

CITY OF EAST RIDGE, TENNESSEE

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025



CERTIFIED PUBLIC ACCOUNTANTS

INTRODUCTORY SECTION

CITY OF EAST RIDGE, TENNESSEE

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CITY OF EAST RIDGE, TENNESSEE

CITY OFFICIALS

JUNE 30, 2025

Mayor

Brian Williams

Vice-Mayor

David Tyler

Council Member

Jeff Ezell

Council Member

Esther Helton

Council Member

Andrea Witt

City Attorney

Mark Litchford

City Manager

J Scott Miller

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, Capital Projects Fund, American Rescue Plan Act Fund and TML Bond Fund, and the aggregate remaining fund information of the City of East Ridge, Tennessee (the City), as of and for the year ended June 30, 2025, 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, 2025, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Capital Projects Fund, American Rescue Plan Act Fund, and TML Bond Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City'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's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *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 entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension and OPEB schedules on pages 4-10 and pages 43-47, 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's basic financial statements. The 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 are the responsibility of management and were derived from and relate 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cleveland, Tennessee
February 27, 2026

*Henderson Hutcherson
& McCullough, PLLC*

CITY OF EAST RIDGE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

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, 2025. 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 \$33,834,305 (*net position*). Of this amount, \$11,987,237 is invested in capital assets (*net of related debt*) and \$1,297,612 is restricted for specific purposes.
- The City's overall net position increased by \$465,301 (1.39%), for the current period.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$24,685,588, a decrease in overall fund balance of \$2,483,835. Of this amount, \$1,297,612 is restricted, \$6,844,652 is committed, and \$5,837,664 is assigned for specific uses.
- At the end of the current fiscal year, fund balance for the General Fund was \$13,705,660, or 65.46% of total General Fund expenditures including transfers out. This balance includes \$3,000,000 in committed funds towards capital projects.
- The City's total outstanding long-term liabilities increased by \$315,283, or 1.10% as detailed on pages 33 through 34 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 the change in net position. The governmental activities of the City include general government, public safety, public works, public welfare, solid waste and other city services.

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.).

The government-wide financial statements can be found on pages 11 through 12 of this report.

CITY OF EAST RIDGE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

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 11 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, Industrial Development Fund, and American Rescue Plan Act 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 "Non-major 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 22 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 23 through 42 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 43 through 47 of this report.

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 48 through 77 of this report.

CITY OF EAST RIDGE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,834,305, at the close of the June 30, 2025 fiscal year.

City of East Ridge's Net Position

	Governmental Activities	
	June 30, 2025	June 30, 2024
Current and other assets	\$ 34,398,743	\$ 37,327,434
Capital assets	<u>39,335,212</u>	<u>34,906,442</u>
Total assets	<u>73,733,955</u>	<u>72,233,876</u>
Deferred charge on refunding	87,723	93,989
Deferred pension outflows	3,020,004	2,430,002
Deferred OPEB outflows	<u>280,799</u>	<u>286,543</u>
Total deferred outflows of resources	<u>3,388,526</u>	<u>2,810,534</u>
Other liabilities	6,697,588	5,366,204
Long-term liabilities	<u>27,980,576</u>	<u>27,665,293</u>
Total liabilities	<u>34,678,164</u>	<u>33,031,497</u>
Deferred revenue – property taxes	6,912,791	6,703,247
Deferred OPEB inflows	1,166,000	1,601,000
Deferred pension inflows	<u>531,221</u>	<u>339,662</u>
Total deferred inflows of resources	<u>8,610,012</u>	<u>8,643,909</u>
Net position		
Net investment in capital assets	11,987,237	8,022,357
Restricted	1,297,612	644,333
Unrestricted	<u>20,549,456</u>	<u>24,702,314</u>
Total net position	<u>\$ 33,834,305</u>	<u>\$ 33,369,004</u>

Net Position

The largest portion of the City's net position (35.43%) 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 AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

An additional portion of the City's net position (3.84%) represents resources that are subject to external restrictions on how they may be used. The remaining 60.73% 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 \$465,301 from the prior fiscal year, representing a 1.39% increase in the City's net position.

City of East Ridge's Statement of Activities

	Governmental Activities	
	June 30, 2025	June 30, 2024
Revenues		
Charges for services	\$ 3,569,156	\$ 3,386,509
Grants & contributions	1,769,287	6,164,403
General revenues		
Property taxes	7,035,842	6,857,575
Local option sales tax	12,656,997	12,053,738
Other taxes	6,307,878	6,153,477
Interest	490,746	126,921
Other	<u>287,518</u>	<u>19,771</u>
Total revenues	<u>32,117,424</u>	<u>34,762,394</u>
Expenses		
General government	8,789,680	7,056,164
Public safety	12,245,376	9,804,969
Public works	5,035,341	7,210,819
Public welfare	564,585	465,684
Culture and recreation	4,119,808	2,444,689
Interest	<u>897,333</u>	<u>617,519</u>
Total expenses	<u>31,652,123</u>	<u>27,599,844</u>
Change in net position	465,301	7,162,550
Beginning net position	<u>33,369,004</u>	<u>26,206,454</u>
Ending net position	<u>\$ 33,834,305</u>	<u>\$ 33,369,004</u>

Financial Analysis of the City's Funds

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

CITY OF EAST RIDGE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

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 \$24,685,588, a current year decrease of \$2,483,835. Restricted fund balance of \$1,297,612 includes amounts legally constrained for law enforcement (\$261,899), state street aid (\$886,860), industrial development (\$1,003), economic development (\$3,348), grant projects (\$10,762), and solid waste operations (\$133,740). Funds committed for debt service total \$3,844,652 and capital projects total \$3,000,000. Funds assigned for a particular purpose total \$5,837,664. Assigned funds include funds for capital projects (\$5,837,664). The remaining unassigned balance of \$10,705,660 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 was \$13,705,660. \$3,000,000 of the fund balance was committed to capital projects and the remaining \$10,705,660 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 38.7% 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 three (3) 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 decreased by \$795,279.

Proprietary funds. The City 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 \$1,068,453.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$39,335,212 (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 AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

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, 2025	June 30, 2024
Land	\$ 1,822,177	\$ 1,947,177
Construction in process	12,306,497	14,448,554
Buildings	11,417,606	11,393,258
Infrastructure	32,963,151	24,138,961
Equipment/vehicles	13,203,829	12,650,095
Right to use assets	<u>250,849</u>	<u>250,849</u>
	71,964,109	64,828,894
Less accumulated depreciation	<u>32,628,897</u>	<u>29,922,452</u>
 Total capital assets, net	 <u>\$ 39,335,212</u>	 <u>\$ 34,906,442</u>

Additional information on the City's capital assets can be found in Note 6 on page 32 of this report.

Long-term Liabilities. At the end of the current fiscal year, the City had total long-term liabilities, including bonds, notes, leases, financed purchases, premiums, and compensated absences, of \$27,980,576. The City's bonded debt and notes payable are backed by the full faith and credit of the government.

City of East Ridge's Long-Term Liabilities

	Governmental Activities	
	June 30, 2025	June 30, 2024
General obligation bonds	\$ 16,340,000	\$ 17,215,000
Notes payable	9,891,819	8,560,827
Lease liability	101,909	150,400
Financed purchases	111,160	188,537
Bond: Premium	903,087	957,858
Compensated absences	<u>632,601</u>	<u>592,671</u>
 Total long-term liabilities	 <u>\$ 27,980,576</u>	 <u>\$ 27,665,293</u>

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

Additional information on the City's long-term liabilities can be found in Note 7 on pages 33 and 34 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 the City thanks to the Border Region incentives.

CITY OF EAST RIDGE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

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 it. 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, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 21,720,431
Investments	3,624,100
Property taxes receivable	7,536,797
Grants receivable	12,521
Accounts receivable	1,439,929
Prepaid expenses	64,965
Capital assets:	
Land and other non depreciable assets	14,128,674
Capital assets, net of accumulated depreciation	<u>25,206,538</u>
Total assets	<u>73,733,955</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	87,723
Deferred pension outflows	3,020,004
Deferred OPEB outflows	<u>280,799</u>
Total deferred outflows of resources	<u>3,388,526</u>
LIABILITIES	
Accounts payable	1,503,452
Accrued liabilities	436,665
Deferred revenue	471,492
OPEB obligation	1,645,000
Net pension liability	2,640,979
Long-term liabilities:	
Due within one year	2,133,977
Due in more than one year	<u>25,846,599</u>
Total liabilities	<u>34,678,164</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue - property taxes	6,912,791
Deferred OPEB inflows	1,166,000
Deferred pension inflows	<u>531,221</u>
Total deferred inflows of resources	<u>8,610,012</u>
NET POSITION	
Net investment in capital assets	11,987,237
Restricted:	
Law enforcement	261,899
State approved street aid	886,860
Industrial development	1,003
Economic development	3,348
Grant projects	10,762
Solid waste operations	133,740
Unrestricted	<u>20,549,456</u>
Total net position	<u>\$ 33,834,305</u>

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

CITY OF EAST RIDGE, TENNESSEE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Total Governmental Activities (Net)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental activities:					
General government	\$ 8,789,680	\$ 296,942	\$ 326,000	\$ -	\$ (8,166,738)
Public safety	12,245,376	567,600	89,786	-	(11,587,990)
Public works	5,035,341	1,584,280	991,012	360,589	(2,099,460)
Public welfare	564,585	-	-	-	(564,585)
Culture and recreation	4,119,808	1,120,334	1,900	-	(2,997,574)
Interest	<u>897,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(897,333)</u>
Total primary government	<u>\$ 31,652,123</u>	<u>\$ 3,569,156</u>	<u>\$ 1,408,698</u>	<u>\$ 360,589</u>	(26,313,680)
GENERAL REVENUES					
Property taxes					7,035,842
Local sales taxes					12,656,997
Local beer taxes					705,345
State shared taxes					4,510,925
Other taxes					923,727
Franchise fees					167,881
Other revenues					287,518
Interest					<u>490,746</u>
Total general revenues					<u>26,778,981</u>
Change in net position					<u>465,301</u>
NET POSITION					
Beginning					<u>33,369,004</u>
Ending					<u>\$ 33,834,305</u>

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

CITY OF EAST RIDGE, TENNESSEE

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2025

	General	Capital Projects	Industrial Development	American Rescue Plan Act
ASSETS				
Cash and cash equivalents	\$ 9,260,812	\$ 7,016,427	\$ 1,003	\$ 471,507
Investments	3,624,100	-	-	-
Property taxes receivable	7,536,797	-	-	-
Grant funds receivable	-	-	-	-
Accounts receivable	1,113,284	-	-	-
Other assets	<u>64,965</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 21,599,958</u>	<u>\$ 7,016,427</u>	<u>\$ 1,003</u>	<u>\$ 471,507</u>
LIABILITIES				
Accounts payable	\$ 166,275	\$ 1,178,763	\$ -	\$ 15
Accrued liabilities	285,699	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>471,492</u>
Total liabilities	<u>451,974</u>	<u>1,178,763</u>	<u>-</u>	<u>471,507</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	<u>7,442,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>7,442,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted:				
Law enforcement	-	-	-	-
State approved street aid	-	-	-	-
Industrial development	-	-	1,003	-
Economic development	-	-	-	-
Grant projects	-	-	-	-
Solid waste operations	-	-	-	-
Committed:				
Debt service	-	-	-	-
Capital projects	3,000,000	-	-	-
Assigned:				
Capital projects	-	5,837,664	-	-
Unassigned	<u>10,705,660</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>13,705,660</u>	<u>5,837,664</u>	<u>1,003</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,599,958</u>	<u>\$ 7,016,427</u>	<u>\$ 1,003</u>	<u>\$ 471,507</u>

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

Formerly Nonmajor Fund TML Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,759,782	\$ 1,210,900	\$ 21,720,431
-	-	3,624,100
-	-	7,536,797
-	12,521	12,521
84,870	241,775	1,439,929
-	-	64,965
<u>\$ 3,844,652</u>	<u>\$ 1,465,196</u>	<u>\$ 34,398,743</u>
\$ -	\$ 158,399	\$ 1,503,452
-	10,188	295,887
-	-	471,492
-	168,587	2,270,831
-	-	7,442,324
-	-	7,442,324
-	261,899	261,899
-	886,860	886,860
-	-	1,003
-	3,348	3,348
-	10,762	10,762
-	133,740	133,740
3,844,652	-	3,844,652
-	-	3,000,000
-	-	5,837,664
-	-	10,705,660
<u>3,844,652</u>	<u>1,296,609</u>	<u>24,685,588</u>
<u>\$ 3,844,652</u>	<u>\$ 1,465,196</u>	<u>\$ 34,398,743</u>

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

CITY OF EAST RIDGE, TENNESSEE

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

JUNE 30, 2025

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

Fund balances – total governmental funds	\$ 24,685,588
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.	39,335,212
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.	1,603,582
The net pension liability is not due and payable in the current period and therefore is not reported in the funds.	(2,640,979)
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	\$ (16,340,000)
Net bond issue premiums	(903,087)
Deferred refunding	87,723
Notes payable	(9,891,819)
Lease liability	(101,909)
Financed purchases	(111,160)
Compensated absences	(632,601)
Accrued interest payable	<u>(140,778)</u>
	(28,033,631)
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>(1,645,000)</u>
Net position of governmental activities	<u>\$ 33,834,305</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, 2025

	General	Capital Projects	Industrial Development	American Rescue Plan Act
REVENUES				
Taxes	\$ 21,021,433	\$ -	\$ -	\$ -
Licenses and permits	228,660	-	-	-
Intergovernmental	3,696,333	360,589	-	969,251
Charges for services	1,329,604	-	-	-
Fines and forfeitures	369,069	-	-	-
Miscellaneous	175,099	424,847	50	-
Total revenues	26,820,198	785,436	50	969,251
EXPENDITURES				
Current:				
General government	4,237,687	1,227,765	-	-
Public safety	11,620,366	-	-	-
Public works	784,960	-	-	-
Incentive payments	-	-	5,484,610	-
Public welfare	284,488	-	-	969,251
Culture and recreation	2,114,423	-	-	-
Capital outlay	9,495	5,195,056	-	-
Debt service:				
Principal	-	-	-	-
Interest and other costs	-	-	-	-
Total expenditures	19,051,419	6,422,821	5,484,610	969,251
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	7,768,779	(5,637,385)	(5,484,560)	-
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	514,657	6,000,000	-
Transfers to other funds	(8,586,157)	-	(514,657)	-
Note proceeds	-	1,887,992	-	-
Proceeds from sale of assets	22,099	-	-	-
Total other financing sources (uses)	(8,564,058)	2,402,649	5,485,343	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	(795,279)	(3,234,736)	783	-
FUND BALANCE				
Beginning, as previously reported	14,500,939	9,072,400	220	-
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-
Beginning, as restated	14,500,939	9,072,400	220	-
Ending	\$ 13,705,660	\$ 5,837,664	\$ 1,003	\$ -

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

Formerly Nonmajor Fund TML Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 917,700	\$ -	\$ 21,939,133
-	-	228,660
-	844,934	5,871,107
-	1,580,771	2,910,375
-	45,737	414,806
<u>103,946</u>	<u>27,425</u>	<u>731,367</u>
<u>1,021,646</u>	<u>2,498,867</u>	<u>32,095,448</u>
-	-	5,465,452
-	94,988	11,715,354
-	2,001,383	2,786,343
-	-	5,484,610
-	-	1,253,739
-	-	2,114,423
-	-	5,204,551
-	-	-
1,529,325	-	1,529,325
<u>935,577</u>	<u>-</u>	<u>935,577</u>
<u>2,464,902</u>	<u>2,096,371</u>	<u>36,489,374</u>
<u>(1,443,256)</u>	<u>402,496</u>	<u>(4,393,926)</u>
2,336,157	7,726,086	16,576,900
-	(7,476,086)	(16,576,900)
-	-	1,887,992
-	-	22,099
<u>2,336,157</u>	<u>250,000</u>	<u>1,910,091</u>
<u>892,901</u>	<u>652,496</u>	<u>(2,483,835)</u>
-	3,595,864	27,169,423
<u>2,951,751</u>	<u>(2,951,751)</u>	<u>-</u>
<u>2,951,751</u>	<u>644,113</u>	<u>27,169,423</u>
<u>\$ 3,844,652</u>	<u>\$ 1,296,609</u>	<u>\$ 24,685,588</u>

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

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, 2025

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

Net change in fund balances – total governmental funds \$ (2,483,835)

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. 7,588,116

Depreciation expense on governmental capital assets are included in the statement of activities. (3,026,496)

Net book value of disposed capital assets. (132,850)

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	\$ 1,432,000	
Principal paid - Leases	48,491	
Deferred refunding loss on 2021 TML Bond refunding	(6,266)	
Change in accrued interest	9,686	
Amortization	54,771	
Financed purchases	77,377	
Notes issued	<u>(1,887,992)</u>	(271,933)

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 compensated absences	(39,930)	
Change in net pension liability and related deferred items	(1,412,027)	
Change in net OPEB liability and related deferral item	<u>244,256</u>	<u>(1,207,701)</u>

Change in net position of governmental activities \$ 465,301

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 AND ACTUAL GENERAL FUND

YEAR ENDED JUNE 30, 2025

	Budget Amounts			Variance
	Original	Final	Actual	with Final Budget
REVENUES				
Taxes	\$ 21,712,515	\$ 21,712,515	\$ 21,021,433	\$ (691,082)
Licenses and permits	352,850	353,350	228,660	(124,690)
Intergovernmental	3,593,149	3,647,549	3,696,333	48,784
Charges for services	1,124,058	1,263,726	1,329,604	65,878
Fines and forfeitures	350,000	350,000	369,069	19,069
Miscellaneous	<u>123,025</u>	<u>168,025</u>	<u>175,099</u>	<u>7,074</u>
Total revenue	<u>27,255,597</u>	<u>27,495,165</u>	<u>26,820,198</u>	<u>(674,967)</u>
EXPENDITURES				
Current:				
General government	4,408,013	4,443,151	4,234,568	208,583
Public safety	10,729,586	11,957,586	11,620,366	337,220
Public works	838,298	838,298	784,960	53,338
Public welfare	307,466	312,966	284,488	28,478
Culture and recreation	2,149,624	2,208,624	2,114,423	94,201
Capital outlay	<u>-</u>	<u>-</u>	<u>9,495</u>	<u>(9,495)</u>
Total expenditures	<u>18,432,987</u>	<u>19,760,625</u>	<u>19,048,300</u>	<u>712,325</u>
EXCESS OF REVENUES OVER EXPENDITURES	8,822,610	7,734,540	7,771,898	37,358
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(8,796,187)	(9,660,511)	(8,586,157)	1,074,354
Proceeds from sale of assets	<u>10,000</u>	<u>28,000</u>	<u>22,099</u>	<u>(5,901)</u>
Total other financing sources (uses)	<u>(8,786,187)</u>	<u>(9,632,511)</u>	<u>(8,564,058)</u>	<u>1,068,453</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 36,423</u>	<u>\$ (1,897,971)</u>	(792,160)	<u>\$ 1,105,811</u>
FUND BALANCE				
Beginning			<u>14,500,939</u>	
Ending			<u>\$ 13,708,779</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 AND ACTUAL CAPITAL PROJECTS FUND

YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 600,000	\$ 600,000	\$ 360,589	\$ (239,411)
Miscellaneous	<u>1,000,000</u>	<u>1,180,810</u>	<u>424,847</u>	<u>(755,963)</u>
Total revenues	<u>1,600,000</u>	<u>1,949,620</u>	<u>785,436</u>	<u>(1,164,184)</u>
EXPENDITURES				
 Current				
General government	6,097,976	6,278,781	1,227,765	5,051,016
Capital outlay	<u>7,355,000</u>	<u>8,988,005</u>	<u>5,195,056</u>	<u>3,792,949</u>
TOTAL EXPENDITURES	<u>13,452,976</u>	<u>15,266,786</u>	<u>6,422,821</u>	<u>8,843,965</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,852,976)	(13,317,166)	(5,637,385)	7,679,781
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	276,657	276,657	514,657	238,000
Note proceeds	<u>12,000,000</u>	<u>12,000,000</u>	<u>1,887,992</u>	<u>(10,112,008)</u>
Total other financing sources (uses)	<u>12,276,657</u>	<u>12,276,657</u>	<u>2,402,649</u>	<u>(9,874,008)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 423,681</u>	<u>\$ (1,040,509)</u>	(3,234,736)	<u>\$ (2,194,227)</u>
FUND BALANCE				
Beginning			<u>9,072,400</u>	
Ending			<u>\$ 5,837,664</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 AND ACTUAL AMERICAN RESCUE PLAN ACT FUND

YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 969,251	\$ 969,251
Total revenues	<u>-</u>	<u>-</u>	<u>969,251</u>	<u>969,251</u>
EXPENDITURES				
Current				
Public welfare	<u>436,171</u>	<u>969,251</u>	<u>969,251</u>	<u>-</u>
TOTAL EXPENDITURES	<u>436,171</u>	<u>969,251</u>	<u>969,251</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>\$ (436,171)</u>	<u>\$ (969,251)</u>	-	<u>\$ 969,251</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ -</u>	

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

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Room occupancy tax	\$ 750,000	\$ 750,000	\$ 917,700	\$ 167,700
Interest	<u>50,000</u>	<u>50,000</u>	<u>103,946</u>	<u>53,946</u>
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>1,021,646</u>	<u>221,646</u>
DEBT SERVICE				
Principal	1,254,325	2,281,745	1,529,325	752,420
Interest	<u>707,526</u>	<u>1,010,147</u>	<u>935,577</u>	<u>74,570</u>
Total debt service	<u>1,961,851</u>	<u>3,291,892</u>	<u>2,464,902</u>	<u>826,990</u>
TOTAL EXPENDITURES	<u>1,961,851</u>	<u>3,291,892</u>	<u>2,464,902</u>	<u>826,990</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,161,851)	(2,491,892)	(1,443,256)	1,048,636
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	<u>2,336,157</u>	<u>2,336,157</u>	<u>2,336,157</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 1,174,306</u>	<u>\$ (155,735)</u>	892,901	<u>\$ 1,048,636</u>
FUND BALANCE				
Beginning			<u>2,951,751</u>	
Ending			<u>\$ 3,844,652</u>	

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

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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 include 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 (the Board) 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. 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. As of June 30, 2025, 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 consist 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)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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. Grants 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 *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.

The *TML Bond Fund* is used to account for principal and interest payments made on debt.

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)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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. City 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.

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$11,591. 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.

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

	Useful Life
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

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and OPEB plans and certain amounts related to pensions and OPEB, as detailed as (2) below. Deferred contributions for the pension and OPEB plans 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.

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 and OPEB must be deferred. Differences between projected and actual earnings on pension and OPEB plan investments are deferred and amortized over five years. Changes in pension and OPEB 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.

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 12 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.

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).

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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 the City Council.

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.

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 2025 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 the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from 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.

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 change in net position.

Implementation of New Accounting Standard

During the year ended June 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This Statement provides guidance for the recognition and measurement of compensated absences, including the use of a unified recognition and measurement model. The adoption of this Statement did not have a significant impact on the City's financial statements. As a result, no restatement of beginning balances was required.

Certain Risk Disclosures (GASB Statement No. 102)

The City has adopted the requirements of GASB Statement No. 102, *Certain Risk Disclosures*, for the fiscal year ended June 30, 2025. This Statement requires disclosure of risks and uncertainties related to concentrations or constraints that could significantly affect the City's financial position or ability to provide services. Management has evaluated the City's operations and financial arrangements and determined that no such material concentrations or constraints exist as of June 30, 2025. Accordingly, the implementation of GASB Statement No. 102 did not have a material impact on the City's financial statements or related disclosures.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The City incurred no 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 \$3,624,100.

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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 as of June 30, 2025, consisted of the following:

	Taxes Receivables	Grant Funds	Accounts	Gross Receivables	(Less) Allowance	Net
Governmental Funds						
General	\$ 7,536,797	\$ -	\$ 1,113,284	\$ 8,650,081	\$ -	\$ 8,650,081
TML Bond Fund	-	-	84,870	84,870	-	84,870
Nonmajor Governmental	-	12,521	753,366	765,887	(511,591)	254,296
Total Governmental	<u>\$ 7,165,596</u>	<u>\$ 12,521</u>	<u>\$ 1,866,650</u>	<u>\$ 9,044,767</u>	<u>\$ (511,591)</u>	<u>\$ 8,989,247</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)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 5 – INTERFUND TRANSFERS AND BALANCES (Continued)

Transfers to/from other funds during the year ended June 30, 2025, were as follows:

	Transfers In				Total
	Industrial Development	Capital Projects	TML Bond	Nonmajor Governmental	
Transfers Out:					
General Fund	\$ 515,410	\$ -	\$ 344,661	\$ 7,726,086	\$ 8,586,157
Industrial Development	-	514,657	-	-	514,657
Nonmajor Governmental	<u>5,484,590</u>	<u>-</u>	<u>1,991,496</u>	<u>-</u>	<u>7,476,086</u>
	<u>\$ 6,000,000</u>	<u>\$ 514,657</u>	<u>\$ 2,336,157</u>	<u>\$ 7,726,086</u>	<u>\$ 16,576,900</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. No interfund balances existed as of June 30, 2025.

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Ending Balance
Non-depreciable capital assets:				
Land	\$ 1,947,177	\$ -	\$ 125,000	\$ 1,822,177
Construction in process	<u>14,448,554</u>	<u>6,682,133</u>	<u>8,824,190</u>	<u>12,306,497</u>
Total non-depreciable assets	<u>16,395,731</u>	<u>6,682,133</u>	<u>8,949,190</u>	<u>14,128,674</u>
Depreciable capital assets:				
Buildings	11,393,258	24,348	-	11,417,606
Infrastructure	24,138,961	8,824,190	-	32,963,151
Equipment/Vehicles	12,650,095	881,635	327,901	13,203,829
Right to use assets	<u>250,849</u>	<u>-</u>	<u>-</u>	<u>250,849</u>
	<u>48,433,163</u>	<u>9,730,173</u>	<u>327,901</u>	<u>57,835,435</u>
Less accumulated depreciation:				
Buildings	8,708,438	217,040	-	8,925,478
Infrastructure	12,461,292	1,534,076	-	13,995,368
Equipment/Vehicles	8,660,744	1,225,210	320,051	9,565,903
Right to use assets	<u>91,978</u>	<u>50,170</u>	<u>-</u>	<u>142,148</u>
	<u>29,922,452</u>	<u>3,026,496</u>	<u>320,051</u>	<u>32,628,897</u>
Total depreciable assets, net	<u>18,510,711</u>	<u>6,703,677</u>	<u>7,850</u>	<u>25,206,538</u>
Total capital assets, net	<u>\$ 34,906,442</u>	<u>\$ 13,385,810</u>	<u>\$ 8,957,040</u>	<u>\$ 39,335,212</u>

Depreciation expense is charged to functions as follows:

General	\$ 272,385
Public safety	1,150,068
Public works	756,624
Culture and recreation	<u>847,419</u>
Total	<u>\$ 3,026,496</u>

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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, notes payable, and lease liability consisted of the following as of June 30, 2025:

General obligation bonds:

Series 2015 for \$3,085,000 with installments, plus interest at a rate of 5%, through March 2045	\$ 2,595,000
Series 2021 for \$8,495,000 with semi-annual interest payments between 1.75 - 4.00% beginning December 2021 and additional interest and principal due through June 2039	6,020,000
Series 2024 for \$8,000,000 with annual interest payments between 4.00-5.00% and principal due through June 2044	<u>7,725,000</u>
	<u>\$ 16,340,000</u>

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	\$ 1,384,000
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	406,000
Note of \$6,842,827 to Tennessee Municipal Bond Fund, with semiannual interest payments at 3.95% beginning October 2022 and additional interest and principal due through September 2042	<u>8,101,819</u>
	<u>\$ 9,891,819</u>

Financed purchases:

Motorola Solutions Financed Purchase	<u>\$ 111,160</u>
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Lease liability:

On August 1, 2022, the City entered into a lease agreement with Axon Enterprises to lease equipment for 5 years with annual payments of \$53,530. A discount rate of 3.30% was used in calculating the lease liability.	<u>\$ 101,909</u>
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(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Maturities of general long-term debt are as follows:

For the year ending June 30,	Financed Purchases	Lease Liability	General Obligation Bonds	Notes	Total
2026	\$ 35,261	\$ 50,115	\$ 840,000	\$ 576,000	\$ 1,501,376
2027	37,024	51,794	850,000	594,000	1,532,818
2028	38,875	-	875,000	612,000	1,525,875
2029	-	-	885,000	632,000	1,517,000
2030	-	-	855,000	548,000	1,403,000
2031-2035	-	-	4,620,000	3,055,000	7,675,000
2036-2040	-	-	4,325,000	3,049,000	7,374,000
2041-2045	-	-	3,090,000	825,819	3,915,819
	<u>\$ 111,160</u>	<u>\$ 101,909</u>	<u>\$ 16,340,000</u>	<u>\$ 9,891,819</u>	<u>\$ 26,444,888</u>

During the year ended June 30, 2025, changes in long-term liabilities were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Bonds payable	\$ 17,215,000	\$ -	\$ 875,000	\$ 16,340,000	\$ 840,000
Notes payable	8,560,827	1,887,992	557,000	9,891,819	576,000
Lease liability	150,400	-	48,491	101,909	50,115
Financed purchases	188,537	-	77,377	111,160	35,261
Bond: Premium	957,858	-	54,771	903,087	-
Compensated absences	592,671	39,930	-	632,601	632,601
	<u>\$ 27,665,293</u>	<u>\$ 1,927,922</u>	<u>\$ 1,612,639</u>	<u>\$ 27,980,576</u>	<u>\$ 2,133,977</u>

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS AND OTHER POSTEMPLOYMENT BENEFIT PLANS

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.

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

General Information about the Pension Plan (Continued)

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 five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Employees covered by benefit terms. As of the measurement date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	141
Active employees	149
	<u>367</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, employer contributions for East Ridge were \$1,023,235 based on a rate of 10.00% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Net Pension Liability (Asset) (Continued)

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

The actuarial assumptions used in the June 30, 2024, 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%. 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:

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%	<u>1%</u>
		100%

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

Discount rate. The discount rate used to measure the total pension liability was 6.75 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.

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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 as of 06/30/23	\$ 27,941,815	\$ 27,111,306	\$ 830,509
Changes for the year:			
Service cost	700,593	-	700,593
Interest	1,889,881	-	1,889,881
Changes of benefit terms	1,856,829	-	1,856,829
Differences between expected and actual experience	1,224,049	-	1,224,049
Contributions – employer	-	833,698	(833,698)
Contributions – employees	-	400,006	(400,006)
Net investment income	-	2,643,251	(2,643,251)
Benefit payments, including refund of employee contributions	(1,288,332)	(1,288,332)	-
Administrative expense	-	(16,073)	16,073
Net changes	<u>4,383,020</u>	<u>2,572,550</u>	<u>1,810,470</u>
Balance as of 06/30/24	<u>\$ 32,324,835</u>	<u>\$ 29,683,856</u>	<u>\$ 2,640,979</u>

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	<u>\$ 7,152,800</u>	<u>\$ 2,640,979</u>	<u>\$ (1,040,949)</u>

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

Pension expense. For the year ended June 30, 2025, the City recognized pension expense of \$2,457,073.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,341,129	\$ 219,812
Change of assumptions	655,640	-
Net difference between projected and actual earnings of pension plan investments	-	311,409
Employer contributions after Measurement Date but prior to fiscal year end	<u>1,023,235</u>	<u>-</u>
Total	<u>\$ 3,020,004</u>	<u>\$ 531,221</u>

The amount shown for “Employer contributions after Measurement Date but prior to fiscal year end” 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:		Amount
2026		\$ 167,794
2027		944,589
2028		38,375
2029		(34,939)
2030		174,864
Thereafter		<u>174,865</u>
		<u>\$ 1,465,548</u>

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

Payable to the Pension Plan

As of June 30, 2025, the City did not report a payable for the outstanding amount of contributions to the plan.

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. As of July 1, 2024 (the valuation date) the following employees were covered by the benefit terms:

	Count
Inactive employees or beneficiaries currently receiving benefits	8
Active employees	<u>44</u>
	<u><u>52</u></u>

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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, 2025, for the employer fiscal year and reporting period of July 1, 2024, to June 30, 2025. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2024, and the corresponding measurement period of July 1, 2023, to July 1, 2024. The measurement of the total OPEB liability is based on a valuation date of July 1, 2023.

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	4.09%
Salary Scale:	By age
Healthcare Cost Trend Rates:	10.70% for fiscal year end 2024, then 7.00% for the fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%.
Mortality:	<u>Employees:</u> PUB – 2010 Amount-Weighted General Mortality Table –Employees with MP-2021 Projection Scale Fully Generational
	<u>Retirees:</u> PUB – 2010 Amount-Weighted General Mortality Table – Retiree with MP-2021 Projection Scale Fully Generational
	<u>Surviving Spouse:</u> PUB – 2010 Amount-Weighted Mortality Table – Contingent Survivor with MP-2021 Projection Scale Fully Generational
	<u>Disabled Retiree:</u> PUB – 2010 Amount-Weighted Non-Safety Mortality Table – Disabled Retiree with MP-2021 Projection Scale Fully Generational
Actuarial Cost Method:	Entry Age Actuarial Cost Method

Expected Return on Assets

None.

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Discount Rate

The discount rate has been set equal to 4.09% and represents the Municipal AA 20-year yield curve rate as of July 1, 2024.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Pension (b)	Net OPEB Liability (Asset) (a) – (b)
Balance as of July 1, 2024	\$ 1,460,000	\$ -	\$ 1,460,000
Changes for the year:			
Service cost	135,000	-	135,000
Interest	60,000	-	60,000
Differences between expected and actual experience	59,000	-	59,000
Contributions – employer	-	89,000	(89,000)
Benefit payments	(89,000)	(89,000)	-
Change in benefit terms	(1,000)	-	(1,000)
Other changes	<u>21,000</u>	<u>-</u>	<u>21,000</u>
Net changes	<u>185,000</u>	<u>-</u>	<u>185,000</u>
Balance as of June 30, 2025	<u>\$ 1,645,000</u>	<u>\$ -</u>	<u>\$ 1,645,000</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 one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Employer’s Net OPEB Liability	<u>\$ 1,693,000</u>	<u>\$ 1,645,000</u>	<u>\$ 1,589,000</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 one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Employer’s Net OPEB Liability	<u>\$ 1,453,000</u>	<u>\$ 1,645,000</u>	<u>\$ 1,867,000</u>

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

For the year ended June 30, 2025, under GASB 75 the employer OPEB expense is \$(131,000). The Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB as of June 30, 2025 from various sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,000	\$ 712,000
Changes of assumptions	177,000	454,000
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions after Measurement Date but prior to fiscal year end	<u>54,799</u>	<u>-</u>
Total	<u>\$ 280,799</u>	<u>\$ 1,166,000</u>

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

Year ended June 30:	
2026	\$ (298,000)
2027	(276,000)
2028	(233,000)
2029	(143,000)
2030	<u>10,000</u>
	<u>\$ (940,000)</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 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 2025 was \$718,057. There were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded this insurance coverage in any of the past three years.

(Continued)

CITY OF EAST RIDGE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – RISK MANAGEMENT AND LITIGATION (Continued)

As of June 30, 2025, 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 – LEASES

The City has recorded right to use lease assets as a result of implementing Governmental Accounting Standards Board Statement No. 87, *Leases* (GASB 87). The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives and plus ancillary charges necessary to place the lease into service. The assets are right to use assets for leased police equipment. The right to use assets are amortized on a straight-line basis over the life of the related lease. See Notes 6 and 7 for more information related to the right to use asset and lease liability.

NOTE 12 – CHANGE WITHIN FINANCIAL REPORTING ENTITY

During the fiscal year, the TML Bond Fund qualified to be reported as a major fund, due to the increase in the fund's total assets and deferred outflows of resources.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the statement of net position date through February 27, 2026 (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.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability (Asset)										
Service cost	\$ 700,593	\$ 674,792	\$ 591,986	\$ 499,971	\$ 486,199	\$ 466,527	\$ 436,698	\$ 401,914	\$ 387,433	\$ 378,218
Interest	1,889,881	1,823,426	1,711,781	1,609,380	1,520,358	1,472,828	1,430,710	1,366,825	1,292,399	1,246,302
Changes in benefit terms	1,856,829	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	1,224,049	(280,069)	431,285	93,894	270,034	(231,693)	(280,511)	163,918	208,110	(178,441)
Change in assumptions	-	-	-	1,966,916	-	-	-	468,974	-	-
Benefit payments, including refunds of employee contributions	<u>(1,288,332)</u>	<u>(1,230,517)</u>	<u>(1,097,202)</u>	<u>(1,104,398)</u>	<u>(1,020,544)</u>	<u>(1,122,949)</u>	<u>(948,647)</u>	<u>(904,986)</u>	<u>(915,163)</u>	<u>(766,168)</u>
Net change in total pension liability	4,383,020	987,632	1,637,850	3,065,763	1,256,047	584,713	638,250	1,496,645	972,779	679,911
Total pension liability - beginning	<u>27,941,815</u>	<u>26,954,183</u>	<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>
Total pension liability - ending (a)	<u>\$ 32,324,835</u>	<u>\$ 27,941,815</u>	<u>\$ 26,954,183</u>	<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>
Plan Fiduciary Net Position										
Contributions - employer	\$ 833,698	\$ 721,795	\$ 701,710	\$ 593,744	\$ 583,981	\$ 551,838	\$ 531,711	\$ 487,590	\$ 414,430	\$ 413,814
Contributions - employee	400,006	360,897	350,857	296,873	291,992	275,919	265,857	243,796	224,017	223,684
Net investment income	2,643,251	1,712,654	(1,017,837)	5,485,033	1,013,806	1,432,467	1,492,501	1,847,817	427,408	487,732
Benefit payments, including refunds of employee contributions	(1,288,332)	(1,230,517)	(1,097,202)	(1,104,398)	(1,020,544)	(1,122,949)	(948,647)	(904,986)	(915,163)	(766,168)
Administrative expense	<u>(16,073)</u>	<u>(12,535)</u>	<u>(13,278)</u>	<u>(11,526)</u>	<u>(11,503)</u>	<u>(11,475)</u>	<u>(12,243)</u>	<u>(10,331)</u>	<u>(8,744)</u>	<u>(5,714)</u>
Net change in plan fiduciary net position	2,572,550	1,552,294	(1,075,750)	5,259,726	857,732	1,125,800	1,329,179	1,663,886	141,948	353,348
Plan fiduciary net position - beginning	<u>27,111,306</u>	<u>25,559,012</u>	<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>
Plan fiduciary net position - ending (b)	<u>\$ 29,683,856</u>	<u>\$ 27,111,306</u>	<u>\$ 25,559,012</u>	<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>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 2,640,979</u>	<u>\$ 830,509</u>	<u>\$ 1,395,171</u>	<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>
Plan fiduciary net position as a percentage of total pension liability	91.83%	97.03%	94.82%	105.21%	96.07%	97.73%	95.01%	91.36%	89.73%	93.96%
Covered - employee payroll	\$ 7,942,602	\$ 7,217,943	\$ 7,017,097	\$ 5,937,433	\$ 5,839,802	\$ 5,518,376	\$ 5,317,111	\$ 4,875,894	\$ 4,480,329	\$ 4,473,661
Net pension liability (asset) as a percentage of covered payroll	33.25%	11.51%	19.88%	-22.21%	14.99%	8.65%	19.15%	35.05%	41.88%	23.37%

Notes to Schedule:

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

See independent auditor's report.

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 TEN FISCAL YEARS ENDING

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,023,235	\$ 749,697	\$ 646,006	\$ 627,329	\$ 530,213	\$ 521,495	\$ 551,838	\$ 531,711	\$ 451,020	\$ 414,431
Contributions in relation to the actuarially determined contribution	<u>1,023,235</u>	<u>833,698</u>	<u>721,795</u>	<u>701,710</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>\$ (84,001)</u>	<u>\$ (75,789)</u>	<u>\$ (74,381)</u>	<u>\$ (63,531)</u>	<u>\$ (62,486)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,570)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 10,232,350	\$ 7,942,602	\$ 7,217,943	\$ 7,017,097	\$ 5,937,433	\$ 5,839,802	\$ 5,518,376	\$ 5,317,111	\$ 4,875,894	\$ 4,480,329
Contributions as a percentage covered-employee payroll	10.00%	10.50%	10.00%	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.

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

NOTES TO PENSION SCHEDULES

LAST FISCAL YEAR ENDING JUNE 30, 2025

Valuation date: Actuarially determined contribution rates for 2025 were calculated based on the June 30, 2023, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72 to 3.44% based on age, including inflation averaging 4.00%
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.13%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decrease the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017 the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decrease the investment rate of return from 7.5% to 7.25%; decrease the cost-of-living adjustment from 2.50% to 2.25 decreased %; salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

CITY OF EAST RIDGE, TENNESSEE

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

LAST TEN FISCAL YEARS (as information becomes available)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability (Asset)								
Service cost	\$ 135,000	\$ 113,000	\$ 155,000	\$ 348,000	\$ 309,000	\$ 233,000	\$ 250,000	\$ 244,000
Interest	60,000	89,000	56,000	99,000	114,000	119,000	118,000	108,000
Changes in benefit terms	(1,000)	(42,000)	(14,000)	(960,000)	-	-	-	-
Differences between actual and expected experience	59,000	(529,000)	(209,000)	(565,000)	(164,000)	(156,000)	(287,000)	-
Change in assumptions	21,000	(436,000)	(326,000)	225,000	223,000	139,000	(20,000)	-
Benefit payments, including refunds of employee contributions	(89,000)	(92,000)	(89,000)	(143,000)	(64,000)	(67,000)	(67,000)	(102,000)
Net change in total OPEB liability	185,000	(897,000)	(427,000)	(996,000)	418,000	268,000	(6,000)	250,000
Total OPEB liability - beginning	1,460,000	2,357,000	2,784,000	3,780,000	3,362,000	3,094,000	3,100,000	2,850,000
Total OPEB liability - ending (a)	<u>\$ 1,645,000</u>	<u>\$ 1,460,000</u>	<u>\$ 2,357,000</u>	<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	\$ 89,000	\$ 92,000	\$ 89,000	\$ 143,000	\$ 64,000	\$ 67,000	\$ 67,000	\$ 102,000
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(89,000)	(92,000)	(89,000)	(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>							
Net OPEB liability (asset) - ending (a) - (b)	<u>\$ 1,645,000</u>	<u>\$ 1,460,000</u>	<u>\$ 2,357,000</u>	<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 OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered - employee payroll	\$ 2,667,000	\$ 2,667,000	\$ 2,989,000	\$ 2,989,000	\$ 5,785,000	\$ 5,785,000	\$ 4,665,000	\$ 4,665,000
Net OPEB liability (asset) as a percentage of covered payroll	61.68%	54.74%	78.86%	93.14%	65.34%	58.12%	66.32%	66.45%

Notes to Schedule:

None.

See independent auditor's report.

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 TEN FISCAL YEARS (as information becomes available)

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 89,000	\$ 92,000	\$ 89,000	\$ 143,000	\$ 64,000	\$ 67,000	\$ 67,000	\$ 102,000
Contributions in relation to the actuarially determined contribution	<u>54,799</u>	<u>37,543</u>	<u>89,000</u>	<u>143,000</u>	<u>64,000</u>	<u>67,000</u>	<u>67,000</u>	<u>102,000</u>
Contribution deficiency (excess)	<u>\$ 34,201</u>	<u>\$ 54,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,667,000	\$ 2,667,000	\$ 2,989,000	\$ 2,989,000	\$ 5,785,000	\$ 5,785,000	\$ 4,665,000	\$ 4,665,000
Contributions as a percentage covered-employee payroll	2.05%	1.41%	2.98%	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.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF EAST RIDGE, TENNESSEE

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2025

	Special Revenue							Total Nonmajor Governmental Funds
	Drug Investigation	State Street Aid	TML Bond Fund	Asset Forfeiture	Grant Fund	Solid Waste Collection	Economic Development	
ASSETS								
Cash and cash equivalents	\$ 222,294	\$ 745,379	\$ -	\$ 4,355	\$ 10,528	\$ 224,996	\$ 3,348	\$ 1,210,900
Grant funds receivables	12,287	-	-	-	234	-	-	12,521
Accounts receivables	5,211	144,284	-	17,752	-	74,528	-	241,775
Total assets	<u>\$ 239,792</u>	<u>\$ 889,663</u>	<u>\$ -</u>	<u>\$ 22,107</u>	<u>\$ 10,762</u>	<u>\$ 299,524</u>	<u>\$ 3,348</u>	<u>\$ 1,465,196</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ 2,803	\$ -	\$ -	\$ -	\$ 155,596	\$ -	\$ 158,399
Accrued liabilities	-	-	-	-	-	10,188	-	10,188
Total liabilities	<u>-</u>	<u>2,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,784</u>	<u>-</u>	<u>168,587</u>
Fund balances								
Restricted:								
Law enforcement	239,792	-	-	22,107	-	-	-	261,899
State approved street aid	-	886,860	-	-	-	-	-	886,860
Economic development	-	-	-	-	-	-	3,348	3,348
Grant projects	-	-	-	-	10,762	-	-	10,762
Solid waste operations	-	-	-	-	-	133,740	-	133,740
Total fund balances	<u>239,792</u>	<u>886,860</u>	<u>-</u>	<u>22,107</u>	<u>10,762</u>	<u>133,740</u>	<u>3,348</u>	<u>1,296,609</u>
Total liabilities and fund balances	<u>\$ 239,792</u>	<u>\$ 889,663</u>	<u>\$ -</u>	<u>\$ 22,107</u>	<u>\$ 10,762</u>	<u>\$ 299,524</u>	<u>\$ 3,348</u>	<u>\$ 1,465,196</u>

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2025

	Special Revenue							Total Nonmajor Governmental Funds
	Drug Investigation	State Street Aid	TML Bond Fund	Asset Forfeiture	Grant Fund	Solid Waste Collection	Economic Development	
REVENUES								
Intergovernmental	\$ 31,919	\$ 794,606	\$ -	\$ -	\$ 18,409	\$ -	\$ -	\$ 844,934
Charges for services	-	-	-	-	-	1,580,771	-	1,580,771
Fines and forfeitures	45,737	-	-	-	-	-	-	45,737
Miscellaneous	5,276	41	-	22,107	1	-	-	27,425
Total revenues	<u>82,932</u>	<u>794,647</u>	<u>-</u>	<u>22,107</u>	<u>18,410</u>	<u>1,580,771</u>	<u>-</u>	<u>2,498,867</u>
EXPENDITURES								
Current:								
Public safety	94,988	-	-	-	-	-	-	94,988
Public works	-	259,006	-	-	26,791	1,715,586	-	2,001,383
Total expenditures	<u>94,988</u>	<u>259,006</u>	<u>-</u>	<u>-</u>	<u>26,791</u>	<u>1,715,586</u>	<u>-</u>	<u>2,096,371</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,056)</u>	<u>535,641</u>	<u>-</u>	<u>22,107</u>	<u>(8,381)</u>	<u>(134,815)</u>	<u>-</u>	<u>402,496</u>
OTHER FINANCING SOURCES								
Transfers from other funds	-	-	-	-	-	250,000	7,476,086	7,726,086
Transfers to other funds	-	-	-	-	-	-	(7,476,086)	(7,476,086)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(12,056)</u>	<u>535,641</u>	<u>-</u>	<u>22,107</u>	<u>(8,381)</u>	<u>115,185</u>	<u>-</u>	<u>652,496</u>
FUND BALANCES								
Beginning, as previously reported	251,848	351,219	2,951,751	-	19,143	18,555	3,348	3,595,864
Change within financial reporting entity (nonmajor to major fund)	<u>-</u>	<u>-</u>	<u>(2,951,751)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,951,751)</u>
Beginning, as restated	<u>251,848</u>	<u>351,219</u>	<u>-</u>	<u>-</u>	<u>19,143</u>	<u>18,555</u>	<u>3,348</u>	<u>644,113</u>
Ending	<u>\$ 239,792</u>	<u>\$ 886,860</u>	<u>\$ -</u>	<u>\$ 22,107</u>	<u>\$ 10,762</u>	<u>\$ 133,740</u>	<u>\$ 3,348</u>	<u>\$ 1,296,609</u>

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	
TAXES				
Local sales tax	\$ 4,740,000	\$ 4,740,000	\$ 4,750,245	\$ 10,245
Property taxes	7,157,579	7,157,579	7,035,842	(121,737)
Business taxes	10,000	10,000	4,208	(5,792)
Local beer taxes	440,000	440,000	475,877	35,877
Gross receipts taxes	9,168,936	9,168,936	8,587,380	(581,556)
Franchise taxes	196,000	196,000	167,881	(28,119)
Total taxes	<u>21,712,515</u>	<u>21,712,515</u>	<u>21,021,433</u>	<u>(691,082)</u>
LICENSES AND PERMITS				
Building permits	225,000	225,000	129,016	(95,984)
Plumbing permits	15,000	15,000	15,399	399
Electrical permits	30,000	30,000	21,927	(8,073)
Other permits and licenses	82,850	83,350	62,318	(21,032)
Total licenses and permits	<u>352,850</u>	<u>353,350</u>	<u>228,660</u>	<u>(124,690)</u>
INTERGOVERNMENTAL				
State sales tax	2,754,000	2,754,000	2,790,167	36,167
State beer tax	10,680	10,680	9,329	(1,351)
State telecommunications tax	500	500	1	(499)
State mixed drink tax	110,000	110,000	135,466	25,466
State income and excise tax	6,000	6,000	833	(5,167)
Interstate sales tax	5,000	5,000	4,740	(260)
Sports betting	38,000	38,000	48,432	10,432
City streets and transportation	40,565	40,565	40,481	(84)
TVA in lieu of tax	266,004	266,004	269,302	3,298
State and other grants	362,400	416,800	397,582	(19,218)
Total intergovernmental	<u>3,593,149</u>	<u>3,647,549</u>	<u>3,696,333</u>	<u>48,784</u>
CHARGES FOR SERVICES				
Fire service contract	121,268	121,268	121,268	-
Recreation fees	980,990	1,120,658	1,177,530	56,872
Mowing charges	9,800	9,800	9,800	-
Other	12,000	12,000	21,006	9,006
Total charges for services	<u>1,124,058</u>	<u>1,263,726</u>	<u>1,329,604</u>	<u>65,878</u>
FINES AND FORFEITS				
City court fines and fees	350,000	350,000	369,069	19,069
Total fines and forfeits	<u>350,000</u>	<u>350,000</u>	<u>369,069</u>	<u>19,069</u>

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)	Budget Amounts			Variance
	Original	Final	Actual	with Final Budget
MISCELLANEOUS				
Insurance recoveries	50,000	50,000	64,562	14,562
Interest	6,500	51,500	73,991	22,491
Other	66,525	66,525	36,546	(29,979)
Total miscellaneous	123,025	168,025	175,099	7,074
Total revenues	27,255,597	27,495,165	26,820,198	(674,967)
GENERAL GOVERNMENT				
General Government				
Health insurance	55,000	93,361	89,017	4,344
Pension	1,500	1,500	-	1,500
Workers' compensation	275,390	275,390	274,649	741
Dues and memberships	17,000	20,000	20,589	(589)
Data processing services	100,000	100,000	93,690	6,310
Insurance	820,000	879,604	875,827	3,777
Professional fees	197,875	197,875	203,078	(5,203)
	1,466,765	1,567,730	1,556,850	10,880
Administration				
Salaries	781,260	700,295	684,437	15,858
Payroll taxes	52,712	52,712	51,946	766
Health insurance	85,147	85,147	78,158	6,989
Pension	68,904	68,904	53,062	15,842
Unemployment insurance	300	300	316	(16)
Employee training and testing	10,150	10,150	5,708	4,442
Printing and duplicating	18,500	18,500	14,229	4,271
Dues and memberships	5,000	5,000	2,703	2,297
Telephone	25,000	25,000	22,524	2,476
Public relations	11,500	11,500	9,531	1,969
Travel	10,000	10,000	14,313	(4,313)
Operating supplies	119,900	119,900	106,926	12,974
Equipment operations and maintenance	7,600	7,600	8,619	(1,019)
Professional fees	55,000	55,000	59,083	(4,083)
Other	16,500	16,500	19,183	(2,683)
	1,267,473	1,186,508	1,130,738	55,770

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
City Council				
Salaries	40,800	40,800	40,800	-
Payroll taxes	3,121	3,121	3,102	19
Health insurance	6,846	6,846	2,859	3,987
Employee training and testing	12,000	12,000	12,715	(715)
Printing and duplicating	400	400	400	-
Dues and memberships	850	850	150	700
Telephone	3,000	3,000	2,081	919
Council meeting	13,500	13,500	1,445	12,055
Travel	10,000	10,000	10,638	(638)
Special events	25,000	25,000	14,475	10,525
Operating supplies	3,600	3,600	547	3,053
	<u>119,117</u>	<u>119,117</u>	<u>89,212</u>	<u>29,905</u>
Municipal Court				
Salaries	206,040	206,040	204,031	2,009
Payroll taxes	15,022	15,022	15,414	(392)
Health insurance	27,675	27,675	20,914	6,761
Employee training and testing	650	650	-	650
Pension	10,262	10,262	10,341	(79)
Unemployment insurance	100	100	84	16
Printing and duplicating	1,000	1,000	1,143	(143)
Subscriptions	175	175	-	175
Telephone	2,500	2,500	3,090	(590)
Travel	500	500	682	(182)
Operating supplies	74,650	74,650	51,659	22,991
Child restraint	15,000	15,000	29,290	(14,290)
Litigation fees	60,000	60,000	61,880	(1,880)
Other	16,500	16,500	14,289	2,211
	<u>430,074</u>	<u>430,074</u>	<u>412,817</u>	<u>17,257</u>
Economic Development				
Professional services	50,000	50,000	38,563	11,437
	<u>50,000</u>	<u>50,000</u>	<u>38,563</u>	<u>11,437</u>
City Hall Complex				
Utilities	40,500	40,500	38,005	2,495
Operating supplies	16,000	23,569	18,875	4,694
General purpose machinery and equipment	-	(7,431)	6,253	(13,684)
	<u>56,500</u>	<u>56,638</u>	<u>63,133</u>	<u>(6,495)</u>

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Inspection				
Salaries	287,708	287,708	279,005	8,703
Payroll taxes	21,034	21,034	20,633	401
Health insurance	71,100	71,100	63,203	7,897
Pension	27,496	27,496	27,315	181
Unemployment insurance	336	336	168	168
Employee training and testing	4,250	4,250	3,405	845
Printing and duplicating	4,000	4,000	1,849	2,151
Dues and memberships	800	800	585	215
Telephone	6,250	6,250	5,768	482
Travel	3,000	3,000	100	2,900
Contract services	94,000	94,000	50,574	43,426
Operating supplies	36,500	36,500	32,244	4,256
Equipment operations and maintenance	17,300	17,300	12,942	4,358
Uniform	2,000	2,000	1,345	655
Other	87,625	87,625	78,894	8,731
	<u>663,399</u>	<u>663,399</u>	<u>578,030</u>	<u>85,369</u>
City Garage				
Telephone	1,650	1,650	1,258	392
Utilities	5,800	5,800	6,779	(979)
Equipment operations and maintenance	4,650	21,650	20,928	722
	<u>12,100</u>	<u>29,100</u>	<u>28,965</u>	<u>135</u>
Building Maintenance				
Salaries	173,403	173,403	178,571	(5,168)
Payroll taxes	12,898	12,898	13,367	(469)
Health insurance	45,743	45,743	39,791	5,952
Employee education and training	2,000	2,000	-	2,000
Pension	16,861	16,861	17,708	(847)
Unemployment insurance	280	280	115	165
Printing and duplicating	200	200	-	200
Telephone	4,000	4,000	4,104	(104)
Utilities	9,500	9,500	7,349	2,151
Medical	100	100	-	100
Operating supplies	25,600	25,600	43,466	(17,866)
Custodial services	8,000	8,000	-	8,000
Equipment operations and maintenance	4,000	4,000	9,032	(5,032)
Building maintenance	40,000	38,000	22,757	15,243

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)	Budget Amounts			Variance
	Original	Final	Actual	with Final Budget
Building Maintenance (Continued)				
Grounds maintenance	12,000	12,000	3,119	8,881
	342,585	340,585	336,260	4,325
TOTAL GENERAL GOVERNMENT	4,408,013	4,443,151	4,234,568	208,583
DEPARTMENT OF PUBLIC SAFETY				
Police				
Salaries	858,699	828,699	708,468	120,231
Payroll taxes	57,199	57,199	50,831	6,368
Health insurance	168,281	118,281	117,676	605
Pension	90,888	90,888	69,861	21,027
Unemployment insurance	616	616	253	363
Employee training and testing	50,500	46,500	47,028	(528)
Contract services	35,000	35,000	39,057	(4,057)
Printing and duplicating	6,500	6,500	3,308	3,192
Dues and memberships	4,000	4,000	9,245	(5,245)
Subscriptions	200	200	597	(397)
Telephone	40,000	40,000	42,183	(2,183)
Utilities	17,880	17,880	23,797	(5,917)
Medical	6,400	3,400	3,195	205
Travel	35,500	35,500	39,166	(3,666)
Operating supplies	50,600	46,600	46,244	356
Contracts with other governments	423,000	423,000	425,219	(2,219)
Supplies and small equipment	212,600	262,600	290,542	(27,942)
Equipment operations and maintenance	451,240	435,240	529,671	(94,431)
Building maintenance	2,500	2,500	371	2,129
Uniforms	8,500	8,500	14,287	(5,787)
Insurance	10,000	6,000	5,928	72
	2,530,103	2,469,103	2,466,927	2,176
Criminal Investigation				
Salaries	654,867	674,867	676,929	(2,062)
Payroll taxes	48,912	50,912	50,696	216
Health insurance	142,170	156,170	155,538	632
Pension	86,316	91,316	90,855	461
Unemployment insurance	560	560	280	280
Operating supplies	29,500	54,500	53,706	794
	962,325	1,028,325	1,028,004	321

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Patrol				
Salaries	2,381,097	2,471,097	2,402,965	68,132
Payroll taxes	170,938	170,938	178,406	(7,468)
Health insurance	343,541	348,541	367,262	(18,721)
Pension	293,596	293,596	311,299	(17,703)
Unemployment insurance	1,929	1,929	1,204	725
Operating supplies	244,323	244,323	172,090	72,233
	<u>3,435,424</u>	<u>3,530,424</u>	<u>3,433,226</u>	<u>97,198</u>
Fire				
Salaries	1,920,312	1,965,312	1,975,234	(9,922)
Payroll taxes	132,174	132,174	147,125	(14,951)
Health insurance	410,406	410,406	375,269	35,137
Pension	233,248	233,248	251,487	(18,239)
Workers' compensation	1,288	1,288	972	316
Employee training and testing	23,000	23,000	6,362	16,638
Printing and duplicating	3,500	3,500	1,786	1,714
Dues and memberships	1,200	1,200	1,991	(791)
Subscriptions	1,200	1,200	1,519	(319)
Telephone	21,000	21,000	21,951	(951)
Utilities	44,000	44,000	42,002	1,998
Medical	1,400	1,400	563	837
Travel	11,000	11,000	11,667	(667)
Rent	25,700	25,700	25,137	563
Operating supplies	61,500	61,500	51,628	9,872
Contracts with other governments	330,097	330,097	219,589	110,508
Supplies and small equipment	34,000	34,000	25,872	8,128
Equipment operations and maintenance	101,000	1,101,000	1,072,131	28,869
Building maintenance	5,000	5,000	5,050	(50)
Uniforms	63,000	63,000	54,155	8,845
Insurance	2,000	2,000	1,876	124
	<u>3,426,025</u>	<u>4,471,025</u>	<u>4,293,366</u>	<u>177,659</u>
Animal Control				
Salaries	186,398	186,398	179,592	6,806
Payroll taxes	13,647	13,647	13,530	117
Health insurance	27,600	42,600	13,290	29,310
Pension	17,840	17,840	16,443	1,397
Contract services	2,500	2,500	2,582	(82)

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	
Animal Control (Continued)				
Workers' compensation	224	224	160	64
Employee training and testing	6,250	6,250	2,743	3,507
Printing and duplicating	1,000	1,000	1,065	(65)
Dues and memberships	600	600	-	600
Telephone	2,200	2,200	3,173	(973)
Utilities	18,000	18,000	33,009	(15,009)
Medical	250	250	289	(39)
Travel	3,600	3,600	51	3,549
Operating supplies	51,000	119,000	88,740	30,260
Equipment operations and maintenance	15,100	15,100	14,043	1,057
Building maintenance	2,500	2,500	3,470	(970)
Uniforms	2,000	2,000	2,493	(493)
Other	25,000	25,000	24,170	830
	<u>375,709</u>	<u>458,709</u>	<u>398,843</u>	<u>59,866</u>
TOTAL DEPARTMENT OF PUBLIC SAFETY	<u>10,729,586</u>	<u>11,957,586</u>	<u>11,620,366</u>	<u>337,220</u>
DEPARTMENT OF PUBLIC WORKS				
Traffic Control and Street Markers				
Salaries	\$ 157,990	\$ 157,990	\$ 155,481	\$ 2,509
Payroll taxes	11,440	11,440	11,396	44
Health insurance	51,296	51,296	51,424	(128)
Pension	14,954	14,954	15,207	(253)
Workers' compensation	168	168	84	84
Employee training and testing	2,750	2,750	40	2,710
Dues and memberships	750	750	560	190
Telephone	2,500	2,500	3,898	(1,398)
Utilities	5,400	5,400	6,619	(1,219)
Medical	250	250	-	250
Travel	1,000	1,000	-	1,000
Operating supplies	23,800	23,800	30,576	(6,776)
Equipment operations and maintenance	13,700	13,700	7,178	6,522
Building maintenance	500	500	183	317
Uniforms	1,500	1,500	120	1,380
Other	2,100	2,100	10,264	(8,164)
	<u>290,098</u>	<u>290,098</u>	<u>293,030</u>	<u>(2,932)</u>

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)

	Budget Amounts		Actual	Variance
	Original	Final		with Final Budget
Streets				
Salaries	268,973	268,973	252,524	16,449
Payroll taxes	20,041	20,041	18,708	1,333
Health insurance	84,803	84,803	73,468	11,335
Pension	26,197	26,197	24,801	1,396
Workers' compensation	336	336	154	182
Employee training and testing	2,250	2,250	385	1,865
Dues and memberships	-	-	285	(285)
Telephone	2,400	2,400	2,779	(379)
Travel	-	-	178	(178)
Utilities	8,100	8,100	8,127	(27)
Medical	200	200	180	20
Professional and contract services	10,000	10,000	29,810	(19,810)
Operating supplies	26,400	26,400	16,313	10,087
Equipment operations and maintenance	91,500	91,500	56,920	34,580
Building maintenance	3,000	3,000	4,191	(1,191)
Uniforms	3,000	3,000	2,965	35
Damage claims	1,000	1,000	142	858
	<u>548,200</u>	<u>548,200</u>	<u>491,930</u>	<u>56,270</u>
TOTAL DEPARTMENT OF PUBLIC WORKS	<u>838,298</u>	<u>838,298</u>	<u>784,960</u>	<u>53,338</u>
DEPARTMENT OF PUBLIC WELFARE				
Library				
Salaries	187,084	187,084	171,357	15,727
Payroll taxes	13,884	13,884	12,876	1,008
Health insurance	13,266	13,266	13,150	116
Pension	10,061	10,061	10,231	(170)
Workers' compensation	280	280	186	94
Employee training and testing	500	500	190	310
Printing and duplicating	2,000	2,000	940	1,060
Subscriptions	1,900	1,900	1,920	(20)
Telephone	5,000	5,000	4,257	743
Medical	250	250	-	250
Professional and contract services	10,000	10,000	8,199	1,801
Operating supplies	15,187	15,187	16,662	(1,475)
Equipment/book operations and maintenance	36,994	36,994	32,072	4,922
Other	500	500	50	450
Building maintenance	-	-	41	(41)
	<u>296,906</u>	<u>296,906</u>	<u>272,131</u>	<u>24,775</u>

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	
Museum				
Telephone	200	400	362	38
Contract services	360	760	709	51
Machinery and maintenance	-	(100)	20	(120)
	<u>560</u>	<u>1,060</u>	<u>1,091</u>	<u>(31)</u>
Community Development Centers				
Transportation Assistance	<u>10,000</u>	<u>15,000</u>	<u>11,266</u>	<u>3,734</u>
TOTAL DEPARTMENT OF PUBLIC WELFARE	<u>307,466</u>	<u>312,966</u>	<u>284,488</u>	<u>28,478</u>
CULTURE AND RECREATION				
Arena				
Salaries	654,420	654,420	592,428	61,992
Payroll taxes	48,390	48,390	44,419	3,971
Health insurance	105,897	95,897	87,179	8,718
Pension	48,076	48,076	47,634	442
Workers' compensation	784	784	629	155
Employee training and testing	1,300	1,300	1,210	90
Printing and duplicating	700	700	-	700
Dues and subscriptions	1,500	1,500	315	1,185
Telephone	3,000	3,000	5,845	(2,845)
Utilities	83,750	83,750	109,476	(25,726)
Travel	1,000	1,000	390	610
Operating supplies	18,310	18,310	21,256	(2,946)
Contracted services	21,000	21,000	52,852	(31,852)
Equipment operations and maintenance	85,500	85,500	73,383	12,117
Building maintenance	2,000	2,000	2,888	(888)
Grounds maintenance	88,450	88,450	93,913	(5,463)
Uniforms	1,600	1,600	1,570	30
Medical	600	600	1,033	(433)
Damage claims	2,000	2,000	1,243	757
Other	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
	<u>1,169,777</u>	<u>1,159,777</u>	<u>1,137,663</u>	<u>22,114</u>

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Maintenance of Recreational Facilities				
Salaries	103,411	103,411	113,283	(9,872)
Payroll taxes	7,720	7,720	5,081	2,639
Health insurance	38,915	38,915	17,383	21,532
Pension	10,091	10,091	10,657	(566)
Workers' compensation	112	112	84	28
Employee training and testing	500	500	-	500
Printing and duplicating	250	250	-	250
Dues and memberships	500	500	-	500
Telephone	4,000	4,000	3,776	224
Utilities	87,000	97,000	112,846	(15,846)
Operating supplies	25,800	25,800	28,368	(2,568)
Contracted services	24,000	24,000	24,629	(629)
Equipment operations and maintenance	17,200	17,200	13,030	4,170
Grounds maintenance	2,000	2,000	4,205	(2,205)
Travel	250	250	15	235
Park promotions	750	750	23	727
Uniforms	1,000	1,000	1,250	(250)
Medical	150	150	-	150
Other	1,000	1,000	-	1,000
	<u>324,649</u>	<u>334,649</u>	<u>334,630</u>	<u>19</u>
Community Center				
Salaries	153,061	153,061	132,588	20,473
Payroll taxes	11,403	11,403	9,960	1,443
Health insurance	19,583	19,583	19,847	(264)
Pension	8,259	8,259	8,976	(717)
Workers' compensation	392	392	168	224
Employee training and testing	800	800	-	800
Printing and duplicating	200	200	-	200
Dues and memberships	350	350	487	(137)
Telephone	1,000	1,000	3,328	(2,328)
Utilities	39,500	39,500	33,062	6,438
Medical	500	500	29	471
Operating supplies	36,500	36,500	37,683	(1,183)
Contracted services	6,000	6,000	7,783	(1,783)
Equipment operations and maintenance	15,000	15,000	1,094	13,906
Building maintenance	6,000	6,000	3,926	2,074
Liability insurance	-	-	1,363	(1,363)

(Continued)

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

(Continued)	Budget Amounts			Variance
	Original	Final	Actual	with Final Budget
Community Center (Continued)				
Grounds maintenance	3,000	3,000	5,320	(2,320)
Travel	500	500	-	500
Uniforms	500	500	1,086	(586)
	302,548	302,548	266,700	35,848
McBrien School				
Utilities	800	8,800	5,148	3,652
Contracted services	400	400	360	40
Operating supplies	-	-	364	(364)
Building maintenance	-	-	123	(123)
	1,200	9,200	5,995	3,205
Recreational Sports				
Contracted services	19,500	19,500	12,019	7,481
Printing and duplicating	250	250	-	250
Equipment, supplies and uniforms	124,650	149,650	136,078	13,572
Tournament fees	19,050	17,050	15,926	1,124
Officials, referees and players fees	160,000	185,000	173,170	11,830
Insurance	28,000	31,000	32,242	(1,242)
	351,450	402,450	369,435	33,015
TOTAL CULTURE AND RECREATION	2,149,624	2,208,624	2,114,423	94,201
CAPITAL OUTLAY				
General purpose machinery and equipment	20,023	20,023	9,495	10,528
TOTAL CAPITAL OUTLAY	20,023	20,023	9,495	10,528
TOTAL EXPENDITURES	18,453,010	19,780,648	19,048,300	732,348
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,802,587	7,714,517	7,771,898	57,381
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(8,796,187)	(9,660,511)	(8,586,157)	1,074,354
Proceeds from sale of assets	10,000	28,000	22,099	(5,901)
Total other financing sources (uses)	(8,786,187)	(9,632,511)	(8,564,058)	1,068,453
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 16,400	\$ (1,917,994)	(792,160)	\$ 1,125,834
FUND BALANCE				
Beginning			14,500,939	
Ending			\$ 13,708,779	

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 31,919	\$ (13,081)
Drug related fines and forfeitures	20,000	20,000	45,737	25,737
Sale of confiscated property	-	-	5,276	5,276
Total revenues	65,000	65,000	82,932	17,932
EXPENDITURES				
Current				
Employee training and testing	1,000	1,000	-	1,000
Office supplies	26,500	26,500	-	26,500
Uniforms	22,000	22,000	23,211	(1,211)
Travel	500	500	-	500
Equipment operations and maintenance	154,402	154,402	71,777	82,625
TOTAL EXPENDITURES	204,402	204,402	94,988	109,414
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	\$ (139,402)	\$ (139,402)	(12,056)	\$ 127,346
FUND BALANCE				
Beginning			251,848	
Ending			\$ 239,792	

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,005,000	\$ 1,005,000	\$ 794,606	\$ (210,394)
Interest	<u>200</u>	<u>200</u>	<u>41</u>	<u>(159)</u>
Total revenues	<u>1,005,200</u>	<u>1,005,200</u>	<u>794,647</u>	<u>(210,553)</u>
EXPENDITURES				
Current				
Utilities	225,000	225,000	242,437	(17,437)
Professional services	60,000	60,000	6,802	53,198
Road paving and maintenance	1,014,238	1,014,238	9,747	1,004,491
Other	<u>-</u>	<u>-</u>	<u>20</u>	<u>(20)</u>
TOTAL EXPENDITURES	<u>1,299,238</u>	<u>1,299,238</u>	<u>259,006</u>	<u>1,040,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>\$ (294,038)</u>	<u>\$ (294,038)</u>	535,641	<u>\$ 829,679</u>
FUND BALANCE				
Beginning			<u>351,219</u>	
Ending			<u>\$ 886,860</u>	

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 22,107	\$ 22,107
Total revenues	<u>-</u>	<u>-</u>	<u>22,107</u>	<u>22,107</u>
EXPENDITURES				
Public safety	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	22,107	<u>\$ 42,107</u>
FUND BALANCE				
Beginning			<u>-</u>	
Ending			<u>\$ 22,107</u>	

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 22,425	\$ 25,625	\$ 18,409	\$ (7,216)
Interest	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total revenues	<u>22,425</u>	<u>25,625</u>	<u>18,410</u>	<u>(7,215)</u>
EXPENDITURES				
Current				
Public works	<u>19,000</u>	<u>42,200</u>	<u>26,791</u>	<u>15,409</u>
TOTAL EXPENDITURES	<u>19,000</u>	<u>42,200</u>	<u>26,791</u>	<u>15,409</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>\$ 3,425</u>	<u>\$ (16,575)</u>	(8,381)	<u>\$ 8,194</u>
FUND BALANCE				
Beginning			<u>19,143</u>	
Ending			<u>\$ 10,762</u>	

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SOLID WASTE COLLECTION FUND

YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 1,597,300	\$ 1,597,300	\$ 1,580,771	\$ (16,529)
Total revenues	<u>1,597,300</u>	<u>1,597,300</u>	<u>1,580,771</u>	<u>(16,529)</u>
EXPENDITURES				
Current				
Salaries	577,649	577,649	578,439	(790)
Payroll taxes	42,783	42,783	42,150	633
Health insurance	150,079	150,079	149,161	918
Pension	55,925	55,925	57,358	(1,433)
Unemployment insurance	500	500	344	156
Employee training and testing	1,100	1,100	575	525
Printing and duplicating	400	400	1,339	(939)
Dues and memberships	260	260	285	(25)
Utilities	12,000	12,600	8,717	3,883
Contract services	342,500	422,500	423,446	(946)
Operating supplies	383,400	552,800	451,952	100,848
Building and equipment maintenance	75,000	75,000	1,820	73,180
Total expenditures	<u>1,641,596</u>	<u>1,891,596</u>	<u>1,715,586</u>	<u>176,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(44,296)</u>	<u>(294,296)</u>	<u>(134,815)</u>	<u>159,481</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (44,296)</u>	<u>\$ (294,296)</u>	115,185	<u>\$ 409,481</u>
FUND BALANCE				
Beginning			<u>18,555</u>	
Ending			<u>\$ 133,740</u>	

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

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

YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS REVENUES OVER EXPENDITURES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	8,779,193	8,779,193	7,476,086	(1,303,107)
Transfers to other funds	<u>(8,174,869)</u>	<u>(8,779,193)</u>	<u>(7,476,086)</u>	<u>1,303,107</u>
Total other financing sources (uses)	<u>604,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	<u>\$ 604,324</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE				
Beginning			<u>3,348</u>	
Ending			<u>\$ 3,348</u>	

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS

JUNE 30, 2025

Year	Tax Rate	Assessment	Levy
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
2023	1.2500	541,543,600	6,769,295
2024	1.2500	527,036,960	6,587,962
2025	1.2500	553,911,108	6,923,889

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE

JUNE 30, 2025

Tax Year	Property Tax Receivable Balance June 30, 2024	Property Tax Levied	Anticipated Property Tax Levy	Abatements and Adjustments	Tax Collections	Property Tax Receivable Balance June 30, 2025
2025	\$ -	\$ -	\$ 6,923,889	\$ -	\$ -	\$ 6,923,889
2024	6,587,962	-	-	(32,108)	(6,298,592)	257,262
2023	338,523	-	-	-	(219,496)	119,027
2022	134,431	-	-	-	-	134,431
2021	45,814	-	-	-	-	45,814
2020	12,213	-	-	-	-	12,213
2019	10,987	-	-	-	-	10,987
2018	1,053	-	-	7,687	-	8,740
2017	8,245	-	-	-	(153)	8,092
2016	6,826	-	-	-	(20)	6,806
2015	9,568	-	-	-	(32)	9,536
2014	9,974	-	-	-	(9,974)	-
	<u>\$ 7,165,596</u>	<u>\$ -</u>	<u>\$ 6,923,889</u>	<u>\$ (24,421)</u>	<u>\$ (6,528,267)</u>	<u>\$ 7,536,797</u>

Note: All uncollected delinquent taxes have been filed in accordance with applicable laws.

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF DEBT SERVICE REQUIREMENTS
GOVERNMENTAL ACTIVITIES

JUNE 30, 2025

Year Ending June 30,	General Obligation Bonds Series 2015		TML Bond Fund Series 2020		General Obligation Refunding Bonds, Series 2021		Fire Department Capital Outlay Note Series 2021		TML Bond Fund Series 2022		General Obligation Bonds, Series 2024		Financed Purchase, Motorola Solutions 2024		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 80,000	\$ 129,750	\$ 111,000	\$ 33,744	\$ 500,000	\$ 141,213	\$ 100,000	\$ 5,874	\$ 365,000	\$ 320,022	\$ 260,000	\$ 386,250	\$ 35,261	\$ 5,558	\$ 1,451,261	\$ 1,022,411
2027	80,000	125,750	114,000	30,886	500,000	126,213	101,000	4,216	379,000	305,604	270,000	373,250	37,024	3,795	1,481,024	969,714
2028	85,000	121,750	116,000	27,965	505,000	111,213	102,000	2,541	394,000	290,634	285,000	359,750	38,875	1,945	1,525,875	915,798
2029	90,000	117,500	119,000	24,981	495,000	96,063	103,000	850	410,000	275,071	300,000	345,500	-	-	1,517,000	859,965
2030	95,000	113,000	122,000	21,920	445,000	76,263	-	-	426,000	258,876	315,000	330,500	-	-	1,403,000	800,559
2031	100,000	108,250	125,000	18,783	445,000	67,363	-	-	443,000	242,049	330,000	314,750	-	-	1,443,000	751,195
2032	105,000	103,250	129,000	15,558	445,000	58,463	-	-	460,000	224,550	345,000	298,250	-	-	1,484,000	700,071
2033	110,000	98,000	132,000	12,243	450,000	49,563	-	-	478,000	206,380	365,000	281,000	-	-	1,535,000	647,186
2034	115,000	92,500	135,000	8,852	450,000	40,563	-	-	497,000	187,499	385,000	262,750	-	-	1,582,000	592,164
2035	120,000	86,750	139,000	5,372	455,000	31,563	-	-	517,000	167,868	400,000	243,500	-	-	1,631,000	535,053
2036	130,000	80,750	142,000	1,803	395,000	23,600	-	-	537,000	147,446	420,000	178,800	-	-	1,624,000	432,399
2037	135,000	74,250	-	-	425,000	16,688	-	-	559,000	126,235	440,000	162,000	-	-	1,559,000	379,173
2038	140,000	67,500	-	-	380,000	9,250	-	-	581,000	104,154	455,000	144,400	-	-	1,556,000	325,304
2039	150,000	60,500	-	-	130,000	2,593	-	-	603,000	81,205	475,000	126,200	-	-	1,358,000	270,498
2040	155,000	53,000	-	-	-	-	-	-	627,000	57,386	495,000	107,200	-	-	1,277,000	217,586
2041	165,000	45,250	-	-	-	-	-	-	652,000	32,620	515,000	87,400	-	-	1,332,000	165,270
2042	170,000	37,000	-	-	-	-	-	-	173,819	6,866	535,000	66,800	-	-	878,819	110,666
2043	180,000	28,500	-	-	-	-	-	-	-	-	555,000	45,400	-	-	735,000	73,900
2044	190,000	19,500	-	-	-	-	-	-	-	-	580,000	23,925	-	-	770,000	43,425
2045	200,000	10,000	-	-	-	-	-	-	-	-	-	-	-	-	200,000	10,000
Total	\$ 2,595,000	\$ 1,572,750	\$ 1,384,000	\$ 202,107	\$ 6,020,000	\$ 850,611	\$ 406,000	\$ 13,481	\$ 8,101,819	\$ 3,034,466	\$ 7,725,000	\$ 4,137,625	\$ 111,160	\$ 11,298	\$ 26,342,979	\$ 9,822,338

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

JUNE 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
BONDS PAYABLE									
<u>Payable through TML Bond Fund</u>									
General Obligation, Series 2015	\$ 3,085,000	5.00%	9/1/2015	3/1/2045	\$ 2,670,000	\$ -	\$ 75,000	\$ -	\$ 2,595,000
General Obligation Refunding Bonds, Series 2021	8,495,000	1.75 - 4.00%	6/15/2021	6/1/2039	6,545,000	-	525,000	-	6,020,000
General Obligation Bonds, Series 2024	<u>8,000,000</u>	4.00 - 5.00%	6/28/2024	6/1/2044	<u>8,000,000</u>	-	<u>275,000</u>	-	<u>7,725,000</u>
Total bonds payable through TML bond fund	<u>\$ 19,580,000</u>				<u>\$ 17,215,000</u>	<u>\$ -</u>	<u>\$ 875,000</u>	<u>\$ -</u>	<u>\$ 16,340,000</u>
NOTES PAYABLE									
<u>Payable through TML Bond Fund</u>									
TML Bond, Series 2020	\$ 1,800,000	2.54%	11/10/2020	11/1/2035	\$ 1,492,000	\$ -	\$ 108,000	\$ -	\$ 1,384,000
Fire Department Capital Outlay Note, Series 2021	696,079	1.65%	12/14/2021	12/1/2028	504,000	-	98,000	-	406,000
TML Bond, Series 2022	<u>10,000,000</u>	3.95%	10/14/2022	9/1/2042	<u>6,564,827</u>	<u>1,887,992</u>	<u>351,000</u>	-	<u>8,101,819</u>
Total notes payable through debt service fund	<u>\$ 12,684,616</u>				<u>\$ 5,803,132</u>	<u>\$ 3,415,417</u>	<u>\$ 512,980</u>	<u>\$ -</u>	<u>\$ 9,891,819</u>
FINANCED PURCHASES									
<u>Payable through Capital Projects Fund</u>									
Motorola Solutions Financed Purchase	\$ 188,537	5.00%	2/8/2024	2/8/2028	\$ 188,537	\$ -	\$ 77,377	\$ -	\$ 111,160
Total financed purchases through capital projects fund	<u>\$ 188,537</u>				<u>\$ 188,537</u>	<u>\$ -</u>	<u>\$ 77,377</u>	<u>\$ -</u>	<u>\$ 111,160</u>

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF CHANGES IN LEASE OBLIGATIONS

JUNE 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2025
LEASES PAYABLE									
Axon taser lease	\$ 250,849	3.30%	8/1/2022	8/31/2027	\$ 150,400	\$ -	\$ 48,491	\$ -	\$ 101,909
Total leases payable	<u>\$ 250,849</u>				<u>\$ 150,400</u>	<u>\$ -</u>	<u>\$ 48,491</u>	<u>\$ -</u>	<u>\$ 101,909</u>
- governmental activities									

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTEREST REQUIREMENTS

JUNE 30, 2025

Year Ending June 30,	Principal	Interest	Total
2026	\$ 50,115	\$ 3,414	\$ 53,529
2027	<u>51,794</u>	<u>1,735</u>	<u>53,529</u>
Total	<u>\$ 101,909</u>	<u>\$ 5,149</u>	<u>\$ 107,058</u>

See independent auditor's report.

COMPLIANCE SECTION

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2025

Federal Agency/Pass-through Agency/ State Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Treasury Passed through TN Department of Revenue COVID-19 American Rescue Plan Act (ARPA)	21.027	N/A	\$ 969,251
Total U.S. Department of Treasury			<u>969,251</u>
Federal Bureau of Justice Bulletproof Vest Program	16.607	N/A	<u>14,574</u>
Total Federal Bureau of Justice			<u>14,574</u>
TOTAL FEDERAL AWARDS			<u>\$ 983,825</u>
STATE AWARDS			
		<u>Contract Number</u>	
Tennessee Department of Transportation Transportation Multimodal Access Grant	N/A	33LPLM-F3-213	\$ <u>390,666</u> <u>390,666</u>
Tennessee Department of Environment and Conservation FY23 Local Parks and Recreation Fund Grant	N/A	N/A	<u>170,380</u> <u>170,380</u>
Tennessee Department of Safety and Homeland Security FY24 Statewide School Resource Officer Endowment Grant	N/A	N/A	138,343
FY25 THSO High Visibility Grant	N/A	N/A	8,840
FY25 Statewide School Resource Officer Endowment Grant	N/A	N/A	<u>300,000</u> <u>447,183</u>
TOTAL STATE AWARDS			<u>\$ 1,008,229</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 1,992,054</u>

See independent auditor's report.

CITY OF EAST RIDGE, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state grant activity of the City 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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of assistance listing number 21.027, which follow criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – SUBRECIPIENTS

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



**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 as of and for the year ended June 30, 2025, 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 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for 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 or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we considered to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of East Ridge's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Cleveland, Tennessee
February 27, 2026

*Henderson Hutcherson
in McCullough, PLLC*



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Cleveland, Tennessee
February 27, 2026

*Henderson Hutcherson
& McCullough, PLLC*

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified: ___yes x_no
- Significant deficiencies identified that are not considered to be material weaknesses? x_yes ___none reported

Noncompliance material to financial statements noted? ___yes x_no

Federal Awards

Internal control over major programs:

- Material weaknesses identified: ___yes x_no
- Significant deficiencies identified that are not considered to be material weaknesses? ___yes x_none reported

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

Any audit findings disclosed under the Uniform Guidance? ___yes x_no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	U.S. Department of Treasury American Rescue Plan Act

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

Auditee qualified as low-risk auditee? ___yes x_no

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

Financial Statement Findings

2025-001: Preparation of Financial Statements and Schedule of Expenditures of Federal and State Awards

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria: Accounting standards dictate that management is responsible for preparation of the financial statements. An audit of the financial statements of an organization requires the evaluation of the internal control system's design of controls in generating and overseeing of the financial statements to be audited. The organization must have the ability to prepare and evaluate the financial statements' format, content, and disclosures in accordance with generally accepted accounting principles and recognize any material items missing in the financial statements through the organization's control system. This is true whether the organization prepares the financial statements or not. These controls can be established or achieved by use of a third-party organization or internally, but external auditors are never considered a control element.

Condition: The City currently does not prepare financial statements under generally accepted accounting principles. The external auditors prepare the statements and disclosures, and management approves and takes responsibility for the statements after they are prepared.

Context: During the year under audit, we noted that there were account balances that did not agree to supporting documentation. As a result, significant audit adjustments had to be made to correct the balances. These instances would have been discovered and corrected prior to the audit had a proper review system been followed.

Cause: The City believes its current reporting meets all of the City's internal needs. While management knows their responsibility for understanding and presenting the annual financial statements, they do not believe it is currently cost beneficial to design and/or strengthen controls over the accounting department's financial reporting process.

Effect: The City does not have proper controls over financial statements preparation.

Repeat Finding: Yes

Recommendation: We recommend the City continue to monitor the need, costs, and benefits of developing a control structure to oversee the preparation of financial statements in accordance with generally accepted accounting principles.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management has addressed their corrective action plan in a separately issued letter.

(Continued)

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

2025-002: Reconciliation of Account Balances

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria: Management is responsible for ensuring the accuracy of account balances.

Condition: The City does not review all account balances for items that need to be removed or adjusted as of year-end.

Context: During the year under audit, we noted that there were account balances that did not agree to supporting documentation. As a result, significant audit adjustments had to be made to correct the balances. These instances would have been discovered and corrected prior to the audit had a proper review system been followed.

Cause: The City does not have proper controls in place to ensure all accounts are reconciled and accurately recorded as of year-end.

Effect: Account balances can be misstated as of year-end.

Repeat Finding: Yes

Recommendation: We recommend that the City reviews account balances at year-end to ensure that the balances agree to the supporting schedules and that they are free of misstatements.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management has addressed their corrective action plan in a separately issued letter.

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

None noted.

CITY OF EAST RIDGE, TENNESSEE

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2025

See attached summary schedule of prior audit findings prepared by the City.



City of East Ridge

1517 Tombras Avenue
East Ridge, Tennessee 37412
(423)867-7711 • www.eastridgetn.gov

Management's Corrective Action Plan

The City of East Ridge, Tennessee (the City) respectfully submits the following corrective action plan for the year ended June 30, 2025.

Independent public accounting firm:
Henderson, Hutcherson & McCullough, PLLC
266 Inman Street E
Cleveland, Tennessee 37311

Responsible officials for corrective action for all findings noted below:

Diane Qualls, Finance Director

Audit Period: July 1, 2024 – June 30, 2025

2025-001: Preparation of Financial Statements and Schedule of Expenditures of Federal and State Awards:

Recommendation: We recommend the City continue to monitor the need, costs, and benefits of developing a control structure to oversee the preparation of financial statements in accordance with generally accepted accounting principles.

Action Taken: The City feels we meet our internal needs, and it is not cost beneficial to hire a third party to prepare the financial statements. We will continue to strive to be more involved and take more ownership of this process as our time and resources allow. This plan will be implemented as of June 30, 2026.

2025-002: Reconciliation of Account Balances

Recommendation: We recommend that the City reviews account balances at year-end to ensure that the balances agree to the supporting schedules and that they are free of misstatements.

Action Taken: The City has re-evaluated our internal controls related to reconciling year-end account balances. The updated controls will be implemented as of June 30, 2026.

Diane Qualls, Finance Director



City of East Ridge

1517 Tombras Avenue
East Ridge, Tennessee 37412
(423)867-7711 • www.eastridgetn.gov

Summary of Prior Year Findings

The City of East Ridge, Tennessee (the City) respectfully submits the following summary of prior year findings for the year ended June 30, 2024.

Independent public accounting firm:
Henderson, Hutcherson & McCullough, PLLC
266 Inman Street E
Cleveland, Tennessee 37311

Responsible officials for all findings noted below:

Diane Qualls, Finance Director

Audit Period: July 1, 2024 – June 30, 2025

Finding 2024-001 (Initial finding 2023-001)

Condition: The City currently does not prepare financial statements under generally accepted accounting principles. The external auditors prepare the statements and disclosures, and management approves and takes responsibility for the statements after they are prepared.

Current Status: Current year finding.

Finding 2024-002 (Initial finding 2023-002)

Condition: The City does not review all account balances for items that need to be removed or adjusted as of year-end.

Current Status: Current year finding.



Diane Qualls, Finance Director