

**CITY OF EAST RIDGE, TENNESSEE**

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022



**CERTIFIED PUBLIC ACCOUNTANTS**

## **INTRODUCTORY SECTION**

# CITY OF EAST RIDGE, TENNESSEE

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JUNE 30, 2022

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# CITY OF EAST RIDGE, TENNESSEE

## CITY OFFICIALS

JUNE 30, 2022

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**Mayor**

Brian Williams

**Vice-Mayor**

Mike Chauncey

**Council Member**

Jacky Cagle

**Council Member**

Esther Helton

**Council Member**

Andrea Witt

**City Attorney**

Mark Litchford

**City Manager**

Chris Dorsey

**Finance Director**

Diane Qualls\*

\*Certified Municipal Finance Officer (CMFO)

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of East Ridge, Tennessee  
East Ridge, Tennessee

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, budgetary comparisons for the general fund, solid waste collection fund, and grant fund, and the aggregate remaining fund information of the City of East Ridge, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparisons for the general fund, solid waste collection fund, and grant fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of East Ridge, 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***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of East Ridge, Tennessee's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension and OPEB schedules on pages 3-9 and pages 38-42, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Ridge, Tennessee's basic financial statements. The introductory section, combining financial statements, budgetary comparison schedules, financial schedules, and schedule of expenditures of federal and state awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining financial statements, budgetary comparison schedules, financial schedules, and schedule of expenditures of federal and state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, budgetary comparison schedules, financial schedules, and schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023 on our consideration of the City of East Ridge, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of East Ridge, Tennessee's internal control over financial reporting and compliance.

Chattanooga, Tennessee  
February 6, 2023

Henderson Hutcherson  
& McCullough, PLLC

# CITY OF EAST RIDGE, TENNESSEE

## MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2022

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As management of the City of East Ridge, Tennessee (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$19,689,820 (*net position*). Of this amount, \$9,106,123 is invested in capital assets (*net of related debt*) and \$2,725,092 is restricted for specific purposes.
- The City's overall net position increased by \$6,019,851 (44.04%), for the current period.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$13,635,380, an increase in overall fund balance of \$3,091,277. Of this amount, \$2,883,383 is restricted, and \$3,642,394 is assigned for specific uses.
- At the end of the current fiscal year, fund balance for the general fund was \$5,815,771, or 26.09% of total general fund expenditures including transfers out. This balance includes no non-spendable, restricted, or assigned funds.
- The City's total outstanding long-term debt increased by \$481,767, or 3.41% as detailed on pages 31 through 32 of this report.

### Overview of the Financial Statements

This narrative overview 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 includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-Wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, etc.).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, public welfare, solid waste and other city services.

# CITY OF EAST RIDGE, TENNESSEE

## MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2022

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The *business-type activities* include water, power, and sewer. Business-type activities are supported exclusively by charges to the users of those activities. The City of East Ridge had no business-type activities for the fiscal year ending June 30, 2022.

The government-wide financial statements can be found on pages 11 through 12 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 City's funds are considered 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 assessing the City's near-term financing requirements.

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

The City maintains ten governmental funds, including the general operating fund, special revenue funds, debt service funds, and a capital projects fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Grant Fund, Industrial Development Fund, American Rescue Plant Act Fund, and Solid Waste Collection Fund (special revenue fund) which are considered to be major funds.

Data from the other governmental funds are combined into a single aggregated presentation and summarized under the heading "Other Governmental Funds" in the governmental fund presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual fund statements elsewhere in this report.

The City adopts an annual appropriation budget for its general, special revenue, and debt service funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13 through 21 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 38 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report presents *required supplementary information* concerning the City's progress in funding its obligation to provide OPEB benefits to its employees and pension related information. Required supplementary information can be found on pages 39 through 43 of this report.

# CITY OF EAST RIDGE, TENNESSEE

## MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2022

The combining schedules, individual budgetary schedules, and other information as required by the Tennessee Comptroller of the Treasury referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information on pensions and OPEB. These schedules can be found on pages 44 through 76 of this report.

### Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of East Ridge, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,682,820, at the close of the June 30, 2022 fiscal year.

### City of East Ridge's Net Position

	Governmental Activities	
	June 30, 2022	June 30, 2021
Current and other assets	\$ 26,198,798	\$ 18,327,505
Capital assets	<u>22,238,387</u>	<u>20,467,958</u>
Total assets	<u>48,437,185</u>	<u>38,795,463</u>
Deferred charge on refunding	106,521	112,787
Deferred pension outflows	3,086,751	1,535,990
Deferred OPEB outflows	<u>480,334</u>	<u>369,021</u>
Total deferred outflows of resources	<u>3,673,606</u>	<u>2,017,798</u>
Other liabilities	6,888,572	5,445,560
Long-term liabilities	<u>14,623,753</u>	<u>14,201,986</u>
Total liabilities	<u>21,512,325</u>	<u>19,647,546</u>
Deferred revenue – property taxes	6,637,364	6,490,323
Deferred OPEB inflows	811,000	431,000
Deferred pension inflows	<u>3,460,282</u>	<u>574,423</u>
Total deferred inflows of resources	<u>10,908,646</u>	<u>7,495,746</u>
Net position		
Net investment in capital assets	9,106,123	7,805,324
Restricted	2,725,092	1,982,793
Unrestricted	<u>7,858,605</u>	<u>3,881,852</u>
Total net position	<u>\$ 19,689,820</u>	<u>\$ 13,669,969</u>

### Net Position

The largest portion of the City's net position (46.25%) reflects its investment in capital assets (e.g. land, buildings, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# CITY OF EAST RIDGE, TENNESSEE

## MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2022

An additional portion of the City's net position (13.84%) represents resources that are subject to external restrictions on how they may be used. The remaining 39.91% is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City reports positive balances in all categories of net position for the government as a whole.

The City's overall net position increased by \$6,019,851 from the prior fiscal year, representing an 44.04% increase in the City's net position.

### City of East Ridge's Statement of Activities

	Governmental Activities	
	June 30, 2022	June 30, 2021
Revenues		
Charges for services	\$ 3,227,372	\$ 2,921,446
Grants & contributions	1,124,970	970,172
General Revenues		
Property taxes	6,696,231	5,213,795
Local option sales tax	8,783,425	6,423,149
Other taxes	5,385,107	4,929,395
Interest	7,987	9,619
Other	<u>353,765</u>	<u>195,522</u>
Total revenues	<u>25,578,857</u>	<u>20,663,098</u>
Expenses		
General government	4,637,350	5,857,881
Public safety	8,791,311	7,808,995
Public works	2,988,615	2,650,407
Public welfare	685,038	210,812
Culture and recreation	2,082,922	1,966,947
Interest	<u>373,770</u>	<u>381,604</u>
Total expenses	<u>19,559,006</u>	<u>18,876,646</u>
Change in net position	6,019,851	1,786,452
Beginning net position	<u>13,669,969</u>	<u>11,883,517</u>
Ending net position	<u>\$ 19,689,820</u>	<u>\$ 13,669,969</u>

### Financial Analysis of the City's Funds

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

# CITY OF EAST RIDGE, TENNESSEE

## MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2022

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**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, it is useful to review the various classifications of fund balance in measuring the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,635,380, a current year increase of \$3,091,277. Restricted fund balance of \$2,883,383 includes amounts legally constrained for law enforcement (\$39,281), state street aid (\$1,807,698), economic development (\$158,291) and solid waste operations (\$878,113). Funds assigned for a particular purpose total \$3,642,394. Assigned funds include funds for capital projects (\$498,920) and for the American Rescue Plan Act (\$3,143,474). The remaining unassigned balance of \$7,109,603 represents funds available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance totaled \$5,815,771 and the total balance was reported as unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents approximately 26.09% of total general fund expenditures and transfers out.

It is important to consider that the City has maintained a relatively high ratio of unassigned fund balance in the general fund to operating expenditures and other financing uses, which ensures that the City is able to meet and exceed two (2) months of general fund expenditures, in accordance with sound budgeting and financial management practices. Additionally, the ratio of unrestricted funds also allows the City to meet any emergent or unanticipated needs should these arise.

The fund balance of the City's general fund increased by \$20,397.

**Proprietary funds.** The City of East Ridge has no *proprietary funds* at this time.

### **Budgetary Highlights**

**Final Amended Budget and Actual Amounts.** The City's General Fund operated within its final amended budget, which resulted in a positive variance of \$20,397.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City of East Ridge's investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$22,238,387 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, plant in service, equipment and vehicles, paving, garbage containers, and infrastructure.

# CITY OF EAST RIDGE, TENNESSEE

## MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2022

Major capital asset additions during the year included the purchase of multiple municipal vehicles and additional infrastructure.

### City of East Ridge's Capital Assets, net

	Governmental Activities	
	June 30, 2022	June 30, 2021
Land	\$ 1,966,429	\$ 1,841,429
Construction in process	1,150,811	1,288,090
Buildings	11,342,263	11,181,996
Infrastructure	24,138,961	21,068,182
Equipment/vehicles	<u>10,435,123</u>	<u>10,416,471</u>
	49,033,587	45,796,168
Less accumulated depreciation	<u>26,795,200</u>	<u>25,328,210</u>
Total capital assets, net	<u>\$ 22,238,387</u>	<u>\$ 20,467,958</u>

Additional information on the City's capital assets can be found in Note 6 on page 30 of this report.

**Long-term Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$14,623,753. All of this debt is backed by the full faith and credit of the government.

### City of East Ridge's Long-Term Debt

	Governmental Activities	
	June 30, 2022	June 30, 2021
General obligation bonds	\$ 2,820,000	\$ 2,890,000
Notes payable	10,312,264	9,712,634
Capital leases	-	60,000
Plus: Premium	915,420	963,283
Compensated absences	<u>576,069</u>	<u>576,069</u>
Total long-term debt	<u>\$ 14,623,753</u>	<u>\$ 14,201,986</u>

The City maintains 'Aa3' rating from Moody's Investors Service for its debt.

Additional information on the City's long-term debt can be found in Note 7 on pages 31 and 32 of this report.

### Economic Factors and Next Year's Budget and Rates

- Camp Jordan continues to draw large crowds for sporting and other miscellaneous events, which helps bring more tourist dollars into our new retail restaurants and establishments.
- Other businesses are coming to East Ridge thanks to the Border Region incentives.

**CITY OF EAST RIDGE, TENNESSEE**

**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**

**YEAR ENDED JUNE 30, 2022**

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**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in such. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of East Ridge, 1517 Tombras Avenue, East Ridge, Tennessee 37412.



**CITY OF EAST RIDGE, TENNESSEE**

**STATEMENT OF NET POSITION**

JUNE 30, 2022

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 15,446,042
Investments	587,386
Property taxes receivable	7,210,887
Grants receivable	577,971
Accounts receivable	942,372
Prepaid expenses	85,711
Right to use leased asset, net of amortization	30,000
Net pension asset	1,318,429
Capital assets -	
Land and other non depreciable assets	3,117,240
Capital assets, net of accumulated depreciation	<u>19,121,147</u>
Total assets	<u>48,437,185</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	106,521
Deferred pension outflows	3,086,751
Deferred OPEB outflows	<u>480,334</u>
Total deferred outflows of resources	<u>3,673,606</u>
<b>LIABILITIES</b>	
Accounts payable	514,517
Accrued liabilities	417,563
Deferred revenue	3,142,492
Lease liability	30,000
OPEB obligation	2,784,000
Long-term liabilities -	
Due within one year	1,566,148
Due in more than one year	<u>13,057,605</u>
Total liabilities	<u>21,512,325</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue - property taxes	6,637,364
Deferred OPEB inflows	811,000
Deferred pension inflows	<u>3,460,282</u>
Total deferred inflows of resources	<u>10,908,646</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,106,123
Restricted	2,725,092
Unrestricted	<u>7,858,605</u>
Total net position	<u>\$ 19,689,820</u>

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

**CITY OF EAST RIDGE, TENNESSEE**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Total Governmental Activities (Net)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
Governmental activities -					
General government	\$ 4,637,350	\$ 356,811	\$ 251,457	\$ -	\$ (4,029,082)
Public safety	8,791,311	624,946	134,663	-	(8,031,702)
Public works	2,988,615	1,524,961	228,494	509,356	(725,804)
Public welfare	685,038	-	-	-	(685,038)
Culture and recreation	2,082,922	720,654	1,000	-	(1,361,268)
Interest	<u>373,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(373,770)</u>
Total primary government	<u>\$ 19,559,006</u>	<u>\$ 3,227,372</u>	<u>\$ 615,614</u>	<u>\$ 509,356</u>	(15,206,664)
<b>GENERAL REVENUES</b>					
Property taxes					6,696,231
Local sales taxes					8,783,425
Local beer taxes					468,856
State shared taxes					3,977,129
Other taxes					722,750
Franchise fees					216,372
Other revenues					353,765
Interest					<u>7,987</u>
Total general revenue					<u>21,226,515</u>
Change in net position					<u>6,019,851</u>
<b>NET POSITION</b>					
Beginning					<u>13,669,969</u>
Ending					<u>\$ 19,689,820</u>

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

**CITY OF EAST RIDGE, TENNESSEE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

JUNE 30, 2022

	<b>General</b>	<b>Grant Fund</b>	<b>Capital Projects</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,418,496	\$ 177,803	\$ 911,282
Investments	587,386	-	-
Property taxes receivable	7,210,887	-	-
Grant funds receivable	-	577,971	-
Accounts receivables	804,196	-	-
Other assets	85,211	-	-
Due from other funds	<u>1,275,515</u>	<u>6,489</u>	<u>25,000</u>
 Total assets	 <u>\$ 17,381,691</u>	 <u>\$ 762,263</u>	 <u>\$ 936,282</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 130,441	\$ -	\$ 344,632
Accrued liabilities	381,749	-	-
Due to other funds	744,341	1,207,785	92,730
Deferred revenue	<u>3,142,492</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>4,399,023</u>	 <u>1,207,785</u>	 <u>437,362</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	<u>7,166,897</u>	<u>-</u>	<u>-</u>
 Total deferred inflows of resources	 <u>7,166,897</u>	 <u>-</u>	 <u>-</u>
<b>FUND BALANCES</b>			
Restricted for -			
Law enforcement	-	-	-
State approved street aid	-	-	-
Economic Development	-	-	-
Solid waste operations	-	-	-
Assigned to -			
Capital projects	-	-	498,920
Unassigned	<u>5,815,771</u>	<u>(445,522)</u>	<u>-</u>
 Total fund balances	 <u>5,815,771</u>	 <u>(445,522)</u>	 <u>498,920</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 17,381,691</u>	 <u>\$ 762,263</u>	 <u>\$ 936,282</u>

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

<b>Solid Waste Collection</b>	<b>Industrial Development</b>	<b>American Rescue Plan Act</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 150,447	\$ 1,240	\$ 3,142,974	\$ 3,643,800	\$ 15,446,042
-	-	-	-	587,386
-	-	-	-	7,210,887
-	-	-	-	577,971
79,480	-	-	58,696	942,372
-	-	500	-	85,711
<u>691,474</u>	<u>-</u>	<u>-</u>	<u>46,378</u>	<u>2,044,856</u>
<u>\$ 921,401</u>	<u>\$ 1,240</u>	<u>\$ 3,143,474</u>	<u>\$ 3,748,874</u>	<u>\$ 26,895,225</u>
\$ 33,954	\$ -	\$ -	\$ 5,490	\$ 514,517
9,334	-	-	-	391,083
-	-	-	-	2,044,856
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,142,492</u>
<u>43,288</u>	<u>-</u>	<u>-</u>	<u>5,490</u>	<u>6,092,948</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,166,897</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,166,897</u>
-	-	-	39,281	39,281
-	-	-	1,807,698	1,807,698
-	-	-	158,291	158,291
878,113	-	-	-	878,113
-	-	3,143,474	-	3,642,394
<u>-</u>	<u>1,240</u>	<u>-</u>	<u>1,738,114</u>	<u>7,109,603</u>
<u>878,113</u>	<u>1,240</u>	<u>3,143,474</u>	<u>3,743,384</u>	<u>13,635,380</u>
<u>\$ 921,401</u>	<u>\$ 1,240</u>	<u>\$ 3,143,474</u>	<u>\$ 3,748,874</u>	<u>\$ 26,895,225</u>

**CITY OF EAST RIDGE, TENNESSEE**

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

JUNE 30, 2022

Differences in amounts reported for governmental activities in the statement of net position on page 11:

Fund balances – total governmental funds		\$ 13,635,380
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		22,238,387
Certain revenues will be collected after year end but are not available soon enough to pay for the current period’s expenditures and therefore are deferred or not reported in the funds.		529,533
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position		(704,197)
The net pension asset is not a financial resource and therefore is not reported in the funds.		1,318,429
Long-term liabilities are not due and payable in the current period and are not reported in the funds. Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due. All liabilities, both due in one year and due in more than one year, are reported in the statement of net assets. This item consists of:		
Bonds payable	\$ (2,820,000)	
Net bond issue premiums	(915,420)	
Deferred refunding	106,521	
Notes payable	(10,312,264)	
Compensated absences	(576,069)	
Accrued interest payable	<u>(26,480)</u>	(14,543,712)
The City's OPEB plan has not been funded. The OPEB obligation is considered a long-term obligation and is not reported in the funds.		<u>(2,784,000)</u>
Net position of governmental activities		<u>\$ 19,689,820</u>

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

**CITY OF EAST RIDGE, TENNESSEE**

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

YEAR ENDED JUNE 30, 2022

	<b>General</b>	<b>Grant Fund</b>	<b>Capital Projects</b>	<b>Solid Waste Collection</b>
<b>REVENUES</b>				
Taxes	\$ 16,478,336	\$ -	\$ -	\$ -
Licenses and permits	289,683	-	-	-
Intergovernmental	3,289,991	42,263	484,356	157,520
Charges for services	916,764	-	-	1,516,141
Fines and forfeitures	465,373	-	-	-
Miscellaneous	130,841	19	25,000	164,947
Total revenues	<u>21,570,988</u>	<u>42,282</u>	<u>509,356</u>	<u>1,838,608</u>
<b>EXPENDITURES</b>				
Current -				
General government	3,886,193	-	1,278,798	-
Public safety	8,758,201	-	-	-
Public works	726,134	37,944	-	1,480,621
Incentive payments	-	-	-	-
Public welfare	251,450	-	-	-
Culture and recreation	1,530,529	-	-	-
Capital outlay	-	-	1,473,437	-
Debt service -				
Principal	-	-	-	-
Interest and other costs	-	-	-	-
Total expenditures	<u>15,152,507</u>	<u>37,944</u>	<u>2,752,235</u>	<u>1,480,621</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>6,418,481</u>	<u>4,338</u>	<u>(2,242,879)</u>	<u>357,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	-	952,819	-
Transfers to other funds	(7,138,958)	(336,968)	-	-
Note proceeds	696,079	-	752,551	-
Proceeds from sale of assets	44,795	-	-	-
Total other financing sources (uses)	<u>(6,398,084)</u>	<u>(336,968)</u>	<u>1,705,370</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>				
	20,397	(332,630)	(537,509)	357,987
<b>FUND BALANCES</b>				
Beginning	<u>5,795,374</u>	<u>(112,892)</u>	<u>1,036,429</u>	<u>520,126</u>
Ending	<u>\$ 5,815,771</u>	<u>\$ (445,522)</u>	<u>\$ 498,920</u>	<u>\$ 878,113</u>

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

<b>Industrial Development</b>	<b>American Rescue Plan Act</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 704,294	\$ 17,182,630
-	-	-	289,683
-	-	832,762	4,806,892
-	-	-	2,432,905
-	-	39,411	504,784
-	-	5,529	326,336
-	-	<u>1,581,996</u>	<u>25,543,230</u>
-	-	-	5,164,991
-	-	144,783	8,902,984
-	-	345,162	2,589,861
2,697,741	-	-	2,697,741
-	18	-	251,468
-	-	-	1,530,529
-	-	-	1,473,437
-	-	949,000	949,000
-	-	385,367	385,367
<u>2,697,741</u>	<u>18</u>	<u>1,824,312</u>	<u>23,945,378</u>
<u>(2,697,741)</u>	<u>(18)</u>	<u>(242,316)</u>	<u>1,597,852</u>
2,697,742	3,143,492	3,379,615	10,173,668
-	-	(2,697,742)	(10,173,668)
-	-	-	1,448,630
-	-	-	44,795
<u>2,697,742</u>	<u>3,143,492</u>	<u>681,873</u>	<u>1,493,425</u>
1	3,143,474	439,557	3,091,277
<u>1,239</u>	<u>-</u>	<u>3,303,827</u>	<u>10,544,103</u>
<u>\$ 1,240</u>	<u>\$ 3,143,474</u>	<u>\$ 3,743,384</u>	<u>\$ 13,635,380</u>

**CITY OF EAST RIDGE, TENNESSEE**

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

YEAR ENDED JUNE 30, 2022

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Differences in amounts reported for governmental activities in the statement of activities on page 12:

Net change in fund balances – total governmental funds \$ 3,091,277

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

Capital outlay reported as expenditures in the governmental funds that meet the capitalization threshold are shown as capital assets in the statement of net position. 3,872,370

Depreciation expense on governmental capital assets are included in the statement of activities. (2,028,487)

Net book value of disposed capital assets. (73,454)

Right to use leased asset capital outlay expenditures which were capitalized 30,000

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. The transaction has no effect on net position. The governmental funds report the effect of premiums and discounts on bonds when debt is first issued; these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.

Principal repayments	\$ 949,000	
Deferred refunding loss on 2021 TML Bond refunding	(6,266)	
Amortization	47,863	
Notes issued	<u>(1,448,630)</u>	(458,033)

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of:

Change in net pension liability and related deferred items	858,865	
Change in net OPEB liability and related deferral item	<u>727,313</u>	<u>1,586,178</u>

Change in net position of governmental activities \$ 6,019,851

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



**CITY OF EAST RIDGE, TENNESSEE**

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET TO  
ACTUAL - GAAP BASIS - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 13,397,184	\$ 14,854,298	\$ 16,478,336	\$ 1,624,038
Licenses and permits	221,650	221,650	289,683	68,033
Intergovernmental	2,555,758	6,158,260	3,289,991	(2,868,269)
Charges for services	853,927	877,127	916,764	39,637
Fines and forfeitures	356,300	356,300	465,373	109,073
Miscellaneous	69,900	128,400	130,841	2,441
Total revenue	<u>17,454,719</u>	<u>22,596,035</u>	<u>21,570,988</u>	<u>(1,025,047)</u>
<b>EXPENDITURES</b>				
Current-				
General government	4,361,340	4,234,597	3,886,193	348,404
Public safety	7,494,021	9,240,849	8,758,201	482,648
Public works	822,473	822,473	726,134	96,339
Public welfare	223,927	290,346	251,450	38,896
Culture and recreation	1,532,701	1,592,923	1,530,529	62,394
Total expenditures	<u>14,434,462</u>	<u>16,181,188</u>	<u>15,152,507</u>	<u>1,028,681</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	3,020,257	6,414,847	6,418,481	3,634
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(3,040,257)	(7,160,926)	(7,138,958)	21,968
Note proceeds	-	696,079	696,079	-
Proceeds from sale of assets	20,000	50,000	44,795	(5,205)
Total other financing sources (uses)	<u>(3,020,257)</u>	<u>(6,414,847)</u>	<u>(6,398,084)</u>	<u>16,763</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	-	-	20,397	<u>\$ 20,397</u>
<b>FUND BALANCE</b>				
Beginning	<u>5,961,990</u>	<u>4,356,589</u>	<u>5,795,374</u>	
Ending	<u>\$ 5,961,990</u>	<u>\$ 4,356,589</u>	<u>\$ 5,815,771</u>	

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

**CITY OF EAST RIDGE, TENNESSEE**

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET TO  
ACTUAL - GAAP BASIS - SOLID WASTE COLLECTION FUND

YEAR ENDED JUNE 30, 2022

	<b>Budget Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Charges for services	\$ 1,523,710	\$ 1,523,710	\$ 1,516,141	\$ (7,569)
Intergovernmental	-	-	157,520	157,520
Insurance recoveries	-	164,947	164,947	-
Total revenues	<u>1,523,710</u>	<u>1,688,657</u>	<u>1,838,608</u>	<u>149,951</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Salaries	534,469	606,671	516,557	90,114
Payroll taxes	39,599	46,215	38,213	8,002
Health insurance	136,049	136,049	108,669	27,380
Pension	50,334	58,983	51,316	7,667
Unemployment insurance	840	840	394	446
Employee training and testing	1,900	1,900	245	1,655
Printing and duplicating	800	800	945	(145)
Dues and memberships	-	-	260	(260)
Utilities	9,250	9,250	9,611	(361)
Contract services	375,000	375,000	383,207	(8,207)
Operating supplies	231,800	231,800	299,097	(67,297)
Building and equipment maintenance	20,000	20,000	72,107	(52,107)
Total expenditures	<u>1,400,041</u>	<u>1,916,041</u>	<u>1,480,621</u>	<u>435,420</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	123,669	(227,384)	357,987	<u>\$ 585,371</u>
<b>FUND BALANCE</b>				
Beginning	<u>586,097</u>	<u>148,911</u>	<u>520,126</u>	
Ending	<u>\$ 709,766</u>	<u>\$ (78,473)</u>	<u>\$ 878,113</u>	

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

**CITY OF EAST RIDGE, TENNESSEE**

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET TO  
ACTUAL - GAAP BASIS - GRANT FUND

YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 26,500	\$ 46,500	\$ 42,263	\$ (4,237)
Interest	-	-	19	19
Total revenues	<u>26,500</u>	<u>46,500</u>	<u>42,282</u>	<u>(4,218)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public works	<u>43,500</u>	<u>63,500</u>	<u>37,944</u>	<u>25,556</u>
<b>TOTAL EXPENDITURES</b>	<u>43,500</u>	<u>63,500</u>	<u>37,944</u>	<u>25,556</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(17,000)	(17,000)	4,338	21,338
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	<u>17,000</u>	<u>(319,968)</u>	<u>(336,968)</u>	<u>(17,000)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>				
	-	(336,968)	(332,630)	<u>\$ 4,338</u>
<b>FUND BALANCE</b>				
Beginning	<u>(71,240)</u>	<u>(1,071,240)</u>	<u>(112,892)</u>	
Ending	<u>\$ (71,240)</u>	<u>\$ (1,408,208)</u>	<u>\$ (445,522)</u>	

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

# CITY OF EAST RIDGE, TENNESSEE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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# CITY OF EAST RIDGE, TENNESSEE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **The Reporting Entity**

The City of East Ridge, Tennessee (the “City”) was incorporated in 1954 under Tennessee law. The City is governed by the elected Mayor and four elected City Councilmen and provides services to the citizens of the City including police and fire protection, animal control, solid waste and garbage services, parks and recreation facilities, maintenance of streets and highways, and general administrative services.

As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements includes all the funds and the account groups relevant to the operations of the City.

#### **The Industrial Development Board of the City of East Ridge, Tennessee**

The Industrial Development Board (IDB) was formed on November 19, 1979, and serves all citizens of the government. The Board was formed to promote industry and to develop trade by attracting manufacturing, industrial, and commercial enterprises to the City of East Ridge. The organization is governed by a board as appointed by City Council. Debt issuance authorizations are approved by City Council, and the City is legally obligated in case there are deficiencies in debt service payments and resources are not available from any other remedies. At June 30, 2022, the Board has no long-term obligations. The board is reported as a special revenue fund as a blended component unit.

#### **Basic Financial Statements**

The **Basic Financial Statements** consists of the following:

- 1) Government-wide financial statements;
- 2) Fund financial statements;
- 3) Notes to the basic financial statements.

#### **Government-wide Financial Statements**

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the primary government (governmental activities). The City reports capital assets in the government-wide statement of net position and reports depreciation expense - the cost of “using up” capital assets - in the statement of activities. As a general rule, the effect of interfund activity has been eliminated from these statements.

Governmental activities are normally supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, public safety (police, fire, and animal control), public works, public welfare, culture and recreation and general administrative support services.

The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City’s functions, e.g., public safety, public works, etc. The expense of individual functions is compared to the revenue generated directly by the function. Direct expenses are those that are clearly identifiable with a specific function.

(Continued)

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Government-wide Financial Statements (Continued)

The types of transactions reported as program revenues for the City are reported in three specific categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

### Fund Financial Statements

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

The City reports the following major governmental funds:

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

The *Grant Fund* is established to account for and report all grant activity.

The *Solid Waste Fund* accounts for the fees and expenses associated with garbage collection and disposal services for City residents.

The *Capital Projects Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities, City-wide repair and maintenance projects and other capital assets. The capital projects fund excludes those types of capital related outflows financed for assets that will be held in trust for individuals, private organizations, or other governments.

The *Industrial Development Fund* is used to account for revenues and costs associated with development ongoing within the City.

The *American Rescue Plan Act Fund* is used to account for the activity associated with the American Rescue Plan Act (ARPA) funds that the City has received.

Additionally, the City reports the following other fund types:

*Special Revenue Funds:* These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

(Continued)

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. 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 eligibility requirements imposed by the provider have been met.

The *governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues 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 accrual accounting. However, debt service expenditures and expenditures relating to claims and judgments are recognized only when payment is due.

Property taxes, state-shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current fiscal period are considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the City.

### **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Budgets and Budgetary Accounting**

Formal budgets are adopted by the Mayor and City Council as a management control device during the year for the governmental type funds, special revenue funds, and debt service fund. The capital projects fund is subject to budgetary control on the project basis. Providing budgetary information on an annual basis does not provide meaningful information because projects extend over more than one reporting period.

Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary integration is employed as a management tool during the fiscal year, and the budget is amended, as necessary, to meet changing needs. Council approves departmental budgets. Transfers between departments and any revisions in the total appropriations must be approved by the Mayor and City Council. Unused appropriations for any of the annually budgeted funds 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.

### **Investments**

The City follows state investment policy guidelines for types of allowable investments.

### **Inventories and Prepaid Items**

Inventories are recorded at the lower of cost and net realizable value. The cost of such inventories is recorded as expenditures/ expenses when consumed rather than purchased.

(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventories and Prepaid Items** (Continued)

Certain payments to vendors reflect costs applicable to future reporting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Accounts Receivable**

With respect to the accounts receivable for solid waste collection fees, the City uses the allowance method to estimate uncollectible accounts based on a projection of balances unlikely to be collected. Individual accounts are written off only when they are determined to be uncollectible. Receivables for the solid waste collection fund are reported net of allowance of \$469,059. Other receivable amounts are considered collectible in all material respects.

**Capital Assets**

Capital assets, including public domain infrastructure (e.g., roads, bridges, streetlights, traffic lights, sidewalks and other assets that are immovable and of value only to the City) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the assets' lives is not capitalized.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Major outlays for capital assets and improvements are capitalized as projects are constructed. The City capitalizes net interest costs and interest earned as part of the cost of construction when material. No interest was capitalized during the fiscal year ended June 30, 2022.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives of the assets:

	<b>Useful Life</b>
Buildings and improvements	20-50 years
Infrastructure	15-50 years
Vehicles	5 years
Machinery and equipment	5-10 years
Furniture and fixtures	7-10 years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City reports deferred contributions on pension plans and certain amounts related to pensions, as detailed as (2) below. Deferred contributions for the pension plan were made during the fiscal year but are after the measurement date of the actuarial report. These amounts will be recognized during the next measurement period.

(Continued)



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Deferred Outflows/Inflows of Resources** (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise under a modified accrual basis of accounting and full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *deferred revenue*, is reported in the governmental funds balance sheet and government-wide statement of net position. (1) The governmental funds and governmental activities report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. (2) Certain amounts related to pensions must be deferred. Differences between projected and actual earnings on pension plan investments are deferred and amortized over five years. Changes in pension plan assumptions are deferred and amortized over the expected remaining service lives of employees.

### **Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unassigned fund balance. Further, when the components of unassigned fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **Compensated Absences**

The City has a policy of compensated annual leave up to 33 days based on years of service. Employees hired before June 30, 2012 accumulate leave and vest to a maximum of 320 hours, the excess payable at the employee's anniversary date. Employees hired after July 1, 2012 do not receive the excess each year but rather continue to accumulate leave hours. The liability for compensated absences of the governmental funds is recorded in the government-wide financial statements. No liability is recorded in the governmental funds because any payments, even those which would be paid in the next twelve months, if susceptible to a reasonable estimate, are expected to be liquidated with future resources.

### **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Similarly, long-term debt and other obligations of the City are recorded as liabilities in the appropriate fund. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as expenses when incurred.

(Continued)

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Long-term Obligations** (Continued)

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 debt service expenditures.

### **Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

*Net Investment in Capital Assets* is intended to reflect the net position associated with non-liquid capital assets less outstanding capital asset related debt.

*Restricted Net Position* represents net position that has third-party (statutory, bond covenant or granting agency) limitations on its use.

*Unrestricted Net Position* represents net position that is not restricted for any project or other purpose. While management may have categorized and segmented portions for various purposes, the City has the unrestricted authority to revisit or alter these managerial decisions.

### **Fund Balance**

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as non-spendable, restricted, committed, assigned or unassigned.

*Non-spendable Fund Balance* represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted Fund Balance* represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

*Committed Fund Balance* represents amounts that can only be used for specific purposes as pursuant to official action by City Council prior to the end of the reporting period. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by ordinance.

*Assigned Fund Balance* represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. Assignment of amounts to a specific purpose as part of the annual budget ordinance may be made by resolution of motion of the board.

*Unassigned Fund Balance* represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

### **Property Tax Information**

Property taxes are billed and collected for the City by the Hamilton County Trustee, and collections are remitted to the City monthly. Property taxes attach as an enforceable lien on the property as of January 1 and are levied for the calendar year in September. They are payable immediately and become past due March 1 of the succeeding year to avoid penalties and interest. On February 1 of the following year, the delinquent property taxes are filed with the office of the Hamilton County Clerk and Master by the Trustee's office.

(Continued)

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Property Tax Information** (Continued)

Property taxes are recognized when they become available. Available includes those property taxes receivable which are expected to be collected within 60 days after year end.

Property taxes levied for 2022 are recorded as receivables. No allowance has been made for uncollectible taxes; based on historical collection data, uncollectible amounts are considered immaterial.

### **Interfund Transactions**

During the course of normal operations, transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as “due to/from other funds”. Long-term loans between funds are classified as “loans to/from other funds”. All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year.

### **Pensions**

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of City of East Ridge’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from City of East Ridge’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.

### **Leases**

Right-to-use assets and lease liabilities are recognized upon the commencement of the lease term in relation to leases in which the City has acquired the right to use a leased asset. These are measured at the present value of payments expected to be made by the City during the lease term in addition to certain direct costs.

The interest rate utilized to calculate the present value of lease payments is calculated annually and represents the weighted cost of debt.

### **Reclassifications**

Certain amounts in the prior periods have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

## **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **Compliance with Finance Related Legal and Contractual Provisions**

The City incurred no additional material violations of finance related legal and contractual provisions.

## **NOTE 3 – CASH DEPOSITS AND INVESTMENTS**

### **Cash Deposits**

The City reports its cash and other investments under GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, which is designed to improve financial reporting of deposit and investment risks.

The City’s investments are carried at fair value (level 2) and consist of certificates of deposit totaling \$587,386.

(Continued)

**NOTE 3 – CASH DEPOSITS AND INVESTMENTS (Continued)**

**Interest Rate Risk**

As a means of limiting its exposure to losses resulting from rising interest rates, the City’s usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The City’s investments experienced no significant fluctuations in fair value during the year.

**Custodial Credit Risk**

The City’s policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by the Federal Deposit Insurance Corporation or the Tennessee Bank Collateral Pool, by collateral held in the City’s agent in the City’s name, or by Federal Reserve Banks acting as third-party agents. State statutes also authorize the types of investments in which the City may participate. The City limits its investments to certificates of deposit, savings accounts and money market accounts with local banks. The City could also invest with the State of Tennessee local government pooled investment fund but has not chosen to do so.

**Credit Risk**

The City’s policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2022, consist of the following:

	<b>Taxes</b>			<b>Gross</b>	<b>(Less)</b>	
	<b>Receivables</b>	<b>Grant Funds</b>	<b>Accounts</b>	<b>Receivables</b>	<b>Allowance</b>	<b>Net</b>
<b>Governmental Funds</b>						
General	\$ 7,210,887	\$ -	\$ 804,196	\$ 8,015,083	\$ -	\$ 8,015,083
Grant	-	577,971	-	577,971	-	577,971
Solid Waste	-	-	548,539	548,539	(469,059)	79,480
Other Funds	-	-	58,696	58,696	-	58,696
	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
Total Governmental	<u>\$ 7,210,887</u>	<u>\$ 577,971</u>	<u>\$ 1,411,431</u>	<u>\$ 9,200,289</u>	<u>\$ (469,059)</u>	<u>\$ 8,731,230</u>

**NOTE 5 – INTERFUND TRANSFERS AND BALANCES**

Transfers within the City are substantially for the purpose of subsidizing industrial/economic development, operating, and debt service functions. Resources are accumulated in a fund to support and simplify the administration of various projects or programs. Interfund transfers are transactions between transferring funds out of one fund to support the operations of another fund.

(Continued)

**NOTE 5 – INTERFUND TRANSFERS AND BALANCES (Continued)**

Transfers to/from other funds during the year ended June 30, 2022, are as follows:

	<b>Transfers In</b>					<b>Total</b>
	<b>General Fund</b>	<b>American Rescue Plan Act</b>	<b>Capital Projects</b>	<b>Industrial Development</b>	<b>Other Governmental</b>	
Transfers Out:						
General Fund	\$ -	\$ 3,143,492	\$ 952,819	\$ -	\$ 3,042,647	\$ 7,138,958
Grant Fund	-	-	-	-	336,968	336,968
Other Governmental	-	-	-	2,697,742	-	2,697,742
	<u>\$ -</u>	<u>\$ 3,143,492</u>	<u>\$ 952,819</u>	<u>\$ 2,697,742</u>	<u>\$ 3,379,615</u>	<u>\$ 10,173,668</u>

Interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The composition of the City's interfund balances as of June 30, 2022, are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Grant Fund	\$ 1,182,785
General Fund	Capital Projects	92,730
Solid Waste Fund	General Fund	691,474
Capital Projects Fund	Grant Fund	25,000
Grant Fund	General Fund	6,489
Nonmajor Funds	General Fund	46,378
		<u>\$ 2,044,856</u>

**NOTE 6 – CAPITAL ASSETS**

The following is a summary of changes in capital assets and accumulated depreciation:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Non-depreciable capital assets:				
Land	\$ 1,841,429	\$ 125,000	\$ -	\$ 1,966,429
Construction in process	1,288,090	3,093,767	3,231,046	1,150,811
Total non-depreciable assets	<u>3,129,519</u>	<u>3,218,767</u>	<u>3,231,046</u>	<u>3,117,240</u>
Depreciable capital assets:				
Buildings	11,181,996	160,267	-	11,342,263
Infrastructure	21,068,182	3,070,779	-	24,138,961
Equipment / Vehicles	10,416,471	653,603	634,951	10,435,123
	<u>42,666,649</u>	<u>3,884,649</u>	<u>634,951</u>	<u>45,916,347</u>
Less accumulated depreciation:				
Buildings	8,024,000	237,552	-	8,261,552
Infrastructure	9,021,381	1,115,826	-	10,137,207
Equipment / Vehicles	8,282,829	675,109	561,497	8,396,441
	<u>25,328,210</u>	<u>2,028,487</u>	<u>561,497</u>	<u>26,795,200</u>
Total depreciable assets, net	<u>17,338,439</u>	<u>1,856,162</u>	<u>73,454</u>	<u>19,121,147</u>
Total capital assets, net	<u>\$ 20,467,958</u>	<u>\$ 5,074,929</u>	<u>\$3,304,500</u>	<u>\$ 22,238,387</u>

(Continued)

**NOTE 6 – CAPITAL ASSETS (Continued)**

Depreciation expense is charged to functions as follows:

General	\$ 182,564
Public safety	770,825
Public works	507,122
Culture and recreation	<u>567,976</u>
Total	<u>\$ 2,028,487</u>

**NOTE 7 – LONG-TERM LIABILITIES**

In the government-wide financial statements, long-term debt and other long-term obligations relative to governmental activities are reported as liabilities of the entity. Debt reported in the government-wide financial statements is expected to be liquidated with general government resources. The debt represents amounts not expected to be paid with expendable, available resources, and bonds and notes payable consist of the following at June 30, 2022:

General obligation bonds:

Series 2015, payable in variable, annual installments, plus interest  
at a rate of 5%, through March 2045 \$ 2,820,000

Notes:

Note of \$1,800,000 to Tennessee Municipal League Bond Fund,  
with semi-annual interest payments at 2.54% beginning May 2021, and  
additional interest and principal due through November 2035 \$ 1,689,185

Note of \$8,495,000 to Tennessee Municipal League Bond Fund,  
with semi-annual interest payments between 1.75 - 4.00% beginning  
December 2021, and additional interest and principal due through June 2039 7,845,000

Note of \$725,000 to Tennessee Municipal League Bond Fund, with  
semiannual interest payments at 3.98% beginning December 5, 2018,  
and additional interest and principal due through December 1, 2022 48,000

Note of \$132,748 to Tennessee Municipal League Bond Fund, with  
semiannual interest payments at 2.83% beginning December 2019,  
and additional interest and principal due through June 2023 34,000

Note of \$696,079 to Tennessee Municipal League Bond Fund, with  
semiannual interest payments at 1.65% beginning December 2021,  
and additional interest and principal due through December 2028 696,079  
\$ 10,312,264

(Continued)

**NOTE 7 – BONDS AND NOTES PAYABLE (Continued)**

Maturities of general long-term debt are as follows:

<b>For the year ending June 30,</b>	<b>General Obligation Bonds</b>	<b>Notes</b>	<b>Total</b>
2023	\$ 75,000	\$ 920,079	\$ 995,079
2024	75,000	862,000	937,000
2025	75,000	731,000	806,000
2026	80,000	711,000	791,000
2027	80,000	715,000	795,000
2028-2032	475,000	3,151,000	3,626,000
2033-2037	610,000	2,712,185	3,322,185
2038-2042	775,000	510,000	1,285,000
2043-2045	<u>575,000</u>	<u>-</u>	<u>575,000</u>
	<u>\$ 2,820,000</u>	<u>\$ 10,312,264</u>	<u>\$ 13,132,264</u>

During the year ended June 30, 2022, changes in long-term liabilities were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Amount Due Within One Year</b>
Bonds payable	\$ 2,890,000	\$ -	\$ (70,000)	\$ 2,820,000	\$ 70,000
Notes payable	9,712,634	1,448,630	(849,000)	10,312,264	920,079
Plus: Premium	963,283	-	(47,863)	915,420	47,863
Compensated absences	<u>576,069</u>	<u>-</u>	<u>-</u>	<u>576,069</u>	<u>576,069</u>
	<u>\$ 14,141,986</u>	<u>\$ 1,448,630</u>	<u>\$ (966,863)</u>	<u>\$ 14,623,753</u>	<u>\$ 1,566,148</u>

**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS**

**Tennessee Consolidated Retirement System**

**General Information about the Pension Plan**

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

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

(Continued)

**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**General Information about the Pension Plan (Continued)**

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

*Employees covered by benefit terms.* At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	68
Active employees	<u>131</u>
	<u>264</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 percent of salary. The City of East Ridge makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, employer contributions for East Ridge were \$698,005 based on a rate of 10.00 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept East Ridge’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)**

East Ridge’s net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.13 percent

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

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020.

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

(Continued)



**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

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

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Position Liability (Asset) (a) – (b)
Balance at 06/30/20	\$ 22,250,570	\$ 21,375,036	\$ 875,534
Changes for the year:			
Service cost	499,971	-	499,971
Interest	1,609,380	-	1,609,380
Differences between expected and actual experience	93,894	-	93,894
Contributions – employer	-	593,744	(593,744)
Contributions – employees	-	296,873	(296,873)
Net investment income	-	5,485,033	(5,485,033)
Benefit payments, including refund of employee contributions	(1,104,398)	(1,104,398)	-
Administrative expense	-	(11,526)	11,526
Net changes	<u>3,065,763</u>	<u>5,259,726</u>	<u>(2,193,963)</u>
Balance at 06/30/21	<u>\$ 25,316,333</u>	<u>\$ 26,634,762</u>	<u>\$ (1,318,429)</u>

(Continued)

**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Net pension liability (asset)	\$ 2,193,090	\$ (1,318,429)	\$ (4,215,497)

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

*Pension expense.* For the year ended June 30, 2022, the City recognized pension expense (income) of \$(172,945).

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 334,830	\$ 252,615
Change of assumptions	1,773,091	-
Net difference between projected and actual earnings of pension plan investments	280,825	3,207,667
Employer contributions after Measurement Date but prior To fiscal year end	<u>698,005</u>	<u>-</u>
Total	<u>\$ 3,086,751</u>	<u>\$ 3,460,282</u>

The amount shown for “contributions subsequent to the measurement date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability in the following measurement period.

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

Year Ended June 30:	
2023	\$ (304,970)
2024	(296,919)
2025	(379,792)
2026	(433,327)
2027	<u>343,472</u>
	<u>\$ (1,071,536)</u>

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

**Payable to the Pension Plan**

At June 30, 2022, East Ridge did not report a payable for the outstanding amount of contributions to the plan required at the year ended June 30, 2022.

(Continued)

**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**City of East Ridge Other Postemployment Benefits Plan**

**Plan Description**

The City's OPEB plan is a single employer plan. Under this plan covered employees include all full-time employees with 10 or more years of service with the city and hired prior to July 1, 2012. The City Council has the authority to establish and amend benefit provisions of the Plan.

*Employees covered by benefit terms.* At July 1, 2021 (the valuation date) the following employees were covered by the benefit terms:

	<b>Count</b>
Inactive employees or beneficiaries currently receiving benefits	9
Active employees	<u>60</u>
	<u>69</u>

**Employer Contributions**

The funding policy of the plan sponsor is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

**Employee Contributions**

None

**Net OPEB Liability**

The employer's net OPEB liability is reported herein as of June 30, 2022 for the employer fiscal year and reporting period of July 1, 2021 to June 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2021 and the corresponding measurement period of July 1, 2020 to July 1, 2021. The measurement of the total OPEB liability is based on a valuation date of July 1, 2021.

**Actuarial Assumptions and Actuarial Methods**

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Expected Return on Assets:	N/A
Discount Rate:	1.92 percent
Salary Scale:	2.50 percent
Healthcare Cost Trend Rates:	7.00 percent for fiscal year end 2022, decreasing 0.50 percent per year to an ultimate rate of 5.00 percent
Mortality:	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021
Actuarial Cost Method:	Entry Age Actuarial Cost Method

**Expected Return on Assets**

None

**Discount Rate**

The discount rate has been set equal to 1.92% and represents the Municipal GO AA 20-year yield curve rate as of June 30, 2022.

(Continued)

**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Pension (b)</b>	<b>Net OPEB Liability (Asset) (a) – (b)</b>
Balance at July 1, 2021	\$ 3,780,000	\$ -	\$ 3,780,000
Changes for the year:			
Service cost	348,000	-	348,000
Interest	99,000	-	99,000
Differences between expected and actual experience	(565,000)	-	(565,000)
Contributions – employer	-	143,000	(143,000)
Benefit payments	(143,000)	(143,000)	-
Change in benefit terms	(960,000)	-	(960,000)
Other changes	225,000	-	225,000
Net changes	<u>(996,000)</u>	<u>-</u>	<u>(996,000)</u>
Balance at June 30, 2022	<u>\$ 2,784,000</u>	<u>\$ -</u>	<u>\$ 2,784,000</u>

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability/(asset) of the employer as of the measurement date calculated using the discount rate, as well as what the employer’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Employer’s Net OPEB Liability	<u>\$ 2,982,000</u>	<u>\$ 2,784,000</u>	<u>\$ 2,586,000</u>

*Sensitivity of the net OPEB liability to changes in the Trend rate.* The following presents the net OPEB liability/(asset) of the employer as of the measurement date calculated using the trend rate, as well as what the employer’s net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Employer’s Net OPEB Liability	<u>\$ 2,421,000</u>	<u>\$ 2,784,000</u>	<u>\$ 3,215,000</u>

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

For the year ended June 30, 2022, under GASB 75 the employer OPEB expense is \$(602,000). The Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB as of June 30, 2022 from various sources are as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 803,000
Changes of assumptions	427,000	8,000
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date but prior to fiscal year end	<u>53,334</u>	<u>-</u>
Total	<u>\$ 480,334</u>	<u>\$ 811,000</u>

(Continued)

**NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

Year ended June 30:	
2023	\$ (96,000)
2024	(96,000)
2025	(95,000)
2026	(61,000)
2027	(39,000)
2028	3,000
Thereafter	-
	<u>\$ (384,000)</u>

**NOTE 9 – RESTRICTIONS AND CONTINGENCIES**

**Federal and State Grants**

The City has received funds from federal and state grants for specific purposes which are subject to review by the grantor agencies. Such reviews could lead to a request for reimbursement to the grantor agencies for any expenditure disallowed under the terms of the grants. Management believes that such disallowed costs, if any, would be immaterial.

**NOTE 10 – RISK MANAGEMENT AND LITIGATION**

The City of East Ridge 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 (TML-RMP) to provide workers' compensation coverage and general liability and property insurance. The City, along with other participating entities, contributes annual amounts determined by TML-RMP management. As claims arise, they are submitted to and paid by TMP-RMP. The amount contributed to the plan during fiscal year 2022 was \$510,856. There were no significant reductions in insurance coverage from the prior year.

At June 30, 2022, the City was involved in several lawsuits as defendant. Additionally, the City is exposed to several unasserted claims. Management feels that uninsured exposure if any would not be material to the financial statements.

**NOTE 11 – UNCERTAINTIES**

Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel, size, and duration of group meetings. Many sectors are experiencing disruption to business operations and the impact of reduced customer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. If the pandemic continues, it may have an adverse effect on the City's future operations, financial position, and liquidity.

**NOTE 12 – FUND DEFICITS**

At June 30, 2022, the Grant fund had a deficit fund balance of \$445,522.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated events and transactions subsequent to the statement of net position date through February 6, 2023 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

**CITY OF EAST RIDGE, TENNESSEE**

**SCHEDULE OF CHANGES IN CITY OF EAST RIDGE, TENNESSEE'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**

LAST TEN FISCAL YEARS ENDING

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total Pension Liability (Asset)								
Service cost	\$ 499,971	\$ 486,199	\$ 466,527	\$ 436,698	\$ 401,914	\$ 387,433	\$ 378,218	\$ 355,419
Interest	1,609,380	1,520,358	1,472,828	1,430,710	1,366,825	1,292,399	1,246,302	1,162,743
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual and expected experience	93,894	270,034	(231,693)	(280,511)	163,918	208,110	(178,441)	277,808
Change in assumptions	1,966,916	-	-	-	468,974	-	-	-
Benefit payments, including refunds of employee contributions	(1,104,398)	(1,020,544)	(1,122,949)	(948,647)	(904,986)	(915,163)	(766,168)	(643,140)
Net change in total pension liability	3,065,763	1,256,047	584,713	638,250	1,496,645	972,779	679,911	1,152,830
Total pension liability - beginning	22,250,570	20,994,523	20,409,810	19,771,560	18,274,915	17,302,136	16,622,225	15,469,395
Total pension liability - ending (a)	<u>\$ 25,316,333</u>	<u>\$ 22,250,570</u>	<u>\$ 20,994,523</u>	<u>\$ 20,409,810</u>	<u>\$ 19,771,560</u>	<u>\$ 18,274,915</u>	<u>\$ 17,302,136</u>	<u>\$ 16,622,225</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 593,744	\$ 583,981	\$ 551,838	\$ 531,711	\$ 487,590	\$ 414,430	\$ 413,814	\$ 407,430
Contributions - employee	296,873	291,992	275,919	265,857	243,796	224,017	223,684	220,711
Net investment income	5,485,033	1,013,806	1,432,467	1,492,501	1,847,817	427,408	487,732	2,257,625
Benefit payments, including refunds of employee contributions	(1,104,398)	(1,020,544)	(1,122,949)	(948,647)	(904,986)	(915,163)	(766,168)	(643,140)
Administrative expense	(11,526)	(11,503)	(11,475)	(12,243)	(10,331)	(8,744)	(5,714)	(4,837)
Net change in plan fiduciary net position	5,259,726	857,732	1,125,800	1,329,179	1,663,886	141,948	353,348	2,237,789
Plan fiduciary net position - beginning	21,375,036	20,517,304	19,391,504	18,062,325	16,398,439	16,256,491	15,903,143	13,665,354
Plan fiduciary net position - ending (b)	<u>\$ 26,634,762</u>	<u>\$ 21,375,036</u>	<u>\$ 20,517,304</u>	<u>\$ 19,391,504</u>	<u>\$ 18,062,325</u>	<u>\$ 16,398,439</u>	<u>\$ 16,256,491</u>	<u>\$ 15,903,143</u>
Net Pension Liability (asset) - ending (a) - (b)	<u>\$ (1,318,429)</u>	<u>\$ 875,534</u>	<u>\$ 477,219</u>	<u>\$ 1,018,306</u>	<u>\$ 1,709,235</u>	<u>\$ 1,876,476</u>	<u>\$ 1,045,645</u>	<u>\$ 719,082</u>
Plan fiduciary net position as a percentage of total pension liability	105.21%	96.07%	97.73%	95.01%	91.36%	89.73%	93.96%	95.67%
Covered - employee payroll	\$ 5,937,433	\$ 5,839,802	\$ 5,518,376	\$ 5,317,111	\$ 4,875,894	\$ 4,480,329	\$ 4,473,661	\$ 4,414,199
Net pension liability (asset) as a percentage of covered payroll	-22.21%	14.99%	8.65%	19.15%	35.05%	41.88%	23.37%	16.29%

Notes to Schedule:

*Changes of assumptions.* In 2017, amount 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.

Note: 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 TCRS GASB website for prior years' data, if needed.

**CITY OF EAST RIDGE, TENNESSEE**

SCHEDULE OF CITY OF EAST RIDGE, TENNESSEE'S CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS

LAST FISCAL YEAR ENDING

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	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially determined contribution	\$ 698,005	\$ 530,213	\$ 521,495	\$ 551,838	\$ 531,711	\$ 451,020	\$ 414,431
Contributions in relation to the actuarially determined contribution	<u>698,005</u>	<u>593,744</u>	<u>583,981</u>	<u>551,838</u>	<u>531,711</u>	<u>487,590</u>	<u>414,431</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (63,531)</u>	<u>\$ (62,486)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,570)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,980,050	\$ 5,937,440	\$ 5,839,810	\$ 5,518,376	\$ 5,317,111	\$ 4,875,894	\$ 4,480,329
Contributions as a percentage covered-employee payroll	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	9.25%

Note: 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 TCRS GASB website for prior years' data, if needed.

# CITY OF EAST RIDGE, TENNESSEE

## NOTES TO PENSION SCHEDULES

LAST FISCAL YEAR ENDING JUNE 30, 2022

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*Valuation date:* Actuarially determined contribution rates for 2022 were calculated based on the June 30, 2021 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	Fair market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projection of mortality improvement using Scale MP-2020
Cost of Living Adjustments	2.125 percent

*Changes of assumptions.* In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate from 2.5% to 2.25%, investment rate of return from 7.25% to 6.75%, cost-of-living adjustment from 2.25% to 2.125%, and mortality was based on Scale MP-2019 and now is based on Scale MP-2020.



**CITY OF EAST RIDGE, TENNESSEE**

**SCHEDULE OF CHANGES IN THE CITY OF EAST RIDGE TENNESSEE'S NET OPEB LIABILITY AND RELATED RATIOS**

Last 10 Fiscal Years (as information becomes available)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total OPEB Liability (Asset)					
Service cost	\$ 348,000	\$ 309,000	\$ 233,000	\$ 250,000	\$ 244,000
Interest	99,000	114,000	119,000	118,000	108,000
Changes in benefit terms	(960,000)	-	-	-	-
Differences between actual and expected experience	(565,000)	(164,000)	(156,000)	(287,000)	-
Change in assumptions	225,000	223,000	139,000	(20,000)	-
Benefit payments, including refunds of employee contributions	<u>(143,000)</u>	<u>(64,000)</u>	<u>(67,000)</u>	<u>(67,000)</u>	<u>(102,000)</u>
Net change in total OPEB liability	(996,000)	418,000	268,000	(6,000)	250,000
Total pension liability - beginning	<u>3,780,000</u>	<u>3,362,000</u>	<u>3,094,000</u>	<u>3,100,000</u>	<u>2,850,000</u>
Total pension liability - ending (a)	<u>\$ 2,784,000</u>	<u>\$ 3,780,000</u>	<u>\$ 3,362,000</u>	<u>\$ 3,094,000</u>	<u>\$ 3,100,000</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 143,000	\$ 64,000	\$ 67,000	\$ 67,000	\$ 102,000
Contributions - employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(143,000)	(64,000)	(67,000)	(67,000)	(102,000)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Pension Liability (asset) - ending (a) - (b)	<u>\$ 2,784,000</u>	<u>\$ 3,780,000</u>	<u>\$ 3,362,000</u>	<u>\$ 3,094,000</u>	<u>\$ 3,100,000</u>
Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered - employee payroll	\$ 2,989,000	\$ 5,785,000	\$ 5,785,000	\$ 4,665,000	\$ 4,665,000
Net pension liability (asset) as a percentage of covered payroll	93.14%	65.34%	58.12%	66.32%	66.45%

Notes to Schedule:

None.

**CITY OF EAST RIDGE, TENNESSEE**

**SCHEDULE OF CITY OF EAST RIDGE, TENNESSEE'S CONTRIBUTIONS BASED ON PARTICIPATION IN THE OTHER POST-EMPLOYMENT BENEFIT PLAN**

Last 10 Fiscal Years (as information becomes available)

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	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 143,000	\$ 64,000	\$ 67,000	\$ 67,000	\$ 102,000
Contributions in relation to the actuarially determined contribution	<u>143,000</u>	<u>64,000</u>	<u>67,000</u>	<u>67,000</u>	<u>102,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,989,000	\$ 5,785,000	\$ 5,785,000	\$ 4,665,000	\$ 4,665,000
Contributions as a percentage covered-employee payroll	4.78%	1.11%	1.16%	1.44%	2.19%

Notes to Schedule:

The employer has elected to make an annual contribution equal to the benefit payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as “pay-as-you-go.”

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the expected “pay-as-you-go” cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF EAST RIDGE, TENNESSEE**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2022

	Special Revenue					Total Nonmajor Governmental Funds
	Drug Investigation	State Street Aid	TML Bond Fund	Asset Forfeiture	Economic Development	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 26,475	\$ 1,779,443	\$ 1,679,418	\$ 173	\$ 158,291	\$ 3,643,800
Accounts receivables	-	-	58,696	-	-	58,696
Due from other funds	12,633	33,745	-	-	-	46,378
Total assets	<u>\$ 39,108</u>	<u>\$ 1,813,188</u>	<u>\$ 1,738,114</u>	<u>\$ 173</u>	<u>\$ 158,291</u>	<u>\$ 3,748,874</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 5,490	\$ -	\$ -	\$ -	\$ 5,490
Total liabilities	<u>-</u>	<u>5,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,490</u>
<b>Fund balances</b>						
Restricted for -						
Law enforcement	39,108	-	-	173	-	39,281
State approved street aid	-	1,807,698	-	-	-	1,807,698
Economic Development	-	-	-	-	158,291	158,291
Unassigned	-	-	1,738,114	-	-	1,738,114
Total fund balances	<u>39,108</u>	<u>1,807,698</u>	<u>1,738,114</u>	<u>173</u>	<u>158,291</u>	<u>3,743,384</u>
Total liabilities and fund balances	<u>\$ 39,108</u>	<u>\$ 1,813,188</u>	<u>\$ 1,738,114</u>	<u>\$ 173</u>	<u>\$ 158,291</u>	<u>\$ 3,748,874</u>

# CITY OF EAST RIDGE, TENNESSEE

## NONMAJOR GOVERNMENTAL FUNDS COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2022

	Special Revenue					Total Nonmajor Governmental Funds
	Drug Investigation	State Street Aid	TML Bond Fund	Asset Forfeiture	Economic Development	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ 704,294	\$ -	\$ -	\$ 704,294
Intergovernmental	58,141	774,621	-	-	-	832,762
Fines and forfeitures	39,411	-	-	-	-	39,411
Miscellaneous	500	1,584	3,424	-	21	5,529
Total revenues	98,052	776,205	707,718	-	21	1,581,996
<b>EXPENDITURES</b>						
Current-						
Public safety	144,783	-	-	-	-	144,783
Public works	-	345,162	-	-	-	345,162
Debt service -						
Principal	-	-	949,000	-	-	949,000
Interest and other costs	-	-	385,367	-	-	385,367
Total expenditures	144,783	345,162	1,334,367	-	-	1,824,312
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(46,731)	431,043	(626,649)	-	21	(242,316)
<b>OTHER FINANCING SOURCES</b>						
Transfers from other funds	-	-	856,147	-	2,523,468	3,379,615
Transfers to other funds	-	-	-	-	(2,697,742)	(2,697,742)
Total other financing sources (uses)	-	-	856,147	-	(174,274)	681,873
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	(46,731)	431,043	229,498	-	(174,253)	439,557
<b>FUND BALANCES</b>						
Beginning	85,839	1,376,655	1,508,616	173	332,544	3,303,827
Ending	\$ 39,108	\$ 1,807,698	\$ 1,738,114	\$ 173	\$ 158,291	\$ 3,743,384

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
Local sales tax	\$ 2,900,000	\$ 3,193,700	\$ 3,907,396	\$ 713,696
Property taxes	6,578,965	6,578,965	6,696,231	117,266
Business taxes	5,000	5,000	9,781	4,781
Local beer taxes	400,000	400,000	467,939	67,939
Gross receipts taxes	3,203,419	4,366,833	5,180,617	813,784
Franchise taxes	309,800	309,800	216,372	(93,428)
Total taxes	<u>13,397,184</u>	<u>14,854,298</u>	<u>16,478,336</u>	<u>1,624,038</u>
<b>LICENSES AND PERMITS</b>				
Building permits	120,000	120,000	172,747	52,747
Plumbing permits	12,000	12,000	15,815	3,815
Electrical permits	30,000	30,000	27,373	(2,627)
Other permits and licenses	59,650	59,650	73,748	14,098
Total licenses and permits	<u>221,650</u>	<u>221,650</u>	<u>289,683</u>	<u>68,033</u>
<b>INTERGOVERNMENTAL</b>				
State sales tax	2,139,858	2,139,858	2,500,078	360,220
State beer tax	13,000	13,000	10,126	(2,874)
State telecommunications tax	-	-	1,013	1,013
State mixed drink tax	50,000	50,000	92,079	42,079
State income and excise tax	6,000	6,000	7,938	1,938
Interstate sales tax	-	-	4,071	4,071
City streets and transportation	41,748	41,748	40,806	(942)
TVA in lieu of tax	247,552	247,552	230,154	(17,398)
State and other grants	57,600	3,660,102	403,726	(3,256,376)
Total intergovernmental	<u>2,555,758</u>	<u>6,158,260</u>	<u>3,289,991</u>	<u>(2,868,269)</u>
<b>CHARGES FOR SERVICES</b>				
Fire service contract	107,807	107,807	107,808	1
Recreation fees	721,600	744,800	787,152	42,352
Mowing charges	8,820	8,820	8,820	-
Other	15,700	15,700	12,984	(2,716)
Total charges for services	<u>853,927</u>	<u>877,127</u>	<u>916,764</u>	<u>39,637</u>
<b>FINES AND FORFEITS</b>				
City court fines and fees	356,300	356,300	465,373	109,073
Total fines and forfeits	<u>356,300</u>	<u>356,300</u>	<u>465,373</u>	<u>109,073</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>MISCELLANEOUS</b>				
Insurance recoveries	\$ 20,000	\$ 61,000	\$ 64,269	\$ 3,269
Interest	5,000	5,000	4,378	(622)
Other	<u>44,900</u>	<u>62,400</u>	<u>62,194</u>	<u>(206)</u>
Total miscellaneous	<u>69,900</u>	<u>128,400</u>	<u>130,841</u>	<u>2,441</u>
Total revenues	<u>17,454,719</u>	<u>22,596,035</u>	<u>21,570,988</u>	<u>(1,025,047)</u>
<b>GENERAL GOVERNMENT</b>				
<b>General Government</b>				
Health insurance	77,625	77,625	77,625	-
Pension	3,500	3,500	-	3,500
Workers' compensation	200,990	200,990	213,635	(12,645)
Dues and memberships	16,000	24,101	16,999	7,102
Data processing services	56,200	132,465	76,264	56,201
Insurance	667,000	697,300	718,437	(21,137)
Professional fees	175,075	175,075	190,456	(15,381)
Land and equipment	-	136,334	161,135	(24,801)
	<u>1,196,390</u>	<u>1,447,390</u>	<u>1,454,551</u>	<u>(7,161)</u>
<b>Administration</b>				
Salaries	1,176,912	624,346	563,102	61,244
Payroll taxes	44,632	47,728	42,983	4,745
Health insurance	91,197	91,197	49,252	41,945
Pension	68,066	71,953	64,120	7,833
Unemployment insurance	504	504	248	256
Employee training and testing	10,150	10,150	2,429	7,721
Printing and duplicating	15,000	15,000	9,259	5,741
Dues and memberships	2,650	2,650	2,397	253
Telephone	20,000	20,000	26,350	(6,350)
Public relations	9,000	9,000	12,708	(3,708)
Travel	14,322	14,322	3,330	10,992
Operating supplies	115,800	135,500	120,414	15,086
Equipment operations and maintenance	12,000	12,000	5,759	6,241
Professional fees	37,000	37,000	35,275	1,725
Other	<u>17,500</u>	<u>17,500</u>	<u>18,771</u>	<u>(1,271)</u>
	<u>1,634,733</u>	<u>1,108,850</u>	<u>956,397</u>	<u>152,453</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>City Council</b>				
Salaries	\$ 40,800	\$ 40,800	\$ 40,800	\$ -
Payroll taxes	3,121	3,121	2,882	239
Health insurance	25,951	25,951	22,242	3,709
Employee training and testing	4,000	4,000	500	3,500
Printing and duplicating	400	400	-	400
Dues and memberships	350	350	300	50
Telephone	3,000	3,000	1,755	1,245
Council meeting	4,000	4,000	1,523	2,477
Travel	10,000	10,000	2,111	7,889
Special events	25,000	36,500	36,334	166
Operating supplies	3,600	3,600	1,007	2,593
	<u>120,222</u>	<u>131,722</u>	<u>109,454</u>	<u>22,268</u>
<b>Municipal Court</b>				
Salaries	178,659	179,904	198,941	(19,037)
Payroll taxes	13,320	15,060	14,855	205
Health insurance	44,052	44,052	33,714	10,338
Employee training and testing	650	650	-	650
Pension	9,081	11,357	12,045	(688)
Unemployment insurance	168	168	119	49
Printing and duplicating	500	500	1,576	(1,076)
Subscriptions	175	175	166	9
Telephone	2,500	2,500	2,869	(369)
Travel	500	500	525	(25)
Operating supplies	7,650	7,650	7,747	(97)
Child restraint	15,000	15,000	20,873	(5,873)
Litigation fees	60,000	81,000	91,008	(10,008)
Other	10,500	39,500	20,856	18,644
	<u>342,755</u>	<u>398,016</u>	<u>405,294</u>	<u>(7,278)</u>

(Continued)



**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Economic Development-</b>				
Professional services	\$ 56,000	\$ 86,000	\$ 80,210	\$ 5,790
	<u>56,000</u>	<u>86,000</u>	<u>80,210</u>	<u>5,790</u>
 <b>City Hall Complex-</b>				
Utilities	34,228	39,228	34,995	4,233
Operating supplies	<u>8,875</u>	<u>8,875</u>	<u>8,187</u>	<u>688</u>
	<u>43,103</u>	<u>48,103</u>	<u>43,182</u>	<u>4,921</u>
 <b>Inspection</b>				
Salaries	289,043	306,046	248,352	57,694
Payroll taxes	18,918	21,749	17,098	4,651
Health insurance	75,590	75,590	68,814	6,776
Pension	24,729	28,117	25,382	2,735
Unemployment insurance	336	336	174	162
Employee training and testing	9,250	9,250	943	8,307
Printing and duplicating	5,000	5,000	678	4,322
Dues and memberships	285	285	85	200
Telephone	6,250	6,250	5,163	1,087
Travel	5,000	5,000	283	4,717
Contract services	127,950	127,950	56,323	71,627
Operating supplies	54,400	54,400	58,156	(3,756)
Equipment operations and maintenance	11,278	11,278	14,889	(3,611)
Uniform	2,000	2,000	1,037	963
Other	<u>25,000</u>	<u>25,000</u>	<u>40,183</u>	<u>(15,183)</u>
	<u>655,029</u>	<u>678,251</u>	<u>537,560</u>	<u>140,691</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>City Garage</b>				
Telephone	\$ 1,650	\$ 1,650	\$ 1,545	\$ 105
Utilities	4,300	4,300	7,278	(2,978)
Equipment operations and maintenance	<u>1,650</u>	<u>6,650</u>	<u>1,182</u>	<u>5,468</u>
	<u>7,600</u>	<u>12,600</u>	<u>10,005</u>	<u>2,595</u>
 <b>Building Maintenance</b>				
Salaries	162,292	177,725	159,810	17,915
Payroll taxes	11,606	12,787	12,142	645
Health insurance	25,021	25,021	13,011	12,010
Pension	11,245	12,788	11,823	965
Unemployment insurance	280	280	134	146
Telephone	4,174	4,174	3,170	1,004
Utilities	7,190	7,190	6,646	544
Medical	100	100	-	100
Operating supplies	21,400	21,400	27,897	(6,497)
Custodial services	3,000	3,000	5,974	(2,974)
Equipment operations and maintenance	4,000	4,000	1,283	2,717
Building maintenance	40,000	40,000	43,066	(3,066)
Grounds maintenance	15,000	15,000	4,584	10,416
Other	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
	<u>305,508</u>	<u>323,665</u>	<u>289,540</u>	<u>34,125</u>
 <b>TOTAL GENERAL GOVERNMENT</b>	 <u>4,361,340</u>	 <u>4,234,597</u>	 <u>3,886,193</u>	 <u>348,404</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts			Variance
	Original	Final	Actual	with Final Budget
<b>DEPARTMENT OF PUBLIC SAFETY</b>				
<b>Police</b>				
Salaries	\$ 608,482	\$ 650,775	\$ 640,097	\$ 10,678
Payroll taxes	38,442	41,677	48,422	(6,745)
Health insurance	101,610	109,810	109,711	99
Pension	50,251	54,480	56,506	(2,026)
Unemployment insurance	560	560	319	241
Employee training and testing	31,100	31,100	30,069	1,031
Contract services	35,000	35,000	13,861	21,139
Printing and duplicating	5,800	5,800	4,461	1,339
Dues and memberships	3,000	3,000	3,395	(395)
Subscriptions	100	100	-	100
Telephone	40,000	45,500	45,389	111
Utilities	17,000	17,000	16,623	377
Medical	2,000	2,000	3,285	(1,285)
Travel	25,000	30,000	29,264	736
Operating supplies	30,000	30,000	38,596	(8,596)
Contracts with other governments	330,000	330,000	328,970	1,030
Supplies and small equipment	110,600	215,600	214,855	745
Equipment operations and maintenance	40,500	500,408	562,648	(62,240)
Building maintenance	1,500	1,500	482	1,018
Uniforms	8,000	8,000	9,680	(1,680)
Insurance	5,000	5,000	8,698	(3,698)
	<u>1,483,945</u>	<u>2,117,310</u>	<u>2,165,331</u>	<u>(48,021)</u>
<b>Criminal Investigation</b>				
Salaries	599,452	599,452	501,505	97,947
Payroll taxes	35,129	35,129	37,038	(1,909)
Health insurance	124,098	124,098	124,098	-
Pension	45,920	45,920	51,550	(5,630)
Unemployment insurance	504	504	252	252
Operating supplies	19,600	19,600	21,848	(2,248)
	<u>824,703</u>	<u>824,703</u>	<u>736,291</u>	<u>88,412</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Patrol</b>				
Salaries	\$ 1,732,876	\$ 1,835,948	\$ 1,815,405	\$ 20,543
Payroll taxes	125,482	131,916	133,590	(1,674)
Health insurance	397,284	397,284	398,006	(722)
Pension	155,787	183,043	182,446	597
Unemployment insurance	1,792	1,792	1,180	612
Operating supplies	<u>171,400</u>	<u>257,400</u>	<u>248,516</u>	<u>8,884</u>
	<u>2,584,621</u>	<u>2,807,383</u>	<u>2,779,143</u>	<u>28,240</u>
<b>Fire</b>				
Salaries	1,302,635	1,424,122	1,501,692	(77,570)
Payroll taxes	85,459	94,753	112,618	(17,865)
Health insurance	307,941	307,941	301,010	6,931
Pension	111,711	123,860	143,361	(19,501)
Workers' compensation	1,288	1,288	700	588
Employee training and testing	10,500	10,500	5,988	4,512
Printing and duplicating	3,500	3,500	1,961	1,539
Dues and memberships	600	600	1,070	(470)
Subscriptions	500	500	820	(320)
Telephone	19,000	19,000	21,243	(2,243)
Utilities	35,000	35,000	39,190	(4,190)
Medical	1,400	1,400	300	1,100
Travel	8,000	8,000	4,208	3,792
Rent	7,700	22,700	41,109	(18,409)
Operating supplies	27,900	27,900	32,838	(4,938)
Contracts with other governments	312,000	312,000	140,027	171,973
Supplies and small equipment	24,500	24,500	27,500	(3,000)
Equipment operations and maintenance	52,000	748,079	409,738	338,341
Building maintenance	2,500	2,500	3,595	(1,095)
Uniforms	22,000	22,000	7,591	14,409
Insurance	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
	<u>2,338,134</u>	<u>3,192,143</u>	<u>2,796,559</u>	<u>395,584</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Animal Control</b>				
Salaries	\$ 131,176	\$ 163,166	\$ 150,089	\$ 13,077
Payroll taxes	9,433	11,880	11,110	770
Health insurance	41,056	41,056	34,720	6,336
Pension	9,129	11,384	15,289	(3,905)
Contract services	3,500	3,500	1,528	1,972
Workers' compensation	224	224	84	140
Employee training and testing	2,750	2,750	-	2,750
Printing and duplicating	1,600	1,600	-	1,600
Dues and memberships	600	600	-	600
Telephone	4,800	4,800	4,585	215
Utilities	8,900	8,900	7,521	1,379
Medical	250	250	-	250
Travel	1,500	1,500	-	1,500
Operating supplies	22,000	22,000	33,824	(11,824)
Equipment operations and maintenance	6,400	6,400	5,038	1,362
Building maintenance	2,300	2,300	1,055	1,245
Uniforms	2,000	2,000	1,273	727
Other	15,000	15,000	14,761	239
	<u>262,618</u>	<u>299,310</u>	<u>280,877</u>	<u>18,433</u>
<b>TOTAL DEPARTMENT OF PUBLIC SAFETY</b>	<u>7,494,021</u>	<u>9,240,849</u>	<u>8,758,201</u>	<u>482,648</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	<b>Budget Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>with Final</b>
				<b>Budget</b>
<b>DEPARTMENT OF PUBLIC WORKS</b>				
<b>Traffic Control and Street Markers</b>				
Salaries	\$ 205,689	\$ 205,689	\$ 177,804	\$ 27,885
Payroll taxes	10,858	10,858	13,048	(2,190)
Health insurance	41,913	41,913	49,356	(7,443)
Pension	14,090	14,090	17,499	(3,409)
Workers' compensation	168	168	112	56
Employee training and testing	2,750	2,750	1,200	1,550
Dues and memberships	280	280	270	10
Telephone	2,500	2,500	2,608	(108)
Utilities	4,900	4,900	6,193	(1,293)
Travel	1,000	1,000	-	1,000
Operating supplies	23,800	23,800	30,235	(6,435)
Equipment operations and maintenance	11,000	11,000	9,852	1,148
Building maintenance	500	500	-	500
Uniforms	1,500	1,500	1,844	(344)
Other	1,600	1,600	290	1,310
	<u>322,798</u>	<u>322,798</u>	<u>310,311</u>	<u>12,487</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Streets</b>				
Salaries	\$ 280,823	\$ 280,823	\$ 225,523	\$ 55,300
Payroll taxes	20,970	20,970	16,773	4,197
Health insurance	82,134	82,134	53,988	28,146
Pension	27,412	27,412	22,881	4,531
Workers' compensation	336	336	206	130
Employee training and testing	2,250	2,250	55	2,195
Telephone	2,700	2,700	2,233	467
Utilities	4,750	4,750	6,047	(1,297)
Medical	250	250	270	(20)
Professional and contract services	5,000	5,000	75	4,925
Operating supplies	24,050	24,050	17,874	6,176
Equipment operations and maintenance	46,500	46,500	67,813	(21,313)
Uniforms	1,500	1,500	1,810	(310)
Damage claims	1,000	1,000	-	1,000
	<u>499,675</u>	<u>499,675</u>	<u>415,823</u>	<u>83,852</u>
<b>TOTAL DEPARTMENT OF PUBLIC WORKS</b>	<u>822,473</u>	<u>822,473</u>	<u>726,134</u>	<u>96,339</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	<b>Budget Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>with Final</b>
				<b>Budget</b>
<b>DEPARTMENT OF PUBLIC WELFARE</b>				
<b>Library</b>				
Salaries	\$ 138,629	\$ 193,834	\$ 149,821	\$ 44,013
Payroll taxes	11,829	14,522	10,887	3,635
Health insurance	18,537	18,537	28,557	(10,020)
Pension	7,852	11,373	9,489	1,884
Workers' compensation	280	280	195	85
Employee training and testing	500	500	-	500
Printing and duplicating	1,000	1,000	1,270	(270)
Subscriptions	2,000	2,000	1,377	623
Telephone	5,000	5,000	4,852	148
Medical	250	250	110	140
Professional and contract services	5,550	5,550	6,112	(562)
Operating supplies	5,500	5,500	6,580	(1,080)
Equipment/book operations and maintenance	<u>21,400</u>	<u>21,400</u>	<u>23,710</u>	<u>(2,310)</u>
	<u>218,527</u>	<u>279,946</u>	<u>242,960</u>	<u>36,986</u>
<b>Museum</b>				
Telephone	100	100	90	10
Contract services	<u>300</u>	<u>300</u>	<u>150</u>	<u>150</u>
	<u>400</u>	<u>400</u>	<u>240</u>	<u>160</u>
<b>Community Development Centers</b>				
Transportation Assistance	<u>5,000</u>	<u>10,000</u>	<u>8,250</u>	<u>1,750</u>
<b>TOTAL DEPARTMENT OF PUBLIC WELFARE</b>	<u>223,927</u>	<u>290,346</u>	<u>251,450</u>	<u>38,896</u>

(Continued)



**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CULTURE AND RECREATION</b>				
<b>Arena</b>				
Salaries	\$ 452,531	\$ 497,920	\$ 428,974	\$ 68,946
Payroll taxes	34,986	36,790	32,087	4,703
Health insurance	114,418	114,418	77,102	37,316
Pension	38,667	43,160	33,819	9,341
Workers' compensation	784	784	452	332
Employee training and testing	2,300	2,300	325	1,975
Printing and duplicating	700	700	160	540
Dues and subscriptions	1,500	1,500	761	739
Telephone	6,000	6,000	4,953	1,047
Utilities	60,750	60,750	89,303	(28,553)
Travel	2,000	2,000	295	1,705
Operating supplies	15,300	15,300	12,353	2,947
Contracted services	13,000	13,000	21,227	(8,227)
Equipment operations and maintenance	25,200	25,200	73,733	(48,533)
Building maintenance	2,000	2,000	2,344	(344)
Grounds maintenance	66,800	66,800	66,903	(103)
Uniforms	1,500	1,500	1,983	(483)
Medical	600	600	460	140
Damage claims	2,000	2,000	1,340	660
Other	1,500	1,500	1,657	(157)
	<u>842,536</u>	<u>894,222</u>	<u>850,231</u>	<u>43,991</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Maintenance of Recreational Facilities</b>				
Salaries	\$ 86,861	\$ 86,861	\$ 83,621	\$ 3,240
Payroll taxes	5,848	5,848	6,210	(362)
Health insurance	18,627	18,627	17,774	853
Pension	7,644	7,644	8,030	(386)
Workers' compensation	112	112	56	56
Employee training and testing	750	750	-	750
Printing and duplicating	250	250	-	250
Dues and memberships	1,000	1,000	100	900
Telephone	5,500	5,500	4,055	1,445
Utilities	74,000	74,000	91,558	(17,558)
Operating supplies	8,700	8,700	6,474	2,226
Contracted services	11,000	11,000	22,854	(11,854)
Equipment operations and maintenance	10,000	10,000	7,217	2,783
Grounds maintenance	-	-	(49)	49
Travel	500	500	719	(219)
Park promotions	1,250	1,250	38	1,212
Uniforms	500	500	765	(265)
Medical	150	150	-	150
Other	1,000	1,000	-	1,000
	<u>233,692</u>	<u>233,692</u>	<u>249,422</u>	<u>(15,730)</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Community Center</b>				
Salaries	\$ 124,671	\$ 131,886	\$ 103,698	\$ 28,188
Payroll taxes	9,231	9,783	8,057	1,726
Health insurance	6,357	6,357	4,793	1,564
Pension	3,422	4,191	3,342	849
Workers' compensation	392	392	205	187
Employee training and testing	800	800	200	600
Printing and duplicating	200	200	122	78
Dues and memberships	350	350	-	350
Telephone	3,200	3,200	833	2,367
Utilities	26,500	26,500	23,623	2,877
Medical	500	500	-	500
Operating supplies	16,000	16,000	11,152	4,848
Contracted services	3,500	3,500	4,303	(803)
Equipment operations and maintenance	1,400	1,400	301	1,099
Building maintenance	1,000	1,000	57	943
Grounds maintenance	1,500	1,500	23,492	(21,992)
Travel	250	250	79	171
Uniforms	500	500	1,399	(899)
	<u>199,773</u>	<u>208,309</u>	<u>185,656</u>	<u>22,653</u>

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)

	Budget Amounts			Variance
	Original	Final	Actual	with Final Budget
<b>McBrien School</b>				
Telephone	\$ 300	\$ 300	\$ 100	\$ 200
Utilities	11,000	11,000	8,087	2,913
Contracted services	400	400	180	220
Operating supplies	6,150	6,150	49	6,101
Building maintenance	500	500	-	500
	18,350	18,350	8,416	9,934
<b>Recreational Sports</b>				
Contracted services	7,400	7,400	3,739	3,661
Printing and duplicating	800	800	-	800
Equipment, supplies and uniforms	83,100	83,100	77,878	5,222
Tournament fees	8,150	8,150	13,152	(5,002)
Officials, referees and players fees	109,000	109,000	114,092	(5,092)
Insurance	29,900	29,900	27,943	1,957
	238,350	238,350	236,804	1,546
<b>TOTAL CULTURE AND RECREATION</b>	1,532,701	1,592,923	1,530,529	62,394
<b>TOTAL EXPENDITURES</b>	14,434,462	16,181,188	15,152,507	1,028,681

(Continued)

**CITY OF EAST RIDGE, TENNESSEE**

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

(Continued)	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ 3,020,257	\$ 6,414,847	\$ 6,418,481	\$ 3,634
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(3,040,257)	(7,160,926)	(7,138,958)	21,968
Note proceeds	-	696,079	696,079	-
Proceeds from sale of assets	<u>20,000</u>	<u>50,000</u>	<u>44,795</u>	<u>(5,205)</u>
Total other financing sources (uses)	<u>(3,020,257)</u>	<u>(6,414,847)</u>	<u>(6,398,084)</u>	<u>16,763</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	-	-	20,397	<u>\$ 20,397</u>
<b>FUND BALANCE</b>				
Beginning	<u>6,607,990</u>	<u>5,633,330</u>	<u>5,795,374</u>	
Ending	<u>\$ 6,607,990</u>	<u>\$ 5,633,330</u>	<u>\$ 5,815,771</u>	

**CITY OF EAST RIDGE, TENNESSEE**

**DRUG INVESTIGATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2022

	<b>Budget Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>with Final</b>
				<b>Budget</b>
<b>REVENUES</b>				
Intergovernmental	\$ 45,000	\$ 80,000	\$ 58,141	\$ (21,859)
Drug related fines and forfeitures	<u>20,000</u>	<u>40,000</u>	<u>39,411</u>	<u>(589)</u>
Total revenues	<u>65,000</u>	<u>120,000</u>	<u>98,052</u>	<u>(21,948)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Employee training and testing	1,000	1,000	-	1,000
Office supplies	26,500	26,500	25,263	1,237
Uniforms	22,000	22,000	3,853	18,147
Travel	500	500	5,360	(4,860)
Equipment operations and maintenance	<u>15,000</u>	<u>70,000</u>	<u>110,307</u>	<u>(40,307)</u>
<b>TOTAL EXPENDITURES</b>	<u>65,000</u>	<u>120,000</u>	<u>144,783</u>	<u>(24,783)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	(46,731)	\$ <u>(46,731)</u>
<b>FUND BALANCE</b>				
Beginning	<u>38,001</u>	<u>(2,721)</u>	<u>85,839</u>	
Ending	<u>\$ 38,001</u>	<u>\$ (2,721)</u>	<u>\$ 39,108</u>	

**CITY OF EAST RIDGE, TENNESSEE**

STATE STREET AID FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	<b>Budget Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>with Final</b>
				<b>Budget</b>
<b>REVENUES</b>				
Intergovernmental	\$ 1,820,085	\$ 1,820,085	\$ 774,621	\$ (1,045,464)
Interest	<u>100</u>	<u>100</u>	<u>1,584</u>	<u>1,484</u>
Total revenues	<u>1,820,185</u>	<u>1,820,185</u>	<u>776,205</u>	<u>(1,043,980)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Utilities	225,000	225,000	217,893	7,107
Operating supplies	21,000	21,000	-	21,000
Professional services	71,000	71,000	36,553	34,447
Road paving and maintenance	1,343,856	1,434,374	90,518	1,343,856
Other	<u>-</u>	<u>-</u>	<u>26</u>	<u>(26)</u>
<b>TOTAL EXPENDITURES</b>	<u>1,660,856</u>	<u>1,751,374</u>	<u>344,990</u>	<u>1,406,384</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	159,329	68,811	431,215	<u>\$ 362,404</u>
<b>FUND BALANCE</b>				
Beginning	<u>318,758</u>	<u>318,758</u>	<u>1,376,655</u>	
Ending	<u>\$ 478,087</u>	<u>\$ 387,569</u>	<u>\$ 1,807,870</u>	

**CITY OF EAST RIDGE, TENNESSEE**

TENNESSEE MUNICIPAL LEAGUE BOND FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	<b>Budget Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Room occupancy tax	\$ 400,000	\$ 478,097	\$ 704,294	\$ 226,197
Interest	<u>500</u>	<u>500</u>	<u>3,424</u>	<u>2,924</u>
Total revenues	<u>400,500</u>	<u>478,597</u>	<u>707,718</u>	<u>229,121</u>
<b>DEBT SERVICE</b>				
Principal	925,700	1,093,379	949,000	144,379
Interest	<u>443,900</u>	<u>417,193</u>	<u>385,367</u>	<u>31,826</u>
Total debt service	<u>1,369,600</u>	<u>1,510,572</u>	<u>1,334,367</u>	<u>176,205</u>
<b>TOTAL EXPENDITURES</b>	<u>1,369,600</u>	<u>1,510,572</u>	<u>1,334,367</u>	<u>176,205</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(969,100)	(1,031,975)	(626,649)	405,326
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	<u>887,931</u>	<u>887,931</u>	<u>856,147</u>	<u>31,784</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	(81,169)	(144,044)	229,498	<u>\$ 373,542</u>
<b>FUND BALANCE</b>				
Beginning	<u>977,515</u>	<u>771,675</u>	<u>1,508,616</u>	
Ending	<u>\$ 896,346</u>	<u>\$ 627,631</u>	<u>\$ 1,738,114</u>	



**CITY OF EAST RIDGE, TENNESSEE**

ASSET FORFEITURE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

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	<b>Budget Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	-	-	-	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning	<u>2</u>	<u>2</u>	<u>173</u>	
Ending	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 173</u>	

**CITY OF EAST RIDGE, TENNESSEE**

ECONOMIC DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	<b>Budget Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Miscellaneous	\$ 150	\$ 150	\$ 21	\$ (129)
Total revenues	<u>150</u>	<u>150</u>	<u>21</u>	<u>(129)</u>
<b>EXPENDITURES</b>				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS REVENUES OVER EXPENDITURES</b>				
	150	150	21	(129)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	2,463,431	3,174,641	2,523,468	(651,173)
Transfers to other funds	<u>(2,463,431)</u>	<u>(3,292,765)</u>	<u>(2,697,742)</u>	<u>595,023</u>
Total other financing sources (uses)	<u>-</u>	<u>(118,124)</u>	<u>(174,274)</u>	<u>(56,150)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>				
	150	(117,974)	(174,253)	<u>\$ (56,279)</u>
<b>FUND BALANCE</b>				
Beginning	<u>-</u>	<u>150</u>	<u>332,544</u>	
Ending	<u>\$ 150</u>	<u>\$ (117,824)</u>	<u>\$ 158,291</u>	

**CITY OF EAST RIDGE, TENNESSEE**

CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	<b>Budget Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>with Final</b>
				<b>Budget</b>
<b>REVENUES</b>				
Intergovernmental	\$ 3,222,562	\$ 3,222,562	\$ 484,356	\$ (2,738,206)
Total revenues	<u>3,222,562</u>	<u>3,247,562</u>	<u>459,356</u>	<u>(2,788,206)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	560,309	1,189,729	1,278,798	(89,069)
Capital outlay	<u>3,724,800</u>	<u>3,574,300</u>	<u>1,473,437</u>	<u>2,100,863</u>
<b>TOTAL EXPENDITURES</b>	<u>4,285,109</u>	<u>4,764,029</u>	<u>2,752,235</u>	<u>2,011,794</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	(1,062,547)	(1,516,467)	(2,292,879)	(776,412)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	299,181	299,181	952,819	653,638
Note proceeds	<u>763,366</u>	<u>763,366</u>	<u>752,551</u>	<u>(10,815)</u>
Total other financing sources (uses)	<u>1,062,547</u>	<u>1,062,547</u>	<u>1,705,370</u>	<u>642,823</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND</b>				
<b>OTHER SOURCES OVER EXPENDITURES</b>				
<b>AND OTHER USES</b>	-	(453,920)	(587,509)	<u>\$ (133,589)</u>
<b>FUND BALANCE</b>				
Beginning	<u>(92,489)</u>	<u>(147,739)</u>	<u>1,036,429</u>	
Ending	<u>\$ (92,489)</u>	<u>\$ (601,659)</u>	<u>\$ 448,920</u>	

**CITY OF EAST RIDGE, TENNESSEE**

AMERICAN RESCUE PLAN ACT  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public welfare	<u>3,142,492</u>	<u>3,142,492</u>	<u>18</u>	<u>3,142,474</u>
<b>TOTAL EXPENDITURES</b>	<u>3,142,492</u>	<u>3,142,492</u>	<u>18</u>	<u>3,142,474</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(3,142,492)	(3,142,492)	(18)	3,142,474
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	<u>3,142,492</u>	<u>3,142,492</u>	<u>3,143,492</u>	<u>1,000</u>
Total other financing sources (uses)	<u>3,142,492</u>	<u>3,142,492</u>	<u>3,143,492</u>	<u>1,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>				
	-	-	3,143,474	<u>\$ 3,143,474</u>
<b>FUND BALANCE</b>				
Beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,143,474</u>	

**CITY OF EAST RIDGE, TENNESSEE**

INDUSTRIAL DEVELOPMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2022

	<b>Budget Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Incentive payments	<u>2,697,747</u>	<u>2,697,747</u>	<u>2,697,741</u>	<u>6</u>
Total expenditures	<u>2,697,747</u>	<u>2,697,747</u>	<u>2,697,741</u>	<u>6</u>
<b>EXCESS REVENUES OVER EXPENDITURES</b>	2,697,747	(2,697,747)	(2,697,741)	6
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	<u>2,697,742</u>	<u>2,697,742</u>	<u>2,697,742</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	5,395,489	(5)	1	<u>\$ 6</u>
<b>FUND BALANCE</b>				
Beginning	<u>-</u>	<u>-</u>	<u>1,239</u>	
Ending	<u>\$ 5,395,489</u>	<u>\$ (5)</u>	<u>\$ 1,240</u>	

**CITY OF EAST RIDGE, TENNESSEE**

**SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS**

JUNE 30, 2022

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<b>Year</b>	<b>Tax Rate</b>	<b>Assessment</b>	<b>Levy</b>
2013	1.4227	\$ 329,294,159	\$ 4,684,868
2014	1.4227	329,375,343	4,686,023
2015	1.4227	330,771,069	4,705,880
2016	1.4227	338,446,967	4,815,085
2017	1.3382	369,012,134	4,938,120
2018	1.3382	351,143,775	4,699,006
2019	1.3382	352,770,886	4,720,780
2020	1.3381	385,410,209	5,157,174
2021	1.2500	521,102,155	6,513,777
2022	1.2500	505,887,120	6,323,589

**CITY OF EAST RIDGE, TENNESSEE**

**SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE**

JUNE 30, 2022

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<b>Tax Year</b>	<b>Property Tax Receivable Balance June 30, 2021</b>	<b>Property Tax Levied</b>	<b>Anticipated Property Tax Levy</b>	<b>Abatements and Adjustments</b>	<b>Tax Collections</b>	<b>Property Tax Receivable Balance June 30, 2022</b>
2022	\$ -	\$ -	\$ 6,513,777	\$ -	\$ -	\$ 6,619,649
2021	6,513,777	-	-	-	-	336,857
2020	278,786	-	-	-	(183,345)	95,441
2019	113,721	-	-	-	(44,861)	68,860
2018	53,180	-	-	-	(42,992)	10,188
2017	8,522	-	-	-	1,450	9,972
2016	9,250	-	-	-	343	9,593
2015	10,120	-	-	-	1,588	11,708
2014	10,011	-	-	-	2,360	12,371
2013	8,576	-	-	-	3,620	12,196
2012	8,663	-	-	-	3,024	11,687
2011	8,616	-	-	-	3,749	12,365
2010	7,675	-	-	-	(7,675)	-
2009	5,767	-	-	-	(5,767)	-
2008	6,646	-	-	-	(6,646)	-
	<u>\$ 7,043,310</u>	<u>\$ -</u>	<u>\$ 6,513,777</u>	<u>\$ -</u>	<u>\$ (275,152)</u>	<u>\$ 7,210,887</u>

*Note: All uncollected taxes for the years prior to 2017 have been turned over to the Clerk and Master for collection.*

**CITY OF EAST RIDGE, TENNESSEE**

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
GOVERNMENTAL ACTIVITIES

JUNE 30, 2022

Year Ending June 30,	General Obligation Bonds Series 2015		General Obligation Capital Outlay Notes Series 2018		TML Bond Fund Series 2019		TML Bond Fund Series 2020		General Obligation Refunding Bonds, Series 2021		Fire Department Capital Outlay Note Series 2021		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 75,000	\$ 134,813	\$ 48,000	\$ 955	\$ 34,000	\$ 962	\$ 103,000	\$ 41,872	\$ 640,000	\$ 195,963	\$ 95,079	\$ 10,701	\$ 995,079	\$ 385,266
2024	75,000	132,844	-	-	-	-	105,000	39,230	660,000	176,763	97,000	9,116	937,000	357,953
2025	75,000	130,781	-	-	-	-	108,000	36,525	525,000	156,963	98,000	7,508	806,000	331,777
2026	80,000	127,750	-	-	-	-	111,000	33,744	500,000	141,213	100,000	5,874	791,000	308,581
2027	80,000	123,750	-	-	-	-	114,000	30,886	500,000	126,213	101,000	4,216	795,000	285,065
2028	85,000	119,625	-	-	-	-	116,000	27,965	505,000	111,213	102,000	2,541	808,000	261,344
2029	90,000	115,250	-	-	-	-	119,000	24,981	495,000	96,063	103,000	850	807,000	237,144
2030	95,000	110,625	-	-	-	-	122,000	21,920	445,000	76,263	-	-	662,000	208,808
2031	100,000	105,750	-	-	-	-	125,000	18,783	445,000	67,363	-	-	670,000	191,896
2032	105,000	100,625	-	-	-	-	129,000	15,558	445,000	58,463	-	-	679,000	174,646
2033	110,000	95,250	-	-	-	-	132,000	12,243	450,000	49,563	-	-	692,000	157,056
2034	115,000	89,625	-	-	-	-	135,000	8,852	450,000	40,563	-	-	700,000	139,040
2035	120,000	83,750	-	-	-	-	139,000	5,372	455,000	31,563	-	-	714,000	120,685
2036	130,000	77,500	-	-	-	-	131,185	1,803	395,000	23,600	-	-	656,185	102,903
2037	135,000	70,875	-	-	-	-	-	-	425,000	16,688	-	-	560,000	87,563
2038	140,000	64,000	-	-	-	-	-	-	380,000	9,250	-	-	520,000	73,250
2039	150,000	56,750	-	-	-	-	-	-	130,000	2,593	-	-	280,000	59,343
2040	155,000	53,250	-	-	-	-	-	-	-	-	-	-	155,000	53,250
2041	160,000	45,500	-	-	-	-	-	-	-	-	-	-	160,000	45,500
2042	170,000	37,250	-	-	-	-	-	-	-	-	-	-	170,000	37,250
2043	175,000	28,500	-	-	-	-	-	-	-	-	-	-	175,000	28,500
2044	180,000	19,500	-	-	-	-	-	-	-	-	-	-	180,000	19,500
2045	220,000	10,000	-	-	-	-	-	-	-	-	-	-	220,000	10,000
<b>Total</b>	<b>\$ 2,820,000</b>	<b>\$ 1,933,563</b>	<b>\$ 48,000</b>	<b>\$ 955</b>	<b>\$ 34,000</b>	<b>\$ 962</b>	<b>\$ 1,689,185</b>	<b>\$ 319,734</b>	<b>\$ 7,845,000</b>	<b>\$ 1,380,300</b>	<b>\$ 696,079</b>	<b>\$ 40,806</b>	<b>\$ 13,132,264</b>	<b>\$ 3,676,320</b>



**CITY OF EAST RIDGE, TENNESSEE**

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

JUNE 30, 2022

<b>Description of Indebtedness</b>	<b>Original Amount of Issue</b>	<b>Interest Rate</b>	<b>Date of Issue</b>	<b>Final Maturity Date</b>	<b>Outstanding 7/1/2021</b>	<b>Issued During Period</b>	<b>Paid and/or Matured During Period</b>	<b>Refunded During Period</b>	<b>Outstanding 6/30/2022</b>
<b>BONDS PAYABLE</b>									
<u>Payable through Capital Projects Fund</u>									
General Obligation, Series 2015	\$ 3,085,000	5.00%	9/1/2015	3/1/2045	\$ 2,890,000	\$ -	\$ 70,000	\$ -	\$ 2,820,000
Total bonds payable through capital projects fund					<u>\$ 2,890,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 2,820,000</u>
<b>NOTES PAYABLE</b>									
<u>Payable through Debt Service Fund</u>									
Capital Outlay, Series 2018	\$ 725,000	3.98%	12/5/2018	12/1/2028	\$ 113,000	\$ -	\$ 65,000	\$ -	\$ 48,000
TML Bond, Series 2019	132,748	2.83%	12/30/2019	6/1/2023	68,000	-	34,000	-	34,000
TML Bond, Series 2020	1,800,000	2.54%	11/10/2020	11/1/2035	1,036,634	752,551	100,000	-	1,689,185
General Obligation Refunding Bonds, Series 2021	8,495,000	1.75 - 4.00%	6/15/2021	6/1/2039	8,495,000	-	650,000	-	7,845,000
					<u>-</u>	<u>696,079</u>	<u>-</u>	<u>-</u>	<u>696,079</u>
Total notes payable through debt service fund					<u>\$ 9,712,634</u>	<u>\$ 1,448,630</u>	<u>\$ 849,000</u>	<u>\$ -</u>	<u>\$ 10,312,264</u>

**CITY OF EAST RIDGE, TENNESSEE**

SCHEDULE OF CHANGES IN LEASE OBLIGATIONS

JUNE 30, 2022

<b>Description of Indebtedness</b>	<b>Original Amount of Issue</b>	<b>Interest Rate</b>	<b>Date of Issue</b>	<b>Maturity Date</b>	<b>Restated Outstanding 7/1/2021</b>	<b>Issued During Period</b>	<b>Paid and/or Matured During Period</b>	<b>Remeasurements</b>	<b>Outstanding 6/30/2022</b>
LEASES PAYABLE									
<u>Payable through TML Bond Fund</u>									
Motorola - Police Body Cams	\$ 150,000	1.48%	7/1/2018	7/1/2023	\$ 59,560	\$ -	\$ 30,000	\$ -	\$ 29,560
Total Leases Payable - Governmental Activities					<u>\$ 59,560</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 29,560</u>

**CITY OF EAST RIDGE, TENNESSEE**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDING JUNE 30, 2022

<b>Federal Grantor/Pass-Through/Grantor Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Contract Number</b>	<b>Beginning (Accrued) Deferred Grant Revenue</b>	<b>Cash Receipts</b>	<b>Expenditures</b>	<b>Ending (Accrued) Deferred Grant Revenue</b>
U.S. DEPARTMENT OF HOMELAND SECURITY						
Passed through Tennessee Department of Safety and Homeland Security						
FEMA	97.036	N/A	\$ -	\$ 182,795	\$ 182,795	\$ -
Homeland Security - Fire	97.067	N/A	-	15,000	15,000	-
Total U.S. Department of Homeland Security			-	197,795	197,795	-
U.S. DEPARTMENT OF TRANSPORTATION						
Passed Through the Tennessee Department of Transportation						
Highway Planning and Construction Cluster 2015 Multimodal Access Grant	20.205	150077	602,203	279,683	279,683	602,203
National Highway Safety Office Passed Through the Governor's Highway Safety Office GHSO Police Traffic Services Grant	20.600	Z20THS075	29,237	-	3,800	25,437
Total U.S. Department of Transportation			631,440	279,683	283,483	627,640
U.S. DEPARTMENT OF TREASURY						
Passed through the Tennessee Department of Revenue						
TN CARES ACT Grant	21.019	N/A	-	246,749	246,749	-
Total U.S. Department of Treasury			-	246,749	246,749	-
U.S. DEPARTMENT OF EDUCATION						
Passed through Tennessee State Library Library Services and Technology Act / ARPA Funding						
	45.310	N/A	-	4,708	4,708	602,203
Total U.S. Department of Education			-	4,708	4,708	602,203
<b>TOTAL FEDERAL AWARDS</b>			<u>631,440</u>	<u>728,935</u>	<u>732,735</u>	<u>1,229,843</u>
STATE AWARDS						
Tennessee Department of Environment and Conservation LPRF 2018 Grant	N/A	60850	(5,438)	478,906	842,759	(369,291)
Tennessee Emergency Management Agency TEMA	N/A	N/A	-	30,466	30,466	-
<b>TOTAL STATE AWARDS</b>			<u>(5,438)</u>	<u>509,372</u>	<u>873,225</u>	<u>(369,291)</u>
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<u>\$ 626,002</u>	<u>\$ 1,238,307</u>	<u>\$ 1,605,960</u>	<u>\$ 860,552</u>

**CITY OF EAST RIDGE, TENNESSEE**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS**

**YEAR ENDED JUNE 30, 2022**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and State Awards include the federal and state grant activity of the City of East Ridge, Tennessee and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 – INDIRECT COST RATE**

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

**NOTE 3 – SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the City has not provided any federal awards to subrecipients as follows.

## **COMPLIANCE SECTION**



CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and City Council  
City of East Ridge, Tennessee  
East Ridge, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of East Ridge, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of East Ridge, Tennessee's internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The results of our tests disclosed a significant deficiency in internal controls that is required to be reported under Government Auditing Standards, and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of East Ridge, Tennessee's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

1200 Market Street, Chattanooga, TN 37402 | T 423.756.7771 | F 423.265.8125

AN INDEPENDENT MEMBER OF THE BDO ALLIANCE USA

### **City of East Ridge's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of audit findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Chattanooga, Tennessee  
February 6, 2023

*Henderson Hutcherson  
is McCullough, PLLC*

# CITY OF EAST RIDGE, TENNESSEE

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2022

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### FINANCIAL STATEMENT FINDINGS

#### **Finding 2022-001**

Condition: The City's fire department was not properly recording payroll correctly.

Cause: The City did not have proper controls in place to ensure both the employees and management were verifying and approving the time that was being recorded.

Criteria: Following of laws and regulations.

Effect: Almost all fire department employees were getting paid for the wrong number of hours worked for an extended period of time.

Recommendation: Employee's time should be signed by employee, reviewed by management and then double checked by HR before running payroll.

Views of the Responsible Officials: The officials concur with the finding.

Corrective Action Plan: See letter provided by management.



**CITY OF EAST RIDGE, TENNESSEE**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2022**

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**Prior Financial Statement Audit Findings**

**Finding 2021-001**

**Status**

Additional procedures have been implemented to help ensure budget amendments are recorded when expenditures are going to exceed original budgeted amounts.



# City of East Ridge

1517 Tombras Avenue  
East Ridge, Tennessee 37412  
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Finance Department  
*Diane Qualls, Director*

## MANAGEMENT'S CORRECTIVE ACTION PLAN

### Financial Statement Finding:

2022-001: Fire Department Payroll

Recommendation: Procedures should be implemented in which

Action Taken: Individual timesheets for each firefighter will be checked for accuracy by the employee and will be signed by both the employee and supervisor each pay period. The work period will be changed to 28 days, which will allow the time to be reconciled within a month thereby decreasing confusion created by the previous lag-time. An updated spreadsheet is now in place to be used to calculate overtime and will replace the previously incorrect spreadsheet that was used. Personnel changes have been made so that the employees who now reconcile and process East Ridge Fire Department payroll are knowledgeable in firefighter pay best practices. Administration now understands the payroll process as well and are committed to regular and repeated verification that proper processes are being followed.

Name of Contact Person: Diane Qualls, Finance Director

Anticipated Completion Date: Immediate

Diane Qualls, Finance Director