest and penalty	<u>5,000</u>	<u>5,000</u>	<u>1,104</u>	<u>(3,896)</u>
<b>TOTAL REVENUE</b>	429,200	429,200	408,990	(20,210)
<b>EXPENDITURES</b>				
Principal	292,539	292,539	292,592	53
Interest	<u>85,954</u>	<u>85,954</u>	<u>86,868</u>	<u>914</u>
<b>TOTAL EXPENDITURES</b>	<u>378,493</u>	<u>378,493</u>	<u>379,460</u>	<u>967</u>
<b>NET CHANGE IN FUND BALANCE</b>	50,707	50,707	29,530	(21,177)
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>0</u>	<u>0</u>	<u>54,177</u>	<u>54,177</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 50,707</u>	<u>\$ 50,707</u>	<u>\$ 83,707</u>	<u>\$ 33,000</u>

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**CAPITAL PROJECTS FUND**

Year Ended June 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Capital outlay	395,000	395,000	122,020	(272,980)
<b>OTHER FINANCING SOURCES</b>				
Transfer from general fund	<u>332,000</u>	<u>332,000</u>	<u>0</u>	<u>(332,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(63,000)	(63,000)	(122,020)	(59,020)
<b>FUND BALANCE AT THE BEGINNING OF THE YEAR</b>	<u>63,000</u>	<u>63,000</u>	<u>418,227</u>	<u>355,227</u>
<b>FUND BALANCE AT THE END OF THE YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 296,207</u>	<u>\$ 296,207</u>

See the accompanying notes to the financial statements.

CITY OF HARRIMAN, TENNESSEE

**PROPERTY TAXES RECEIVABLE**

June 30, 2024

<u>Year of Levy</u>	<u>Rate</u>	<u>Total Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2023</u>
2024	\$ 1.09	\$ 135,043,023	\$ 1,471,993	\$ 0
2023	1.09	132,982,286	1,449,541	1,449,541
2022	1.09	123,792,477	1,386,257	109,710
2021	1.09	123,347,830	1,344,549	38,977
2020	1.09	124,740,083	1,357,173	28,612
2019	1.22	110,012,664	1,342,181	13,077
2018	1.22	114,950,402	1,402,433	7,407
2017	1.22	115,012,482	1,403,201	3,022
2016	1.22	116,568,361	1,422,368	2,890
2015	1.22	115,886,916	1,413,473	2,647
2014	1.20	115,490,419	1,387,035	7,030
2013	1.20	114,551,763	1,377,136	<u>7,109</u>
				<u>\$ 1,670,022</u>

Property taxes unpaid from 2013 through 2022 have been filed with the Roane County Clerk and Master.

See the accompanying independent accountants' audit report.

<u>Taxes Levied</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Balance June 30, 2024</u>
\$ 1,471,993	\$ 0	\$ 0	\$ 1,471,993
0	9,864	1,275,102	184,303
0	0	53,651	56,059
0	0	12,842	26,135
0	0	7,880	20,732
0	0	4,135	8,942
0	0	2,132	5,275
0	0	356	2,666
0	0	334	2,556
0	298	0	2,945
0	939	0	7,969
<u>0</u>	<u>566</u>	<u>30</u>	<u>7,645</u>
<u>\$ 1,471,993</u>	<u>\$ 11,667</u>	<u>\$ 1,356,462</u>	<u>\$ 1,797,220</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities:</u>			
General Obligation Capital Outlay Note, Series 2016			
Year Ending <u>June 30:</u>			
2025	\$ 205,000	\$ 18,590	\$ 223,590
2026	210,000	14,106	224,106
2027	215,000	9,513	224,513
2028	<u>220,000</u>	<u>4,811</u>	<u>224,811</u>
	<u>\$ 850,000</u>	<u>\$ 47,021</u>	<u>\$ 897,021</u>

General Obligation Capital Outlay Note, Series 2018

Year Ending <u>June 30:</u>			
2025	\$ 58,000	\$ 4,844	\$ 62,844
2026	60,000	3,560	63,560
2027	<u>62,000</u>	<u>1,200</u>	<u>63,200</u>
	<u>\$ 180,000</u>	<u>\$ 9,604</u>	<u>\$ 189,604</u>

See the accompanying independent accountants' audit report.

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bond, Series 2020			
<u>Year Ending</u> <u>June 30:</u>			
2025	\$ 21,701	\$ 29,127	\$ 50,828
2026	22,195	28,633	50,828
2027	22,699	28,129	50,828
2028	23,140	27,689	50,828
2029	23,741	27,087	50,828
2030	24,281	26,547	50,828
2031	24,833	25,995	50,828
2032	25,328	25,500	50,828
2033	25,973	24,855	50,828
2034	26,564	24,264	50,828
2035	27,168	23,660	50,828
2036	27,722	23,106	50,828
2037	28,416	22,413	50,828
2038	29,062	21,767	50,828
2039	29,722	21,106	50,828
2040	30,342	20,486	50,828
2041	31,088	19,740	50,828
2042	31,794	19,034	50,828
2043	32,517	18,311	50,828
2044	33,208	17,620	50,828
2045	34,011	16,817	50,828
2046	34,785	16,044	50,828
2047	35,575	15,253	50,828
2048	36,345	14,483	50,828
2049	37,210	13,618	50,828
2050	38,056	12,772	50,828
2051	38,921	11,907	50,828
2052	39,776	11,052	50,828
2053	40,711	10,118	50,828

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bond, Series 2020 (continued)			
<u>Year Ending</u> <u>June 30:</u>			
2054	41,636	9,192	50,828
2055	42,583	8,246	50,828
2056	43,531	7,297	50,828
2057	44,540	6,288	50,828
2058	45,553	5,275	50,828
2059	46,588	4,240	50,828
2060	47,639	3,189	50,828
2061	48,731	2,098	50,828
2062	49,838	990	50,828
2063	16,815	79	16,895
	<u>\$ 1,304,342</u>	<u>\$ 644,023</u>	<u>\$ 1,948,364</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Capital Outlay Note, Series 2022			
<u>Year Ending</u> <u>June 30:</u>			
2025	\$ 103,100	\$ 23,129	\$ 126,229
2026	54,200	21,358	75,558
2027	56,000	19,526	75,526
2028	57,900	17,633	75,533
2029	59,800	15,676	75,476
2030	61,900	13,655	75,555
2031	64,000	11,563	75,563
2032	66,100	9,400	75,500
2033	68,300	7,166	75,466
2034	70,700	4,857	75,557
2035	73,000	2,467	75,467
	<u>\$ 735,000</u>	<u>\$ 146,432</u>	<u>\$ 881,432</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Business-Type Activities:</u>			
General Obligation Bond, Series 2021A			
Electric Department			
Year Ending			
<u>June 30:</u>			
2025	\$ 140,000	\$ 21,995	\$ 161,995
2026	135,000	17,795	152,795
2027	135,000	13,745	148,745
2028	135,000	9,695	144,695
2029	135,000	5,645	140,645
2030	145,000	1,595	146,595
	<u>\$ 825,000</u>	<u>\$ 70,470</u>	<u>\$ 895,470</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bond, Series 2021A			
Gas Department			
Year Ending			
<u>June 30:</u>			
2025	\$ 85,000	\$ 25,950	\$ 110,950
2026	85,000	23,400	108,400
2027	85,000	20,850	105,850
2028	85,000	18,300	103,300
2029	85,000	15,750	100,750
2030	80,000	13,200	93,200
2031	80,000	12,320	92,320
2032	80,000	11,360	91,360
2033	80,000	10,160	90,160
2034	80,000	8,960	88,960
2035	80,000	7,760	87,760
2036	80,000	6,560	86,560
2037	80,000	5,360	85,360
2038	80,000	4,080	84,080
2039	80,000	2,760	82,760
2040	80,000	1,400	81,400
	<u>\$ 1,305,000</u>	<u>\$ 188,170</u>	<u>\$ 1,493,170</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bond, Series 2021A			
Water Department			
Year Ending			
<u>June 30:</u>			
2025	\$ 150,000	\$ 43,370	\$ 193,370
2026	155,000	38,870	193,870
2027	155,000	34,220	189,220
2028	155,000	29,570	184,570
2029	155,000	24,920	179,920
2030	130,000	20,270	150,270
2031	125,000	18,840	143,840
2032	125,000	17,340	142,340
2033	125,000	15,465	140,465
2034	125,000	13,590	138,590
2035	125,000	11,715	136,715
2036	120,000	9,840	129,840
2037	120,000	8,040	128,040
2038	120,000	6,120	126,120
2039	120,000	4,140	124,140
2040	120,000	2,100	122,100
	<u>\$ 2,125,000</u>	<u>\$ 298,410</u>	<u>\$ 2,423,410</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bond, Series 2021A			
Sewer Department			
Year Ending			
<u>June 30:</u>			
2025	\$ 195,000	\$ 61,835	\$ 256,835
2026	195,000	55,985	250,985
2027	195,000	50,135	245,135
2028	195,000	44,285	239,285
2029	195,000	38,435	233,435
2030	195,000	32,585	227,585
2031	195,000	30,440	225,440
2032	195,000	28,100	223,100
2033	195,000	25,174	220,174
2034	195,000	22,250	217,250
2035	195,000	19,325	214,325
2036	200,000	16,400	216,400
2037	200,000	13,400	213,400
2038	200,000	10,200	210,200
2039	200,000	6,900	206,900
2040	200,000	3,500	203,500
	<u>\$ 3,145,000</u>	<u>\$ 458,949</u>	<u>\$ 3,603,949</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bond, Series 2021B			
Electric Department			
Year Ending			
<u>June 30:</u>			
2025	\$ 105,000	\$ 39,900	\$ 144,900
2026	105,000	36,750	141,750
2027	105,000	33,600	138,600
2028	105,000	30,450	135,450
2029	105,000	27,300	132,300
2030	105,000	24,150	129,150
2031	105,000	22,050	127,050
2032	105,000	19,950	124,950
2033	105,000	18,113	123,113
2034	105,000	16,275	121,275
2035	105,000	14,175	119,175
2036	105,000	12,075	117,075
2037	105,000	10,238	115,238
2038	105,000	8,400	113,400
2039	105,000	6,300	111,300
2040	105,000	4,200	109,200
2041	105,000	2,100	107,100
	<u>\$ 1,785,000</u>	<u>\$ 326,025</u>	<u>\$ 2,111,026</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bond, Series 2021B			
Gas Department			
Year Ending			
<u>June 30:</u>			
2025	\$ 40,000	\$ 15,200	\$ 55,200
2026	40,000	14,000	54,000
2027	40,000	12,800	52,800
2028	40,000	11,600	51,600
2029	40,000	10,400	50,400
2030	40,000	9,200	49,200
2031	40,000	8,400	48,400
2032	40,000	7,600	47,600
2033	40,000	6,900	46,900
2034	40,000	6,200	46,200
2035	40,000	5,400	45,400
2036	40,000	4,600	44,600
2037	40,000	3,900	43,900
2038	40,000	3,200	43,200
2039	40,000	2,400	42,400
2040	40,000	1,600	41,600
2041	40,000	800	40,800
	<u>\$ 680,000</u>	<u>\$ 124,200</u>	<u>\$ 804,200</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
General Obligation Bond, Series 2021A			
Water Department			
Year Ending			
<u>June 30:</u>			
2025	\$ 60,000	\$ 24,250	\$ 84,250
2026	60,000	22,450	82,450
2027	60,000	20,650	80,650
2028	65,000	18,850	83,850
2029	65,000	16,900	81,900
2030	65,000	14,950	79,950
2031	65,000	13,650	78,650
2032	65,000	12,350	77,350
2033	65,000	11,213	76,213
2034	65,000	10,075	75,075
2035	65,000	8,775	73,775
2036	65,000	7,475	72,475
2037	65,000	6,338	71,338
2038	65,000	5,200	70,200
2039	65,000	3,900	68,900
2040	65,000	2,600	67,600
2041	65,000	1,300	66,300
	<u>\$ 1,090,000</u>	<u>\$ 200,926</u>	<u>\$ 1,290,926</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
State Revolving Loan, GCO 2011-269 Sewer Department			
Year Ending <u>June 30:</u>			
2025	\$ 79,944	\$ 11,388	\$ 91,332
2026	81,024	10,308	91,332
2027	82,128	9,204	91,332
2028	83,244	8,088	91,332
2029	84,372	6,960	91,332
2030	85,524	5,808	91,332
2031	86,676	4,656	91,332
2032	87,864	3,468	91,332
2033	89,052	2,280	91,332
2034	90,264	1,068	91,332
2035	29,252	83	29,335
	<u>\$ 879,344</u>	<u>\$ 63,311</u>	<u>\$ 942,655</u>

CITY OF HARRIMAN, TENNESSEE

**LONG-TERM DEBT REQUIREMENTS**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
State Revolving Loan, GCO 2011-109			
Water Department			
Year Ending			
<u>June 30:</u>			
2025	\$ 70,428	\$ 11,316	\$ 81,744
2026	71,388	10,356	81,744
2027	72,360	9,384	81,744
2028	73,344	8,400	81,744
2029	74,328	7,416	81,744
2030	75,348	6,396	81,744
2031	76,368	5,376	81,744
2032	77,400	4,344	81,744
2033	78,456	3,288	81,744
2034	79,524	2,220	81,744
2035	80,604	1,140	81,744
2036	40,733	158	40,891
	<u>\$ 870,281</u>	<u>\$ 69,794</u>	<u>\$ 940,075</u>

CITY OF HARRIMAN, TENNESSEE

**LEASE OBLIGATIONS, PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR**

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities:</u>			
Municipal Lease			
<u>Year Ending June 30:</u>			
2025	\$ 17,425	\$ 4,945	\$ 22,371
2026	17,425	4,413	21,838
2027	17,425	3,858	21,284
2028	<u>2,178</u>	<u>298</u>	<u>2,476</u>
	<u>\$ 54,454</u>	<u>\$ 13,515</u>	<u>\$ 67,969</u>

See the accompanying independent accountants' audit report.

CITY OF HARRIMAN, TENNESSEE

**LEASE OBLIGATIONS, PRINCIPAL AND  
INTEREST REQUIREMENTS BY FISCAL YEAR**

(continued)

June 30, 2024

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Building Lease			
Year Ending <u>June 30:</u>			
2025	\$ 6,927	\$ 11,073	\$ 18,000
2026	7,256	10,744	18,000
2027	7,601	10,399	18,000
2028	7,962	10,038	18,000
2029	8,340	9,660	18,000
2030	8,736	9,264	18,000
2031	9,151	8,849	18,000
2032	9,586	8,414	18,000
2033	10,041	7,959	18,000
2034	10,518	7,482	18,000
2035	11,018	6,982	18,000
2036	11,541	6,459	18,000
2037	12,089	5,911	18,000
2038	12,663	5,337	18,000
2039	13,265	4,735	18,000
2040	13,895	4,105	18,000
2041	14,555	3,445	18,000
2042	15,246	2,754	18,000
2043	15,971	2,029	18,000
2044	16,729	1,271	18,000
2045	10,024	476	10,500
	<u>\$ 233,114</u>	<u>\$ 137,386</u>	<u>\$ 370,500</u>



CITY OF HARRIMAN, TENNESSEE

**CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**

June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue
<b>Governmental Activities</b>			
<u>Bonds Payable</u>			
Tennessee Municipal Bond, Series 2016	\$ 112,000	2.650%	3/4/2016
General Obligation Bond, Series 2020	1,339,441	2.250	10/25/2022
<u>Notes Payable</u>			
General Obligation Capital Outlay Note, Series 2016	2,000,000	2.187	4/1/2016
General Obligation Capital Outlay Note, Series 2018	439,500	3.870	9/19/2018
General Obligation Capital Outlay Note, Series 2022	735,000	3.380	6/1/2023

See the accompanying independent accountant's audit report.

Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2024
2/1/2024	\$ 15,400	\$ 0	\$ 15,400	\$ 0	\$ 0
11/25/2062	1,325,481	0	21,139	0	1,304,342
4/1/2028	1,050,000	0	200,000	0	850,000
9/1/2026	236,000	0	56,000	0	180,000
6/30/2035	735,000	0	0	0	735,000
	<u>\$ 3,361,881</u>	<u>\$ 0</u>	<u>\$ 292,539</u>	<u>\$ 0</u>	<u>\$ 3,069,342</u>

CITY OF HARRIMAN, TENNESSEE

**CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**

(continued)

June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue
<b>Business-Type Activities</b>			
<u>Bonds Payable</u>			
General Obligation Bond, Series 2021A	\$ 9,525,000	1.100-3.000%	4/9/2021
General Obligation Bond, Series 2021B	4,150,000	1.750-3.000	6/30/2021
<u>Other Loans Payable</u>			
State Revolving Loan (Sewer) 2011-269	1,600,000	1.350	9/6/2011
State Revolving Loan (Water) 2011-109	1,440,000	1.350	9/6/2011

<u>Last Maturity Date</u>	<u>Outstanding 7/1/2023</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2024</u>
6/1/2040	\$ 7,970,000	\$ 0	\$ 570,000	\$ 0	\$ 7,400,000
6/1/2041	3,755,000	0	200,000	0	3,555,000
10/1/2034	958,208	0	78,864	0	879,344
12/1/2035	939,761	0	69,480	0	870,281
	<u>\$ 13,622,969</u>	<u>\$ 0</u>	<u>\$ 918,344</u>	<u>\$ 0</u>	<u>\$ 12,704,625</u>

CITY OF HARRIMAN, TENNESSEE

**CHANGES IN LEASE OBLIGATIONS**

June 30, 2024

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>Governmental Activities</u>			
Building Lease	\$ 450,000	4.75%	2/7/2020
Municipal Lease	87,126	4.28	7/12/2022

See the accompanying independent accountants' audit report.

<u>Last Maturity Date</u>	<u>Outstanding 7/1/2023</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Remeasurements</u>	<u>Outstanding 6/30/2024</u>
2/7/2045	\$ 239,727	\$ 0	\$ 6,613	\$ 0	\$ 233,114
7/28/2027	71,879	0	17,425	0	54,454
	<u>\$ 311,606</u>	<u>\$ 0</u>	<u>\$ 24,038</u>	<u>\$ 0</u>	<u>\$ 287,568</u>

CITY OF HARRIMAN, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Name	Assistance Listing Number	Contract Number	Expenditures
U.S. Department of Treasury/ Tennessee Department of Finance and Administration/ Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 479,021
U.S. Department of Treasury/ Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>131,720</u>
Total Coronavirus State and Local Fiscal Recovery Funds			610,741
U.S. Department of Transportation/ Tennessee Department of Safety and Homeland Security/ Community-Based Traffic Safety Enforcement and Education	20.600	Z24THS124	12,143
U.S. Housing and Urban Development/ Tennessee Department of Economic and Community Development/ Community Development Block Grant Program (Rural Development)	14.228	N/A	635,256

See the accompanying independent accountants' audit report.

CITY OF HARRIMAN, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS**

(continued)

Year Ended June 30, 2024

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
Appalachian Regional Commission/ Appalachian Regional Commission Grant Program	23.002	N/A	<u>61,625</u>
			<u>\$ 1,319,765</u>

**BASIS OF PRESENTATION**

This schedule summarizes the expenditures of City of Harriman, Tennessee under programs of the federal government for the year ended June 30, 2024. This schedule is presented using the accrual basis of accounting. Because this schedule presents only a selected portion of the operations of City of Harriman, Tennessee, it is not intended and does not present the net position or changes in net position of City of Harriman, Tennessee.

**INDIRECT COST RATE**

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

**OUTSTANDING LOAN BALANCES**

City of Harriman, Tennessee balances of federal loans outstanding at June 30, 2024 consisted of the following:

<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Amount</u>
10.766	Community Facilities Loan and Grant	\$ 1,304,342

Harriman Utility Board had an outstanding loan balance of \$1,749,685 at June 30, 2024 on a loan obtained in a previous year through the State Revolving Loan Fund. Payments during the fiscal year ended June 30, 2024 totaled \$148,344.

OTHER INFORMATION

CITY OF HARRIMAN, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**

June 30, 2024

**ELECTRIC DEPARTMENT**

**Residential Rates**

Customer charge \$ 27.01 per month  
 Energy charge 10.97 cents per kWh per month

**Commercial Rates**

Small commercial – 15,000 kWh or less:

Customer charge >300 kWh \$40.34, ≤300 kWh \$29.19 per delivery point per month  
 Energy charge 12.68 cents per kWh per month

Large commercial – over 15,000 kWh:

Customer charge \$111.41 per delivery point per month  
 Demand charge First 50 kW of billing demand per month, no demand charge  
 Excess over 50 kW of billing demand per month, at \$18.22 per kW  
 Energy charges First 15,000 kWh per month at 12.45 cents per kWh  
 Additional kWh per month at 7.93 cents per kWh

**Pole rental:**

25' Pole \$6.80  
 30' Pole \$7.70

**Outdoor lighting for individual customers:**

Monthly fixture charge:

<u>Type of Fixture</u>	<u>Lamp Size</u>		<u>Rated kWh</u>	<u>Charge</u>
	<u>Watts</u>	<u>Lumens</u>		
High pressure sodium	100	8,550	42	\$ 12.43
	200	18,900	82	18.47
LED	60			11.24
	250			17.85

See the accompanying independent accountants' audit report.

CITY OF HARRIMAN, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**

(continued)

June 30, 2024

**GAS DEPARTMENT**

The gas rates vary each month. The following rates were in effect for June 30, 2024:

**General service rates:**

Residential	\$7.51 minimum bill plus \$15.47 per 1,000 cubic feet
Gas inspection	\$35.00 first trip, \$35.00 each additional trip
Commercial	\$9.03 minimum bill plus \$15.47 per 1,000 cubic feet
Gas inspection	\$50.00 first trip, \$50.00 each additional trip

**SEWER DEPARTMENT**

	<u>Industrial</u>	<u>Residential</u>	<u>Commercial</u>
First 1,000 gallons – minimum bill	\$57.44	\$22.00	\$57.44
Over 1,000 gallons – per thousand gallons	13.90	13.45	13.90

**WATER DEPARTMENT**

<u>Usage</u>	<u>Per Thousand Gallons</u>	
	<u>Inside City</u>	<u>Outside City</u>
Commercial:		
First 1,000 gallons – minimum bill	\$ 24.35	\$ 28.33
Over 1,000 gallons	8.10	11.70
Residential:		
First 1,000 gallons – minimum bill	23.25	26.75
Over 1,000 gallons	7.30	10.70

CITY OF HARRIMAN, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**

(continued)

June 30, 2024

**SCHEDULE OF CUSTOMERS:**

**Electric Department**

Residential	9,308
Gen. Power – 50 kW+under	1,710
Gen. Power – Over 50 kW	111
Street and athletic	37
Outdoor lights	110
Security lights	2,769
Street lights	<u>1,445</u>
Total, excluding security and street lights	<u>11,276</u>

**Gas Department**

Residential	2,755
Commercial	<u>420</u>
Total	<u>3,175</u>

**Sewer Department**

Residential - inside	1,935
Residential - outside	41
Commercial - inside	303
Commercial - outside	8
Miscellaneous	<u>37</u>
Total	<u>2,324</u>

CITY OF HARRIMAN, TENNESSEE

**UTILITY RATES AND METERED CUSTOMERS**

(continued)

June 30, 2024

**Water Department**

Residential - inside	2,322
Residential - outside	2,185
Commercial - inside	420
Commercial - outside	<u>193</u>
Total	<u><u>5,120</u></u>

CITY OF HARRIMAN, TENNESSEE

**PRINCIPAL OFFICIALS**

June 30, 2024

City of Harriman, Tennessee

Wayne Best, Mayor  
Tim Johnson, Vice-Mayor  
Cheryl Laxton, Council Member  
Lonnie Wright, Council Member  
Brian Frost, Council Member  
John Brackett, Council Member  
Alicia Harris, Council Member  
Scott Mason, City Manager  
Theresa Beard, City Clerk  
Christopher Ahler, Chief Finance Officer, CMFO and Treasurer

Harriman Utility Board

Lionel Moore, Board Member  
Alicia Harris, Board Member  
Shawn Smith, Board Member  
Jason Shillings, Board Member  
Lonnie Wright, Board Member  
Candace Vannasdale, Manager

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' 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*

Mayor and City Council  
City of Harriman, Tennessee  
Harriman, Tennessee

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Harriman, Tennessee as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Harriman, Tennessee's basic financial statements, and have issued our report thereon dated May 2, 2025. The report on City of Harriman, Tennessee was unmodified in relation to conformity with accounting principles generally accepted in the United States of America, except for the qualification on the Industrial Development Board due to the possible effects of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph in the Independent Accountants' Audit Report. Our report includes a reference to other auditors who audited the financial statements of Harriman Utility Board, as described in our report on City of Harriman, Tennessee's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Harriman, Tennessee'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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Harriman, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Harriman, Tennessee's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies in internal control may exist that were not been identified. However, as described in the accompanying schedule of findings, recommendations and management responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 City of Harriman, Tennessee’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings, recommendations and management responses as items 2024-001 and 2024-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings, recommendations and management responses as item 2024-003 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Harriman, Tennessee’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings, recommendations and management responses as 2024-001 and 2024-003.

### **City of Harriman, Tennessee Responses to Findings**

City of Harriman, Tennessee responses to the findings identified in our audit are described in the accompanying schedule of findings, recommendations and management responses. City of Harriman, Tennessee responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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



May 2, 2025

CITY OF HARRIMAN, TENNESSEE

**FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

Year Ended June 30, 2024

Finding Number 2024-001 – Budget Overspending

*Condition:* The American Rescue Plan Act fund, drug enforcement fund and debt service fund budgets did not include adequate budget appropriation for total expenses. Total expenses exceeded appropriations by \$79,021, \$207 and \$967, respectively.

*Cause:* Budget amendments were not made in the American Rescue Plan Act fund, solid waste management fund and debt service fund to account for the excess of expenditures over the originally budgeted amounts.

*Criteria:* Sound internal controls include ensuring that public funds may not be spent until a governing body has appropriated them in accordance with Tennessee Code Annotated Section 9-1-116.

*Effect or potential effect:* Inadequate appropriations for total expenses in each fund could result in inadequate revenue appropriations and a negative change in net assets or a potential fund deficit.

*Recommendation:* Management should ensure adequate appropriations are made for total expenses in each fund. Budget amendments should be made to account for any unexpected expenses for which there are not adequate appropriations prior to the amounts being expended.

*Management Response:* We concur. The City will prepare a budget amendment for council to approve prior to the end of the fiscal year.

CITY OF HARRIMAN, TENNESSEE

**FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

(continued)

Year Ended June 30, 2024

Finding Number 2024-002 – Banking Records

*Condition:* Bank reconciliations were not reconciled to the amounts recorded in the accounting records. Additionally, some bank transactions were not recorded in the accounting ledgers.

*Cause:* Unknown

*Criteria:* Sound internal controls require that all bank transactions are recorded in the accounting ledgers and that all bank statements are reconciled to the amounts recorded in the general ledger in a timely manner.

*Effect or potential effect:* The absence of all banking transactions in an accounting ledger and the bank reconciliations not being performed correctly could result in a material misstatement in the amounts reported.

*Recommendation:* Management should ensure that all banking transactions are recorded in the accounting records and that the bank reconciliations are being reconciled to the amounts reported in the accounting ledgers. Management should also ensure that the reconcilements are reviewed by someone other than the preparer and that this review is documented on the reconciliation.

*Management Response:* We concur. The City is in the process of updating its procedures regarding recording bank transactions on a monthly basis to ensure all transaction are correctly reflected in the accounting system in a timely manner. This will be controlled through timely monthly bank reconciliations.

CITY OF HARRIMAN, TENNESSEE

**FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

(continued)

Year Ended June 30, 2024

Finding Number 2024-003 – Accounting Records

*Condition:* Accounting records were not fully closed within two months after the close of the fiscal year end as required by state law.

*Cause:* Unknown

*Criteria:* Sound internal controls over financial reporting.

*Effect or potential effect:* Accounting records which are not closed in a timely manner could result in a delay in the completion of the annual audit.

*Recommendation:* The official accounting records should be closed and available to the public no later than two months after the close of their fiscal year end in accordance with Tennessee Code Annotated Section 9-2-102.

*Management Response:* We concur. The City will close the accounting records within the 2 month period required by TCA Section 9-2-102 across all funds.

CITY OF HARRIMAN, TENNESSEE

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

Year Ended June 30, 2024

Financial Statement Findings

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2023-001	Budget Overspending (original finding #2023-001)	Repeated/ (2024-001)
2023-002	Banking Records (original finding #2023-002)	Repeated/ (2024-002)
2023-003	Accounting Records (original finding #2023-003)	Repeated/ (2024-003)

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and Board of Directors  
City of Harriman, Tennessee  
Harriman, Tennessee

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

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

We have audited City of Harriman, Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect of City of Harriman, Tennessee's major federal programs for the year ended June 30, 2024. City of Harriman, Tennessee's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion and the opinion of the other auditors, City of Harriman, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2024.

We did not audit the major federal programs of Harriman Utility Board, which includes 100 percent of the programs tested as major programs listed in the schedule of findings and questioned costs. Those programs were audited by other auditors, whose reports have been furnished to us, and our opinion, as it relates to the programs tested for Harriman Utility Board is based solely on the reports of the other auditors.

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

### ***Auditors' 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 of Harriman, Tennessee'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 of Harriman, Tennessee's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Harriman, Tennessee'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 of Harriman, Tennessee'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 of Harriman, Tennessee'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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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.

*Mitchell Emert + Hill*

May 2, 2025

CITY OF HARRIMAN, TENNESSEE

**FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2024

**SUMMARY OF AUDIT RESULTS**

1. The Independent Accountants' Audit Report expresses an unmodified opinion on the financial statements of City of Harriman, Tennessee.
2. No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed.
3. No instances of noncompliance material to the financial statements were disclosed.
4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed.
5. The Independent Accountants' Report on Compliance for Each Major Program and on Internal Control Over Compliance As Required by the Uniform Guidance expresses an unmodified opinion on City of Harriman, Tennessee's compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its major federal programs.
6. No findings or questioned costs were disclosed which would be required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a)).

7. The following programs were tested as major programs:

<u>Program Name</u>	<u>Assistance Listing No.</u>
Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan	21.027
Community Development Block Grant Program	14.228
Appalachian Regional Commission Grant Program	23.002

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. City of Harriman, Tennessee was not determined to not be a low-risk auditee.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs were disclosed which would be required to be reported in accordance with the Uniform Guidance.

MANAGEMENT'S CORRECTIVE ACTION PLAN

# City of Harriman

## Council Members

Cheryl Laxton  
Tim Johnson  
Alicia Harris



## Council Members

Lonnie Wright  
Brian Frost  
John Brackett

City Clerk  
Theresa Beard

City Manager  
Scott Mason

Mayor  
Wayne Best

Treasurer  
Chris Ahler

## MANAGEMENT'S CORRECTIVE ACTION PLAN

City of Harriman, Tennessee submits the following corrective action plan for the year ended June 30, 2024. The findings from the June 30, 2024 schedule of findings, recommendations and management responses is discussed below. Questions concerning the information provided in this corrective action plan or requests for additional information should be addressed to the City of Harriman, Tennessee.

Chris Ahler, Chief Financial Officer  
City of Harriman, Tennessee  
408 North Roane Street  
Harriman, TN 37748  
Telephone 865-882-9414  
chris.ahler@cityofharriman.net

### No. 2024-001: Material Weakness – Budget Overspending

*Recommendation:* Accounting duties should be divided among existing personnel to ensure proper segregation of duties. The Mayor and City Council should consider the cost and benefit of adding additional staff members to ensure that proper segregation of duties exists.

*Action Taken:* We concur. The City will prepare a budget amendment for council to approve prior to the end of the fiscal year.

### No. 2024-002: Material Weakness – Banking Records

*Recommendation:* Management should ensure that all banking transactions are recorded in the accounting records and that the bank reconciliations are being reconciled to the amounts reported in the accounting ledgers.

*Action Taken:* We concur. The City is in the process of updating its procedures regarding recording bank transactions on a monthly basis to ensure all transaction are correctly reflected in the accounting system in a timely manner. This will be controlled through timely monthly bank reconciliations.

**No. 2024-003: Significant Deficiency – Accounting Records**

*Recommendation:* The accounting records should be closed and available to the public no later than two months after the close of their fiscal year end in accordance with Tennessee Code Annotated Section 9-2-102.

*Action Taken:* We concur. The City will close the accounting records within the 2 month period required by TCA Section 9-2-102 across all funds.

Signature:



Title:

CFO/Treasurer