

**CITY OF GATLINBURG, TENNESSEE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2019**

**Prepared by Finance Department**

CITY OF GATLINBURG, TENNESSEE

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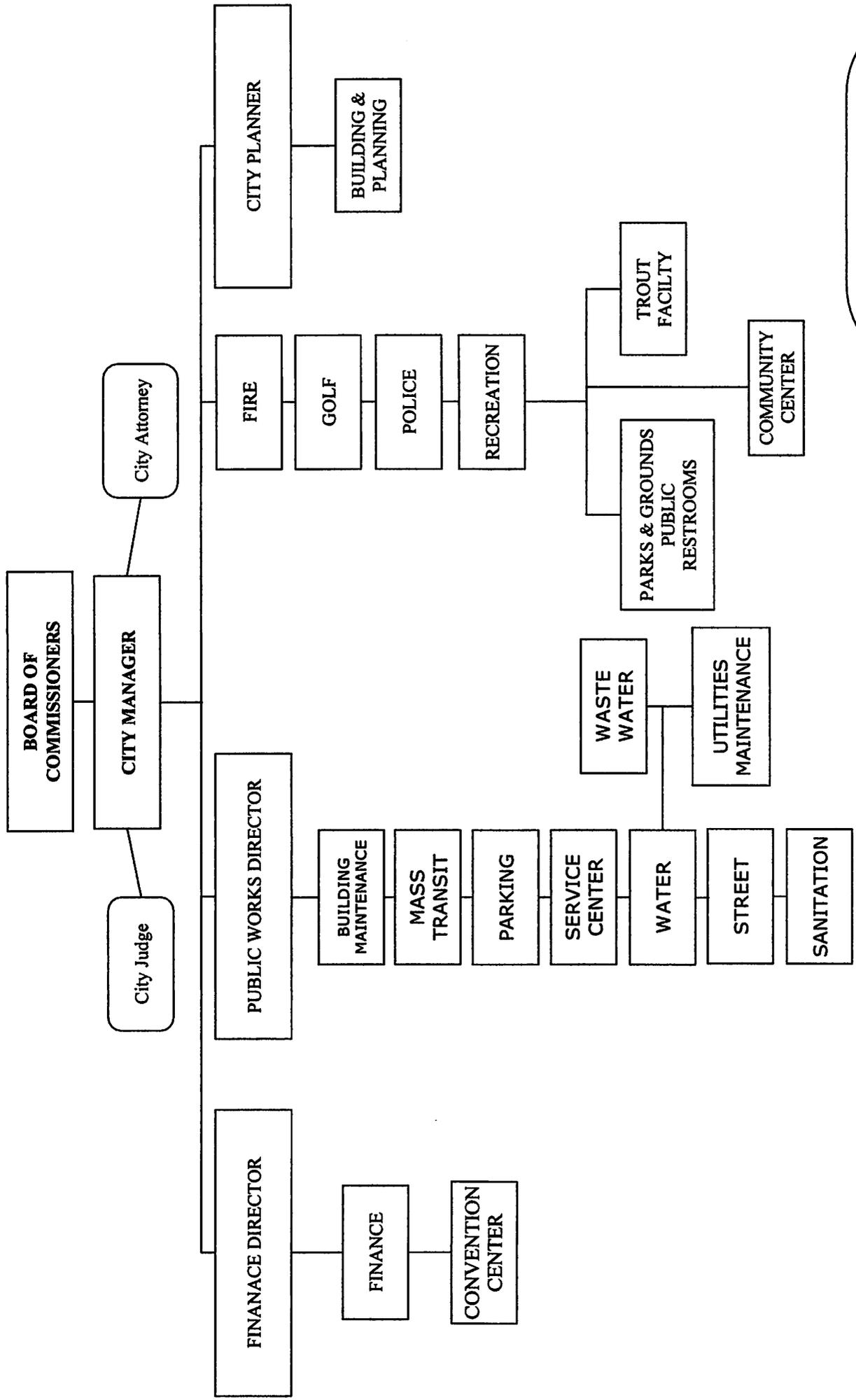
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## **INTRODUCTORY SECTION**



**City of Gatlinburg**  
Organizational  
Structure

**CITY OF GATLINBURG, TENNESSEE**

**LIST OF PUBLICLY ELECTED AND PRINCIPAL OFFICIALS**

**June 30, 2019**

**Elected Officials**

Mayor  
Vice Mayor  
Commissioner  
Commissioner  
Commissioner

Mike Werner  
Mark McCown  
Chad Reagan  
Don Smith  
Ryan DeSear

**Principal Officials**

City Manager  
Finance Director  
Chief of Police  
Fire Chief  
Recreation Director  
City Planner  
Public Works Director

Cindy Cameron Ogle  
Robert L. Holt (CMFO Designee)  
Randall Brackins  
Charlie Cole  
Marty Nicely  
David Ball  
Larry Henderson

**CITY OF GATLINBURG, TENNESSEE**

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**June 30, 2019**

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David Ball  
Larry Henderson

**FINANCIAL SECTION**



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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners and Senior Management  
City of Gatlinburg, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, budgetary comparisons for the general fund, special tax fund, tourism fund, and convention center debt service fund, and the aggregate remaining fund information of City of Gatlinburg, Tennessee (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, special tax fund, tourism fund, and the convention center debt service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



An independently owned member  
**RSM US Alliance**



**TSCPA**  
Members of the Tennessee Society  
Of Certified Public Accountants

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v - xv, the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS - Legacy Plan and the schedule of contributions based on participation in the public employee pension plan of TCRS - Legacy Plan on pages 43 - 44 and the schedule of changes in net pension liability (asset) and related ratios based on participation in the Public Employee Pension Plan of TCRS - Hybrid Plan with Cost Controls and the schedule of contributions based on participation in the Public Employee Pension Plan of TCRS - Hybrid Plan with Cost Controls on pages 45 - 46 and the schedule of changes in total OPEB liability and related ratios on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Gatlinburg's basic financial statements. The introductory, supplementary information and other information sections, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* on pages 101 - 102, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included in the supplementary information section as listed in the table of contents and the schedule of expenditures of federal awards and state financial assistance 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 supplementary information and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information included in the introductory and other information sections, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019 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 to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Gatlinburg's internal control over financial reporting and compliance.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
December 17, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Gatlinburg, Tennessee, (the "City"), offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the Fiscal Year ended June 30, 2019.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$137,765,103 (net position). Of this amount, \$40,184,837 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's current year change in net position was an increase of \$13,011,624.
- As of the close of the current fiscal year, the City governmental funds reported combined ending fund balances of \$44,456,047, an increase of \$7,470,038 in comparison with the prior year ending fund balance of \$36,986,009.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,675,148 or 84% of the total general fund expenditures and operating transfers of \$22,257,715.
- The City maintained the Moody's Investor Service rating of "A1" and the S & P rating of "AA" on all the City's outstanding debt.
- This fiscal year's financial activity indicates that the City has fully recovered in recapturing lost revenue associated with the effect of the Wildfires of November 2016. An analysis of gross receipts taxes indicates that the City has now surpassed the performance of Fiscal Year 2016 which had the highest gross receipts taxes on record. The Water and Wastewater Funds, which were significantly impacted by a material loss of the customer base, continue to show signs of improvement.

### Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 1 and 2 of this report.

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

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

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

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

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

The basic governmental fund financial statements, including reconciliation to the government-wide statements of net position and activities, are presented on pages 3 through 6 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 11 through 13 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 42 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's changes in net pension liability (asset) and contributions to pension plans. Required supplementary information can be found on pages 43 through 47 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$137,765,103 at the close of the most recent fiscal year.

The City's net investment in capital assets of \$88,517,833 (e.g., land, buildings, machinery, and equipment, net of related debt) represents approximately 64.2% of above-referenced net position. The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Gatlinburg Condensed Statement of Net Position as of June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and Other Assets	\$ 69,676,050	\$ 61,977,009	\$ 10,206,695	\$ 9,836,810	\$ 79,882,745	\$ 71,813,819
Capital Assets, Net	82,706,086	82,069,980	23,747,649	24,405,061	106,453,735	106,475,041
Total Assets	152,382,136	144,046,989	33,954,344	34,241,871	186,336,480	178,288,860
<b>Deferred Outflows of Resources</b>	1,282,080	1,456,030	267,420	369,114	1,549,500	1,825,144
<b>Total Assets and Deferred Outflows of Resource</b>	<u>\$ 153,664,216</u>	<u>\$ 145,503,019</u>	<u>\$ 34,221,764</u>	<u>\$ 34,610,985</u>	<u>\$ 187,885,980</u>	<u>\$ 180,114,004</u>
<b>Liabilities</b>						
Current Liabilities	\$ 5,219,910	\$ 6,433,634	\$ 934,304	\$ 1,679,793	\$ 6,154,214	\$ 8,113,427
Long-term Liabilities	36,979,086	40,804,855	2,750,607	2,960,120	39,729,693	43,764,975
Total Liabilities	42,198,996	47,238,489	3,684,911	4,639,913	45,883,907	51,878,402
<b>Deferred Inflows of Resources</b>	3,996,815	3,190,615	240,155	291,508	4,236,970	3,482,123
<b>Net Position</b>						
Net Investment in Capital Assets	67,450,148	61,915,799	21,067,685	21,459,988	88,517,833	83,375,787
Restricted	8,482,462	4,378,617	579,971	409,757	9,062,433	4,788,374
Unrestricted	31,535,795	28,779,499	8,649,042	7,809,819	40,184,837	36,589,318
Total Net Position	107,468,405	95,073,915	30,296,698	29,679,564	137,765,103	124,753,479
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 153,664,216</u>	<u>\$ 145,503,019</u>	<u>\$ 34,221,764</u>	<u>\$ 34,610,985</u>	<u>\$ 187,885,980</u>	<u>\$ 180,114,004</u>

An additional portion of the City's net position (\$9,062,433 or 6.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$40,184,837 may be used to meet the government's ongoing obligations to citizens and creditors.

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

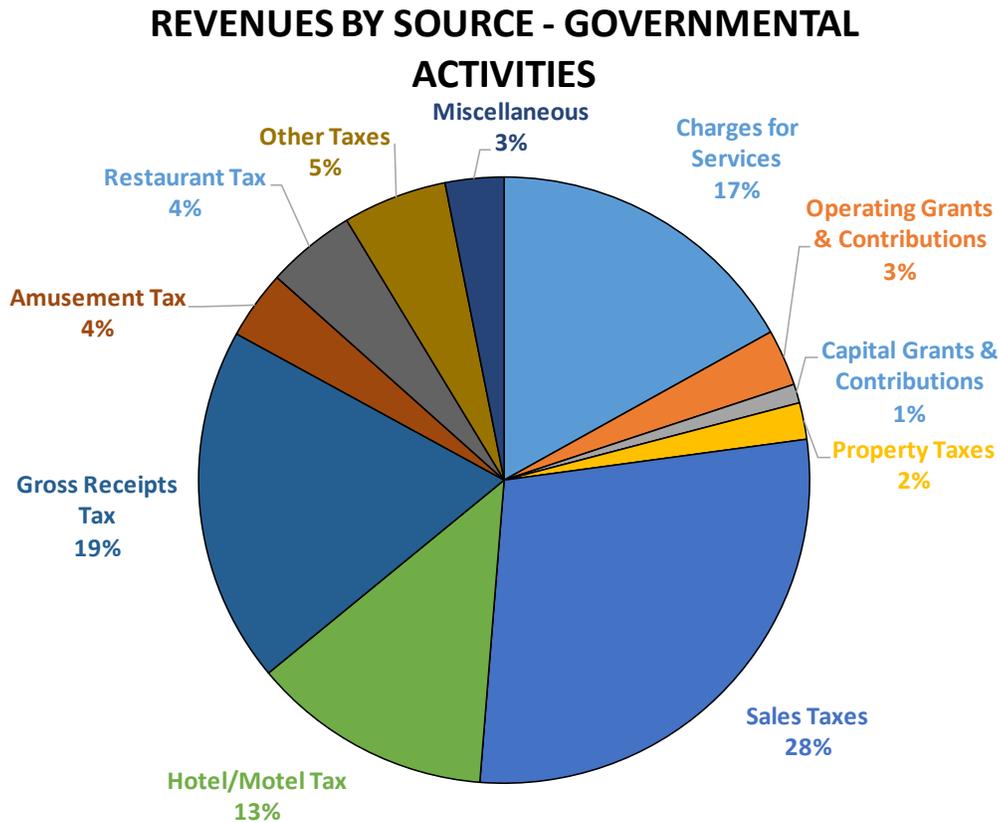
The government's change in net position was an increase of \$13,011,624 during the current fiscal year as explained below.

### City of Gatlinburg Condensed Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 7,990,353	\$ 7,851,525	\$ 5,883,832	\$ 5,617,118	\$ 13,874,185	\$ 13,468,643
Operating Grants and Contributions	1,428,664	1,379,875	0	0	1,428,664	1,379,875
Capital Grants and Contributions	477,740	339,767	0	0	477,740	339,767
<b>General Revenues:</b>						
Property Taxes	925,894	1,164,379	0	0	925,894	1,164,379
Other Taxes	35,074,429	30,814,743	0	0	35,074,429	30,814,743
Other	1,469,898	610,475	184,718	66,915	1,654,616	677,390
<b>Total Revenues</b>	<u>47,366,978</u>	<u>42,160,764</u>	<u>6,068,550</u>	<u>5,684,033</u>	<u>53,435,528</u>	<u>47,844,797</u>
<b>Expenses</b>						
General Government	5,396,299	3,884,152	0	0	5,396,299	3,884,152
Public Safety	6,041,316	6,117,706	0	0	6,041,316	6,117,706
Public Works	6,192,885	6,123,304	0	0	6,192,885	6,123,304
Recreation	3,165,445	3,023,862	0	0	3,165,445	3,023,862
Tourism	9,942,289	9,375,236	0	0	9,942,289	9,375,236
Transportation	2,524,458	2,442,798	0	0	2,524,458	2,442,798
Education	573,225	544,694	0	0	573,225	544,694
Debt Service Interest	1,136,571	1,281,333	0	0	1,136,571	1,281,333
Wastewater	0	0	2,948,439	2,910,311	2,948,439	2,910,311
Water	0	0	2,502,977	2,518,928	2,502,977	2,518,928
<b>Total Expenses</b>	<u>34,972,488</u>	<u>32,793,085</u>	<u>5,451,416</u>	<u>5,429,239</u>	<u>40,423,904</u>	<u>38,222,324</u>
Change in Net Position	12,394,490	9,367,679	617,134	254,794	13,011,624	9,622,473
Net Position -						
Beginning of Year	<u>95,073,915</u>	<u>85,706,236</u>	<u>29,679,564</u>	<u>29,424,770</u>	<u>124,753,479</u>	<u>115,131,006</u>
Net Position - End of Year	<u>\$ 107,468,405</u>	<u>\$ 95,073,915</u>	<u>\$ 30,296,698</u>	<u>\$ 29,679,564</u>	<u>\$ 137,765,103</u>	<u>\$ 124,753,479</u>

Key elements of this increase of \$13,011,624 are as follows:

- Taxes other than property taxes increased by \$4,259,686 (13.8%) during the year, surpassing the prior year increase of \$2,504,526 by approximately 70%. This increase was the result of the growth in local taxes associated with improved economy.
- Other Revenues increased by a net of \$859,423 primarily due to an increase of \$572,948 in interest income, insurance proceeds and other miscellaneous revenue from nonrecurring transactions.
- Capital Grants and Contributions increased by \$137,973 due primarily to grant revenue received that was associated with repair to Stephens Drive bridge.
- The net increase of \$2,201,580 in total expenses is due primarily to increases in transfers to Tourism Fund (\$567,053) and approximately \$1.2 million spent on paving program. Debt service interest decreased by \$144,762 due to overall debt principal balances continuing to be paid down and no new debt being issued.

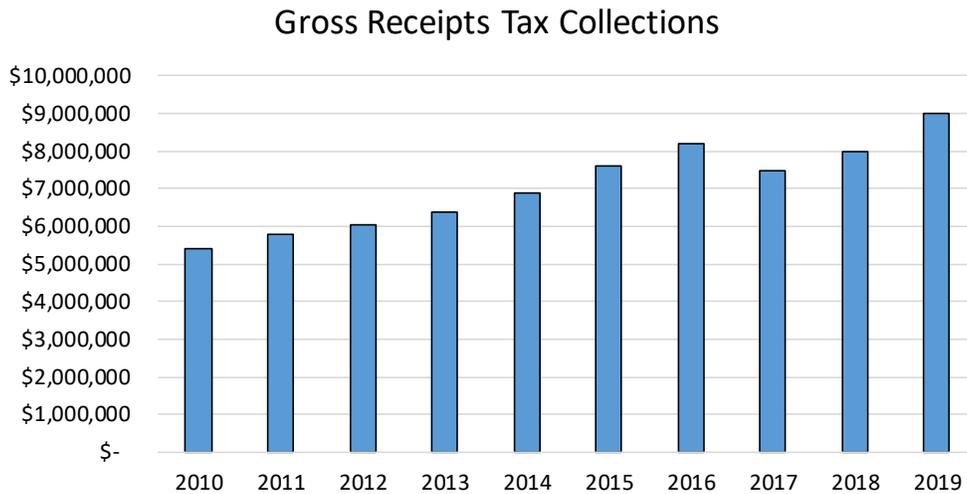


The Revenues by Source – Governmental Activities chart shows property tax revenues as a much smaller percentage of total revenues than is found in most other cities. Because the City is a premier type tourist destination, service levels are geared to provide services to a transient population which is in excess of ten (10) times the City’s permanent population. Because of this large transient population, the City derives the majority of its revenues from the users of these services through add-on taxes and the City’s Gross Receipts Tax. The Gross Receipts Tax is a tax levied on the gross income of all business in the City. These add-on taxes and the Gross Receipts Tax account for approximately 68% of the governmental activities total revenues.

Because the Gross Receipts Tax is a tax on the gross income of all businesses in the City, it is a good barometer of the economic health of the City. For the most part, the City has enjoyed steady moderate growth over the last ten years. This growth trend was understandably interrupted in Fiscal Year 2017 due to the economic impact of the Wildfires in November 2016. The City’s Gross Receipts Tax collection in fiscal year 2019 of \$8,997,145, however, is an increase of 12.4% over collections of \$8,001,319 in fiscal year 2018. More importantly to note is that the fiscal year 2019 collections surpassed the record collections of \$8,192,060 of Fiscal Year 2016 by over \$805,000 (9.8%).

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

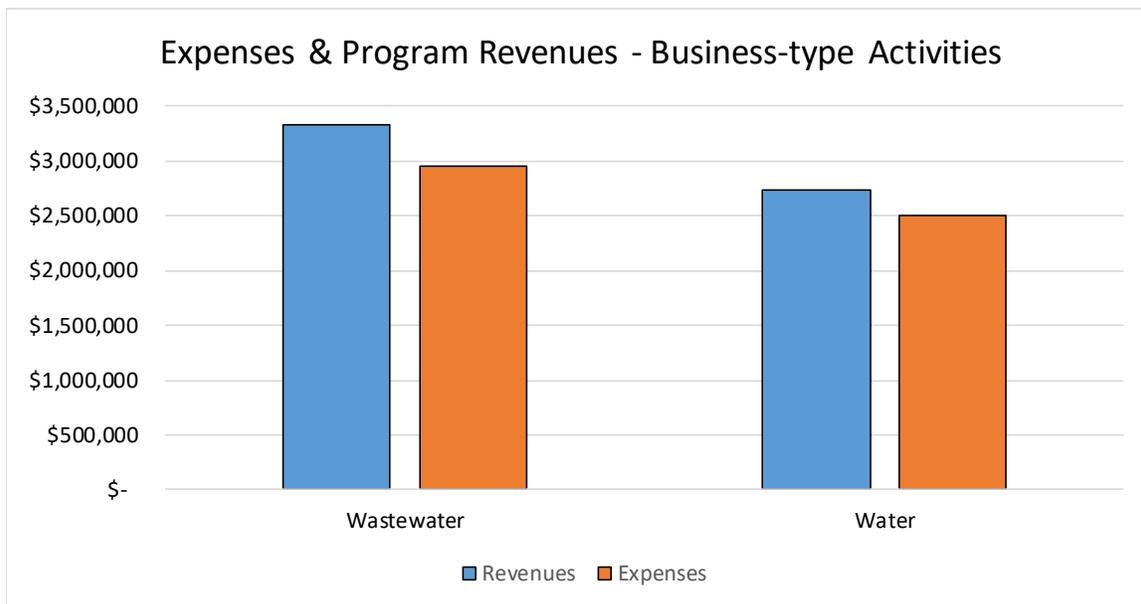
### Gross Receipts Tax Collections - Last Ten Years



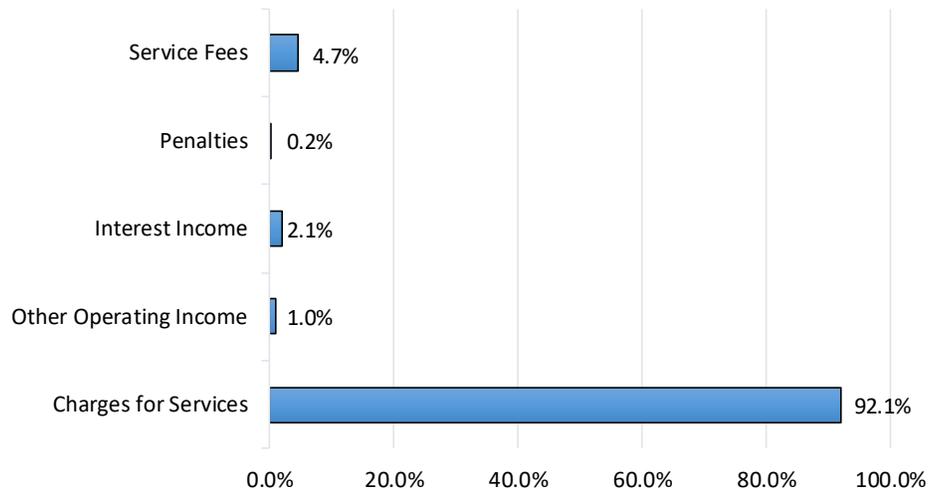
**Business-Type Activities.** Business-type activities increased the City's net position by \$617,134.

Key elements of this increase are as follows:

- The Water and Wastewater funds had a combined operating income of \$547,148 and combined non-operating income of \$69,986.
- The above items resulted in an increase in net position of \$617,134 for the Wastewater and Water funds combined as compared to an increase of \$254,794 for the previous year.
- Operating Revenue increased by a net amount of \$324,562 primarily due to the loss of service and customers during the Wildfires of late 2016. In fact, the City recovered approximately 76% of the previous decrease in revenue of \$427,342 in fiscal year 2018. This revenue increase is accompanied by a decrease of \$25,826 in Operating Expenses.



### Revenue by Source - Business-type Activities



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

	<u>2019</u>	<u>2018</u>
<b>Operating Revenues</b>	\$ 1,245,937	\$ 1,133,861
<b>Operating Expenses</b>	<u>2,925,723</u>	<u>2,840,842</u>
<b>Income (Loss) From Operations</b>	(1,679,786)	(1,706,981)
<b>Nonoperating Revenues (Expenses)</b>	<u>726,345</u>	<u>700,171</u>
<b>Increase (Decrease) in Net Position</b>	(953,441)	(1,006,810)
<b>Net Position - Beginning of Year</b>	<u>20,277,727</u>	<u>21,284,537</u>
<b>Net Position - End of Year</b>	<u>\$ 19,324,286</u>	<u>\$ 20,277,727</u>

Fiscal year 2019 is the fifth year of the Organization's actual operations. Operating revenues consist primarily of food services, events, sponsorships, and building and outdoor rentals. Operating expenses consist primarily of depreciation, personnel costs, occupancy, and contractual services. Depreciation expense of \$1,209,386 represents approximately 41.3% of operating expenses of \$2,925,723. Nonoperating revenues (expenses) consist primarily of cash contributions from the City and County governments to help in funding the operations of the sports complex.

### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$44,456,047, an increase of \$7,470,038 in comparison with the prior year balance of \$36,986,009. Approximately 42% of this total amount, or \$18,675,148, constitutes unassigned fund balance, which is available for spending at the government's discretion. The assigned fund balance of \$432,267 represents the portion of fund balance the City has set aside for an intended use. A small portion (1.12%) of fund balance is non-spendable in the form of inventories in the amount of \$497,486. The remaining fund balance, which is not available for new spending, is made up of \$5,317,030 restricted because it has restrictions placed upon its use and \$19,534,116 of committed to indicate that it has been committed to the funding of capital projects, streets and highways, police protection, tourism promotion, education and city court costs.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$18,675,148. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund revenues. The Government Finance Officers Association recommends that general purpose governments maintain unassigned fund balances in the General Fund of no less than two months of regular general fund operating revenues or two months of regular general fund operating expenditures.

The fund balance of the City's general fund increased by \$841,065 during the current fiscal year compared to an increase of \$2,068,234 in the prior fiscal year. The general fund had a net increase in revenues of \$2,220,313 in 2019 with over \$1.7 Million of this increase being in local taxes. Intergovernmental Revenue increased due to more state-shared taxes being received in current fiscal year. Licenses and Permits decreased slightly because the pace of rebuilding continued to slow in current year. This caused a reduction in Building Permit Revenue. Total expenditures decreased by \$292,238 or (1.5%). Operating transfers out increased from the prior year by \$3,709,543 primarily due to approximately \$2.1 million being transferred to Grant-Financed Projects to repair extensive damage caused by flooding in February 2019. The City is actively pursuing reimbursement of 75% of these costs (several slope failures and road washout) from the Federal Emergency Management Agency (FEMA). The remainder of this increase is mostly due to a significant transfer of \$1.2 Million to the State Street Aid Fund to cover paving program initiatives.

The Special Tax Fund had an increase in revenues of \$863,807 in 2019 primarily due to increases in gross receipts, restaurant and amusement taxes. This is an improvement over prior year's increase of \$610,125, highlighting the fact of an increasing robust economy. Expenditures remained virtually unchanged with a slight decrease of \$9,021. Transfers to other funds from this fund increased by \$1,338,024 primarily due to an increase in the transfer to the Department of Tourism since the related revenue streams increased. There was also an increase in other capital projects resulting in an increase in transfers to the public works construction fund.

The City's convention center debt service fund services debt, provides additional operation and maintenance funds for the convention center as needed, and provides funding for the promotion of tourism. The fund balance in this fund increased by \$2,944,281 from \$8.02 million to \$10.97 million. The local taxes category increased by \$559,981, State-shared taxes increased by \$253,312 and interest income increased by \$142,764. This fund recorded no new debt borrowings for the fiscal year.

Expenditures in tourism fund increased by \$779,313 primarily due to an increase in advertising and promotion expenditures. Fund balance in the tourism fund increased by \$576,750 primarily due to an increase in tourism related revenue streams as the City's business sector continues its economic growth.

The fund balance of the public works construction fund increased by \$678,825 and expenditures decreased by \$263,189 as the City had some projects funded but not yet completed by June 30, 2019.

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

Net position of the water and wastewater funds at the end of the year amounted to \$30,296,698. The total change in net position for these funds was \$237,833 and \$379,301, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of these business-type activities above and the \$324,562 increase in operating revenue is evidence of the continued recovery of this sector of the City's operations.

## General Fund Budgetary Highlights

The difference between the original budget and the final amended budgeted expenditures for the general fund was an increase of \$52,500. This increase was primarily due to mid-year budget amendments that included funding an emergency slope repair on Eslinger Drive.

Actual general fund revenues exceeded final budgeted revenues by \$1,967,111 due to the continued improving of the City's economy in this fiscal year.

Actual general fund expenditures were lower than final budgeted expenditures by \$1,995,378. This variance was primarily due to costs of approximately \$750,000 associated with Wildfires; related costs of Private Property Debris Removal (PPDR) and related monitoring not occurring as budgeted within this fiscal year. Also, over \$220,000 of the costs associated with the purchase of equipment and other major projects were in process but not completed by end of the current fiscal year.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business type activities as of June 30, 2019, amounts to \$106,453,735 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, and park facilities. This slight net decrease of \$21,306 over the prior year is due to an addition of approximately \$4.131 million in new assets noted below offset by an increase of \$4.153 million in related accumulated depreciation.

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

- \$1,656,574 was spent on various building and infrastructure projects.
- \$2,439,576 was spent on new equipment and vehicles for the City.
- Current year resources were applied to various equipment purchases, building and system improvements in the wastewater and water funds in the amount of \$3,404,302.

Capital assets are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 15,222,595	\$ 15,201,536	\$ 237,734	\$ 237,734	\$ 15,460,329	\$ 15,439,270
Buildings	60,298,561	59,548,384	20,359,616	17,205,359	80,658,177	76,753,743
Vehicles	13,270,075	11,764,137	0	0	13,270,075	11,764,137
Main System	0	0	28,126,673	27,998,024	28,126,673	27,998,024
Equipment	7,858,753	7,096,142	3,114,015	3,150,883	10,972,768	10,247,025
Infrastructure	44,357,882	43,483,601	0	0	44,357,882	43,483,601
Construction in Progress	796,449	867,456	128,533	3,085,819	924,982	3,953,275
Accumulated Depreciation	(59,098,229)	(55,891,276)	(28,218,922)	(27,272,758)	(87,317,151)	(83,164,034)
Total Net of Depreciation	\$ <u>82,706,086</u>	\$ <u>82,069,980</u>	\$ <u>23,747,649</u>	\$ <u>24,405,061</u>	\$ <u>106,453,735</u>	\$ <u>106,475,041</u>

The net decrease in construction in process of \$71,007 in governmental activities is primarily attributable to the completion of projects during the fiscal year including Cherokee Orchard Slope repair, Emergency Notification System Phase II, and Street Department Headquarters. It is also impacted by projects that are unfinished by fiscal year end such as slope repairs to Greystone Heights and Davenport roads, Stephens Drive bridge repairs and Hwy 321 Multimodal Grant project. The net decrease of \$2,957,286 in the business-type activities construction in process is primarily attributable to the completion of the digester roof (Wastewater) project.

Additional information on the City's capital assets can be found in Note 8 on pages 23 through 24 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$40,406,177. The City’s long-term debt as of June 30, 2019 is as follows:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
\$ 37,737,491	\$ 42,904,366	\$ 2,668,686	\$ 3,221,123	\$ 40,406,177	\$ 46,125,489

The City’s total debt decreased by \$5,719,312 (12.4) during the current fiscal year due to regular principal payments.

The City maintains a debt rating of “A1” from Moody’s Investor Service and “AA” from Standard & Poor’s for general obligation debt. Part of the outstanding general obligation debt was issued on an insured basis and, therefore, all City debt carries an “A” or higher rating.

Additional information regarding the City’s long-term debt activity during the current fiscal year can be found in Note 10 on pages 40 through 42 of this report.

**Next Year’s Budget**

The fiscal year 2020 Budget was prepared with most revenues projected to remain flat or constant with prior year. Gross Receipts Tax and Local Options Tax in the General Fund contained a modest 3.7% growth projection The 2020 fiscal year general fund budget has been approved without any use of fund balance to fund operating needs. For the third year, the City is also able to achieve significant savings in retirement expenditures resulting from a decrease in the required contribution rate from previous years to the Tennessee Consolidated Retirement System (TCRS).

For the 2020 Budget, the City increased the allocation of funds for Capital Projects by \$943,981 (65%) over the amount in the 2019 Budget. The budget also contains the planned continuance of expenditures related to the Vehicle Replacement Program with funding of \$850,000 in the upcoming budget.

The water and wastewater budgets were also prepared with no anticipated increases in operating revenue in either fund to maintain a conservative projection for these funds that are still recovering from the impact of the 2016 Wildfires.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Rocky Top Sports World
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 31,835,130	\$ 5,275,970	\$ 37,111,100	\$ 676,086
Investments	1,720,275	303,578	2,023,853	0
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$56,167	212,884	519,192	732,076	72,953
Property Taxes Receivable, Net of Allowance for Doubtful Accounts of \$75,906	938,450	0	938,450	0
Other Tax and Nonexchange Revenue Receivable	3,498,610	0	3,498,610	0
Sponsorships Receivable, Current Portion	0	0	0	6,000
Other Receivables	1,936	341	2,277	0
Due From Other Governments	2,087,846	0	2,087,846	0
Internal Balances	209,158	(209,158)	0	0
Inventories	497,486	173,637	671,123	56,494
TCRS Stabilization Trust	81,429	8,506	89,935	0
Prepaid Expenses and Other Assets	0	0	0	37,856
<b>Total Current Assets</b>	<b>41,083,204</b>	<b>6,072,066</b>	<b>47,155,270</b>	<b>849,389</b>
<b>NONCURRENT ASSETS</b>				
Investments in Joint Ventures	0	3,563,164	3,563,164	0
Investment in Component Unit	16,777,903	0	16,777,903	0
Cash Restricted or Held for Long-Term Purposes	6,885,420	0	6,885,420	0
Sponsorships Receivable	0	0	0	15,000
Net Pension Asset	4,929,523	571,465	5,500,988	0
Capital Assets:				
Nondepreciable	12,799,973	366,267	13,166,240	2,390,256
Depreciable, Net of Accumulated Depreciation	69,906,113	23,381,382	93,287,495	16,160,681
Total Capital Assets, Net of Depreciation	82,706,086	23,747,649	106,453,735	18,550,937
<b>Total Noncurrent Assets</b>	<b>111,298,932</b>	<b>27,882,278</b>	<b>139,181,210</b>	<b>18,565,937</b>
<b>Total Assets</b>	<b>152,382,136</b>	<b>33,954,344</b>	<b>186,336,480</b>	<b>19,415,326</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred Pension Outflows	1,248,283	264,078	1,512,361	0
Deferred OPEB Outflows	33,797	3,342	37,139	0
<b>Total Deferred Outflows of Resources</b>	<b>1,282,080</b>	<b>267,420</b>	<b>1,549,500</b>	<b>0</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 153,664,216</b>	<b>\$ 34,221,764</b>	<b>\$ 187,885,980</b>	<b>\$ 19,415,326</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 700,554	\$ 138,432	\$ 838,986	\$ 39,678
Accrued Liabilities	299,516	33,771	333,287	22,081
Accrued Interest Payable	115,630	4,990	120,620	0
Customer Deposits	304,210	542,111	846,321	0
Unearned Revenue	0	0	0	13,037
Current Portion of Long Term-Debt	3,800,000	215,000	4,015,000	0
<b>Total Current Liabilities</b>	<b>5,219,910</b>	<b>934,304</b>	<b>6,154,214</b>	<b>74,796</b>
<b>NONCURRENT LIABILITIES</b>				
Compensated Absences Payable	1,886,491	182,678	2,069,169	0
Unearned Revenue	0	0	0	16,244
Long-Term Debt	33,937,491	2,453,686	36,391,177	0
Accrued Post-Retirement Plan (OPEB) Liability	1,155,104	114,243	1,269,347	0
<b>Total Noncurrent Liabilities</b>	<b>36,979,086</b>	<b>2,750,607</b>	<b>39,729,693</b>	<b>16,244</b>
<b>Total Liabilities</b>	<b>42,198,996</b>	<b>3,684,911</b>	<b>45,883,907</b>	<b>91,040</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Current Property Taxes	875,813	0	875,813	0
Deferred Sales Tax	1,332,485	0	1,332,485	0
Deferred Pension Inflows	1,767,827	226,831	1,994,658	0
Deferred OPEB Inflows	20,690	2,046	22,736	0
Deferred Amounts on Refundings	0	11,278	11,278	0
<b>Total Deferred Inflows of Resources</b>	<b>3,996,815</b>	<b>240,155</b>	<b>4,236,970</b>	<b>0</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	67,450,148	21,067,685	88,517,833	12,985,656
Restricted	8,482,462	579,971	9,062,433	5,797,286
Unrestricted	31,535,795	8,649,042	40,184,837	541,344
<b>Total Net Position</b>	<b>107,468,405</b>	<b>30,296,698</b>	<b>137,765,103</b>	<b>19,324,286</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 153,664,216</b>	<b>\$ 34,221,764</b>	<b>\$ 187,885,980</b>	<b>\$ 19,415,326</b>

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

**CITY OF GATLINBURG, TENNESSEE**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2019**

Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Rocky Top Sports World	
					Governmental Activities	Business-Type Activities		Total
<b>Governmental</b>								
General Government	\$ 5,396,299	\$ 2,169,511	\$ 0	\$ 0	\$ (3,226,788)	\$ 0	\$ (3,226,788)	\$ 0
Public Safety	6,041,316	736,975	162,180	0	(5,142,161)	0	(5,142,161)	0
Public Works	6,192,885	107,176	322,782	275,620	(5,487,307)	0	(5,487,307)	0
Recreation	3,165,445	1,262,364	0	202,120	(1,700,961)	0	(1,700,961)	0
Tourism Promotion	9,942,289	1,770,154	0	0	(8,172,135)	0	(8,172,135)	0
Transportation	2,524,458	1,944,173	943,702	0	363,417	0	363,417	0
Education	573,225	0	0	0	(573,225)	0	(573,225)	0
Debt Service	1,136,571	0	0	0	(1,136,571)	0	(1,136,571)	0
<b>Total Governmental Activities</b>	<b>34,972,488</b>	<b>7,990,353</b>	<b>1,428,664</b>	<b>477,740</b>	<b>(25,075,731)</b>	<b>0</b>	<b>(25,075,731)</b>	<b>0</b>
<b>Business-Type</b>								
Wastewater	2,948,439	3,216,162	0	0	0	267,723	267,723	0
Water	2,502,977	2,667,670	0	0	0	164,693	164,693	0
<b>Total Business-Type Activities</b>	<b>5,451,416</b>	<b>5,883,832</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>432,416</b>	<b>432,416</b>	<b>0</b>
<b>Total Primary Government</b>	<b>\$ 40,423,904</b>	<b>\$ 13,874,185</b>	<b>\$ 1,428,664</b>	<b>\$ 477,740</b>	<b>(25,075,731)</b>	<b>432,416</b>	<b>(24,643,315)</b>	<b>0</b>
<b>Component Unit</b>	<b>\$ 2,884,378</b>	<b>\$ 1,245,937</b>	<b>\$ 685,000</b>	<b>\$ 0</b>				<b>(953,441)</b>
<b>General Revenues</b>								
Taxes:								
Property Taxes					925,894	0	925,894	0
Sales Taxes					13,460,943	0	13,460,943	0
Hotel/Motel Tax					6,038,523	0	6,038,523	0
Gross Receipts Tax					8,997,145	0	8,997,145	0
Amusement Tax					1,725,910	0	1,725,910	0
Restaurant Tax					2,242,866	0	2,242,866	0
Business Tax					671,816	0	671,816	0
Franchise and Income Taxes					497,050	0	497,050	0
Wholesale Beer, Liquor Licenses, Beer Permits, State Beer and State Mixed Drink Taxes					1,440,176	0	1,440,176	0
Interest Income					933,526	126,870	1,060,396	0
Miscellaneous					536,372	57,848	594,220	0
<b>Total General Revenues</b>					<b>37,470,221</b>	<b>184,718</b>	<b>37,654,939</b>	<b>0</b>
<b>Change in Net Position</b>					<b>12,394,490</b>	<b>617,134</b>	<b>13,011,624</b>	<b>(953,441)</b>
<b>Net Position, Beginning of Year</b>					<b>95,073,915</b>	<b>29,679,564</b>	<b>124,753,479</b>	<b>20,277,727</b>
<b>Net Position-End of Year</b>					<b>\$ 107,468,405</b>	<b>\$ 30,296,698</b>	<b>\$ 137,765,103</b>	<b>\$ 19,324,286</b>

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

**CITY OF GATLINBURG, TENNESSEE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2019**

	General Fund	Special Tax Fund	Convention Center Debt Service Fund	Tourism Fund	Public Works Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 16,308,222	\$ 2,734,562	\$ 9,865,334	\$ 1,715,069	\$ 0	\$ 1,211,943	\$ 31,835,130
Investments	1,011,927	202,385	505,963	0	0	0	1,720,275
Accounts Receivable, Net	103,431	0	0	109,453	0	0	212,884
Property Taxes Receivable, Net	938,450	0	0	0	0	0	938,450
Other Tax and Nonexchange Revenue Receivable	1,819,394	705,076	657,336	0	0	316,804	3,498,610
Due From Other Governments	1,124,254	0	365,139	0	0	598,453	2,087,846
Due From Other Funds	279,158	0	0	0	0	0	279,158
Other Accounts Receivable	1,142	228	569	0	0	0	1,939
Inventories	497,486	0	0	0	0	0	497,486
TCRS Stabilization Trust	71,338	0	0	5,216	0	4,875	81,429
Cash Restricted or Held for Long-Term Purposes	172,913	0	0	0	2,129,981	4,582,526	6,885,420
<b>TOTAL ASSETS</b>	<b>\$ 22,327,715</b>	<b>\$ 3,642,251</b>	<b>\$ 11,394,341</b>	<b>\$ 1,829,738</b>	<b>\$ 2,129,981</b>	<b>\$ 6,714,601</b>	<b>\$ 48,038,627</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 281,765	\$ 52,108	\$ 0	\$ 49,894	\$ 24,930	\$ 291,856	\$ 700,553
Accrued Liabilities	288,224	0	0	424	0	10,868	299,516
Customer Deposits	0	0	0	304,210	0	0	304,210
<b>Total Liabilities</b>	<b>639,989</b>	<b>52,108</b>	<b>0</b>	<b>354,528</b>	<b>24,930</b>	<b>302,724</b>	<b>1,374,279</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,696,075</b>	<b>0</b>	<b>426,379</b>	<b>0</b>	<b>0</b>	<b>85,846</b>	<b>2,208,300</b>
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory	497,486	0	0	0	0	0	497,486
Restricted	120,725	0	0	5,216	0	5,191,090	5,317,031
Unrestricted:							
Committed	698,292	3,590,143	10,967,962	1,469,994	2,105,051	702,674	19,534,116
Assigned	0	0	0	0	0	432,267	432,267
Unassigned	18,675,148	0	0	0	0	0	18,675,148
<b>Total Fund Balances</b>	<b>19,991,651</b>	<b>3,590,143</b>	<b>10,967,962</b>	<b>1,475,210</b>	<b>2,105,051</b>	<b>6,326,031</b>	<b>44,456,048</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 22,327,715</b>	<b>\$ 3,642,251</b>	<b>\$ 11,394,341</b>	<b>\$ 1,829,738</b>	<b>\$ 2,129,981</b>	<b>\$ 6,714,601</b>	<b>\$ 48,038,627</b>

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

CITY OF GATLINBURG, TENNESSEE

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

June 30, 2019

Total Fund Balances for Governmental Funds \$ 44,456,048

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. Those assets consist of:

Table with 2 columns: Description and Amount. Rows include Land, Land Improvements, Buildings and Improvements, Accumulated Depreciation, Equipment, Vehicles, Construction in Progress, Infrastructure, and Total Capital Assets (See Note 8).

Other assets, consisting of investment in component unit of \$16,777,903, which are not available to fund current period expenditures and, therefore, are not reported as assets in the fund financial statements. 16,777,903

Net pension asset of \$4,929,523 and deferred pension outflow of \$1,248,283, net of deferred pension inflow of \$1,767,827 which do not represent current period sources or uses and, therefore, are not reported in the fund financial statements. 4,409,979

Net accrued post-retirement plan (OPEB) liability of \$1,155,104 and deferred OPEB outflow of \$33,797, net of deferred OPEB inflow of \$20,690 which do not represent current period sources or uses and, therefore, are not reported in the fund financial statements. (1,141,997)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Table with 2 columns: Description and Amount. Rows include Long-Term Debt, Unamortized Bond Premium, Accrued Interest on Long-Term Debt, and Compensated Absences.

Net Position of Governmental Activities \$ 107,468,405

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

**For the Year Ended June 30, 2019**

	General Fund	Special Tax Fund	Convention Center Debt Service Fund	Tourism Fund	Public Works Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Local Taxes	\$ 19,010,429	\$ 5,768,209	\$ 4,905,435	\$ 0	\$ 0	\$ 2,012,842	\$ 31,696,915
Licenses and Permits	1,706,954	0	0	0	0	0	1,706,954
Intergovernmental	2,355,329	0	2,708,448	0	0	2,192,172	7,255,949
Miscellaneous Income	0	0	0	0	1,501	9,900	11,401
Use of Money and Property	1,590,992	844,853	236,504	20,116	0	66,107	2,758,572
Charges for Services	1,150,129	0	0	1,770,155	0	1,426,744	4,347,028
Fines, Forfeitures and Penalties	257,044	0	0	0	0	2,167	259,211
Contributions and Donations	0	275,620	0	0	0	0	275,620
<b>Total Revenues</b>	<b>26,070,877</b>	<b>6,888,682</b>	<b>7,850,387</b>	<b>1,790,271</b>	<b>1,501</b>	<b>5,709,932</b>	<b>48,311,650</b>
<b>EXPENDITURES</b>							
General Government	5,582,701	0	0	0	0	30,639	5,613,340
Public Safety	6,727,191	0	0	0	0	17,342	6,744,533
Public Works	3,448,501	0	0	0	0	63,716	3,512,217
Recreation	3,009,668	0	0	0	0	0	3,009,668
Tourism Promotion	0	0	0	7,751,960	0	0	7,751,960
Parking / Mass Transit	0	0	0	0	0	2,262,661	2,262,661
Education	0	0	0	0	0	573,225	573,225
Capital Outlay	510,950	23,536	0	172,077	727,341	3,439,893	4,873,797
Capital Contributions to Component Unit	0	479,500	0	0	0	0	479,500
Debt Service:							
Principal	150,000	2,420,000	2,480,000	0	0	0	5,050,000
Interest	12,200	355,183	896,618	0	0	0	1,264,001
Paying Agent Fees	0	0	2,771	0	0	0	2,771
Legal and Issue Costs	0	2,011	0	0	0	0	2,011
<b>Total Expenditures</b>	<b>19,441,211</b>	<b>3,280,230</b>	<b>3,379,389</b>	<b>7,924,037</b>	<b>727,341</b>	<b>6,387,476</b>	<b>41,139,684</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,629,666</b>	<b>3,608,452</b>	<b>4,470,998</b>	<b>(6,133,766)</b>	<b>(725,840)</b>	<b>(677,544)</b>	<b>7,171,966</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Insurance Recoveries	298,073	0	0	0	0	0	298,073
Operating Transfers In	0	0	0	6,712,183	1,413,465	5,121,817	13,247,465
Operating Transfers Out	(6,086,674)	(3,642,258)	(1,526,717)	(1,667)	(8,800)	(1,981,349)	(13,247,465)
<b>Net Other Financing Sources (Uses)</b>	<b>(5,788,601)</b>	<b>(3,642,258)</b>	<b>(1,526,717)</b>	<b>6,710,516</b>	<b>1,404,665</b>	<b>3,140,468</b>	<b>298,073</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>841,065</b>	<b>(33,806)</b>	<b>2,944,281</b>	<b>576,750</b>	<b>678,825</b>	<b>2,462,924</b>	<b>7,470,039</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>19,150,586</b>	<b>3,623,949</b>	<b>8,023,681</b>	<b>898,460</b>	<b>1,426,226</b>	<b>3,863,107</b>	<b>36,986,009</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 19,991,651</b>	<b>\$ 3,590,143</b>	<b>\$ 10,967,962</b>	<b>\$ 1,475,210</b>	<b>\$ 2,105,051</b>	<b>\$ 6,326,031</b>	<b>\$ 44,456,048</b>

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

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

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

Net Change in Fund Balances - Total Governmental Funds \$ 7,470,039

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation of \$3,375,503 and loss on disposals of \$13,534 exceed capital outlay of \$4,025,143 in the current year. 636,106

The issuance of long term debt (e.g. bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Governmental funds also report interest expense in the period it is paid. However, in the statement of activities, interest expense is recorded on the accrual basis of accounting in the period to which the interest relates. Also, governmental funds report the effect of premiums, discounts, refunding losses and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts. 5,182,212

Income from net pension asset of \$220,911 is recognized in the statement of activities but does not represent a current use of resources. Current year pension contributions of \$682,342 are expenditures in the governmental funds but recognized as deferred outflows of resources in the statement of net position. 826,151

Expense from net Other Post Retirement Employment Benefits (OPEB) of \$64,686 is recognized in the statement of activities but does not represent a current use of resources. Current year OPEB benefit payments of \$56,099 are expenditures in the governmental funds but recognized as deferred inflows of resources in the statement of net position. (8,586)

Contributions of \$479,500 made to the component unit are expenditures in the governmental fund financial statements. However, in the statement of net position these cash contributions increase the Investment in Component Unit. The City's allocated portion of the Component Unit's decrease in net position before capital contributions for 2019 of \$1,146,911 is included in Tourism Promotion expenses in the statement of activities and is a reduction of Investment in Component Unit on the statement of net position. However, it does not require the use of current financial resources and, therefore, is not reported in the governmental funds. (667,411)

Payments on amounts due from other governments are recognized in the governmental funds but do not represent revenue in the governmental activities. (1,000,000)

The current year decrease in the liability for compensated absences does not require the use of current financial resources and therefore is not reported in the governmental funds. (44,021)

Change in Net Position of Governmental Activities \$ 12,394,490

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

**CITY OF GATLINBURG, TENNESSEE**

**STATEMENT OF GENERAL FUND BUDGETARY COMPARISON**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Local Taxes	\$ 17,189,591	\$ 17,189,591	\$ 19,010,429	\$ 1,820,838
Licenses and Permits	1,253,607	1,253,607	1,706,954	453,347
Intergovernmental	3,148,552	3,148,552	2,355,329	(793,223)
Use of Money and Property	1,283,795	1,283,795	1,590,992	307,197
Charges for Service	953,221	953,221	1,150,129	196,908
Fines, Forfeitures and Penalties	275,000	275,000	257,044	(17,956)
<b>Total Revenues</b>	<b>24,103,766</b>	<b>24,103,766</b>	<b>26,070,877</b>	<b>1,967,111</b>
<b>EXPENDITURES</b>				
General Government:				
Manager	429,546	429,546	415,891	13,655
Attorney	126,100	126,331	120,167	6,164
Finance	817,223	817,223	774,182	43,041
Nondepartmental	4,342,336	4,324,105	3,201,060	1,123,045
Building and Planning Inspection	397,802	397,802	368,948	28,854
Legislative	719,843	719,843	702,453	17,390
Total General Government	<u>6,832,850</u>	<u>6,814,850</u>	<u>5,582,701</u>	<u>1,232,149</u>
Public Safety:				
Police	3,635,230	3,635,230	3,462,541	172,689
Jail Operations	370,500	370,500	350,360	20,140
Fire / Rescue	3,126,343	3,131,343	2,914,290	217,053
Total Public Safety	<u>7,132,073</u>	<u>7,137,073</u>	<u>6,727,191</u>	<u>409,882</u>
Public Works:				
Service Center	366,638	366,638	341,029	25,609
Building Maintenance	279,885	279,885	269,433	10,452
Street	1,064,754	1,064,754	1,060,070	4,684
Sanitation	1,782,530	1,780,230	1,777,969	2,261
Total Public Works	<u>3,493,807</u>	<u>3,491,507</u>	<u>3,448,501</u>	<u>43,006</u>
Recreation:				
Golf	1,138,260	1,138,260	1,126,452	11,808
Recreation	1,952,278	1,952,278	1,883,216	69,062
Total Recreation	<u>3,090,538</u>	<u>3,090,538</u>	<u>3,009,668</u>	<u>80,870</u>
Debt Service	<u>163,050</u>	<u>163,050</u>	<u>162,200</u>	<u>850</u>
Capital Outlay - Equipment :				
Purchase/Replacement	<u>671,771</u>	<u>739,571</u>	<u>510,950</u>	<u>228,621</u>
<b>Total Expenditures</b>	<b>21,384,089</b>	<b>21,436,589</b>	<b>19,441,211</b>	<b>1,995,378</b>
<b>Excess of Revenues Over Expenses</b>	<b>2,719,677</b>	<b>2,667,177</b>	<b>6,629,666</b>	<b>3,962,489</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Recoveries	0	0	298,073	298,073
Operating Transfers Out	(3,341,436)	(5,949,486)	(6,086,674)	(137,188)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,341,436)</b>	<b>(5,949,486)</b>	<b>(5,788,601)</b>	<b>160,885</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(621,759)</b>	<b>(3,282,309)</b>	<b>841,065</b>	<b>4,123,374</b>
<b>Fund Balance - Beginning of Year</b>	<b>19,150,586</b>	<b>19,150,586</b>	<b>19,150,586</b>	<b>0</b>
<b>Fund Balance - End of Year</b>	<b>\$ 18,528,827</b>	<b>\$ 15,868,277</b>	<b>\$ 19,991,651</b>	<b>\$ 4,123,374</b>

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

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF SPECIAL TAX FUND  
BUDGETARY COMPARISON

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,955,314	\$ 4,955,314	\$ 5,768,209	\$ 812,895
Use of Money and Property	709,665	709,665	844,853	135,188
Contributions and Donations	220,000	220,000	275,620	55,620
<b>Total Revenues</b>	<u>5,884,979</u>	<u>5,884,979</u>	<u>6,888,682</u>	<u>1,003,703</u>
<b>EXPENDITURES</b>				
Debt Service	2,777,383	2,777,383	2,777,194	189
Capital Outlay	29,201	29,202	23,536	5,666
Capital Contributions to Component Unit	479,500	479,500	479,500	0
<b>Total Expenditures</b>	<u>3,286,084</u>	<u>3,286,085</u>	<u>3,280,230</u>	<u>5,855</u>
<b>Excess of Revenues Over Expenditures</b>	<u>2,598,895</u>	<u>2,598,894</u>	<u>3,608,452</u>	<u>1,009,558</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to Department of Tourism	(1,503,476)	(1,503,476)	(1,734,755)	(231,279)
Transfer to Public Works Construction Fund	(943,981)	(1,358,006)	(1,195,864)	162,142
Transfer to Grant Financed Projects Fund	(655,639)	(711,639)	(711,639)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(3,103,096)</u>	<u>(3,573,121)</u>	<u>(3,642,258)</u>	<u>(69,137)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(504,201)</u>	<u>(974,227)</u>	<u>(33,806)</u>	<u>940,421</u>
<b>Fund Balance - Beginning of Year</b>	<u>3,623,949</u>	<u>3,623,949</u>	<u>3,623,949</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 3,119,748</u>	<u>\$ 2,649,722</u>	<u>\$ 3,590,143</u>	<u>\$ 940,421</u>

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

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF TOURISM FUND  
BUDGETARY COMPARISON

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Convention Center Rentals	\$ 1,184,197	\$ 1,184,197	\$ 1,169,134	\$ (15,063)
Convention Center Utility Hookups	156,695	156,695	162,185	5,490
Convention Center Equipment Rental	103,015	103,015	129,027	26,012
Concession Income	135,000	135,000	178,931	43,931
Parking Lot Income	4,000	4,000	3,258	(742)
Advertising Fees	7,000	7,000	0	(7,000)
Security Income	110,500	110,500	118,937	8,437
Interest Income	4,000	4,000	20,116	16,116
Other Revenue	15,400	15,400	8,683	(6,717)
<b>Total Revenues</b>	<b>1,719,807</b>	<b>1,719,807</b>	<b>1,790,271</b>	<b>70,464</b>
<b>EXPENDITURES</b>				
Convention Center:				
Personnel	1,090,001	1,073,001	947,007	125,994
Supplies	34,658	35,658	34,562	1,096
Maintenance	60,852	66,852	59,092	7,760
General Services	1,666,955	1,676,955	1,652,267	24,688
Contingency	150	150	0	150
Capital Outlay	358,682	358,682	172,077	186,605
Total Convention Center	<u>3,211,298</u>	<u>3,211,298</u>	<u>2,865,005</u>	<u>346,293</u>
Tourism Department:				
Personnel	30,500	30,500	23,519	6,981
Maintenance	31,000	31,000	3,781	27,219
General Services	5,244,774	5,244,774	5,031,732	213,042
Total Tourism Department	<u>5,306,274</u>	<u>5,306,274</u>	<u>5,059,032</u>	<u>247,242</u>
<b>Total Expenditures</b>	<b>8,517,572</b>	<b>8,517,572</b>	<b>7,924,037</b>	<b>593,535</b>
<b>Excess of Expenditures Over Revenues</b>	<b>(6,797,765)</b>	<b>(6,797,765)</b>	<b>(6,133,766)</b>	<b>663,999</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	(1,667)	(1,667)	(1,667)	0
Transfers From Other Funds	6,480,443	6,480,443	6,712,183	231,740
<b>Total Other Financing Sources (Uses)</b>	<b>6,478,776</b>	<b>6,478,776</b>	<b>6,710,516</b>	<b>231,740</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(318,989)</b>	<b>(318,989)</b>	<b>576,750</b>	<b>895,739</b>
<b>Fund Balance - Beginning of Year</b>	<b>898,460</b>	<b>898,460</b>	<b>898,460</b>	<b>0</b>
<b>Fund Balance - End of Year</b>	<b>\$ 579,471</b>	<b>\$ 579,471</b>	<b>\$ 1,475,210</b>	<b>\$ 895,739</b>

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

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF CONVENTION CENTER DEBT SERVICE FUND  
BUDGETARY COMPARISON

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Taxes:</b>				
3/4 % Local Option Tax Increase	\$ 2,550,658	\$ 2,550,658	\$ 2,892,594	\$ 341,936
1/3 Hotel / Motel Tax	1,765,175	1,765,175	2,012,841	247,666
<b>Total Taxes</b>	<u>4,315,833</u>	<u>4,315,833</u>	<u>4,905,435</u>	<u>589,602</u>
Interest Income	53,417	53,417	236,504	183,087
<b>Total Use of Money and Property</b>	<u>53,417</u>	<u>53,417</u>	<u>236,504</u>	<u>183,087</u>
<b>Intergovernmental</b>				
State Sales Tax	1,407,976	1,407,976	1,708,448	300,472
Sevier County	1,000,000	1,000,000	1,000,000	0
<b>Total Intergovernmental</b>	<u>2,407,976</u>	<u>2,407,976</u>	<u>2,708,448</u>	<u>300,472</u>
<b>Total Revenues</b>	<u>6,777,226</u>	<u>6,777,226</u>	<u>7,850,387</u>	<u>1,073,161</u>
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal	2,480,000	2,480,000	2,480,000	0
Interest	896,618	896,618	896,618	0
Paying Agent Fees	3,800	3,800	2,771	1,029
<b>Total Debt Service</b>	<u>3,380,418</u>	<u>3,380,418</u>	<u>3,379,389</u>	<u>1,029</u>
<b>Total Expenditures</b>	<u>3,380,418</u>	<u>3,380,418</u>	<u>3,379,389</u>	<u>1,029</u>
<b>Excess of Revenues Over Expenditures</b>	<u>3,396,808</u>	<u>3,396,808</u>	<u>4,470,998</u>	<u>1,074,190</u>
<b>Other Financing Sources (Uses)</b>				
Transfer to Department of Tourism	(1,876,717)	(1,876,717)	(1,526,717)	350,000
<b>Total Other Financing Uses</b>	<u>(1,876,717)</u>	<u>(1,876,717)</u>	<u>(1,526,717)</u>	<u>350,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses</b>	1,520,091	1,520,091	2,944,281	1,424,190
<b>Fund Balance - Beginning of Year</b>	<u>8,023,681</u>	<u>8,023,681</u>	<u>8,023,681</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 9,543,772</u>	<u>\$ 9,543,772</u>	<u>\$ 10,967,962</u>	<u>\$ 1,424,190</u>

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

CITY OF GATLINBURG, TENNESSEE

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2019

	Wastewater Fund	Water Fund	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 4,443,015	\$ 832,955	\$ 5,275,970
Investments	303,578	0	303,578
Receivables:			
Customer Accounts, Net of Allowance for Doubtful Accounts of \$56,167	276,164	243,028	519,192
Other Receivables	341	0	341
Inventories	68,854	104,783	173,637
TCRS Stabilization Trust	3,097	5,409	8,506
<b>Total Current Assets</b>	<u>5,095,049</u>	<u>1,186,175</u>	<u>6,281,224</u>
<b>Noncurrent Assets</b>			
Land	121,116	116,618	237,734
Construction in Progress	0	128,533	128,533
Buildings and Improvements	18,832,240	1,527,376	20,359,616
Equipment, Furniture and Fixtures	2,445,216	668,799	3,114,015
Infrastructure	14,120,932	14,005,741	28,126,673
Allowance for Depreciation	<u>(18,825,105)</u>	<u>(9,393,817)</u>	<u>(28,218,922)</u>
<b>Total Capital Assets</b>	<u>16,694,399</u>	<u>7,053,250</u>	<u>23,747,649</u>
<b>Other Assets</b>			
Investment in Joint Venture	0	3,563,164	3,563,164
Net Pension Asset	190,119	381,346	571,465
<b>Total Other Assets</b>	<u>190,119</u>	<u>3,944,510</u>	<u>4,134,629</u>
<b>Total Noncurrent Assets</b>	<u>16,884,518</u>	<u>10,997,760</u>	<u>27,882,278</u>
<b>TOTAL ASSETS</b>	<u>21,979,567</u>	<u>12,183,935</u>	<u>34,163,502</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	60,350	203,728	264,078
Deferred OPEB Outflows	2,228	1,114	3,342
<b>Total Deferred Outflows of Resources</b>	<u>62,578</u>	<u>204,842</u>	<u>267,420</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 22,042,145</u>	<u>\$ 12,388,777</u>	<u>\$ 34,430,922</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 50,721	\$ 87,711	\$ 138,432
Due to Other Funds	4,767	204,391	209,158
Accrued Liabilities	0	33,771	33,771
Accrued Interest Payable	3,907	1,083	4,990
Customer Deposits	0	542,111	542,111
Current Maturities of Long-Term Debt	110,000	105,000	215,000
<b>Total Current Liabilities</b>	<u>169,395</u>	<u>974,067</u>	<u>1,143,462</u>
<b>Noncurrent Liabilities</b>			
Compensated Absences	73,941	108,737	182,678
Long-Term Debt	2,233,686	220,000	2,453,686
Accrued Post-Retirement Plan (OPEB) Liability	76,161	38,082	114,243
<b>Total Noncurrent Liabilities</b>	<u>2,383,788</u>	<u>366,819</u>	<u>2,750,607</u>
<b>TOTAL LIABILITIES</b>	<u>2,553,183</u>	<u>1,340,886</u>	<u>3,894,069</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	64,769	162,062	226,831
Deferred OPEB Inflows	1,364	682	2,046
Deferred Amounts on Refundings	0	11,278	11,278
<b>Total Deferred Inflows of Resources</b>	<u>66,133</u>	<u>174,022</u>	<u>240,155</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	14,350,713	6,716,972	21,067,685
Restricted	193,216	386,755	579,971
Unrestricted	4,878,900	3,770,142	8,649,042
<b>Total Net Position</b>	<u>19,422,829</u>	<u>10,873,869</u>	<u>30,296,698</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 22,042,145</u>	<u>\$ 12,388,777</u>	<u>\$ 34,430,922</u>

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

**CITY OF GATLINBURG, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGE IN NET POSITION**  
**PROPRIETARY FUNDS**

**For the Year Ended June 30, 2019**

	Wastewater Fund	Water Fund	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 3,103,681	\$ 2,485,229	\$ 5,588,910
Penalties	4,878	4,355	9,233
Service Fees	107,603	178,086	285,689
Other Operating Revenue	0	57,848	57,848
<b>Total Operating Revenues</b>	3,216,162	2,725,518	5,941,680
<b>OPERATING EXPENSES</b>			
Cost of Sales and Services of Plant and Systems	1,442,030	1,440,242	2,882,272
Maintenance	653,569	754,263	1,407,832
Depreciation	800,142	304,286	1,104,428
<b>Total Operating Expenses</b>	2,895,741	2,498,791	5,394,532
<b>OPERATING INCOME</b>	320,421	226,727	547,148
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Income	111,578	15,292	126,870
Interest Expense	(52,698)	(4,186)	(56,884)
<b>Total Non-Operating Revenues (Expenses)</b>	58,880	11,106	69,986
<b>CHANGE IN NET POSITION</b>	379,301	237,833	617,134
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	19,043,528	10,636,036	29,679,564
<b>NET POSITION, END OF YEAR</b>	\$ 19,422,829	\$ 10,873,869	\$ 30,296,698

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

## CITY OF GATLINBURG, TENNESSEE

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2019

	Wastewater Fund	Water Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 3,172,470	\$ 2,659,446	\$ 5,831,916
Payments to or on Behalf of Employees	(535,175)	(1,336,975)	(1,872,150)
Payments to Suppliers	(1,742,365)	(864,875)	(2,607,240)
Other Receipts (Payments)	0	57,848	57,848
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>894,930</u>	<u>515,444</u>	<u>1,410,374</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets	(332,085)	(269,600)	(601,685)
Principal Paid on Long-Term Debt	(450,000)	(100,000)	(550,000)
Interest Paid on Long-Term Debt	(55,885)	(8,501)	(64,386)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(837,970)</u>	<u>(378,101)</u>	<u>(1,216,071)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of Investments	(628,637)	0	(628,637)
Proceeds From Sales and Maturities of Investments	1,242,843	0	1,242,843
Interest on Investments and Cash Deposits	102,405	15,292	117,697
<b>Net Cash Provided by Investing Activities</b>	<u>716,611</u>	<u>15,292</u>	<u>731,903</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	773,571	152,635	926,206
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>3,669,444</u>	<u>680,320</u>	<u>4,349,764</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 4,443,015</u>	<u>\$ 832,955</u>	<u>\$ 5,275,970</u>
<b>Cash and Cash Equivalents at End of Year Consist of</b>			
Unrestricted Cash and Cash Equivalents	<u>\$ 4,443,015</u>	<u>\$ 832,955</u>	<u>\$ 5,275,970</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating Income	\$ 320,421	\$ 226,727	\$ 547,148
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	800,142	304,286	1,104,428
(Increase) Decrease in Assets:			
Accounts Receivable	(43,694)	(25,894)	(69,588)
Inventories	(25,094)	7,024	(18,070)
Change in State Retirement Asset	(3,097)	(5,409)	(8,506)
Change in Deferred Outflows - Pension Expense	41,719	59,975	101,694
Increase (Decrease) in Liabilities:			
Accounts Payable	(132,208)	(19,274)	(151,482)
Due to Other Funds	3,263	84,366	87,629
Accrued Liabilities	0	607	607
Accrued Post-Retirement Plan (OPEB) Liability	3,104	1,553	4,657
Change in Net Pension Liability	(58,877)	(102,831)	(161,708)
Change in Deferred Inflows - OPEB Expense	(310)	(154)	(464)
Change in Deferred Inflows - Pension Expense	(17,079)	(29,829)	(46,908)
Customer Deposits	0	17,670	17,670
Compensated Absences Payable	6,640	(3,373)	3,267
Total Adjustments	<u>574,509</u>	<u>288,717</u>	<u>863,226</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 894,930</u>	<u>\$ 515,444</u>	<u>\$ 1,410,374</u>
<b>Supplemental Schedule of Non-cash Activities</b>			
Amortization of Deferred Amount of Refunding	\$ 0	\$ (3,981)	\$ (3,981)
Amortization of Bond Premium	\$ (2,437)	\$ 0	\$ (2,437)
Change in Fair Value of Investments	\$ (10,037)	\$ 0	\$ (10,037)

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

CITY OF GATLINBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Rocky Top Sports World (the "Organization") is a non-profit organization formed by the City of Gatlinburg and Sevier County for the purpose of developing, equipping, and maintaining a complex of sports and recreation facilities to promote community development through youth sports tourism. Each of the two government entities which created the Organization is given a place on the board of directors with voting interest directly proportionate to their participation interest. The City of Gatlinburg has a voting interest or financial responsibility of 70%. Sevier County has a voting interest or financial responsibility of 30%. Complete financial statements for the Organization may be obtained from their administrative office at 1870 Sports World Boulevard, Gatlinburg, Tennessee 37738. (See Note 12.)

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

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

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

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

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

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

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

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

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

**DESCRIPTION OF FUNDS**

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

**Governmental Fund Types:**

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

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

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

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

**Proprietary Fund Type:**

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

**Discretely Presented Component Unit:**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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

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

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

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

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

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

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

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

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

**Internal Activity** - As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and wastewater utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**Cash and Cash Equivalents and Restricted Cash** - Cash and cash equivalents consist of certificates of deposit, money market investment accounts and other temporary investments maturing within 90 days of original purchase.

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

**Investments** - Investments are carried at fair value. State statutes authorize the City to invest in obligations of federal treasuries and agencies, certificates of deposit, and the state investment pool.

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

**Capital Assets -**

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

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

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

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

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

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

**Deferred Outflows of Resources** - Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. Deferred pension outflows represent employer contributions to the pension plan during the year ended June 30, 2019 and actuarial experience and earnings differences for the pension plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Although not required to present a budget for proprietary funds, the City has chosen to present budget information. Budgets for the proprietary funds are prepared on the accrual basis of accounting.

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

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

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

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

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

**Deferred Inflows of Resources** - As noted above, property taxes for 2019 of \$875,813 are recognized as an enforceable legal claim on January 1, 2019. However, the revenue net of estimated refunds and estimated uncollectible amounts is recognized in the year in which the levy occurs and therefore is deferred until the following year. Deferred sales tax revenue of \$1,332,484 is reported as deferred inflows of resources. Deferred amounts on refundings consist of deferred charges on debt refundings resulting from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred pension inflows represent inflows for actuarial experience and earnings differences for the pension plan. Deferred OPEB inflows represent inflows for change in assumptions for the OPEB plan.

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

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

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

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

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

## NOTE 2 - CASH AND CASH EQUIVALENTS

**Custodial Credit Risk - Deposits** - For cash and cash equivalents, this is the risk that, in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City follows State law regarding collateralization of deposits, which requires collateral to be obtained on any deposits exceeding insurance coverage of the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019, the book balances of the reporting entity's cash, cash equivalents, and restricted cash totaled \$43,996,520 and the bank balances totaled \$45,576,743 (\$269,710 of which was covered by FDIC Insurance and \$45,307,033 which was insured by the Tennessee Bank Collateral Pool Board of the State of Tennessee Treasury Department).

Rocky Top Sports World has no uninsured cash as of June 30, 2019.

## NOTE 3 - INVESTMENTS

**Investments** - Investments are stated at estimated fair value. State statutes authorize the City to invest in obligations of federal treasuries and agencies, certificates of deposit, and the state investment pool.

### Investment Policies:

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates the City's investment policies limit investments to terms of no more than four years. As of June 30, 2019, the average weighted maturity of the City's portfolio was 11 months.

**Credit Risk** - Credit risk is the risk that the issuer, or other counterparty to an investment, will not fulfill its obligations. Investing is performed in accordance with investment policies which comply with applicable state statutes. The City's Investment Policy allows only investments in the highest-grade securities. As of June 30, 2019, the City's investment holdings were in compliance with state statutes.

**Custodial Credit Risk - Investments** - For an investment, custodial credit risk is the risk that, in the event of failure of the custodian, the City will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The City's investments are typically uninsured and unregistered investments for which the securities are held by the custodian's trust department or agent in the City's name. Certificates of deposit are secured by collateral held by the State's Collateral Pool. These would again include uninsured and unregistered investments for which the securities are held by the custodian's trust department or agent in the State's name.

**NOTE 3 - INVESTMENTS (Continued)**

**Investment Policies (Continued):**

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has no limit on the amount it may invest in any one issuer. As of June 30, 2019, all of the City's investments are in United States Treasury Bills which are securities issued by the government of the United States of America. All U.S. Government Treasury investments have an Aaa credit rating.

As of June 30, 2019, the City had the following investments and related maturities.

<u>Investments:</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 4 Years</u>
U.S. Treasuries	\$ 2,023,853	\$ 2,023,853	\$ 0	\$ 0

**NOTE 4 - FAIR VALUE DISCLOSURES**

GASB Statement 72 *Fair Value Measurements and Disclosures* (GASB 72) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GASB 72 also established a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little of no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2019:

*U.S Treasuries:* Actively traded individual debt securities are valued at the quoted market prices for identical assets in active markets. For non-actively traded individual debt securities are valued using pricing models that maximize the use of observable inputs for similar securities which includes the yield currently available on comparable securities of issuers with similar maturities and credit ratings.

Below is a table that presents information about certain assets measured at estimated fair value on a recurring basis:

	Carrying Amount in the Statement of Net Position	Fair Value Measurements Using		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>As of June 30, 2019</b>				
U.S. Treasuries	\$ 2,023,853	\$ 2,023,853	\$ 0	\$ 0
Total Investments Carried at Fair Value	\$ 2,023,853	\$ 2,023,853	\$ 0	\$ 0

**NOTE 5 - OTHER TAX AND NONEXCHANGE REVENUE RECEIVABLE**

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

	General Fund	Special Tax Fund	Convention Center Debt Service Fund	Nonmajor and Other Funds	Total
<b>Other Tax and Nonexchange Revenue Receivable</b>					
Taxes					
Sales	\$ 765,042	\$ 0	\$ 426,379	\$ 0	\$ 1,191,421
Gross Receipts	823,396	205,850	0	0	1,029,246
Amusement	0	253,358	0	0	253,358
Hotel/Motel	230,957	0	230,957	230,957	692,871
Gasoline (Restricted for Streets and Highways)	0	0	0	25,717	25,717
Mixed Drink	0	0	0	60,129	60,129
Restaurant	0	245,868	0	0	245,868
<b>Total Other Tax and Nonexchange Revenue Receivable</b>	<b>\$ 1,819,395</b>	<b>\$ 705,076</b>	<b>\$ 657,336</b>	<b>\$ 316,803</b>	<b>\$ 3,498,610</b>

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A detailed listing of interfund balances as of June 30, 2019 is as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>	<u>Total Balances</u>
<b>Governmental Activities</b>			
General Fund	\$ 209,158	\$	\$ 209,158
<b>Business-type Activities</b>			
Wastewater Fund	\$ 0	\$ 4,767	\$ 4,767
Water Fund	0	204,391	204,391
Total Business-type Activities	<u>\$ 0</u>	<u>\$ 209,158</u>	<u>\$ 209,158</u>

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

Interfund transfers during the fiscal year were as follows:

Transfers To:	Transfers From:					Total
	General Fund	Convention Center Debt Service Fund	Special Tax Fund	Tourism Fund	All Other Funds	
General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tourism Fund	1,472,263	1,526,717	1,734,755	0	1,978,448	6,712,183
Public Works						
Construction Fund	226,401	0	1,195,864	0	0	1,422,265
Grants Financed						
Projects Fund	2,390,450	0	711,639	0	0	3,102,089
Street Aid Fund	1,180,428	0	0	0	0	1,180,428
All Other Funds	680,933	0	0	1,667	147,900	830,500
Total	<u>\$ 5,950,475</u>	<u>\$ 1,526,717</u>	<u>\$ 3,642,258</u>	<u>\$ 1,667</u>	<u>\$ 2,126,348</u>	<u>\$ 13,247,465</u>

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

**NOTE 7 - SPONSORSHIPS**

The following schedule summarizes the sponsorships due to Rocky Top Sports World as of June 30, 2019:

2020	\$	6,000
2021		5,000
2022		5,000
2023		5,000
		<u>21,000</u>
Less Current Portion		<u>(6,000)</u>
Total	\$	<u>15,000</u>

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 is as follows:

	Balance July 01, 2018	Increases	Decreases	Balance June 30, 2019
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 12,003,524	\$ 0	\$ 0	\$ 12,003,524
Construction in Progress	867,456	738,416	(809,423)	796,449
Total Capital Assets, Not Being Depreciated	<u>12,870,980</u>	<u>738,416</u>	<u>(809,423)</u>	<u>12,799,973</u>
Capital Assets, Being Depreciated:				
Land Improvements	3,198,012	21,059	0	3,219,071
Buildings and Improvements	59,548,384	761,234	(11,057)	60,298,561
Equipment, Furniture and Fixtures	7,096,142	877,520	(114,909)	7,858,753
Vehicles	11,764,137	1,562,056	(56,118)	13,270,075
Infrastructure	43,483,601	874,281	0	44,357,882
Total Capital Assets, Being Depreciated	<u>125,090,276</u>	<u>4,096,150</u>	<u>(182,084)</u>	<u>129,004,342</u>
Less Accumulated Depreciation for:				
Land Improvements	(731,882)	(64,725)	0	(796,607)
Buildings and Improvements	(30,004,866)	(1,464,664)	6,358	(31,463,172)
Equipment, Furniture and Fixtures	(4,039,655)	(360,641)	106,074	(4,294,222)
Vehicles	(6,312,176)	(570,747)	56,118	(6,826,805)
Infrastructure	(14,802,697)	(914,726)	0	(15,717,423)
Total Accumulated Depreciation	<u>(55,891,276)</u>	<u>(3,375,503)</u>	<u>168,550</u>	<u>(59,098,229)</u>
Total Capital Assets, Being Depreciated, Net	<u>69,199,000</u>	<u>720,647</u>	<u>(13,534)</u>	<u>69,906,113</u>
Governmental Activities Capital Assets, Net	<u>\$ 82,069,980</u>	<u>\$ 1,459,063</u>	<u>\$ (822,957)</u>	<u>\$ 82,706,086</u>

Depreciation was charged to primary government governmental activities as follows:

General Government	\$	211,413
Public Safety		363,360
Public Works		1,115,773
Recreation		307,617
Transportation		367,522
Tourism		1,009,818
	\$	<u>3,375,503</u>

**NOTE 8 - CAPITAL ASSETS (Continued)**

Capital asset activity for the City's business-type activities for the year ended June 30, 2019 is as follows:

	Balance July 01, 2018	Increases	Decreases	Balance June 30, 2019
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 237,734	\$ 0	\$ 0	\$ 237,734
Construction in Progress	3,085,819	128,533	(3,085,819)	128,533
Total Capital Assets, Not Being Depreciated	<u>3,323,553</u>	<u>128,533</u>	<u>(3,085,819)</u>	<u>366,267</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	17,205,359	3,154,257	0	20,359,616
Equipment, Furniture and Fixtures	3,150,883	115,851	(152,719)	3,114,015
Infrastructure	27,998,024	134,194	(5,545)	28,126,673
Total Capital Assets, Being Depreciated	<u>48,354,266</u>	<u>3,404,302</u>	<u>(158,264)</u>	<u>51,600,304</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(10,645,744)	(489,819)	0	(11,135,563)
Equipment, Furniture and Fixtures	(2,014,608)	(92,707)	152,719	(1,954,596)
Infrastructure	(14,612,406)	(521,902)	5,545	(15,128,763)
Total Accumulated Depreciation	<u>(27,272,758)</u>	<u>(1,104,428)</u>	<u>158,264</u>	<u>(28,218,922)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,081,508</u>	<u>2,299,874</u>	<u>0</u>	<u>23,381,382</u>
Business-Type Activities Capital Assets, Net	<u>\$ 24,405,061</u>	<u>\$ 2,428,407</u>	<u>\$ (3,085,819)</u>	<u>\$ 23,747,649</u>

Capital asset activity for the City's discretely presented component unit for the year ended June 30, 2019 is as follows:

	Balance July 01, 2018	Increases	Decreases	Balance June 30, 2019
<b>Component Unit</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,390,256	\$ 0	\$ 0	\$ 2,390,256
Total Capital Assets, Not Being Depreciated	<u>2,390,256</u>	<u>0</u>	<u>0</u>	<u>2,390,256</u>
Capital Assets, Being Depreciated:				
Equipment	1,306,701	7,043	0	1,313,744
Furniture and Fixtures	59,328	5,172	0	64,500
Building	16,603,753	0	0	16,603,753
Improvements Other Than Building	4,198,367	0	0	4,198,367
Total Capital Assets, Being Depreciated	<u>22,168,149</u>	<u>12,215</u>	<u>0</u>	<u>22,180,364</u>
Less Accumulated Depreciation for:				
Equipment	(509,639)	(131,930)	0	(641,569)
Furniture and Fixtures	(35,590)	(9,776)	0	(45,366)
Building	(3,105,152)	(776,288)	0	(3,881,440)
Improvements Other Than Building	(1,159,916)	(291,392)	0	(1,451,308)
Total Accumulated Depreciation	<u>(4,810,297)</u>	<u>(1,209,386)</u>	<u>0</u>	<u>(6,019,683)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,357,852</u>	<u>(1,197,171)</u>	<u>0</u>	<u>16,160,681</u>
Component Unit Capital Assets, Net	<u>\$ 19,748,108</u>	<u>\$ (1,197,171)</u>	<u>\$ 0</u>	<u>\$ 18,550,937</u>

**NOTE 9 - LEASES**

The City leases property and facilities to Gatlinburg Ski Corporation. The lease payment is \$1,000 per year for 99 years and expires August 14, 2060. At any time, the lessee has the option to purchase the property before the expiration of the lease for \$400,000, provided twelve months' notice of intent to exercise the option is given.

The City leases property and facilities to the United States Postal Service. The lease payment is \$83,614 per year through December 31, 2023.

The City leases property to Ripley's Aquarium (Gatlinburg), LLC. The lease is \$50,000 per year for 20 years and expires in November 2020. The lessor has the right to renew the lease incrementally for an additional 78 years.

Additionally, the City receives lease revenue from various service providers for cell phone and radio towers. The leases extend through March 2029.

Anticipated rental income from these leases is as follows:

2020	\$	149,332
2021		124,659
2022		124,997
2023		118,144
2024		62,295
Thereafter		99,722
	\$	<u>679,149</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2019 are as follows:

	Balance July 01, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 42,305,000	\$ 0	\$ 5,050,000	\$ 37,255,000	\$ 3,800,000
Premium (Discount) on Bond Issuance	599,365	0	116,874	482,491	0
	<u>42,904,365</u>	<u>0</u>	<u>5,166,874</u>	<u>37,737,491</u>	<u>3,800,000</u>
Compensated Absences	1,842,470	762,369	718,348	1,886,491	0
	<u>\$ 44,746,835</u>	<u>\$ 762,369</u>	<u>\$ 5,885,222</u>	<u>\$ 39,623,982</u>	<u>\$ 3,800,000</u>
<b>Business-Type Activities</b>					
General Obligation Bonds	\$ 3,175,000	\$ 0	\$ 550,000	\$ 2,625,000	\$ 215,000
Premium (Discount) on Bond Issuance	46,124	0	2,438	43,686	0
	<u>3,221,124</u>	<u>0</u>	<u>552,438</u>	<u>2,668,686</u>	<u>215,000</u>
Compensated Absences	179,441	81,933	78,696	182,678	0
	<u>\$ 3,400,565</u>	<u>\$ 81,933</u>	<u>\$ 631,134</u>	<u>\$ 2,851,364</u>	<u>\$ 215,000</u>

**Governmental Activities**

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

**NOTE 10 - LONG-TERM OBLIGATIONS (Continued)**

General obligation bonds currently outstanding are as follows:

<u>Debt Issue</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2019</u>
General Obligation Refunding Bond	2.00-4.15%	02/19/09	06/01/25	\$ 2,025,000	\$ 1,035,000
General Obligation Refunding Bond	2.00-4.00%	02/19/09	06/01/20	1,585,000	100,000
General Obligation Bond	2.00-3.50%	09/01/11	05/01/31	7,600,000	6,780,000
General Obligation Bond	2.00-3.00%	12/12/12	06/01/37	9,730,000	9,210,000
General Obligation Refunding Bond	2.00%	03/01/13	05/01/22	** 5,425,000	1,585,000
General Obligation Bond	2.00 - 4.25%	09/20/13	06/01/37	9,850,000	9,700,000
General Obligation Bond	2.00-4.00%	03/31/14	06/01/37	7,465,000	7,365,000
General Obligation Refunding Bond	1.75 - 3.00%	04/30/14	06/30/20	8,465,000	1,480,000
					<u>\$ 37,255,000</u>

\*\*Total issue \$6,325,000 - allocated between governmental and business-type activities.

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

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 3,800,000	\$ 1,118,250
2021	2,280,000	1,040,675
2022	1,945,000	990,800
2023	1,955,000	946,450
2024	1,970,000	887,925
2025-2029	10,470,000	3,565,810
2030-2034	9,450,000	1,910,880
2035-2039	5,385,000	401,983
Total	<u>\$ 37,255,000</u>	<u>\$ 10,862,773</u>

Additionally, the City has pledged future Premier Resort Tax and Local Option Sales Tax revenues from the Convention Center Debt Service Fund to repay \$4,575,000 in general obligation bonds issued in February 2009. Proceeds from the bonds partially refunded debt that originally provided financing for the Mills Auditorium renovation. The remaining bonds are payable through 2019. Annual principal and interest payments on the bonds are expected to require no more than 97% of Premier Resort Tax and Local Option Sales Tax revenues recorded in the Convention Center Debt Service Fund. The total principal and interest remaining to be paid on the bonds is \$0. Principal and interest paid for the current year and total pledged tax revenue were \$2,444,000 and \$4,905,435, respectively.

**Business-Type Activities**

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

**NOTE 10 - LONG-TERM OBLIGATIONS (Continued)**

The bonds and loans payable outstanding as of June 30, 2019 are as follows:

<u>Debt Issue</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2019</u>
General Obligation Refunding Bond	2.00%	03/01/13	05/01/22	** 900,000	\$ 325,000
General Obligation Bonds	2.00-2.20%	10/20/16	06/01/37	3,650,000	2,300,000
					<u>\$ 2,625,000</u>

\*\*Total issue \$6,325,000 - allocated between governmental and business-type activities.

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

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 215,000	\$ 53,385
2021	215,000	49,085
2022	230,000	44,785
2023	115,000	40,185
2024	115,000	37,885
2025-2029	615,000	153,625
2030-2034	675,000	90,025
2035-2039	445,000	19,545
Total	<u>\$ 2,625,000</u>	<u>\$ 488,520</u>

**NOTE 11 - RISK MANAGEMENT**

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

The pooling agreement allows for the PEP to make additional assessments to make the pool self-sustaining. It is not possible to estimate the amount of such additional assessments. The PEP has published its own financial report for the year ended June 30, 2019, which can be obtained from Public Entity Partners, 5100 Maryland Way, Brentwood, Tennessee 37027.

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

## NOTE 12 - JOINT VENTURES, OTHER RELATED ORGANIZATIONS AND COMPONENT UNIT

### *Joint Ventures and Other Related Organizations*

#### Sevier Solid Waste, Inc.

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

Sevier Solid Waste, Inc. is governed by a board of directors which consists of one representative appointed from each governmental unit. Each director has a vote equal 25%. During 1995 the Public Building Authority of Sevier County issued Solid Waste Facility Bonds, Series 1995 in the amount of \$12,500,000 to finance the capital needs of Sevier Solid Waste, Inc. In 2005, the remaining balance of these Series 1995 bonds was refinanced through the Public Building Authority of Sevier County with new bonds, Series VI-E-1 with the City's pro-rata portion being 22.02%. In 1999, the Public Building Authority of Sevier County issued Solid Waste Facility Bonds, Series III-E-3 in the amount of \$2,500,000 to also finance the capital needs of Sevier Solid Waste, Inc. with the City's pro-rata portion being 21.52%. During 2009 these debt issuances were refinanced with each governmental unit issuing debt for their pro-rata share of the outstanding debt. The City of Gatlinburg issued \$1,585,000 in fixed rate bonds for its portion of the original outstanding Sevier Solid Waste Facility Bonds (see Note 10). As of June 30, 2019, the remaining balance on these bonds was \$100,000. Each governmental unit is assessed for its share of the operational costs of Sevier Solid Waste based on a preset tipping fee multiplied by the total tonnage of solid waste taken to the facility each month by the governmental entity. The City's assessed portion of solid waste disposal services provided during the fiscal year ended June 30, 2019 was \$704,181. Complete financial statements for Sevier Solid Waste, Inc. may be obtained from their administrative office at 1826 Ridge Road, Pigeon Forge, Tennessee 37876.

#### Sevier Water Board, Inc.

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

The City of Gatlinburg, through an interlocal agreement with Sevier County, the City of Pigeon Forge, and the City of Sevierville agreed that it was in the best interest of these cooperative governments to jointly construct and operate water intake, pumping, treatment, and transmission facilities for the use and benefit of these entities. To finance the project, an agreement was reached with the Public Building Authority of Sevier County, Tennessee to issue Adjustable Rate Local Government Public Improvement Bonds, Series A. Through a loan agreement between the participating governments dated June 1, 1996, the City of Gatlinburg's percentage of ownership and liability was determined to be 30%. During 2009, the outstanding bonds were refinanced by each participating entity issuing debt for their pro-rata share of the outstanding debt. The City of Gatlinburg issued \$1,110,000 in fixed rate bonds for the refinancing of the City's share of the debt. As of June 30, 2019, the remaining balance on these bonds was paid in full. Total investment in the Sevier Water Board, Inc. by the City of Gatlinburg as of June 30, 2019 was \$3,563,164 (cost). Financial statements of the Sevier Water Board, Inc. are available at 3221 Rena Street, Pigeon Forge, Tennessee 37863.

#### Gatlinburg Airport Authority, Inc.

The City of Gatlinburg officials are responsible for appointing members to the board of The Gatlinburg Airport Authority, Inc.; however, the City's accountability for this organization does not extend beyond making the appointments. The Gatlinburg Airport Authority, Inc.'s five-member board is appointed by the City; however, only two members are nominated by the City. The remaining members are nominated by another area government (the City of Pigeon Forge) and industry. The City appropriated \$100,000 to The Gatlinburg Airport Authority, Inc. for the year ended June 30, 2019. Complete financial statements for The Gatlinburg Airport Authority, Inc. can be obtained from the City of Gatlinburg or the Authority's administrative office at 134 Air Museum Way, Sevierville, Tennessee 37862.

## NOTE 12 - JOINT VENTURES, OTHER RELATED ORGANIZATIONS AND COMPONENT UNIT

### *Joint Ventures and Other Related Organizations*

#### **Component Unit**

##### Rocky Top Sports World

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

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

The Youth Sports Complex is named "Rocky Top Sports World" and in December 2013 the entity was incorporated as a not-for-profit corporation. The directors of the Organization consist of the City Manager, County Mayor, and a City Commissioner. The City and County have an interest in the corporation of 70% and 30%, respectively. Budgeted deficits arising from the operation of the Organization shall be funded in proportion to each party's respective interest. For the year ended June 30, 2019, the City contributed a total of \$479,500 to the Organization to assist in funding operations.

In January 2013, the City and County entered into an agreement with Sports Facilities Advisory, LLC (SFA) to provide consulting and preopening management services for the Organization until the complex was opened. Effective July 1, 2017, the facility management agreement was renewed for a period of five years and includes three individual one-year renewal options. The renewal agreement calls for a monthly fixed base fee of \$12,500 until the City of Gatlinburg tax revenues return to their 2015-2016 fiscal year levels for a full fiscal year. At that time, the monthly fixed base fee will increase to \$14,500. The fixed base fee is subject to certain performance metrics that if not achieved could reduce the monthly payment to not less than \$9,250. The renewal agreement calls for a monthly fixed base fee of \$12,500 in fiscal year 2019. SFA also receives an incentive fee equal to 2% of the total gross revenues of the Organization above \$500,000.

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

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

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

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

*Plan Description* - Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. 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.state.tn.gov/retirement/boards-and-governance/reporting-and-investment-polies](http://www.treasury.state.tn.gov/retirement/boards-and-governance/reporting-and-investment-polies).

*Benefits Provided* - Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

*Employees Covered by Benefit Terms* - At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	154
Inactive Employees Entitled to, but not yet Receiving Benefits	227
Active Employees	<u>174</u>
Total	<u><u>555</u></u>

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

*Contributions* - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City has adopted a noncontributory retirement plan. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, employer contributions for the City were \$638,319 based on a rate of 7.85% 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 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.

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

**Net Pension Liability (Asset)**

The City's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions* - The total pension liability as of the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%.
Investment Rate of Return	7.25%, net of pension plan investment expenses, including inflation.
Cost-of-Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Markets International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-Term Securities	0.00%	1%
Total		<u>100%</u>

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

**Net Pension Liability (Asset)**

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based on a blending of the three factors described above.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (Asset) (a) - (b)
<b><u>Balances at June 30, 2017</u></b>	\$ 56,498,301	\$ 60,200,092	\$ (3,701,791)
Changes for the Year:			
Service Cost	674,246	0	674,246
Interest	4,073,333	0	4,073,333
Difference between Expected and Actual Experience	(794,254)	0	(794,254)
Contributions - Employer	0	675,369	(675,369)
Net Investment Income	0	4,942,200	(4,942,200)
Benefit Payments - Including Refunds of Employee Contributions	(1,977,259)	(1,977,259)	0
Administrative Expenses	0	(17,581)	17,581
Net Changes	<u>1,976,066</u>	<u>3,622,729</u>	<u>(1,646,663)</u>
<b><u>Balances at June 30, 2018</u></b>	<u>\$ 58,474,367</u>	<u>\$ 63,822,821</u>	<u>\$ (5,348,454)</u>

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate* - The following presents the net pension liability (asset) of the City's calculated using the discount rate of 7.25%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset) 2018	\$ <u>2,316,675</u>	\$ <u>(5,348,454)</u>	\$ <u>(11,747,385)</u>

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

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

*Negative Pension Expense* - For the year ended June 30, 2019, the City recognized negative pension expense of \$252,087.

*Deferred Outflows of Resources and Deferred Inflows of Resources* - For the year ended June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 1,713,160
Changes of Assumptions	761,501	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	270,996
Contributions Subsequent to the Measurement Date of June 30, 2018	<u>638,319</u>	<u>0</u>
Total	<u>\$ 1,399,820</u>	<u>\$ 1,984,156</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>For the Years ended June 30,</u>	
2020	\$ 81,426
2021	(369,486)
2022	(650,639)
2023	<u>(283,956)</u>
Total	<u>\$ (1,222,655)</u>

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

**Payable to Pension Plan**

At June 30, 2019, the City did not report a payable for any outstanding amount of employer contributions to the Plan required for the year ended June 30, 2019 since all contributions were paid prior to year end.

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

*Plan Description* - Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. 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.state.tn.gov/retriement/boards-and-governance/reporting-and-investment-policies](http://www.treasury.state.tn.gov/retriement/boards-and-governance/reporting-and-investment-policies).

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

**Tennessee Consolidated Retirement System - Hybrid Plan With Cost Controls (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 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

*Employees Covered by Benefit Terms* - At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to, but not yet Receiving Benefits	28
Active Employees	82
Total	110

*Contributions* - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions are required to be paid. TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. Employer contributions by the City for the year ended June 30, 2019 to the Public Employee Retirement Plan were \$30,141, which is 1.05% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

*Pension Liabilities (Assets)* - The City's net pension liability (asset) was measured as of June 30, 2018, and the total pensions liability (asset) used to calculate the net pensions liability (asset) was determined by an actuarial value as of that date.

*Actuarial Assumptions* - The total pension liability (asset) as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%.
Investment Rate of Return	7.25%, net of pension plan investment expenses, including inflation.
Cost-of-Living Adjustment	2.25%

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND 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, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Markets International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-Term Securities	0.00%	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based on a blending of the three factors described above.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.25%. 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's 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.

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (Asset) (a) - (b)
<b><u>Balances at June 30, 2017</u></b>	\$ 192,496	\$ 281,819	\$ (89,323)
Changes for the Year:			
Service Cost	98,706	0	98,706
Interest	20,966	0	20,966
Difference between Expected and Actual Experience	48,898	0	48,898
Contributions - Employer	0	92,179	(92,179)
Contributions - Employee	0	115,223	(115,223)
Net Investment Income	0	31,536	(31,536)
Benefit Payments - Including Refunds of Employee Contributions	(4,029)	(4,029)	0
Administrative Expenses	0	(7,157)	7,157
Net Changes	<u>164,541</u>	<u>227,752</u>	<u>(63,211)</u>
<b><u>Balances at June 30, 2018</u></b>	<u>\$ 357,037</u>	<u>\$ 509,571</u>	<u>\$ (152,534)</u>

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

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate* - The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.25%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset) 2018	\$ (41,522)	\$ (152,534)	\$ (234,078)

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

*Negative Pension Expense* - For the year ended June 30, 2018, the City recognized negative pension expense of \$9,026.

*Deferred Outflows of Resources and Deferred Inflows of Resources* - For the year ended June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 78,106	\$ 4,550
Changes of Assumptions	4,294	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	5,952
Contributions Subsequent to the Measurement Date of June 30, 2018	<u>30,141</u>	<u>0</u>
Total	<u>\$ 112,541</u>	<u>\$ 10,502</u>

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

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

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2018” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>For the Years ended June 30,</u>	
2020	\$ 6,913
2021	6,754
2022	5,990
2023	7,472
2024	8,270
Thereafter	<u>36,499</u>
Total	<u>\$ 71,898</u>

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

**Payable to the Pension Plan**

At June 30, 2019, the City did not report a payable for any outstanding amount of employer contributions to the Plan required for the year ended June 30, 2019 since all contributions were paid prior to year-end.

**Defined Contribution Retirement Plan**

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

The City has elected to contribute 5% of each eligible participant’s compensation per year. The City contributed \$144,120 to the plan during 2019 which represents 5% of covered payroll. Covered payroll for the year ended June 30, 2019 was \$2,882,408.

**TCRS Stabilization Trust**

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

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

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

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)****TCRS Stabilization Trust (Continued)**

Investments are reported at fair value or amortized which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- |          |  |
|----------|--|
| Level 1: | Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.   |
| Level 2: | Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted. |
| Level 3: | Valuations derived from valuation techniques in which significant inputs are unobservable.   |

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

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

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

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

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

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

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

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

At June 30, 2019, the City of Gatlinburg's Hybrid Agent Plan had the following investments held by the trust on its behalf.

	Weighted Average Maturity (Days)	Maturities	Fair Value
Investments at Fair Value			
U.S. Equity	N/A	N/A	\$ 27,880
Developed Market International Equity	N/A	N/A	12,591
Emerging Market International Equity	N/A	N/A	3,597
U.S. Fixed Income	N/A	N/A	17,987
Real Estate	N/A	N/A	8,994
Short-Term Securities	N/A	N/A	899
Investments at Amortized Cost using the NAV			
Private Equity and Strategic Lending	N/A	N/A	<u>17,987</u>
Total			<u>\$ 89,935</u>

	Fair Value Measurements Using				Amortized Cost (NAV)
	Carrying Amount	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments at Fair Value					
U.S. Equity	\$ 27,880	\$ 27,880	\$ 0	\$ 0	\$ 0
Developed Market International Equity	12,591	12,591	0	0	0
Emerging Market International Equity	3,597	3,597	0	0	0
U.S. Fixed Income	17,987	0	17,987	0	0
Real Estate	8,994	0	0	8,994	0
Short-Term Securities	899	0	899	0	0
Private Equity and Strategic Lending	<u>17,987</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,987</u>
Total	<u>\$ 89,935</u>	<u>\$ 44,068</u>	<u>\$ 18,886</u>	<u>\$ 8,994</u>	<u>\$ 17,987</u>

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

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

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

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

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

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

For further information concerning the City’s investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

**(C) Deferred Compensation Plan**

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, which is available to non-seasonal employees, permits employees to defer a portion of their salaries to future years upon completion of six consecutive months of employment. This deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. Since the assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not reflected in the statement of net position.

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**General Information About the OPEB Plan**

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

*Benefits Provided* - The City’s healthcare plan is insured and serviced by Humana. A premium is paid for medical coverage which is not age related. However, the underlying cost of the medical coverage does vary by age as medical costs tend to increase with age. As a result, older employees receive a more valuable benefit than younger employees. As the premium paid for retirees is the same as for active employees, a more valuable benefit is received by retirees as compared to younger, active employees. GASB 75 defines this benefit as an implicit rate subsidy and it is to be valued under the standards.

**General Information About the OPEB Plan (Continued)**

*Employees Covered by Benefit Terms* - At July 1, 2018, the following employees of the City were covered by the benefit terms of The Plan:

Retired Employees	14
Disabled Employees	0
Beneficiaries	0
Active Employees	<u>284</u>
Total Participants	<u><u>298</u></u>

The contribution requirements are established and may be amended by the City. The Plan is currently being funded on a pay-as-you-go basis, whereby amounts paid by retirees are the only contributions. There are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. For the fiscal year ended June 30, 2019, the City paid \$61,648 to the Plan for OPEB benefits as they came due.

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Total OPEB Liability**

*Actuarial Assumptions* - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%.
Healthcare Cost Trend Rates	6.75% for 2019, decreasing annually over a 32-year period, to an ultimate rate of 3.81%.
Retiree's Share of Benefit-Related Costs	Members are required to make monthly contributions in order to maintain coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016.

The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

*Discount Rate* - The discount rate used to measure the total OPEB liability as of June 30, 2019 was 3.50% (3.87% as of June 30, 2018). This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer's 20-Year Municipal GO index.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
<b><u>Balances at July 1, 2018</u></b>	<b><u>\$ 1,217,605</u></b>
Changes for the Year	
Service Cost	25,853
Interest	43,521
Change in Assumptions	44,016
Benefit Payments	<u>(61,648)</u>
Net Changes	<u>51,742</u>
<b><u>Balances at June 30, 2019</u></b>	<b><u>\$ 1,269,347</u></b>

*Changes in Assumptions* - The discount rate was changed from 3.87% as of the beginning of the measurement period to 3.50% as of June 30, 2019. This change in assumption decreased the total OPEB liability. It was also decided to change the status of the LGOP from a closed plan to one that is open to all eligible employees regardless of initial hire date. This change in status will increase the OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and slight changes to the near term health trend rates.

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Changes in the Total OPEB Liability (Continued)**

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

<u>Total OPEB Liability</u>	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
2019	\$ 1,390,377	\$ 1,269,347	\$ 1,164,187

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

<u>Total OPEB Liability</u>	<u>1% Decrease (7% Decreasing to 3.50%)</u>	<u>Healthcare Cost Trend Rates (8.00% Decreasing to 4.50%)</u>	<u>1% Increase (9% Decreasing to 5.50%)</u>
2019	\$ 1,142,364	\$ 1,269,347	\$ 1,416,338

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

*OPEB Expense* - For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$2,133.

*Deferred Outflows of Resources and Deferred Inflows of Resources* - For the fiscal year ended June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in Assumptions	\$ 0	\$ 22,736

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

<u>For the Years ended June 30:</u>	
2020	\$ (5,168)
2021	(5,168)
2022	(5,168)
2023	(5,168)
Thereafter	<u>(2,064)</u>
Total	<u>\$ (22,736)</u>

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

**NOTE 15 - SUBSEQUENT EVENTS**

In July 2019, the City authorized the issuance of General Obligation Bonds not to exceed \$8,075,000 in one or more series. The bond proceeds are a refinancing of debt in order to obtain a better interest rate on debt associated with the last two Undergrounding Projects. The first \$6,850,000 of these bonds was issued on October 25, 2019.

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**

CITY OF GATLINBURG, TENNESSEE

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
 BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS – LEGACY PLAN

Last Fiscal Year Ended June 30

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service Cost	\$ 674,246	\$ 707,862	\$ 744,068	\$ 770,068	\$ 764,023
Interest	4,073,333	3,920,255	3,787,658	3,642,131	3,465,188
Changes in Benefit Terms	0	0	0	0	0
Differences between Actual and Expected Experience	(794,254)	(108,066)	(1,104,493)	(950,793)	(503,091)
Change of Assumptions	0	1,269,169	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,977,259)	(1,706,265)	(1,539,838)	(1,450,273)	(1,295,573)
<b>Net Change in Total Pension Liability</b>	1,976,066	4,082,955	1,887,395	2,011,133	2,430,547
<b>Total Pension Liability - Beginning</b>	56,498,301	52,415,346	50,527,951	48,516,818	46,086,271
<b>Total Pension Liability - Ending (a)</b>	\$ 58,474,367	\$ 56,498,301	\$ 52,415,346	\$ 50,527,951	\$ 48,516,818
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 675,369	\$ 1,583,741	\$ 1,656,808	\$ 1,713,616	\$ 1,705,792
Contributions - Employee	0	0	0	6,369	196,239
Net Investment Income	4,942,200	6,134,279	1,399,269	1,570,960	7,166,033
Benefit Payments, Including Refunds of Employee Contributions	(1,977,259)	(1,706,265)	(1,539,838)	(1,450,273)	(1,295,573)
Administrative Expense	(17,581)	(17,049)	(17,153)	(12,477)	(11,546)
<b>Net Change in Plan Fiduciary Net Position</b>	3,622,729	5,994,706	1,499,086	1,828,195	7,760,945
<b>Plan Fiduciary Net Position - Beginning</b>	60,200,092	54,205,386	52,706,300	50,878,105	43,117,160
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 63,822,821	\$ 60,200,092	\$ 54,205,386	\$ 52,706,300	\$ 50,878,105
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	\$ (5,348,454)	\$ (3,701,791)	\$ (1,790,040)	\$ (2,178,349)	\$ (2,361,287)
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	109.15%	106.55%	103.42%	104.31%	104.87%
<b>Covered Payroll</b>	\$ 8,603,922	\$ 9,393,977	\$ 9,826,858	\$ 10,163,797	\$ 10,319,362
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	-62.16%	-39.41%	-18.22%	-21.43%	-22.88%

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

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULES OF CONTRIBUTIONS**  
**BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS - LEGACY PLAN**  
**Last Fiscal Year Ended June 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 638,319	\$ 675,369	\$ 1,583,740	\$ 1,656,809	\$ 1,713,616	\$ 1,705,792
Contributions in Relation to the Actuarially Determined Contribution	<u>638,319</u>	<u>675,369</u>	<u>1,583,740</u>	<u>1,656,809</u>	<u>1,713,616</u>	<u>1,705,792</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 8,131,449	\$ 8,603,922	\$ 9,393,977	\$ 9,826,858	\$ 10,163,797	\$ 10,319,362
Contributions as a Percentage of Covered Payroll	7.85%	7.85%	16.86%	16.86%	16.86%	16.53%

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

**Notes:**

*Valuation date:* Actuarially determined contribution rates for 2019 were calculated based on the June 30, 2017 actuarial valuation.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period:	Various
Asset Valuation:	10-year smoothed within a 20.0% corridor to market value
Inflation	2.5%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation averaging 4.00%
Investment Rate of Return	7.25%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projection of mortality improvement using Scale MP-2016 (static projection to 6 years beyond the valuation date)
Cost of Living Adjustments	2.25%, if provided

*Changes of Assumptions.* In 2017, the following assumptions were changed; decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; and decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%.

CITY OF GATLINBURG, TENNESSEE

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
 BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS - HYBRID PLAN WITH  
 COST CONTROLS

Last Fiscal Year Ended June 30

	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service Cost	\$ 98,706	\$ 65,560	\$ 38,689	\$ 30,401
Interest	20,966	11,684	4,817	2,280
Differences between Actual and Expected Experience	48,898	21,346	22,666	(7,150)
Change of Assumptions	0	5,152	0	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(4,029)</u>	<u>(2,949)</u>	<u>0</u>	<u>0</u>
<b>Net Change in Total Pension Liability</b>	164,541	100,793	66,172	25,531
<b>Total Pension Liability - Beginning</b>	<u>192,496</u>	<u>91,703</u>	<u>25,531</u>	<u>0</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 357,037</u>	<u>\$ 192,496</u>	<u>\$ 91,703</u>	<u>\$ 25,531</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 92,179	\$ 63,967	\$ 39,019	\$ 17,372
Contributions - Employee	115,223	79,960	48,774	21,715
Net Investment Income	31,536	21,797	2,110	554
Benefit Payments, Including Refunds of Employee Contributions	(4,029)	(2,949)	0	0
Administrative Expense	(7,157)	(4,626)	(2,767)	(1,013)
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,094)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	227,752	158,149	87,136	36,534
<b>Plan Fiduciary Net Position - Beginning</b>	<u>281,819</u>	<u>123,670</u>	<u>36,534</u>	<u>0</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 509,571</u>	<u>\$ 281,819</u>	<u>\$ 123,670</u>	<u>\$ 36,534</u>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ (152,534)</u>	<u>\$ (89,323)</u>	<u>\$ (31,967)</u>	<u>\$ (11,003)</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	142.72%	146.40%	134.86%	143.10%
<b>Covered Payroll</b>	\$ 2,304,461	\$ 1,599,179	\$ 975,467	\$ 434,293
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	-6.62%	-5.59%	-3.28%	-2.53%

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

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULES OF CONTRIBUTIONS**  
**BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN**  
**OF TCRS - HYBRID PLAN WITH COST CONTROLS**

**Last Fiscal Year Ended June 30**

	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 30,141	\$ 29,268	\$ 22,069	\$ 19,509	\$ 8,686
Contributions in Relation to the Actuarially Determined Contribution	<u>30,141</u>	<u>92,179</u>	<u>63,967</u>	<u>39,019</u>	<u>17,372</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ (62,911)</u>	<u>\$ (41,898)</u>	<u>\$ (19,510)</u>	<u>\$ (8,686)</u>
Covered Payroll	\$ 2,882,868	\$ 2,304,461	\$ 1,599,179	\$ 975,467	\$ 434,293
Contributions as a Percentage of Covered Payroll	1.05%	4.00%	4.00%	4.00%	4.00%

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

\* In FY 2019 the City placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

**Notes to Schedule:**

*Valuation date:* Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017 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 20.0% corridor to market value
Inflation	2.5%
Salary Increases:	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	7.25%, 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	2.25%

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Last Fiscal Year Ended June 30

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 25,853	\$ 23,339
Interest	43,521	45,359
Change in Assumptions	44,016	(33,073)
Benefit Payments	<u>(61,648)</u>	<u>(61,647)</u>
<b>Net Change in Total OPEB Liability</b>	51,742	(26,022)
<b>Total OPEB Liability - Beginning</b>	<u>1,217,605</u>	<u>1,243,627</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 1,269,347</u>	<u>\$ 1,217,605</u>
<b>Covered Payroll</b>	\$ 12,595,337	\$ 12,393,063
<b>Total OPEB Liability (Asset) as a Percentage of Covered Payroll</b>	10.08%	9.82%

Note: There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

**SUPPLEMENTARY INFORMATION SECTION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

**CITY OF GATLINBURG, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance-
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
<b>Local Taxes:</b>				
Current Year Property Taxes	\$ 771,374	\$ 771,374	\$ 804,545	\$ 33,171
Property Tax Discount	(4,730)	(4,730)	(5,658)	(928)
Ad Valorem Public Utilities	37,000	37,000	49,500	12,500
Prior Years Property Taxes	43,282	43,282	43,952	670
Penalties Current Taxes	1,000	1,000	826	(174)
Penalties Prior Years Taxes	7,000	7,000	8,361	1,361
Sevier County Electric System	295,000	295,000	12,869	(282,131)
Sevier County Utility District	100,000	100,000	131,989	31,989
Local Option Sales Tax	5,951,536	5,951,536	6,749,387	797,851
Wholesale Beer Tax	619,445	619,445	666,602	47,157
Liquor Inspection Fee	1,255,765	1,255,765	1,326,003	70,238
Gross Receipts Tax	6,336,244	6,336,244	7,197,712	861,468
1/3 Hotel/Motel Tax	1,765,175	1,765,175	2,012,841	247,666
Water and Sewer Property Tax	11,500	11,500	11,500	0
<b>Total Local Taxes</b>	<b>17,189,591</b>	<b>17,189,591</b>	<b>19,010,429</b>	<b>1,820,838</b>
<b>Licenses and Permits:</b>				
Trout Permits	15,000	15,000	21,617	6,617
Tourist Resident Permits	340,000	340,000	379,025	39,025
Building Permits	100,000	100,000	294,233	194,233
Business Tax Act Taxes	566,452	566,452	671,816	105,364
Liquor Licenses	34,755	34,755	36,730	1,975
Franchise Fees	186,000	186,000	292,083	106,083
Beer Permits	11,400	11,400	11,450	50
<b>Total Licenses and Permits</b>	<b>1,253,607</b>	<b>1,253,607</b>	<b>1,706,954</b>	<b>453,347</b>
<b>Intergovernmental:</b>				
State Sales Tax	1,847,738	1,847,738	2,110,514	262,776
Law Enforcement Grant	15,000	15,000	9,430	(5,570)
County Ambulance Grant	100,000	100,000	100,000	0
Sevier County Volunteer Fire Grant	51,750	51,750	52,750	1,000
Franchise and Income Tax	30,000	30,000	72,978	42,978
State Grants - Wildfire 2016	85,000	85,000	0	(85,000)
Federal Grants - Wildfire 2016	1,010,000	1,010,000	0	(1,010,000)
Tax Sharing for Streets	7,224	7,224	7,831	607
State Beer and Alcohol Tax	1,840	1,840	1,826	(14)
<b>Total Intergovernmental</b>	<b>3,148,552</b>	<b>3,148,552</b>	<b>2,355,329</b>	<b>(793,223)</b>
<b>Use of Money and Property:</b>				
Ski Lodge Rental	1,000	1,000	1,000	0
Aquarium Site Lease	50,000	50,000	50,000	0
Post Office Rent	79,609	79,609	81,612	2,003
Golf Course Greens Fees	835,940	835,940	821,615	(14,325)
Golf Course Dues	25,811	25,811	19,200	(6,611)
Golf Course Lockers	500	500	336	(164)
Golf Course Concession	145,843	145,843	141,313	(4,530)
Interest Income	145,092	145,092	475,916	330,824
<b>Total Use of Money and Property</b>	<b>1,283,795</b>	<b>1,283,795</b>	<b>1,590,992</b>	<b>307,197</b>
<b>Charges for Services:</b>				
Ambulance Income	485,800	485,800	477,765	(8,035)
Miscellaneous Income	121,500	121,500	229,602	108,102
Recreation Program Fees	114,947	114,947	106,384	(8,563)
Solid Waste Disposal	220,974	220,974	229,202	8,228
Property Maintenance Inspection Fees	10,000	10,000	107,176	97,176
<b>Total Charges for Services</b>	<b>953,221</b>	<b>953,221</b>	<b>1,150,129</b>	<b>196,908</b>
<b>Fines, Forfeitures and Penalties</b>	<b>275,000</b>	<b>275,000</b>	<b>257,044</b>	<b>(17,956)</b>
<b>Total Revenues</b>	<b>24,103,766</b>	<b>24,103,766</b>	<b>26,070,877</b>	<b>1,967,111</b>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (Continued)**

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES</b>				
<b>General Government:</b>				
<b>City Manager:</b>				
Personnel Costs:				
Salaries, Classified	285,410	285,410	282,376	3,034
Salaries, Temporary	5,000	3,950	459	3,491
Salaries, Contract	13,000	13,000	13,000	0
Car Allowance	10,392	10,392	9,959	433
Payroll Taxes	23,400	23,400	21,991	1,409
Retirement	23,000	23,000	22,335	665
<b>Total Personnel Costs</b>	<b>360,202</b>	<b>359,152</b>	<b>350,120</b>	<b>9,032</b>
<b>Supplies:</b>				
Office Supplies	2,500	2,500	2,479	21
<b>Total Supplies</b>	<b>2,500</b>	<b>2,500</b>	<b>2,479</b>	<b>21</b>
<b>General Services:</b>				
Telephone	2,700	3,700	3,614	86
Travel	5,500	5,500	3,732	1,768
Contracted Services	19,944	19,944	17,673	2,271
Public Relations	300	350	302	48
Dues and Subscriptions	3,800	3,800	3,433	367
<b>Total General Services</b>	<b>32,244</b>	<b>33,294</b>	<b>28,754</b>	<b>4,540</b>
<b>Contingency:</b>				
Lobbying Expense	30,600	30,600	30,450	150
Equipment Lease	4,000	4,000	4,088	(88)
<b>Total Contingency</b>	<b>34,600</b>	<b>34,600</b>	<b>34,538</b>	<b>62</b>
<b>Total City Manager</b>	<b>429,546</b>	<b>429,546</b>	<b>415,891</b>	<b>13,655</b>
<b>City Attorney:</b>				
<b>Personnel Costs:</b>				
City Attorney's Fees	120,000	120,000	108,138	11,862
Consulting Attorneys	1,000	1,231	7,148	(5,917)
<b>Total Personnel Costs</b>	<b>121,000</b>	<b>121,231</b>	<b>115,286</b>	<b>5,945</b>
<b>General Services:</b>				
Travel	4,500	4,500	4,306	194
Dues and Subscriptions	600	600	575	25
<b>Total General Services</b>	<b>5,100</b>	<b>5,100</b>	<b>4,881</b>	<b>219</b>
<b>Total City Attorney</b>	<b>126,100</b>	<b>126,331</b>	<b>120,167</b>	<b>6,164</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Finance:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	524,350	524,350	512,722	11,628
Salaries, Other	4,500	5,100	4,996	104
Car Allowance	3,888	3,888	3,888	0
Payroll Taxes	41,200	41,200	38,489	2,711
Retirement	41,000	41,000	31,649	9,351
<b>Total Personnel Costs</b>	<b>614,938</b>	<b>615,538</b>	<b>591,744</b>	<b>23,794</b>
<b>Supplies:</b>				
Office Supplies	16,006	16,006	17,088	(1,082)
<b>Total Supplies</b>	<b>16,006</b>	<b>16,006</b>	<b>17,088</b>	<b>(1,082)</b>
<b>Maintenance:</b>				
Machinery Maintenance	6,000	6,000	2,919	3,081
<b>Total Maintenance</b>	<b>6,000</b>	<b>6,000</b>	<b>2,919</b>	<b>3,081</b>
<b>General Services:</b>				
Telephone	9,000	11,500	11,459	41
Travel	6,600	6,600	4,714	1,886
Contracted Services	160,619	157,519	142,863	14,656
Dues and Subscriptions	1,900	1,900	2,026	(126)
Education	2,160	2,160	1,369	791
<b>Total General Services</b>	<b>180,279</b>	<b>179,679</b>	<b>162,431</b>	<b>17,248</b>
<b>Total Finance</b>	<b>817,223</b>	<b>817,223</b>	<b>774,182</b>	<b>43,041</b>
<b>Nondepartmental:</b>				
<b>Personnel Costs:</b>				
Employment Physical	8,609	8,609	4,506	4,103
Employee Recognition Program	4,500	4,500	1,664	2,836
Employee Wellness Program	2,000	2,000	587	1,413
Safety Incentive Program	2,000	2,500	2,393	107
Workers' Compensation Deductible	5,000	5,000	2,312	2,688
Workers' Compensation Insurance	280,000	280,000	271,664	8,336
Hospitalization Insurance	1,318,000	1,318,000	1,262,385	55,615
Dental Insurance	62,000	62,000	57,025	4,975
Life, AD&D, Disability Insurance	34,000	34,000	32,274	1,726
Employee Training Programs	5,000	5,000	0	5,000
Longevity Program	347,500	336,617	336,616	1
<b>Total Personnel Costs</b>	<b>2,068,609</b>	<b>2,058,226</b>	<b>1,971,426</b>	<b>86,800</b>
<b>Supplies:</b>				
Office Supplies	5,000	5,000	216	4,784
<b>Total Supplies</b>	<b>5,000</b>	<b>5,000</b>	<b>216</b>	<b>4,784</b>
<b>Maintenance:</b>				
Buildings and Grounds Maintenance	86,000	86,000	39,790	46,210
Water System Maintenance	151,186	151,186	0	151,186
Flood Warning System	5,000	5,000	1,131	3,869
<b>Total Maintenance</b>	<b>242,186</b>	<b>242,186</b>	<b>40,921</b>	<b>201,265</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>General Services:</b>				
Contracted Services	846,822	857,205	287,489	569,716
Advertising	7,500	7,500	6,657	843
Debris Removal PPDR Program	0	200,000	174,368	25,632
City Attorneys Fee	5,000	4,769	1,271	3,498
Project Management/Debris Monitoring	525,000	307,000	94,768	212,232
General Liability Insurance	294,500	294,500	285,120	9,380
Utilities	249,500	249,500	245,468	4,032
Property & Casualty Insurance	53,500	53,500	52,637	863
<b>Total General Services</b>	<b>1,981,822</b>	<b>1,973,974</b>	<b>1,147,778</b>	<b>826,196</b>
<b>Contingency:</b>				
Service / Retirement Awards	4,600	4,600	3,245	1,355
<b>Total Contingency</b>	<b>4,600</b>	<b>4,600</b>	<b>3,245</b>	<b>1,355</b>
<b>Capital Outlay:</b>				
Equipment Purchase / Replacement	40,119	40,119	37,474	2,645
<b>Total Capital Outlay</b>	<b>40,119</b>	<b>40,119</b>	<b>37,474</b>	<b>2,645</b>
<b>Total Nondepartmental</b>	<b>4,342,336</b>	<b>4,324,105</b>	<b>3,201,060</b>	<b>1,123,045</b>
<b>Building and Planning Inspection:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	274,000	274,000	264,350	9,650
Salaries, Other	400	6,400	3,580	2,820
Car Allowance	18,619	18,619	17,748	871
Payroll Taxes	22,100	22,100	21,936	164
Retirement	23,000	23,000	21,924	1,076
<b>Total Personnel Costs</b>	<b>338,119</b>	<b>344,119</b>	<b>329,538</b>	<b>14,581</b>
<b>Supplies:</b>				
Office Supplies	2,500	2,500	2,626	(126)
Safety Equipment	400	400	112	288
<b>Total Supplies</b>	<b>2,900</b>	<b>2,900</b>	<b>2,738</b>	<b>162</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>General Services:</b>				
Telephone	3,500	5,000	5,062	(62)
Travel	1,000	1,000	0	1,000
Advertising	1,000	1,000	207	793
Dues and Subscriptions	1,500	1,500	855	645
Education	2,500	2,500	968	1,532
Codes Enforcement	25,000	11,500	6,633	4,867
International Building Code	0	0	0	0
Contracted Services	4,000	10,000	6,354	3,646
Local Planning	9,383	9,383	9,383	0
ETDD	2,400	2,400	2,397	3
<b>Total General Services</b>	<b>50,283</b>	<b>44,283</b>	<b>31,859</b>	<b>12,424</b>
<b>Contingency:</b>				
Equipment Lease	6,500	6,500	4,813	1,687
<b>Total Contingency</b>	<b>6,500</b>	<b>6,500</b>	<b>4,813</b>	<b>1,687</b>
<b>Total Building and Planning Inspection</b>	<b>397,802</b>	<b>397,802</b>	<b>368,948</b>	<b>28,854</b>
<b>Legislative:</b>				
<b>Personnel Costs:</b>				
Mayor and Commissioners	31,200	31,200	30,700	500
Payroll Taxes	2,500	2,500	2,685	(185)
Retirement	2,000	2,000	1,977	23
<b>Total Personnel Costs</b>	<b>35,700</b>	<b>35,700</b>	<b>35,362</b>	<b>338</b>
<b>Supplies:</b>				
Office Supplies	2,500	2,500	1,953	547
<b>Total Supplies</b>	<b>2,500</b>	<b>2,500</b>	<b>1,953</b>	<b>547</b>
<b>General Services:</b>				
Audit	30,000	30,000	30,000	0
Elections	28,000	28,000	22,210	5,790
Travel	5,000	5,000	4,879	121
Contracted Services	204,700	204,700	198,700	6,000
<b>Total General Services</b>	<b>267,700</b>	<b>267,700</b>	<b>255,789</b>	<b>11,911</b>
<b>Contingency:</b>				
Contingency / Donations	5,000	5,000	1,472	3,528
Gatlinburg - Pigeon Forge Airport	69,361	69,361	69,361	0
TWRA Wildlife Officer	43,760	43,760	43,694	66
Anna Porter Library	254,822	254,822	254,822	0
Walter State Scholarship Program	20,000	20,000	20,000	0
ETSU Medical School Program	20,000	20,000	20,000	0
Miscellaneous	1,000	1,000	0	1,000
<b>Total Contingency</b>	<b>413,943</b>	<b>413,943</b>	<b>409,349</b>	<b>4,594</b>
<b>Total Legislative</b>	<b>719,843</b>	<b>719,843</b>	<b>702,453</b>	<b>17,390</b>
<b>Total General Government</b>	<b>6,832,850</b>	<b>6,814,850</b>	<b>5,582,701</b>	<b>1,232,149</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Public Safety:</b>				
<b>Police:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	2,192,000	2,192,000	2,151,055	40,945
Salaries, Other	140,000	140,000	115,301	24,699
Workers' Compensation Deductible	1,500	1,500	0	1,500
Uniforms	23,227	23,227	21,973	1,254
Car Allowance	20,784	20,784	20,783	1
Payroll Taxes	186,000	186,000	178,412	7,588
Retirement	189,500	189,500	143,940	45,560
<b>Total Personnel Costs</b>	<b>2,753,011</b>	<b>2,753,011</b>	<b>2,631,464</b>	<b>121,547</b>
<b>Supplies:</b>				
Office Supplies	5,000	5,000	3,695	1,305
Janitorial Supplies	1,200	1,200	1,077	123
Vehicle Operation	77,500	77,500	72,494	5,006
Departmental Supplies	29,206	29,206	25,534	3,672
K-9 Operation	1,500	1,500	1,200	300
<b>Total Supplies</b>	<b>114,406</b>	<b>114,406</b>	<b>104,000</b>	<b>10,406</b>
<b>Maintenance:</b>				
Buildings and Grounds Maintenance	4,500	4,500	4,241	259
Vehicle Maintenance	65,000	65,000	44,587	20,413
Communication System Maintenance	3,500	3,500	3,011	489
<b>Total Maintenance</b>	<b>73,000</b>	<b>73,000</b>	<b>51,839</b>	<b>21,161</b>
<b>General Services:</b>				
Telephone	23,500	23,500	25,609	(2,109)
Travel	9,200	9,200	8,991	209
Contracted Services	91,341	91,341	88,512	2,829
Dues and Subscriptions	1,500	1,500	865	635
Education	15,000	15,000	13,022	1,978
Accreditation Program	3,000	3,000	2,182	818
Rental on NCIC	8,000	8,000	4,630	3,370
<b>Total General Services</b>	<b>151,541</b>	<b>151,541</b>	<b>143,811</b>	<b>7,730</b>
<b>Contingency:</b>				
Miscellaneous	2,591	2,591	1,772	819
<b>Total Contingency</b>	<b>2,591</b>	<b>2,591</b>	<b>1,772</b>	<b>819</b>
<b>Capital Outlay:</b>				
Equipment Purchase / Replacement	540,681	540,681	529,655	11,026
<b>Total Capital Outlay</b>	<b>540,681</b>	<b>540,681</b>	<b>529,655</b>	<b>11,026</b>
<b>Total Police</b>	<b>3,635,230</b>	<b>3,635,230</b>	<b>3,462,541</b>	<b>172,689</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Jail Operations:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	300,700	300,700	284,787	15,913
Salaries, Other	15,500	15,500	15,177	323
Payroll Taxes	25,800	25,800	24,381	1,419
Retirement	26,000	26,000	24,208	1,792
<b>Total Personnel Costs</b>	<b>368,000</b>	<b>368,000</b>	<b>348,553</b>	<b>19,447</b>
<b>Supplies:</b>				
Departmental Supplies	2,000	2,000	1,767	233
<b>Total Supplies</b>	<b>2,000</b>	<b>2,000</b>	<b>1,767</b>	<b>233</b>
<b>General Services:</b>				
Travel	200	200	0	200
Education	200	200	40	160
Prisoner Care	100	100	0	100
<b>Total General Services</b>	<b>500</b>	<b>500</b>	<b>40</b>	<b>460</b>
<b>Total Jail Operations</b>	<b>370,500</b>	<b>370,500</b>	<b>350,360</b>	<b>20,140</b>
<b>Fire / Rescue:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	1,748,000	1,703,000	1,700,069	2,931
Salaries, Temporary	275,000	306,000	313,140	(7,140)
Salaries, Other	90,000	90,000	86,132	3,868
Volunteer Firemen	2,500	2,500	625	1,875
Workers' Compensation Deductible	1,500	1,500	1,000	500
Uniforms	19,061	19,061	18,653	408
Payroll Taxes	168,000	168,000	169,860	(1,860)
Retirement	150,000	146,000	141,119	4,881
<b>Total Personnel Costs</b>	<b>2,454,061</b>	<b>2,436,061</b>	<b>2,430,598</b>	<b>5,463</b>
<b>Supplies:</b>				
Office Supplies	4,000	4,000	3,689	311
Janitorial Supplies	3,600	4,100	4,330	(230)
Vehicle Operation	30,500	30,500	29,165	1,335
Ambulance Supplies	41,242	45,242	39,134	6,108
Safety Equipment	1,000	1,000	830	170
Tools	1,000	1,000	682	318
Volunteer Fire Supplies/Equipment	17,500	14,500	12,661	1,839
<b>Total Supplies</b>	<b>98,842</b>	<b>100,342</b>	<b>90,491</b>	<b>9,851</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Maintenance:</b>				
Machinery Maintenance	2,500	2,500	311	2,189
Buildings and Grounds Maintenance	239,800	239,800	80,697	159,103
Vehicle Maintenance	40,000	40,000	30,952	9,048
Communication System Maintenance	2,000	2,000	1,745	255
<b>Total Maintenance</b>	<b>284,300</b>	<b>284,300</b>	<b>113,705</b>	<b>170,595</b>
<b>General Services:</b>				
Telephone	15,500	21,500	23,439	(1,939)
Travel	1,500	1,500	1,719	(219)
Contracted Services	83,800	92,800	73,132	19,668
Education	17,540	17,540	12,222	5,318
Utilities	35,000	36,500	36,731	(231)
<b>Total General Services</b>	<b>153,340</b>	<b>169,840</b>	<b>147,243</b>	<b>22,597</b>
<b>Capital Outlay:</b>				
Equipment Purchase / Replacement	135,800	140,800	132,253	8,547
<b>Total Capital Outlay</b>	<b>135,800</b>	<b>140,800</b>	<b>132,253</b>	<b>8,547</b>
<b>Total Fire / Rescue</b>	<b>3,126,343</b>	<b>3,131,343</b>	<b>2,914,290</b>	<b>217,053</b>
<b>Total Public Safety</b>	<b>7,132,073</b>	<b>7,137,073</b>	<b>6,727,191</b>	<b>409,882</b>
<b>Public Works:</b>				
<b>Service Center:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	231,840	228,440	216,274	12,166
Salaries, Other	7,000	7,000	4,400	2,600
Workers' Compensation Deductible	800	800	144	656
Uniforms	6,500	6,500	4,991	1,509
Payroll Taxes	18,500	18,500	17,719	781
Retirement	20,000	20,000	18,980	1,020
<b>Total Personnel Costs</b>	<b>284,640</b>	<b>281,240</b>	<b>262,508</b>	<b>18,732</b>
<b>Supplies:</b>				
Office Supplies	2,948	3,348	3,154	194
Janitorial Supplies	3,300	3,300	3,394	(94)
Vehicle Operation	3,500	3,500	1,891	1,609
Safety Equipment	5,000	5,000	3,247	1,753
Tools	5,150	5,150	4,914	236
Department Supplies	10,000	10,500	10,318	182
<b>Total Supplies</b>	<b>29,898</b>	<b>30,798</b>	<b>26,918</b>	<b>3,880</b>
<b>Maintenance:</b>				
Machinery Maintenance	4,000	4,000	4,287	(287)
Buildings and Grounds Maintenance	5,000	7,500	7,331	169
Vehicle Maintenance	2,500	2,500	2,601	(101)
<b>Total Maintenance</b>	<b>11,500</b>	<b>14,000</b>	<b>14,219</b>	<b>(219)</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>General Services:</b>				
Telephone	950	1,100	1,033	67
Contracted Services	12,150	12,000	11,687	313
Education	6,000	6,000	5,400	600
Utilities	21,500	21,500	19,264	2,236
<b>Total General Services</b>	<b>40,600</b>	<b>40,600</b>	<b>37,384</b>	<b>3,216</b>
<b>Total Service Center</b>	<b>366,638</b>	<b>366,638</b>	<b>341,029</b>	<b>25,609</b>
<b>Building Maintenance:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	193,000	193,000	192,798	202
Salaries, Other	3,000	3,000	1,894	1,106
Workers' Compensation Deductible	300	300	300	0
Uniforms	1,500	1,500	1,241	259
Payroll Taxes	16,000	16,000	14,864	1,136
Retirement	15,800	15,800	15,507	293
<b>Total Personnel Costs</b>	<b>229,600</b>	<b>229,600</b>	<b>226,604</b>	<b>2,996</b>
<b>Supplies:</b>				
Office Supplies	800	800	761	39
Janitorial Supplies	1,000	1,000	687	313
Vehicle Operation	6,000	6,000	5,435	565
Safety Equipment	1,600	1,600	1,491	109
Tools	2,500	2,500	2,486	14
<b>Total Supplies</b>	<b>11,900</b>	<b>11,900</b>	<b>10,860</b>	<b>1,040</b>
<b>Maintenance:</b>				
Buildings and Grounds Maintenance	7,000	8,000	8,531	(531)
Vehicle Maintenance	3,300	2,800	2,153	647
<b>Total Maintenance</b>	<b>10,300</b>	<b>10,800</b>	<b>10,684</b>	<b>116</b>
<b>General Services:</b>				
Telephone	600	1,100	728	372
Education	3,800	2,800	549	2,251
Utilities	700	700	686	14
Contracted Services	22,835	22,835	19,177	3,658
<b>Total General Services</b>	<b>27,935</b>	<b>27,435</b>	<b>21,140</b>	<b>6,295</b>
<b>Contingency:</b>				
Miscellaneous	150	150	145	5
<b>Total Contingency</b>	<b>150</b>	<b>150</b>	<b>145</b>	<b>5</b>
<b>Total Building Maintenance</b>	<b>279,885</b>	<b>279,885</b>	<b>269,433</b>	<b>10,452</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

Street:	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Personnel Costs:</b>				
Salaries, Classified	491,000	478,800	477,337	1,463
Salaries, Other	7,000	7,000	9,239	(2,239)
Workers' Compensation Deductible	500	800	789	11
Uniforms	4,900	5,900	5,714	186
Payroll Taxes	40,500	40,500	38,695	1,805
Retirement	41,000	41,000	24,103	16,897
<b>Total Personnel Costs</b>	<b>584,900</b>	<b>574,000</b>	<b>555,877</b>	<b>18,123</b>
<b>Supplies:</b>				
Office Supplies	700	800	808	(8)
Janitorial Supplies	1,500	1,500	1,298	202
Vehicle Operation	40,000	49,000	86,529	(37,529)
Safety Equipment	5,500	5,500	3,317	2,183
Tools	110,808	110,808	84,039	26,769
Department Supplies	20,569	20,869	22,250	(1,381)
<b>Total Supplies</b>	<b>179,077</b>	<b>188,477</b>	<b>198,241</b>	<b>(9,764)</b>
<b>Maintenance:</b>				
Buildings and Grounds Maintenance	1,300	3,300	394	2,906
Vehicle Maintenance	110,000	111,500	159,326	(47,826)
Communication System Maintenance	2,500	2,500	149	2,351
Bridge Repair	3,000	3,000	0	3,000
Snow Removal	49,500	26,800	17,094	9,706
<b>Total Maintenance</b>	<b>166,300</b>	<b>147,100</b>	<b>176,963</b>	<b>(29,863)</b>
<b>General Services:</b>				
Telephone	3,500	7,500	8,013	(513)
Travel	1,000	1,000	43	957
Contracted Services	3,360	3,360	974	2,386
Education	1,000	1,000	0	1,000
Utilities	3,700	3,700	4,350	(650)
<b>Total General Services</b>	<b>12,560</b>	<b>16,560</b>	<b>13,380</b>	<b>3,180</b>
<b>Contingency:</b>				
Miscellaneous	2,000	2,000	1,039	961
<b>Total Contingency</b>	<b>2,000</b>	<b>2,000</b>	<b>1,039</b>	<b>961</b>
<b>Capital Outlay:</b>				
Guardrails, Handrails, Fences	20,069	39,769	34,354	5,415
Equipment Purchase / Replacement	90,014	90,014	74,816	15,198
Business Directional Signs	3,807	3,807	3,873	(66)
Drainage Tile and Storm Grates	6,027	3,027	1,527	1,500
<b>Total Capital Outlay</b>	<b>119,917</b>	<b>136,617</b>	<b>114,570</b>	<b>22,047</b>
<b>Total Street</b>	<b>1,064,754</b>	<b>1,064,754</b>	<b>1,060,070</b>	<b>4,684</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Sanitation:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	716,000	707,200	704,181	3,019
Salaries, Temporary	31,200	4,200	6,211	(2,011)
Salaries, Other	40,000	38,000	46,796	(8,796)
Workers' Compensation Deductible	3,000	3,000	2,360	640
Uniforms	7,400	7,400	6,716	684
Hospitalization Insurance	152,596	152,596	150,151	2,445
Dental Insurance	6,787	6,787	6,971	(184)
Life, AD&D, Disability	3,188	3,188	3,227	(39)
Payroll Taxes	64,000	61,000	61,568	(568)
Retirement	63,000	63,000	60,463	2,537
<b>Total Personnel Costs</b>	<b>1,087,171</b>	<b>1,046,371</b>	<b>1,048,644</b>	<b>(2,273)</b>
<b>Supplies:</b>				
Office Supplies	500	500	137	363
Vehicle Operation	66,000	65,500	45,084	20,416
Safety Equipment	6,501	5,501	5,332	169
Tools	1,000	1,000	711	289
Department Supplies	3,300	5,800	5,224	576
<b>Total Supplies</b>	<b>77,301</b>	<b>78,301</b>	<b>56,488</b>	<b>21,813</b>
<b>Maintenance:</b>				
Buildings and Grounds Maintenance	5,800	6,800	5,784	1,016
Vehicle Maintenance	100,000	135,000	124,234	10,766
Communication System Maintenance	1,650	1,650	1,536	114
<b>Total Maintenance</b>	<b>107,450</b>	<b>143,450</b>	<b>131,554</b>	<b>11,896</b>
<b>General Services:</b>				
Telephone	9,500	11,000	10,915	85
Contracted Services	488,608	488,608	520,311	(31,703)
Janitorial Supplies	1,000	1,000	45	955
Utilities	9,000	9,000	8,039	961
<b>Total General Services</b>	<b>508,108</b>	<b>509,608</b>	<b>539,310</b>	<b>(29,702)</b>
<b>Contingency:</b>				
Miscellaneous	2,500	2,500	1,973	527
<b>Total Contingency</b>	<b>2,500</b>	<b>2,500</b>	<b>1,973</b>	<b>527</b>
<b>Total Sanitation</b>	<b>1,782,530</b>	<b>1,780,230</b>	<b>1,777,969</b>	<b>2,261</b>
<b>Total Public Works</b>	<b>3,493,807</b>	<b>3,491,507</b>	<b>3,448,501</b>	<b>43,006</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Recreation:</b>				
<b>Golf:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	462,300	462,300	462,883	(583)
Salaries, Temporary	129,000	104,000	97,573	6,427
Salaries, Other	21,000	25,000	30,228	(5,228)
Workers' Compensation Deductible	1,000	1,000	0	1,000
Uniforms	1,500	1,500	989	511
Payroll Taxes	48,600	48,600	48,455	145
Retirement	38,000	38,000	38,597	(597)
<b>Total Personnel Costs</b>	<b>701,400</b>	<b>680,400</b>	<b>678,725</b>	<b>1,675</b>
<b>Supplies:</b>				
Office Supplies	2,500	2,900	2,909	(9)
Janitorial Supplies	1,200	1,200	1,321	(121)
Vehicle Operation	11,160	11,160	11,639	(479)
Tools	1,500	1,500	1,456	44
Botanical and Agricultural	58,000	58,000	59,306	(1,306)
Concession Supplies	68,500	61,515	62,759	(1,244)
<b>Total Supplies</b>	<b>142,860</b>	<b>136,275</b>	<b>139,390</b>	<b>(3,115)</b>
<b>Maintenance:</b>				
Machinery Maintenance	35,000	39,000	41,333	(2,333)
Buildings and Grounds Maintenance	10,000	16,150	15,428	722
Land Maintenance	20,000	16,850	7,820	9,030
Irrigation System Maintenance	8,000	8,000	5,825	2,175
<b>Total Maintenance</b>	<b>73,000</b>	<b>80,000</b>	<b>70,406</b>	<b>9,594</b>
<b>General Services:</b>				
Telephone	4,000	8,500	8,366	134
Travel	2,500	2,500	884	1,616
Contracted Services	118,000	139,000	143,232	(4,232)
Dues and Subscriptions	1,500	1,500	1,370	130
Utilities	45,000	45,000	38,995	6,005
<b>Total General Services</b>	<b>171,000</b>	<b>196,500</b>	<b>192,847</b>	<b>3,653</b>
<b>Capital Outlay:</b>				
Equipment Purchase / Replacement	50,000	45,085	45,084	1
<b>Total Capital Outlay</b>	<b>50,000</b>	<b>45,085</b>	<b>45,084</b>	<b>1</b>
<b>Total Golf</b>	<b>1,138,260</b>	<b>1,138,260</b>	<b>1,126,452</b>	<b>11,808</b>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Recreation:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	1,077,000	1,077,000	1,054,351	22,649
Salaries, Temporary	115,000	109,500	109,585	(85)
Salaries, Other	22,500	22,500	18,390	4,110
Workers' Compensation Deductible	1,000	1,800	1,684	116
Uniforms	6,500	6,500	6,233	267
Car Allowance	11,688	11,688	11,688	0
Payroll Taxes	97,200	97,200	94,942	2,258
Retirement	89,000	89,000	72,614	16,386
<b>Total Personnel Costs</b>	<b>1,419,888</b>	<b>1,415,188</b>	<b>1,369,487</b>	<b>45,701</b>
<b>Supplies:</b>				
Office Supplies	3,500	3,800	3,972	(172)
Janitorial Supplies	30,500	31,000	35,907	(4,907)
Vehicle Operation	13,500	13,500	14,082	(582)
Tools	2,000	2,000	1,975	25
Botanical and Agricultural	54,075	54,075	51,297	2,778
Concession Supplies	8,500	9,000	7,983	1,017
Department Supplies	25,206	25,206	27,628	(2,422)
Trout Supplies	37,000	37,000	31,399	5,601
<b>Total Supplies</b>	<b>174,281</b>	<b>175,581</b>	<b>174,243</b>	<b>1,338</b>
<b>Maintenance:</b>				
Machinery Maintenance	8,600	8,600	6,796	1,804
Buildings and Grounds Maintenance	62,397	62,397	56,354	6,043
Vehicle Maintenance	13,000	13,000	9,316	3,684
Pool Maintenance	7,500	7,500	6,566	934
<b>Total Maintenance</b>	<b>91,497</b>	<b>91,497</b>	<b>79,032</b>	<b>12,465</b>
<b>General Services:</b>				
Telephone	6,000	10,800	10,750	50
Travel	3,600	3,600	874	2,726
Contracted Services	71,162	69,762	69,588	174
Dues and Subscriptions	1,700	1,700	1,242	458
Education	2,650	2,650	1,188	1,462
Utilities	162,000	162,000	161,812	188
<b>Total General Services</b>	<b>247,112</b>	<b>250,512</b>	<b>245,454</b>	<b>5,058</b>
<b>Contingency:</b>				
Special Events / Community Projects	19,500	19,500	15,000	4,500
<b>Total Contingency</b>	<b>19,500</b>	<b>19,500</b>	<b>15,000</b>	<b>4,500</b>
<b>Total Recreation</b>	<b>1,952,278</b>	<b>1,952,278</b>	<b>1,883,216</b>	<b>69,062</b>
<b>Total Recreation and Golf</b>	<b>3,090,538</b>	<b>3,090,538</b>	<b>3,009,668</b>	<b>80,870</b>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (Continued)**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Capital Outlay:</b>				
Equipment Purchase / Replacement	671,771	739,571	510,950	228,621
<b>Total Capital Outlay</b>	<u>671,771</u>	<u>739,571</u>	<u>510,950</u>	<u>228,621</u>
<b>Debt Service:</b>				
Debt Service - Principal	150,000	150,000	150,000	0
Debt Service - Interest	12,200	12,200	12,200	0
Debt Service - Paying Agent Fees	850	850	0	850
<b>Total Debt Service</b>	<u>163,050</u>	<u>163,050</u>	<u>162,200</u>	<u>850</u>
<b>Total Expenditures</b>	<u>21,384,089</u>	<u>21,436,589</u>	<u>19,441,211</u>	<u>1,995,378</u>
<b>Excess of Revenues Over Expenditures</b>	<u>2,719,677</u>	<u>2,667,177</u>	<u>6,629,666</u>	<u>3,962,489</u>
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources:				
Insurance Recoveries	0	0	298,073	298,073
	<u>0</u>	<u>0</u>	<u>298,073</u>	<u>298,073</u>
Other Financing Uses:				
Transfers to Other Funds				
To Street Aid Fund	(1,180,428)	(1,180,428)	(1,180,428)	0
To Vehicle Replacement Fund	(825,933)	(825,933)	(825,933)	0
To Department of Tourism	(1,335,075)	(1,335,075)	(1,472,263)	(137,188)
To Grant Financed Projects Fund	0	(2,122,950)	(2,122,950)	0
To Public Works Construction Fund	0	(485,100)	(485,100)	0
<b>Total Operating Transfers Out</b>	<u>(3,341,436)</u>	<u>(5,949,486)</u>	<u>(6,086,674)</u>	<u>(137,188)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(3,341,436)</u>	<u>(5,949,486)</u>	<u>(5,788,601)</u>	<u>160,885</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(621,759)</u>	<u>(3,282,309)</u>	<u>841,065</u>	<u>4,123,374</u>
<b>Fund Balance - Beginning of Year</b>	<u>19,150,586</u>	<u>19,150,586</u>	<u>19,150,586</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 18,528,827</u>	<u>\$ 15,868,277</u>	<u>\$ 19,991,651</u>	<u>\$ 4,123,374</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**

**SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET**

**June 30, 2019**

	State Street Aid Fund	Special Tax Fund	Asset Forfeiture / Donation Fund	Contingency Fund	Hotel / Motel Tax Fund	Parking & Mass Transit Fund	School Fund	Tourism Fund	Total
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 0	\$ 2,734,562	\$ 1,471	\$ 0	\$ 0	\$ 778,205	\$ 0	\$ 1,715,069	\$ 5,229,307
Cash Restricted or Held for Long-Term Purposes	1,186,907	0	0	79,104	0	0	609,583	0	1,875,594
Investments	0	202,385	0	0	0	0	0	0	202,385
Receivables:									
Accounts Receivable	0	228	0	0	0	0	0	109,453	109,681
Other Tax and Nonexchange Revenue	25,717	705,076	0	0	230,958	0	60,129	0	1,021,880
Due From Other Governments	28,588	0	0	0	0	289,802	58,907	0	377,297
TCRS Stabilization Trust	0	0	0	0	0	4,875	0	5,216	10,091
<b>TOTAL ASSETS</b>	<u>\$ 1,241,212</u>	<u>\$ 3,642,251</u>	<u>\$ 1,471</u>	<u>\$ 79,104</u>	<u>\$ 230,958</u>	<u>\$ 1,072,882</u>	<u>\$ 728,619</u>	<u>\$ 1,829,738</u>	<u>\$ 8,826,235</u>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>LIABILITIES</b>									
Accounts Payable:									
Trade	\$ 65,720	\$ 52,108	\$ 0	\$ 0	\$ 0	\$ 10,544	\$ 0	\$ 49,894	\$ 178,266
Accrued Liabilities	0	0	0	0	0	10,868	0	424	11,292
Customer Deposits	0	0	0	0	0	0	0	304,210	304,210
<b>TOTAL LIABILITIES</b>	<u>65,720</u>	<u>52,108</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,412</u>	<u>0</u>	<u>354,528</u>	<u>493,768</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>25,717</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60,129</u>	<u>0</u>	<u>85,846</u>
<b>FUND BALANCE</b>									
Restricted	1,149,775	0	1,471	79,104	0	1,051,470	668,490	5,216	2,955,526
Unrestricted									
Committed	0	3,590,143	0	0	230,958	0	0	1,469,994	5,291,095
<b>TOTAL FUND BALANCE</b>	<u>1,149,775</u>	<u>3,590,143</u>	<u>1,471</u>	<u>79,104</u>	<u>230,958</u>	<u>1,051,470</u>	<u>668,490</u>	<u>1,475,210</u>	<u>8,246,621</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 1,241,212</u>	<u>\$ 3,642,251</u>	<u>\$ 1,471</u>	<u>\$ 79,104</u>	<u>\$ 230,958</u>	<u>\$ 1,072,882</u>	<u>\$ 728,619</u>	<u>\$ 1,829,738</u>	<u>\$ 8,826,235</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**

**SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**For the Year Ended June 30, 2019**

	State Street Aid Fund	Special Tax Fund	Asset Forfeiture / Donation Fund	Contingency Fund	Hotel / Motel Tax Fund	Parking & Mass Transit Fund	School Fund	Tourism Fund	Total
<b>REVENUES</b>									
Local Taxes	\$ 0	\$ 5,768,209	\$ 0	\$ 0	\$ 2,012,842	\$ 0	\$ 0	\$ 0	\$ 7,781,051
Intergovernmental	322,782	0	0	0	0	943,702	723,568	0	1,990,052
Use of Money and Property	0	844,853	34	2,025	0	36,846	18,192	20,116	922,066
Charges for Services	0	0	0	0	0	1,426,744	0	1,770,155	3,196,899
Fines, Forfeitures and Penalties	0	0	0	2,167	0	0	0	0	2,167
Contributions and Donations	0	275,620	0	0	0	0	0	0	275,620
<b>Total Revenues</b>	<u>322,782</u>	<u>6,888,682</u>	<u>34</u>	<u>4,192</u>	<u>2,012,842</u>	<u>2,407,292</u>	<u>741,760</u>	<u>1,790,271</u>	<u>14,167,855</u>
<b>EXPENDITURES</b>									
Public Safety	0	0	0	17,342	0	0	0	0	17,342
Public Works	63,716	0	0	0	0	0	0	0	63,716
Tourism Promotion	0	0	0	0	0	0	0	7,751,960	7,751,960
Parking / Mass Transit	0	0	0	0	0	2,262,661	0	0	2,262,661
Education	0	0	0	0	0	0	573,225	0	573,225
Capital Outlay	1,126,901	23,536	0	0	0	0	0	172,077	1,322,514
Capital Contributions to Component Unit	0	479,500	0	0	0	0	0	0	479,500
Debt Service	0	2,777,194	0	0	0	0	0	0	2,777,194
<b>Total Expenditures</b>	<u>1,190,617</u>	<u>3,280,230</u>	<u>0</u>	<u>17,342</u>	<u>0</u>	<u>2,262,661</u>	<u>573,225</u>	<u>7,924,037</u>	<u>15,248,112</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(867,835)</u>	<u>3,608,452</u>	<u>34</u>	<u>(13,150)</u>	<u>2,012,842</u>	<u>144,631</u>	<u>168,535</u>	<u>(6,133,766)</u>	<u>(1,080,257)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating Transfers In	1,180,428	0	0	0	0	0	0	6,712,183	7,892,611
Operating Transfers Out	0	(3,642,258)	0	0	(1,978,449)	(2,900)	0	(1,667)	(5,625,274)
<b>Total Other Financing Sources (Uses)</b>	<u>1,180,428</u>	<u>(3,642,258)</u>	<u>0</u>	<u>0</u>	<u>(1,978,449)</u>	<u>(2,900)</u>	<u>0</u>	<u>6,710,516</u>	<u>2,267,337</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>312,593</u>	<u>(33,806)</u>	<u>34</u>	<u>(13,150)</u>	<u>34,393</u>	<u>141,731</u>	<u>168,535</u>	<u>576,750</u>	<u>1,187,080</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>837,182</u>	<u>3,623,949</u>	<u>1,437</u>	<u>92,254</u>	<u>196,565</u>	<u>909,739</u>	<u>499,955</u>	<u>898,460</u>	<u>7,059,541</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,149,775</u>	<u>\$ 3,590,143</u>	<u>\$ 1,471</u>	<u>\$ 79,104</u>	<u>\$ 230,958</u>	<u>\$ 1,051,470</u>	<u>\$ 668,490</u>	<u>\$ 1,475,210</u>	<u>\$ 8,246,621</u>

See Independent Auditor's Report.

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

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Intergovernmental:</b>				
State City Street and Transportation Funds	\$ 277,218	\$ 277,218	\$ 300,672	\$ 23,454
Additional 3 Cent Gas Tax	22,432	22,432	22,110	(322)
<b>Total Intergovernmental</b>	<u>299,650</u>	<u>299,650</u>	<u>322,782</u>	<u>23,132</u>
<b>Total Revenues</b>	<u>299,650</u>	<u>299,650</u>	<u>322,782</u>	<u>23,132</u>
<b>EXPENDITURES</b>				
<b>Maintenance:</b>				
Street Repair and Maintenance	10,500	10,500	11,272	(772)
Traffic Signal Maintenance	39,545	39,545	7,379	32,166
Street Striping and Painting	67,049	67,049	45,065	21,984
<b>Total Maintenance</b>	<u>117,094</u>	<u>117,094</u>	<u>63,716</u>	<u>53,378</u>
<b>Capital Outlay:</b>				
Street Improvement Program	1,870,822	1,870,822	1,126,901	743,921
<b>Total Capital Outlay</b>	<u>1,870,822</u>	<u>1,870,822</u>	<u>1,126,901</u>	<u>743,921</u>
<b>Total Expenditures</b>	<u>1,987,916</u>	<u>1,987,916</u>	<u>1,190,617</u>	<u>797,299</u>
<b>Excess (Deficiency) of Revenues (Over) Under Expenditures</b>	<u>(1,688,266)</u>	<u>(1,688,266)</u>	<u>(867,835)</u>	<u>820,431</u>
<b>Other Financing Sources (Uses):</b>				
Transfer From Other Funds	1,180,428	1,180,428	1,180,428	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,180,428</u>	<u>1,180,428</u>	<u>1,180,428</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(507,838)</u>	<u>(507,838)</u>	<u>312,593</u>	<u>820,431</u>
<b>Fund Balance - Beginning of Year</b>	<u>837,182</u>	<u>837,182</u>	<u>837,182</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 329,344</u>	<u>\$ 329,344</u>	<u>\$ 1,149,775</u>	<u>\$ 820,431</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**SPECIAL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Local Taxes:</b>				
Gross Receipts Tax	\$ 1,621,752	\$ 1,621,752	\$ 1,799,433	\$ 177,681
Amusement Tax	1,350,279	1,350,279	1,725,910	375,631
Restaurant Tax	1,983,283	1,983,283	2,242,866	259,583
<b>Total Local Taxes</b>	<u>4,955,314</u>	<u>4,955,314</u>	<u>5,768,209</u>	<u>812,895</u>
<b>Use of Money and Property:</b>				
Interest Income	57,765	57,765	155,315	97,550
Green Fees Add on for C.I.P.	151,900	151,900	151,900	0
Parking Lot Income	500,000	500,000	500,000	0
Miscellaneous Income	0	0	37,638	37,638
<b>Total Use of Money and Property</b>	<u>709,665</u>	<u>709,665</u>	<u>844,853</u>	<u>135,188</u>
<b>Contributions:</b>				
Underground Utilities Assessment	220,000	220,000	275,620	55,620
<b>Total Contributions</b>	<u>220,000</u>	<u>220,000</u>	<u>275,620</u>	<u>55,620</u>
<b>Total Revenues</b>	<u>5,884,979</u>	<u>5,884,979</u>	<u>6,888,682</u>	<u>1,003,703</u>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	2,420,000	2,420,000	2,420,000	0
Interest	355,183	355,183	355,183	0
Legal and Issue Costs	2,200	2,200	2,011	189
<b>Total Debt Service</b>	<u>2,777,383</u>	<u>2,777,383</u>	<u>2,777,194</u>	<u>189</u>
<b>Capital Outlay:</b>				
Equipment Purchase/Replacement	0	2,448	2,448	0
Sidewalk Maintenance	29,201	26,754	21,088	5,666
<b>Total Capital Outlay</b>	<u>29,201</u>	<u>29,202</u>	<u>23,536</u>	<u>5,666</u>
<b>Contribution to Component Unit</b>	<u>479,500</u>	<u>479,500</u>	<u>479,500</u>	<u>0</u>
<b>Total Expenditures</b>	<u>3,286,084</u>	<u>3,286,085</u>	<u>3,280,230</u>	<u>5,855</u>
<b>Excess of Revenues Over Expenditures</b>	<u>2,598,895</u>	<u>2,598,894</u>	<u>3,608,452</u>	<u>1,009,558</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Public Works Construction Fund	(943,981)	(1,358,006)	(1,195,864)	162,142
Transfer to Department of Tourism	(1,503,476)	(1,503,476)	(1,734,755)	(231,279)
Transfer to Grant Financed Projects Fund	(655,639)	(711,639)	(711,639)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(3,103,096)</u>	<u>(3,573,121)</u>	<u>(3,642,258)</u>	<u>(69,137)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(504,201)</u>	<u>(974,227)</u>	<u>(33,806)</u>	<u>940,421</u>
<b>Fund Balance - Beginning of Year</b>	<u>3,623,949</u>	<u>3,623,949</u>	<u>3,623,949</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 3,119,748</u>	<u>\$ 2,649,722</u>	<u>\$ 3,590,143</u>	<u>\$ 940,421</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**ASSET FORFEITURE / DONATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Use of Money and Property:</b>				
Interest Income	\$ 7	\$ 7	\$ 34	\$ 27
<b>Total Use of Money and Property</b>	<u>7</u>	<u>7</u>	<u>34</u>	<u>27</u>
<b>Total Revenues</b>	<u>7</u>	<u>7</u>	<u>34</u>	<u>27</u>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Revenues Over Expenditures</b>	7	7	34	27
<b>Fund Balance - Beginning of Year</b>	<u>1,437</u>	<u>1,437</u>	<u>1,437</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,444</u>	<u>\$ 1,444</u>	<u>\$ 1,471</u>	<u>\$ 27</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**CONTINGENCY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
<b>REVENUES</b>				
<b>Use of Money and Property:</b>				
Interest Income	\$ 1,100	\$ 1,100	\$ 2,025	\$ 925
<b>Total Use of Money and Property</b>	<b>1,100</b>	<b>1,100</b>	<b>2,025</b>	<b>925</b>
<b>Fines, Forfeitures and Penalties:</b>				
Fines and Forfeitures and Penalties	4,600	4,600	2,167	(2,433)
<b>Total Fines, Forfeitures and Penalties</b>	<b>4,600</b>	<b>4,600</b>	<b>2,167</b>	<b>(2,433)</b>
<b>Total Revenues</b>	<b>5,700</b>	<b>5,700</b>	<b>4,192</b>	<b>(1,508)</b>
<b>EXPENDITURES</b>				
<b>Public Safety:</b>				
Miscellaneous	33,275	33,275	17,342	15,933
<b>Total Public Safety</b>	<b>33,275</b>	<b>33,275</b>	<b>17,342</b>	<b>15,933</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(27,575)</b>	<b>(27,575)</b>	<b>(13,150)</b>	<b>14,425</b>
<b>Fund Balance - Beginning of Year</b>	<b>92,254</b>	<b>92,254</b>	<b>92,254</b>	<b>0</b>
<b>Fund Balance - End of Year</b>	<b>\$ 64,679</b>	<b>\$ 64,679</b>	<b>\$ 79,104</b>	<b>\$ 14,425</b>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**HOTEL / MOTEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Local Taxes:</b>				
1/3 Hotel / Motel Tax	\$ 1,765,175	\$ 1,765,175	\$ 2,012,842	\$ 247,667
<b>Total Local Taxes</b>	1,765,175	1,765,175	2,012,842	247,667
<b>Total Revenues</b>	1,765,175	1,765,175	2,012,842	247,667
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	0	0	0	0
<b>Excess of Revenues Over Expenditures</b>	1,765,175	1,765,175	2,012,842	247,667
<b>Other Financing Uses</b>				
Transfer to Department of Tourism	(1,765,175)	(1,765,175)	(1,978,449)	(213,274)
<b>Total Other Financing Uses</b>	(1,765,175)	(1,765,175)	(1,978,449)	(213,274)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses</b>	0	0	34,393	34,393
<b>Fund Balance - Beginning of Year</b>	196,565	196,565	196,565	0
<b>Fund Balance - End of Year</b>	\$ 196,565	\$ 196,565	\$ 230,958	\$ 34,393

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**PARKING AND MASS TRANSIT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Intergovernmental:</b>				
State Mass Transit Grants	\$ 922,095	\$ 922,095	\$ 943,702	\$ 21,607
<b>Total Intergovernmental</b>	<u>922,095</u>	<u>922,095</u>	<u>943,702</u>	<u>21,607</u>
<b>Use of Money and Property:</b>				
Interest Income	5,000	5,000	16,416	11,416
Advertising Fees	16,185	16,185	17,430	1,245
Miscellaneous Income	0	0	3,000	3,000
<b>Total Use of Money and Property</b>	<u>21,185</u>	<u>21,185</u>	<u>36,846</u>	<u>15,661</u>
<b>Charges for Services:</b>				
Parking Lot Income	858,602	858,602	1,011,922	153,320
Trolley Fares	391,041	391,041	414,822	23,781
<b>Total Charges for Services</b>	<u>1,249,643</u>	<u>1,249,643</u>	<u>1,426,744</u>	<u>177,101</u>
<b>Total Revenues</b>	<u>2,192,923</u>	<u>2,192,923</u>	<u>2,407,292</u>	<u>214,369</u>
<b>EXPENDITURES</b>				
<b>Parking Lots:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	227,500	222,800	215,539	7,261
Salaries, Temporary	160,000	160,000	175,482	(15,482)
Salaries, Other	9,000	22,000	21,590	410
Uniforms	900	900	762	138
Car Allowance	5,196	3,031	3,031	0
Workers' Compensation Insurance	6,500	6,500	6,500	0
Hospitalization Insurance	85,000	85,000	88,465	(3,465)
Dental Insurance	1,635	1,635	1,609	26
Life, AD&D, Disability Insurance	850	850	763	87
Payroll Taxes	30,500	30,500	33,348	(2,848)
Retirement	17,100	14,425	9,375	5,050
Longevity Pay	10,500	9,390	9,390	0
<b>Total Personnel Costs</b>	<u>554,681</u>	<u>557,031</u>	<u>565,854</u>	<u>(8,823)</u>
<b>Supplies:</b>				
Office Supplies	7,500	9,000	8,864	136
Janitorial Supplies	1,500	1,150	1,060	90
Vehicle Operation	3,500	3,500	3,636	(136)
<b>Total Supplies</b>	<u>12,500</u>	<u>13,650</u>	<u>13,560</u>	<u>90</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**PARKING AND MASS TRANSIT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (Continued)**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Maintenance:</b>				
Machinery Maintenance	2,500	2,800	2,023	777
Buildings & Grounds Maintenance	178,722	169,222	106,212	63,010
Vehicle Maintenance	2,500	2,585	3,188	(603)
<b>Total Maintenance</b>	<b>183,722</b>	<b>174,607</b>	<b>111,423</b>	<b>63,184</b>
<b>General Services:</b>				
Telephone	2,500	4,415	5,212	(797)
Contracted Services	15,000	21,000	24,663	(3,663)
General Liability Insurance	4,000	3,700	3,695	5
Utilities	46,000	44,000	46,287	(2,287)
Property & Casualty Insurance	6,000	6,000	6,000	0
<b>Total General Services</b>	<b>73,500</b>	<b>79,115</b>	<b>85,857</b>	<b>(6,742)</b>
<b>Contingency:</b>				
Miscellaneous	250	250	0	250
<b>Total Contingency</b>	<b>250</b>	<b>250</b>	<b>0</b>	<b>250</b>
<b>Total Parking Lots</b>	<b>824,653</b>	<b>824,653</b>	<b>776,694</b>	<b>47,959</b>
<b>Mass Transit:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	439,000	439,000	442,015	(3,015)
Salaries, Temporary	414,000	367,478	342,138	25,340
Salaries, Other	8,000	8,600	8,376	224
Uniforms	3,000	3,000	2,414	586
Workers' Compensation Insurance	27,500	27,500	27,500	0
Workers' Compensation Deductible	2,000	4,000	3,570	430
Hospitalization Insurance	130,000	122,500	108,250	14,250
Dental Insurance	4,252	4,252	4,182	70
Life, AD&D, Disability Insurance	1,850	1,850	1,849	1
Payroll Taxes	67,000	67,000	62,517	4,483
Retirement	35,000	35,000	34,464	536
Longevity Pay	20,000	20,000	18,186	1,814
<b>Total Personnel Costs</b>	<b>1,151,602</b>	<b>1,100,180</b>	<b>1,055,461</b>	<b>44,719</b>
<b>Supplies:</b>				
Office Supplies	2,000	2,000	1,547	453
Vehicle Operation	90,000	100,822	113,790	(12,968)
<b>Total Supplies</b>	<b>92,000</b>	<b>102,822</b>	<b>115,337</b>	<b>(12,515)</b>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**PARKING AND MASS TRANSIT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (Continued)**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Maintenance:</b>				
Buildings & Grounds Maintenance	3,000	6,500	5,463	1,037
Vehicle Maintenance	150,000	179,100	186,667	(7,567)
Community System Maintenance	3,000	3,000	2,170	830
<b>Total Maintenance</b>	<u>156,000</u>	<u>188,600</u>	<u>194,300</u>	<u>(5,700)</u>
<b>General Services:</b>				
Telephone	5,000	9,000	8,231	769
Travel	500	500	0	500
Contracted Services	36,675	36,675	31,503	5,172
Advertising	1,000	1,000	0	1,000
General Liability Insurance	25,000	29,000	29,646	(646)
Utilities	12,000	12,000	14,693	(2,693)
Property & Casualty Insurance	28,000	28,000	28,000	0
Dues and Subscriptions	4,400	4,400	4,069	331
<b>Total General Services</b>	<u>112,575</u>	<u>120,575</u>	<u>116,142</u>	<u>4,433</u>
<b>Contingency:</b>				
Miscellaneous	4,000	4,000	4,727	(727)
<b>Total Contingency</b>	<u>4,000</u>	<u>4,000</u>	<u>4,727</u>	<u>(727)</u>
<b>Total Mass Transit</b>	<u>1,516,177</u>	<u>1,516,177</u>	<u>1,485,967</u>	<u>30,210</u>
<b>Total Expenditures</b>	<u>2,340,830</u>	<u>2,340,830</u>	<u>2,262,661</u>	<u>78,169</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(147,907)</u>	<u>(147,907)</u>	<u>144,631</u>	<u>292,538</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out to Other Funds	(2,900)	(2,900)	(2,900)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(2,900)</u>	<u>(2,900)</u>	<u>(2,900)</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(150,807)</u>	<u>(150,807)</u>	<u>141,731</u>	<u>292,538</u>
<b>Fund Balance - Beginning of Year</b>	<u>909,739</u>	<u>909,739</u>	<u>909,739</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 758,932</u>	<u>\$ 758,932</u>	<u>\$ 1,051,470</u>	<u>\$ 292,538</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHOOL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Intergovernmental:</b>				
State Mixed Drink Tax	\$ 601,695	\$ 601,695	\$ 723,568	\$ 121,873
<b>Total Intergovernmental</b>	<u>601,695</u>	<u>601,695</u>	<u>723,568</u>	<u>121,873</u>
<b>Use of Money and Property:</b>				
Interest Income	8,583	8,583	18,192	9,609
<b>Total Use of Money and Property</b>	<u>8,583</u>	<u>8,583</u>	<u>18,192</u>	<u>9,609</u>
<b>Total Revenues</b>	<u>610,278</u>	<u>610,278</u>	<u>741,760</u>	<u>131,482</u>
<b>EXPENDITURES</b>				
<b>Education:</b>				
Gatlinburg-Pittman High School	347,873	347,873	247,873	100,000
Pi Beta Phi Elementary School	356,234	356,234	325,352	30,882
<b>Total Education</b>	<u>704,107</u>	<u>704,107</u>	<u>573,225</u>	<u>130,882</u>
<b>Total Expenditures</b>	<u>704,107</u>	<u>704,107</u>	<u>573,225</u>	<u>130,882</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(93,829)</u>	<u>(93,829)</u>	<u>168,535</u>	<u>262,364</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures</b>	(93,829)	(93,829)	168,535	262,364
<b>Fund Balance - Beginning of Year</b>	<u>499,955</u>	<u>499,955</u>	<u>499,955</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 406,126</u>	<u>\$ 406,126</u>	<u>\$ 668,490</u>	<u>\$ 262,364</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**TOURISM FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Convention Center Rentals	\$ 1,184,197	\$ 1,184,197	\$ 1,169,134	\$ (15,063)
Convention Center Utility Hookups	156,695	156,695	162,185	5,490
Convention Center Equipment Rental	103,015	103,015	129,027	26,012
Concession Income	135,000	135,000	178,931	43,931
Parking Lot Income	4,000	4,000	3,258	(742)
Advertising Fees	7,000	7,000	0	(7,000)
Security Income	110,500	110,500	118,937	8,437
Interest Income	4,000	4,000	20,116	16,116
Other Revenue	15,400	15,400	8,683	(6,717)
<b>Total Revenues</b>	<u>1,719,807</u>	<u>1,719,807</u>	<u>1,790,271</u>	<u>70,464</u>
<b>EXPENDITURES</b>				
<b>Convention Center:</b>				
<b>Personnel:</b>				
Salaries, Classified	714,000	702,000	636,511	65,489
Salaries, Temporary	20,000	11,000	6,608	4,392
Salaries, Other	15,000	19,000	18,307	693
Workers' Compensation Deductible	1,200	1,200	0	1,200
Uniforms	7,000	7,000	7,122	(122)
Car Allowance	1,296	1,296	756	540
Workers' Compensation Insurance	22,000	22,000	18,710	3,290
Hospitalization Insurance	152,000	152,000	127,580	24,420
Dental Insurance	6,869	6,869	5,898	971
Life, AD&D, Disability Insurance	3,136	3,136	2,713	423
Payroll Taxes	61,000	61,000	53,941	7,059
Retirement	59,000	59,000	45,280	13,720
Longevity Pay	27,500	27,500	23,581	3,919
<b>Total Personnel</b>	<u>1,090,001</u>	<u>1,073,001</u>	<u>947,007</u>	<u>125,994</u>
<b>Supplies:</b>				
Office Supplies	2,481	2,481	1,882	599
Janitorial Supplies	27,777	27,777	27,873	(96)
Vehicle Operation	200	200	65	135
Department Supplies	4,200	5,200	4,742	458
<b>Total Supplies</b>	<u>34,658</u>	<u>35,658</u>	<u>34,562</u>	<u>1,096</u>
<b>Maintenance:</b>				
Machinery Maintenance	14,000	14,000	7,091	6,909
Buildings and Grounds Maintenance	30,000	36,000	35,349	651
Maintenance Supplies	16,852	16,852	16,652	200
<b>Total Maintenance</b>	<u>60,852</u>	<u>66,852</u>	<u>59,092</u>	<u>7,760</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**TOURISM FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>General Services:</b>				
Postage and Shipping	25	25	17	8
Telephone	13,500	24,500	25,746	(1,246)
Audit	14,500	14,500	12,500	2,000
Travel	800	800	0	800
Contracted Services	161,779	160,779	142,908	17,871
Security Services	100,130	100,130	96,016	4,114
Advertising	804,271	804,271	804,273	(2)
Dues and Subscriptions	1,000	1,000	965	35
General Liability Insurance	45,000	45,000	41,568	3,432
Education	750	750	609	141
Utilities	450,000	450,000	454,993	(4,993)
Property & Casualty Insurance	70,000	70,000	70,000	0
Promotions	1,700	1,700	1,172	528
Visitor Entertainment	3,500	3,500	1,500	2,000
<b>Total General Services</b>	<b>1,666,955</b>	<b>1,676,955</b>	<b>1,652,267</b>	<b>24,688</b>
<b>Contingency:</b>				
Miscellaneous	150	150	0	150
<b>Total Contingency</b>	<b>150</b>	<b>150</b>	<b>0</b>	<b>150</b>
<b>Capital Outlay:</b>				
Equipment Purchase / Replacement	358,682	358,682	172,077	186,605
<b>Total Capital Outlay</b>	<b>358,682</b>	<b>358,682</b>	<b>172,077</b>	<b>186,605</b>
<b>Total Convention Center</b>	<b>3,211,298</b>	<b>3,211,298</b>	<b>2,865,005</b>	<b>346,293</b>
<b>Tourism Department:</b>				
<b>Personnel:</b>				
Salaries, Temporary	28,000	28,000	21,340	6,660
Salaries, Other	200	200	177	23
Payroll Taxes	2,000	2,000	1,894	106
Longevity Pay	300	300	108	192
<b>Total Personnel</b>	<b>30,500</b>	<b>30,500</b>	<b>23,519</b>	<b>6,981</b>
<b>Maintenance:</b>				
Buildings and Grounds Maintenance	31,000	31,000	3,781	27,219
<b>Total Maintenance</b>	<b>31,000</b>	<b>31,000</b>	<b>3,781</b>	<b>27,219</b>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**TOURISM FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>General Services:</b>				
Advertising	4,574,405	4,574,839	4,574,839	0
Utilities	12,000	12,000	12,953	(953)
Co-Op Advertising	629,369	629,369	417,786	211,583
Promotions	1,500	2,200	2,190	10
Winter Lighting Program	27,500	26,366	23,964	2,402
<b>Total General Services</b>	<u>5,244,774</u>	<u>5,244,774</u>	<u>5,031,732</u>	<u>213,042</u>
<b>Total Tourism Department</b>	<u>5,306,274</u>	<u>5,306,274</u>	<u>5,059,032</u>	<u>247,242</u>
<b>Total Expenditures</b>	<u>8,517,572</u>	<u>8,517,572</u>	<u>7,924,037</u>	<u>593,535</u>
<b>Excess of Expenditures Over Revenues</b>	<u>(6,797,765)</u>	<u>(6,797,765)</u>	<u>(6,133,766)</u>	<u>663,999</u>
<b>Other Financing Sources (Uses)</b>				
Transfers To Other Funds	(1,667)	(1,667)	(1,667)	0
Transfers From Other Funds	6,480,443	6,480,443	6,712,183	231,740
<b>Total Other Financing Sources (Uses)</b>	<u>6,478,776</u>	<u>6,478,776</u>	<u>6,710,516</u>	<u>231,740</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(318,989)	(318,989)	576,750	895,739
<b>Fund Balance - Beginning of Year</b>	<u>898,460</u>	<u>898,460</u>	<u>898,460</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 579,471</u>	<u>\$ 579,471</u>	<u>\$ 1,475,210</u>	<u>\$ 895,739</u>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET

June 30, 2019

	Sinking Fund	Convention Center Debt Service Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 432,267	\$ 9,865,334	\$ 10,297,601
Investments	0	505,963	505,963
Receivables:			
Other Tax and Nonexchange Revenue	0	657,336	657,336
Interest	0	569	569
Intergovernmental	0	365,139	365,139
<b>TOTAL ASSETS</b>	<u>\$ 432,267</u>	<u>\$ 11,394,341</u>	<u>\$ 11,826,608</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 0</u>	<u>\$ 426,379</u>	<u>\$ 426,379</u>
<b>FUND BALANCE</b>			
Unrestricted:			
Committed	0	10,967,962	10,967,962
Assigned	432,267	0	432,267
<b>TOTAL FUND BALANCE</b>	<u>432,267</u>	<u>10,967,962</u>	<u>11,400,229</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 432,267</u>	<u>\$ 11,394,341</u>	<u>\$ 11,826,608</u>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

DEBT SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2019

	Sinking Fund	Convention Center Debt Service Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Local Taxes	\$ 0	\$ 4,905,435	\$ 4,905,435
Use of Money and Property	9,010	236,504	245,514
Intergovernmental	0	2,708,448	2,708,448
<b>Total Revenues</b>	<u>9,010</u>	<u>7,850,387</u>	<u>7,859,397</u>
<b>EXPENDITURES</b>			
Principal	0	2,480,000	2,480,000
Interest	0	896,618	896,618
Paying Agent Fees	0	2,771	2,771
<b>Total Expenditures</b>	<u>0</u>	<u>3,379,389</u>	<u>3,379,389</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>9,010</u>	<u>4,470,998</u>	<u>4,480,008</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers Out	0	(1,526,717)	(1,526,717)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(1,526,717)</u>	<u>(1,526,717)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	9,010	2,944,281	2,953,291
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>423,257</u>	<u>8,023,681</u>	<u>8,446,938</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 432,267</u>	<u>\$ 10,967,962</u>	<u>\$ 11,400,229</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**SINKING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Use of Money and Property:</b>				
Interest Income	\$ 1,800	\$ 1,800	\$ 9,010	\$ 7,210
<b>Total Use of Money and Property</b>	<u>1,800</u>	<u>1,800</u>	<u>9,010</u>	<u>7,210</u>
<b>Total Revenues</b>	<u>1,800</u>	<u>1,800</u>	<u>9,010</u>	<u>7,210</u>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	1,800	1,800	9,010	7,210
<b>Fund Balance - Beginning of Year</b>	<u>423,257</u>	<u>423,257</u>	<u>423,257</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 425,057</u>	<u>\$ 425,057</u>	<u>\$ 432,267</u>	<u>\$ 7,210</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**CONVENTION CENTER DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Taxes:</b>				
3/4 % Local Option Tax Increase	\$ 2,550,658	\$ 2,550,658	\$ 2,892,594	\$ 341,936
1/3 Hotel / Motel Tax	1,765,175	1,765,175	2,012,841	247,666
<b>Total Taxes</b>	<u>4,315,833</u>	<u>4,315,833</u>	<u>4,905,435</u>	<u>589,602</u>
<b>Use of Money and Property:</b>				
Interest Income	53,417	53,417	236,504	183,087
<b>Total Use of Money and Property</b>	<u>53,417</u>	<u>53,417</u>	<u>236,504</u>	<u>183,087</u>
<b>Intergovernmental:</b>				
State Sales Tax	1,407,976	1,407,976	1,708,448	300,472
Sevier County	1,000,000	1,000,000	1,000,000	0
<b>Total Intergovernmental</b>	<u>2,407,976</u>	<u>2,407,976</u>	<u>2,708,448</u>	<u>300,472</u>
<b>Total Revenues</b>	<u>6,777,226</u>	<u>6,777,226</u>	<u>7,850,387</u>	<u>1,073,161</u>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	2,480,000	2,480,000	2,480,000	0
Interest	896,618	896,618	896,618	0
Paying Agent Fees	3,800	3,800	2,771	1,029
<b>Total Debt Service</b>	<u>3,380,418</u>	<u>3,380,418</u>	<u>3,379,389</u>	<u>1,029</u>
<b>Total Expenditures</b>	<u>3,380,418</u>	<u>3,380,418</u>	<u>3,379,389</u>	<u>1,029</u>
<b>Excess of Revenues Over Expenditures</b>	<u>3,396,808</u>	<u>3,396,808</u>	<u>4,470,998</u>	<u>1,074,190</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Department of Tourism	(1,876,717)	(1,876,717)	(1,526,717)	350,000
<b>Total Other Financing Uses</b>	<u>(1,876,717)</u>	<u>(1,876,717)</u>	<u>(1,526,717)</u>	<u>350,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses</b>	1,520,091	1,520,091	2,944,281	1,424,190
<b>Fund Balance - Beginning of Year</b>	<u>8,023,681</u>	<u>8,023,681</u>	<u>8,023,681</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 9,543,772</u>	<u>\$ 9,543,772</u>	<u>\$ 10,967,962</u>	<u>\$ 1,424,190</u>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET

June 30, 2019

	Vehicle Replacement Fund	Public Works Construction Fund	Grant Financed Projects Fund	Total
<b>ASSETS</b>				
Cash Restricted or Held for Long-Term Purposes	\$ 471,716	\$ 2,129,981	\$ 2,235,216	\$ 4,836,913
Due From Other Governments	<u>0</u>	<u>0</u>	<u>221,156</u>	<u>221,156</u>
<b>TOTAL ASSETS</b>	<u>\$ 471,716</u>	<u>\$ 2,129,981</u>	<u>\$ 2,456,372</u>	<u>\$ 5,058,069</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ <u>0</u>	\$ <u>24,930</u>	\$ <u>215,592</u>	\$ <u>240,522</u>
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>24,930</u>	<u>215,592</u>	<u>240,522</u>
<b>FUND BALANCE</b>				
Restricted	0	0	2,240,780	2,240,780
Unrestricted:				
Committed	<u>471,716</u>	<u>2,105,051</u>	<u>0</u>	<u>2,576,767</u>
<b>TOTAL FUND BALANCE</b>	<u>471,716</u>	<u>2,105,051</u>	<u>2,240,780</u>	<u>4,817,547</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 471,716</u>	<u>\$ 2,129,981</u>	<u>\$ 2,456,372</u>	<u>\$ 5,058,069</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

**For the Year Ended June 30, 2019**

	Vehicle Replacement Fund	Public Works Construction Fund	Grant Financed Projects Fund	Total
<b>REVENUES</b>				
Intergovernmental	\$ 0	\$ 0	\$ 202,120	\$ 202,120
Miscellaneous Income	9,900	1,501	0	11,401
<b>Total Revenues</b>	<u>9,900</u>	<u>1,501</u>	<u>202,120</u>	<u>213,521</u>
<b>EXPENDITURES</b>				
Capital Outlay	1,222,573	727,341	1,090,419	3,040,333
Grant Match for Gatlinburg-Pigeon Forge Airport Authority	<u>0</u>	<u>0</u>	<u>30,639</u>	<u>30,639</u>
<b>Total Expenditures</b>	<u>1,222,573</u>	<u>727,341</u>	<u>1,121,058</u>	<u>3,070,972</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(1,212,673)</u>	<u>(725,840)</u>	<u>(918,938)</u>	<u>(2,857,451)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	830,500	1,413,465	3,110,889	5,354,854
Operating Transfers Out	<u>0</u>	<u>(8,800)</u>	<u>0</u>	<u>(8,800)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>830,500</u>	<u>1,404,665</u>	<u>3,110,889</u>	<u>5,346,054</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	(382,173)	678,825	2,191,951	2,488,603
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>853,889</u>	<u>1,426,226</u>	<u>48,829</u>	<u>2,328,944</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 471,716</u>	<u>\$ 2,105,051</u>	<u>\$ 2,240,780</u>	<u>\$ 4,817,547</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**PUBLIC WORKS CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Project Authorization	Prior Years	Current Year	Total To Date
<b>REVENUES</b>				
<b>Miscellaneous</b>				
Miscellaneous Income			1,501	
<b>Total Revenues</b>			<b>\$ 1,501</b>	
<b>EXPENDITURES</b>				
<b>Capital Outlay:</b>				
Wayfinding Program	\$ 37,500	\$ 15,803	8,619	\$ 24,422
Aq. and McMahan Parking Garage Rehab	70,000	34,809	34,809	69,618
Community Center Roof	632,900	2,900	1,889	4,789
Wildfires Memorial Project	211,850	5,375	103,477	108,852
Cherokee Orchard Slope	289,700	277,319	14,919	292,238
City Hall Repairs/Renovations	186,000	42,639	38,128	80,767
Sanitation Office Building	500,000	58,713	315,213	373,926
Winter Lights Refresh	90,615	0	84,858	84,858
Wood Whittler Traffic Signal	40,000	0	86	86
Parkway Crosswalks	78,700	0	43,676	43,676
Slope Stabilization, Highway 441 Metered Lot	235,325	0	269	269
Big Belly Trash Receptacles	29,596	0	29,538	29,538
Bridge Replacement	0	0	257	257
Rocky Top and Rec Dept Storage Building	97,020	0	83	83
Mills Park Press Box Rebuild	62,638	0	51,520	51,520
<b>Total Capital Outlay</b>		<b>\$ 437,558</b>	<b>727,341</b>	<b>\$ 1,164,899</b>
<b>Total Expenditures</b>			<b>727,341</b>	
<b>Deficiency of Revenues</b>				
<b>Under Expenditures</b>				
			(725,840)	
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds			1,413,465	
Transfers To Other Funds			(8,800)	
<b>Total Other Financing Sources (Uses)</b>			<b>1,404,665</b>	
<b>Excess (Deficiency) of Revenues and Other</b>				
<b>Financing Sources Over (Under) Expenditures</b>				
<b>and Other Financing Uses</b>				
			678,825	
<b>Fund Balance - Beginning of Year</b>				
			1,426,226	
<b>Fund Balance - End of Year</b>				
			\$ 2,105,051	

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**VEHICLE REPLACEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	<u>Project Authorization</u>	<u>Current Year</u>
<b>REVENUES</b>		
<b>Miscellaneous</b>		
Miscellaneous Income		\$ <u>9,900</u>
<b>Total Miscellaneous</b>		<u>9,900</u>
<b>Total Revenues</b>		<u>9,900</u>
<b>EXPENDITURES</b>		
<b>Capital Outlay:</b>		
Equipment Purchase/ Replacement	\$ 1,246,000	<u>1,222,573</u>
<b>Total Capital Outlay</b>		<u>1,222,573</u>
<b>Total Expenditures</b>		<u>1,222,573</u>
<b>Deficiency of Revenues Under Expenditures</b>		<u>(1,212,673)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers From Other Funds		<u>830,500</u>
<b>Total Other Financing Sources (Uses)</b>		<u>830,500</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>		(382,173)
<b>Fund Balance - Beginning of Year</b>		<u>853,889</u>
<b>Fund Balance - End of Year</b>		\$ <u><u>471,716</u></u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**GRANT FINANCED PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Project Authorization	Prior Years	Current Year	Total To Date
<b>REVENUES</b>				
<b>Intergovernmental:</b>				
			\$	
Grant - Stephens Drive Bridge			143,152	
Grant - Recreation Equipment			58,968	
<b>Total Revenues</b>			202,120	
<b>EXPENDITURES</b>				
<b>Capital Outlay:</b>				
TDOT Grant - 2015 Capital Assistance	\$ 455,188	\$ 257,276	0	\$ 257,276
US 321 Safety Upgrade & RTSW Trolley Stop	416,880	20,175	62,175	82,350
Slopes Repairs - Feb 2019 Floods	2,122,950	0	846,544	846,544
Stephens Bridge Repair	277,500	1,200	181,700	182,900
<b>Total Capital Outlay</b>		\$ 278,651	1,090,419	\$ 1,369,070
<b>Other:</b>				
Grant Match for Gatlinburg-Pigeon Forge Airport Authority	30,639		30,639	30,639
<b>Total Expenditures</b>			1,121,058	
<b>Deficiency of Revenues</b>				
<b>Under Expenditures</b>				
			(918,938)	
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds			3,110,889	
<b>Total Other Financing Sources (Uses)</b>			3,110,889	
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>				
			2,191,951	
<b>Fund Balance - Beginning of Year</b>				
			48,829	
<b>Fund Balance - End of Year</b>				
			\$ 2,240,780	

See Independent Auditor's Report.

**OTHER INFORMATION SECTION**

**CITY OF GATLINBURG, TENNESSEE**  
**SOLID WASTE / SANITATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance-
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
<b>Use of Money and Property:</b>				
Interest Income	\$ 800	\$ 800	\$ 1,757	\$ 957
<b>Total Use of Money and Property</b>	<u>800</u>	<u>800</u>	<u>1,757</u>	<u>957</u>
<b>Charges for Services:</b>				
Solid Waste Disposal / Pick Up Fees	220,974	220,974	229,202	8,228
<b>Total Charges for Services</b>	<u>220,974</u>	<u>220,974</u>	<u>229,202</u>	<u>8,228</u>
<b>Total Revenues</b>	<u>221,774</u>	<u>221,774</u>	<u>230,959</u>	<u>9,185</u>
<b>EXPENDITURES</b>				
<b>Sanitation:</b>				
<b>Personnel Costs:</b>				
Salaries, Classified	716,000	707,200	704,181	3,019
Salaries, Temporary	31,200	4,200	6,211	(2,011)
Salaries, Other	40,000	38,000	46,796	(8,796)
Workers' Compensation Deductible	3,000	3,000	2,360	640
Uniforms	7,400	7,400	6,716	684
Hospitalization Insurance	152,596	152,596	150,151	2,445
Dental Insurance	6,787	6,787	6,971	(184)
Life, AD&D, Disability Insurance	3,188	3,188	3,227	(39)
Payroll Taxes	64,000	61,000	61,568	(568)
Retirement	63,000	63,000	60,463	2,537
<b>Total Personnel Costs</b>	<u>1,087,171</u>	<u>1,046,371</u>	<u>1,048,644</u>	<u>(2,273)</u>
<b>Supplies:</b>				
Office Supplies	500	500	137	363
Vehicle Operation	66,000	65,500	45,084	20,416
Safety Equipment	6,501	5,501	5,332	169
Tools	1,000	1,000	711	289
Department Supplies	3,300	5,800	5,224	576
<b>Total Supplies</b>	<u>77,301</u>	<u>78,301</u>	<u>56,488</u>	<u>21,813</u>
<b>Maintenance:</b>				
Buildings & Grounds Maintenance	5,800	6,800	5,784	1,016
Vehicle Maintenance	100,000	135,000	124,234	10,766
Communication System Maintenance	1,650	1,650	1,536	114
<b>Total Maintenance</b>	<u>107,450</u>	<u>143,450</u>	<u>131,554</u>	<u>11,896</u>
<b>General Services:</b>				
Telephone	9,500	11,000	10,915	85
Contracted Services	488,608	488,608	520,311	(31,703)
Janitorial Supplies	1,000	1,000	45	955
Utilities	9,000	9,000	8,039	961
<b>Total General Services</b>	<u>508,108</u>	<u>509,608</u>	<u>539,310</u>	<u>(29,702)</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**SOLID WASTE / SANITATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (Continued)**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Contingency:</b>				
Miscellaneous	2,500	2,500	1,973	527
<b>Total Contingency</b>	<u>2,500</u>	<u>2,500</u>	<u>1,973</u>	<u>527</u>
<b>Total Sanitation</b>	<u>1,782,530</u>	<u>1,780,230</u>	<u>1,777,969</u>	<u>2,261</u>
<b>Capital Outlay:</b>				
Equipment Purchase / Replacement	16,570	17,870	14,801	3,069
<b>Total Capital Outlay</b>	<u>16,570</u>	<u>17,870</u>	<u>14,801</u>	<u>3,069</u>
<b>Debt Service:</b>				
Principal	100,000	100,000	100,000	0
Interest	8,000	8,000	8,000	0
<b>Total Debt Service</b>	<u>108,000</u>	<u>108,000</u>	<u>108,000</u>	<u>0</u>
<b>Total Expenditures</b>	<u>1,907,100</u>	<u>1,906,100</u>	<u>1,900,770</u>	<u>5,330</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,685,326)</u>	<u>(1,684,326)</u>	<u>(1,669,811)</u>	<u>14,515</u>
<b>Other Financing Sources (Uses)</b>				
Transfer From General Fund	1,829,125	1,829,125	1,829,125	0
Transfer To Other Funds	(145,000)	(145,000)	(145,000)	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,684,125</u>	<u>1,684,125</u>	<u>1,684,125</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures</b>	<u>(1,201)</u>	<u>(201)</u>	<u>14,314</u>	<u>14,515</u>
<b>Fund Balance - Beginning of Year</b>	<u>185,817</u>	<u>185,817</u>	<u>185,817</u>	<u>0</u>
<b>Fund Balance - End of Year</b>	<u>\$ 184,616</u>	<u>\$ 185,616</u>	<u>\$ 200,131</u>	<u>\$ 14,515</u>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF UTILITY RATES

June 30, 2019

Water Rates:

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

<u>Meter Size</u>	<u>Charge (for &lt; 1,750 ft. elevation)</u>
5/8"-3/4"	\$ 6.46 minimum charge
<b>1"</b>	<b>16.55 minimum charge</b>
1 1/2"-2"	22.06 minimum charge
<b>3"</b>	<b>33.10 minimum charge</b>
4"	44.14 minimum charge
<b>6"</b>	<b>66.20 minimum charge</b>
>= 8"	99.30 minimum charge

Usage in excess of 2,000 gallons per month for all meter sizes at an elevation below 1,750 feet is \$3.23 per 1,000 gallons. At or above an elevation of 1,750 feet is \$3.73 per 1,000 gallons. Rates outside the City are 25% higher.

Number of Water Customers: 3,152

Wastewater Rates:

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

<u>Meter Size</u>	<u>Charge (for &lt; 1,750 ft. elevation)</u>
5/8"-3/4"	\$ 10.14 minimum charge
<b>1"</b>	<b>24.00 minimum charge</b>
1 1/2"-2"	32.00 minimum charge
<b>3"</b>	<b>44.00 minimum charge</b>
4"	64.00 minimum charge
<b>6"</b>	<b>96.00 minimum charge</b>
8"	144.00 minimum charge

Usage in excess of 2,000 gallons per month is \$5.07 per 1,000 gallons. Rates outside the City are 25% higher.

Number of Wastewater Customers: 2,042

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

# CITY OF GATLINBURG, TENNESSEE

## AWWA WATER AUDIT REPORTING WORKSHEET

### For the Year Ended June 30, 2019



**AWWA Free Water Audit Software:**  
**Reporting Worksheet**

WAS v5.0  
American Water Works Association.  
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[?](#) Click to access definition

[+](#) Click to add a comment

**Water Audit Report for:** City of Gatlinburg (0000256)

**Reporting Year:** 2019 / 7/2018 - 6/2019

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

---

**WATER SUPPLIED**

----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	+	?	8	742.641	MG/Yr
Water imported:	+	?	9	95.045	MG/Yr
Water exported:	+	?	9	46.723	MG/Yr
<b>WATER SUPPLIED:</b>				<b>790.963</b>	MG/Yr

**AUTHORIZED CONSUMPTION**

Billed metered:	+	?	9	643.587	MG/Yr
Billed unmetered:	+	?	10	0.000	MG/Yr
Unbilled metered:	+	?	9	8.628	MG/Yr
Unbilled unmetered:	+	?	9	6.670	MG/Yr
<b>AUTHORIZED CONSUMPTION:</b>				<b>658.885</b>	MG/Yr

**WATER LOSSES (Water Supplied - Authorized Consumption)**

**132.078** MG/Yr

**Apparent Losses**

Unauthorized consumption: + ? 1.977 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: + ? 8 16.723 MG/Yr

Systematic data handling errors: + ? 1.609 MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses:** ? 20.310 MG/Yr

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses: ? 111.768 MG/Yr

**WATER LOSSES:** ? 132.078 MG/Yr

---

**NON-REVENUE WATER**

**NON-REVENUE WATER:** ? 147.376 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains: + ? 8 97.0 miles

Number of active AND inactive service connections: + ? 7 3,831

Service connection density: ? 39 conn./mile main

Are customer meters typically located at the curbside or property line? Yes

Average length of customer service line: + ? ? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: + ? 7 100.0 psi

---

**COST DATA**

Total annual cost of operating water system: + ? 10 \$2,575,486 \$/Year

Customer retail unit cost (applied to Apparent Losses): + ? 9 \$7.64 \$/1000 gallons (US)

Variable production cost (applied to Real Losses): + ? 8 \$786.13 \$/Million gallons  Use Customer Retail Unit Cost to value real losses

---

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 82 out of 100 \*\*\*

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Unauthorized consumption

3: Systematic data handling errors

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**AWWA WATER AUDIT PERFORMANCE INDICATORS**  
**For the Year Ended June 30, 2019**

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association. Copyright © 2014, All Rights Reserved.
Water Audit Report for: <input type="text" value="City of Gatlinburg (0000256)"/>		
Reporting Year: <input type="text" value="2019"/> <input type="text" value="7/2018 - 6/2019"/>		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***		
<b>System Attributes:</b>		
	Apparent Losses:	<input type="text" value="20.310"/> MG/Yr
	+ Real Losses:	<input type="text" value="111.768"/> MG/Yr
	= <b>Water Losses:</b>	<input type="text" value="132.078"/> MG/Yr
<input type="text" value="?"/>	Unavoidable Annual Real Losses (UARL):	<input type="text" value="40.13"/> MG/Yr
	Annual cost of Apparent Losses:	<input type="text" value="\$155,167"/>
	Annual cost of Real Losses:	<input type="text" value="\$87,864"/> Valued at <b>Variable Production Cost</b>
		<small>Return to Reporting Worksheet to change this assumption</small>
<b>Performance Indicators:</b>		
Financial:	Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="18.6%"/>
	Non-revenue water as percent by cost of operating system:	<input type="text" value="9.9%"/> Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	<input type="text" value="14.52"/> gallons/connection/day
	Real Losses per service connection per day:	<input type="text" value="79.93"/> gallons/connection/day
	Real Losses per length of main per day*:	<input type="text" value="N/A"/>
	Real Losses per service connection per day per psi pressure:	<input type="text" value="0.80"/> gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="111.77"/> million gallons/year
<input type="text" value="?"/>	Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="2.79"/>

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

**CITY OF GATLINBURG, TENNESSEE**

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

**June 30, 2019**

	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2018</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding June 30, 2019</u>
<b>Governmental Activities</b>									
<b>Bonds Payable</b>									
<u>Payable through General Fund</u>									
Series 2009 General Obligation Refunding Bond	1,585,000	2.00-4.00 %	02/19/09	06/01/20	\$ 200,000	\$ 0	\$ 100,000	\$ 0	100,000
Series 2013B General Obligation Bond	9,850,000	2.00 - 4.25 %	09/20/13	06/01/37	<u>9,750,000</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>9,700,000</u>
Total Payable through General Fund					<u>9,950,000</u>	<u>0</u>	<u>150,000</u>	<u>0</u>	<u>9,800,000</u>
<u>Payable through Special Tax Fund</u>									
Series 2009 General Obligation Refunding Bond	2,025,000	2.00-4.15 %	02/19/09	06/01/25	1,175,000	0	140,000	0	1,035,000
Series 2013A General Obligation Refunding Bond	** 5,425,000	2.00 %	03/01/13	05/01/22	2,275,000	0	690,000	0	1,585,000
Series 2011 General Obligation Bond	7,600,000	2.00-3.50 %	09/01/11	05/01/31	6,910,000	0	130,000	0	6,780,000
Series 2014B General Obligation Refunding Bond	8,465,000	1.75 - 3.00 %	04/30/14	06/30/20	<u>2,940,000</u>	<u>0</u>	<u>1,460,000</u>	<u>0</u>	<u>1,480,000</u>
Total Payable through Special Tax Fund					<u>13,300,000</u>	<u>0</u>	<u>2,420,000</u>	<u>0</u>	<u>10,880,000</u>
<u>Payable through Convention Center Debt Service Fund</u>									
Series 2012 General Obligation Bond	9,730,000	2.00-3.00 %	12/12/12	06/01/37	9,315,000	0	105,000	0	9,210,000
Series 2014A General Obligation Bond	7,465,000	2.00-4.00 %	03/31/14	06/01/37	7,390,000	0	25,000	0	7,365,000
Series 2009 General Obligation Refunding Bond	4,575,000	4.00 %	02/19/09	06/01/19	<u>2,350,000</u>	<u>0</u>	<u>2,350,000</u>	<u>0</u>	<u>0</u>
Total Payable through Convention Center Debt Service Fund					<u>19,055,000</u>	<u>0</u>	<u>2,480,000</u>	<u>0</u>	<u>16,575,000</u>
<b>Total Governmental Activities</b>					<b>\$ <u>42,305,000</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>5,050,000</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>37,255,000</u></b>
<b>Business-Type Activities</b>									
<b>Bonds Payable</b>									
<u>Payable through Water Fund</u>									
Series 2013A General Obligation Refunding Bond	\$ ** 900,000	2.00 %	03/01/13	05/01/22	\$ <u>425,000</u>	\$ <u>0</u>	\$ <u>100,000</u>	\$ <u>0</u>	\$ <u>325,000</u>
<u>Payable through Wastewater Fund</u>									
Series 2016 General Obligation Bonds	3,650,000	2.00-2.20 %	10/20/16	06/01/37	<u>2,750,000</u>	<u>0</u>	<u>450,000</u>	<u>0</u>	<u>2,300,000</u>
<b>Total Business-Type Activities</b>					<b>\$ <u>3,175,000</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>550,000</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>2,625,000</u></b>

\*\*Total issue \$6,325,000 - allocated between governmental and business-type activities.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS**  
**As of June 30, 2019**

Fiscal Year Ended June 30,	Existing Debt Principal	Interest	Total
2020	\$ 4,015,000	\$ 1,171,635	\$ 5,186,635
2021	2,495,000	1,089,760	3,584,760
2022	2,175,000	1,035,585	3,210,585
2023	2,070,000	986,635	3,056,635
2024	2,085,000	925,810	3,010,810
2025-2029	11,085,000	3,719,435	14,804,435
2030-2034	10,125,000	2,000,905	12,125,905
2035-2039	5,830,000	421,528	6,251,528
	<u>\$ 39,880,000</u>	<u>\$ 11,351,293</u>	<u>\$ 51,231,293</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULE OF BOND OBLIGATIONS TO MATURITY**  
**BEGINNING 07/01/2019 – 6/30/2020**

**\$9,730,000 General Obligation Bonds**  
**Series 2012 (Fire Truck - \$460,000 & Sports Complex - 9,270,000)**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 105,000	\$ 229,890	\$ 334,890
2020-2021	105,000	227,790	332,790
2021-2022	105,000	225,690	330,690
2022-2023	50,000	223,590	273,590
2023-2024	510,000	222,590	732,590
2024-2025	525,000	212,390	737,390
2025-2026	540,000	201,890	741,890
2026-2027	560,000	191,090	751,090
2027-2028	580,000	178,490	758,490
2028-2029	600,000	165,440	765,440
2029-2030	620,000	151,940	771,940
2030-2031	635,000	139,540	774,540
2031-2032	655,000	123,665	778,665
2032-2033	680,000	108,600	788,600
2033-2034	700,000	88,200	788,200
2034-2035	725,000	67,200	792,200
2035-2036	745,000	45,450	790,450
2036-2037	770,000	23,100	793,100
	<u>\$ 9,210,000</u>	<u>\$ 2,826,545</u>	<u>\$ 12,036,545</u>

**\$1,585,000 General Obligation Refunding Bonds**  
**Series 2009, Dated 2/19/2009**  
**Refunded Bonds of Sevier Solid Waste, Inc.**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 100,000	\$ 4,000	\$ 104,000

**\$6,325,000 General Obligation Refunding Bonds**  
**Series 2013A, Dated 3/1/2013, \$900,000 Water Portion**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 105,000	\$ 6,500	\$ 111,500
2020-2021	105,000	4,400	109,400
2021-2022	115,000	2,300	117,300
	<u>\$ 325,000</u>	<u>\$ 13,200</u>	<u>\$ 338,200</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULE OF BOND OBLIGATIONS TO MATURITY (Continued)**  
**BEGINNING 07/01/2019 – 6/30/2020**

**\$2,025,000 General Obligation Bonds, Series 2009**  
**Dated 02/19/2009**  
**Refunded \$2,020,000 PBA of Sevier County**  
**Series IV-I-4**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 145,000	\$ 41,970	\$ 186,970
2020-2021	160,000	36,170	196,170
2021-2022	170,000	29,770	199,770
2022-2023	180,000	22,970	202,970
2023-2024	190,000	15,770	205,770
2024-2025	190,000	7,885	197,885
	<u>\$ 1,035,000</u>	<u>\$ 154,535</u>	<u>\$ 1,189,535</u>

**\$6,325,000 General Obligation**  
**Refunding Bonds**  
**Series 2013A, Dated 3/1/2013, \$5,425,000 CIP & Golf Portion**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 710,000	\$ 31,700	\$ 741,700
2020-2021	720,000	17,500	737,500
2021-2022	155,000	3,100	158,100
	<u>\$ 1,585,000</u>	<u>\$ 52,300</u>	<u>\$ 1,637,300</u>

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF BOND OBLIGATIONS TO MATURITY (Continued)

BEGINNING 07/01/2019 – 6/30/2020

**\$7,600,000 General Obligation Bonds  
Series 2011, Dated 09/01/2011  
Phase VI Undergrounding**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 135,000	\$ 211,713	\$ 346,713
2020-2021	140,000	209,013	349,013
2021-2022	335,000	205,513	540,513
2022-2023	520,000	197,138	717,138
2023-2024	540,000	182,838	722,838
2024-2025	575,000	166,638	741,638
2025-2026	795,000	149,388	944,388
2026-2027	685,000	125,538	810,538
2027-2028	715,000	103,275	818,275
2028-2029	745,000	80,038	825,038
2029-2030	780,000	55,825	835,825
2030-2031	815,000	28,525	843,525
	<u>\$ 6,780,000</u>	<u>\$ 1,715,438</u>	<u>\$ 8,495,438</u>

**\$9,850,000 General Obligation Bonds  
Series 2013B, Dated 09/20/2013**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 50,000	\$ 371,908	\$ 421,908
2020-2021	50,000	370,533	420,533
2021-2022	50,000	369,158	419,158
2022-2023	50,000	367,783	417,783
2023-2024	560,000	366,408	926,408
2024-2025	580,000	349,608	929,608
2025-2026	595,000	331,048	926,048
2026-2027	610,000	312,008	922,008
2027-2028	625,000	292,488	917,488
2028-2029	640,000	269,050	909,050
2029-2030	655,000	243,450	898,450
2030-2031	680,000	217,250	897,250
2031-2032	700,000	190,050	890,050
2032-2033	715,000	162,050	877,050
2033-2034	745,000	133,450	878,450
2034-2035	770,000	101,788	871,788
2035-2036	800,000	69,063	869,063
2036-2037	825,000	35,063	860,063
	<u>\$ 9,700,000</u>	<u>\$ 4,552,150</u>	<u>\$ 14,252,150</u>

See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF BOND OBLIGATIONS TO MATURITY (Continued)

BEGINNING 07/01/2019 – 6/30/2020

**\$7,465,000 General Obligation Bonds  
Series 2014A, Dated 03/31/14**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 1,075,000	\$ 201,170	\$ 1,276,170
2020-2021	1,105,000	179,670	1,284,670
2021-2022	1,130,000	157,570	1,287,570
2022-2023	1,155,000	134,970	1,289,970
2023-2024	170,000	100,320	270,320
2024-2025	170,000	96,070	266,070
2025-2026	175,000	91,480	266,480
2026-2027	180,000	86,230	266,230
2027-2028	190,000	80,830	270,830
2028-2029	195,000	74,940	269,940
2029-2030	200,000	68,505	268,505
2030-2031	205,000	61,505	266,505
2031-2032	215,000	54,125	269,125
2032-2033	220,000	46,170	266,170
2033-2034	230,000	38,030	268,030
2034-2035	240,000	29,520	269,520
2035-2036	250,000	20,400	270,400
2036-2037	260,000	10,400	270,400
	<u>\$ 7,365,000</u>	<u>\$ 1,531,905</u>	<u>\$ 8,896,905</u>

**\$8,465,000 General Obligation Bonds  
Series 2014B, Dated 04/30/14**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 1,480,000	\$ 25,900	\$ 1,505,900

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF BOND OBLIGATIONS TO MATURITY (Continued)

BEGINNING 07/01/2019 – 6/30/2020

**\$3,650,000 General Obligation Bonds  
Series 2016, Dated 10/20/16**

<u>Fiscal Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Principal &amp; Interest Due</u>
2019-2020	\$ 110,000	\$ 46,885	\$ 156,885
2020-2021	110,000	44,685	154,685
2021-2022	115,000	42,485	157,485
2022-2023	115,000	40,185	155,185
2023-2024	115,000	37,885	152,885
2024-2025	120,000	35,585	155,585
2025-2026	120,000	33,185	153,185
2026-2027	125,000	30,785	155,785
2027-2028	125,000	28,285	153,285
2028-2029	125,000	25,785	150,785
2029-2030	130,000	23,285	153,285
2030-2031	130,000	20,685	150,685
2031-2032	135,000	18,085	153,085
2032-2033	140,000	15,385	155,385
2033-2034	140,000	12,585	152,585
2034-2035	145,000	9,645	154,645
2035-2036	150,000	6,600	156,600
2036-2037	150,000	3,300	153,300
	<u>\$ 2,300,000</u>	<u>\$ 475,320</u>	<u>\$ 2,775,320</u>

See Independent Auditor's Report.

**CITY OF GATLINBURG TENNESSEE**  
**SCHEDULES OF PROPERTY TAX INFORMATION**  
**For the Year Ended June 30, 2019**

**CHANGES IN TAXES RECEIVABLE**

	Current Year	Prior Years	Total
<b>Balance at Beginning of Year</b>	\$ 0	\$ 936,058	\$ 936,058
Add: Fiscal Year 2019 Taxes Levied	929,898	0	929,898
Less: Taxes Collected	0	(851,653)	(851,653)
	929,898	84,405	1,014,303
Allowance for Uncollectible Accounts	(28,612)	(47,241)	(75,853)
<b>Balance at End of Year</b>	<b>\$ 901,286</b>	<b>\$ 37,164</b>	<b>\$ 938,450</b>

**TAX ASSESSMENTS AND UNPAID BALANCES**

Tax Year	Assessed Values	Tax Rate Per \$100	Total Levy	Adjustments, Collections, Releases and Abatements in Prior Years	Adjustments, Collections, Releases and Abatements in Current Year	Unpaid Balances
2019	\$ 583,499,473	0.1592%	\$ 929,898	\$ 0	\$ 0	\$ 929,898
2018	521,778,404	0.1592%	830,417	0	804,866	25,551
2017	490,656,407	0.1592%	781,125	745,838	22,405	12,882
2016	549,191,840	0.1592%	873,547	852,476	10,960	10,111
2015	542,379,830	0.1592%	862,731	847,340	5,031	10,360
2014	547,371,482	0.1592%	871,415	858,569	4,327	8,519
2013	544,964,104	0.1592%	867,583	859,743	2,099	5,741
2012	546,484,648	0.1592%	870,004	863,528	1,048	5,428
2011	549,014,195	0.1592%	874,031	870,478	758	2,795
2010	580,747,893	0.1493%	867,057	865,402	46	1,609
2009	577,349,914	0.1493%	861,983	860,461	113	1,409
						<b>\$ 1,014,303</b>

Property taxes unpaid for periods prior to 2009 have been filed with the Sevier County Circuit Court Clerk.

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

Department	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Building &amp; Planning</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>5</b>
Building Maintenance	5	5	5	5	5	5	5	5	5	5
<b>City Manager's Office</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Convention Center	21	21	21	21	21	21	21	21	34	32
<b>Finance</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>11</b>
Fire Department	40	40	40	40	40	37	37	37	37	40
<b>Golf</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>
Mass Transit	11	11	11	11	11	11	11	13	11	13
<b>Parking Lots</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Planning	0	0	0	0	0	4	4	4	4	4
<b>Police/Dispatch</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>55</b>
Recreation	27	27	27	27	27	27	27	27	27	27
<b>Sanitation</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>22</b>
Service Center	8	8	8	8	8	8	8	8	8	8
<b>Streets</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>13</b>	<b>14</b>
Water/Utilities	28	28	28	28	28	28	28	28	28	31
<b>Total Employees</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>266</b>	<b>266</b>	<b>257</b>	<b>257</b>	<b>260</b>	<b>272</b>	<b>287</b>

Source: FYE 6/30/19 Budget Book  
These are full-time employees

See Independent Auditor's Report.

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

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Public Safety</b>										
<b>Police</b>										
Number of employees	55	55	55	55	55	52	52	52	52	55
Number of violations(citations)	5,073	4,572	4,424	3,461	5,408	4,865	3,358	3,785	3,082	3,915
Accidents investigated	260	555	544	566	401	588	229	297	290	368
<b>Fire</b>										
Number of employees*	40	40	40	40	40	37	37	37	37	40
Number of calls answered	3,304	3,078	3,274	3,128	2,891	2,744	2,893	2,875	2,873	2,747
Number of inspections	3,623	3,920	3,909	4,841	5,025	4,088	4,793	4,434	4,621	5,357
<b>Cultural and Recreational</b>										
<b>Parks and Recreation</b>										
Number of Pool Memberships **	178	200	181	142	114	107	125	171	146	214
Number of Tone Zone Memberships***	1,605	1,611	1,541	1,190	1,393	1,290	1,650	1,756	1,137	1,061
<b>Library</b>										
Registered Customers	3,613	3,479	6,100	4,904	5,090	4,776	4,298	3,341	3,244	2,864
Books Loaned Out and Digital Resources Provided	21,112	23,415	27,300	27,309	26,203	24,584	26,636	28,496	27,666	32,622
Computer Users	2,971	6,159	4,788	5,274	6,023	6,584	8,899	17,533	17,022	14,995
<b>Water and Sewer</b>										
<b>Water</b>										
Number of Water Consumers	3,152	3,049	2,841	3,638	3,635	3,632	3,641	3,656	3,665	3,647
Avg Daily Consumption (Gallons)	1,868,000	1,725,000	1,832,320	2,260,000	2,450,000	1,950,000	1,937,559	1,903,032	1,857,529	1,857,592
<b>Sewer</b>										
Number of Sewer Customers	2,042	1,962	1,897	2,404	2,405	2,403	2,415	2,429	2,434	2,417
Daily Average Treatment (Gallons)	2,750,000	2,560,000	2,470,000	2,600,000	2,490,000	2,710,000	2,400,000	2,262,000	2,246,000	2,306,000
<b>Golf Course</b>										
Number of rounds played	20,274	23,862	24,819	25,025	21,906	22,009	22,679	25,357	26,981	26,301

Source: City Departments

Notes: N/A - data not available

\* Does not include volunteers

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

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units*	45	27	27	27	27	39	39	39	40	38
<b>Fire Stations</b>	3	3	3	3	3	3	3	3	3	3
<b>Refuse Collection</b>										
Collection Trucks	10	9	9	9	8	9	10	10	9	9
<b>Other Public Works</b>										
Streets (miles)	90	90	90	90	90	90	90	90	90	90
<b>Parks and Recreation</b>										
Parks	3	3	3	3	3	3	3	3	3	3
Parks Acreage	31	31	31	31	31	31	31	31	31	31
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Basketball Courts	2	2	2	2	2	2	2	2	2	2
Community Centers	1	1	1	1	1	1	1	1	1	1
Disc Golf Courses	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Miles of Water Lines	97	97	97	97	97	97	97	97	97	97
Fire Hydrants	529	531	531	524	519	517	517	515	513	508
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Miles of Sewer Lines	66	66	66	66	66	66	66	66	66	66
No. of Treatment Plants	1	1	1	1	1	1	1	1	1	1
<b>Transit - number of Trolleys</b>	20	20	20	20	19	19	19	25	24	23

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

See Independent Auditor's Report.

**OTHER SCHEDULES AND REPORT**

CITY OF GATLINBURG, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor Program	CFDA Number	State / Pass-through Entity Identifying Number	Expenditures
<b>Federal Awards</b>			
U.S. Department of Transportation			
Passed through the Tennessee Department of Transportation:			
Formula Grants for Rural Areas	20.509	Z-19-5311-03-00	\$ <u>119,761</u>
State and Community Highway Safety	20.600	Z19THS103	7,480
State and Community Highway Safety	20.600	Z18THS119	<u>1,950</u>
Total CFDA Number 20.600			<u>9,430</u>
Total U.S. Department of Transportation			<u>129,191</u>
Total Federal Awards			<u>129,191</u>
<b>State Financial Assistance</b>			
Tennessee Department of Transportation			
5311 Rural Transportation Program		Z-19-5311-03-00	445,741
Urban Operating Assistance Program (UROP) Operating Assistance		Z-19-UROP05-00	378,200
US321 Safety Upgrades and Trolley Stop		160088	58,968
Stephen Drive Bridge Grant		78SAB1-S3-006	<u>143,152</u>
Total Tennessee Department of Transportation			<u>1,026,061</u>
Total State Financial Assistance			<u>1,026,061</u>
Total Federal Awards and State Financial Assistance			<u>\$ 1,155,252</u>

The accompanying notes are an integral part of this schedule.  
See Independent Auditor's Report.

CITY OF GATLINBURG, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2019

**NOTE 1 - BASIS OF PRESENTATION**

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

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

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

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 - INDIRECT COST RATE**

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

**NOTE 4 - CONTINGENCIES**

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



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

Board of Commissioners and Senior Management  
City of Gatlinburg,  
Gatlinburg, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, budgetary comparisons for the general fund, special tax fund, tourism fund, and convention center debt service fund, and the aggregate remaining fund information of City of Gatlinburg, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise City of Gatlinburg's basic financial statements and have issued our report thereon dated December 17, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Gatlinburg's internal control over financial reporting (internal control) to determine 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 City of Gatlinburg's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Gatlinburg's internal control.

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

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



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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Gatlinburg's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### **Purpose of this Report**

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

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
December 17, 2019

**CITY OF GATLINBURG, TENNESSEE**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**For the Year Ended June 30, 2019**

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

