

CITY OF HOHENWALD, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2024

CITY OF HOHENWALD, TENNESSEE

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INTRODUCTORY SECTION

CITY OF HOHENWALD, TENNESSEE

Officials of the City of Hohenwald, Tennessee

June 30, 2024

Name

Title

Elected Officials:

Danny McKnight

Mayor and City Manager

Don Barber

Vice Mayor

Scottie Bass

Council Member

Kevin King

Council Member

Chris Trull

Council Member

Management:

Kyle Hamm

City Recorder, CMFO

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

Mayor and Members of the City Council
City of Hohenwald, Tennessee
Hohenwald, Tennessee

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Hohenwald, Tennessee (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of June 30, 2024, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, State Street Aid Fund, Drug Fund, and the Solid Waste Fund for the year then ended and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, which includes Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability (Asset), and the Schedule of Contributions to the Employee Pension Plan, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit

of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information – Introductory Section

Management is responsible for the Introductory Section included in the annual report. The Introductory Section, as listed in the table of contents, does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the Introductory Section, and I do not express an opinion or any other assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated October 31, 2024, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Jah R Poole, CPA

October 31, 2024

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

CITY OF HOHENWALD, TENNESSEE

Management's Discussion and Analysis

As management of the City of Hohenwald, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the City of Hohenwald exceeded its liabilities at the close of the most recent fiscal year by \$27,202,442. Of this amount, \$7,601,987 (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total Net Position increased by \$1,348,194 primarily due to increases in capital contribution revenues and a growing local economy producing increased sales tax and user-related revenues. Expenses were \$42,878 higher than in the prior year primarily due to higher supplies and increased maintenance and repair costs.

As of the close of the current fiscal year, the City's governmental funds reported ending fund balances of \$4,699,310, an increase of \$1,017,880 in comparison to the prior year. The City's governmental funds had capital asset purchases of \$373,971.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,128,444 or approximately 94% of the total general fund expenditures.

The City's total debt decreased by \$622,886 even as the City borrowed \$175,000 for a garbage truck for the Solid Waste Fund. All debts are being paid on schedule.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Hohenwald'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. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the 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 tax). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Hohenwald include general government, personnel, finance, parks, planning, police, fire, disposal service, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report.

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The City of Hohenwald, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental Funds are funds 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 governmental activities in the 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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds all of which are considered to be major funds.

The City of Hohenwald adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic financial statements can be found on pages 14-20 of this report. 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 28-46 of this report.

Financial Analysis of the Financial Statements -- 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 of Hohenwald, assets exceeded liabilities by \$27,202,442 at the close of the most recent fiscal year.

By far the largest portion of the City's assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt use to acquire those assets that is still outstanding. 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 Hohenwald's Net Position - 2024

	Governmental Activities	Business -Type Activities
Current and other assets	\$ 6,853,180	3,624,928
Capital assets	<u>5,495,799</u>	<u>20,380,455</u>
Total assets	12,348,979	24,005,383
Deferred outflows	632,002	355,501
Long-term liabilities outstanding	194,700	6,706,603
Other liabilities	<u>1,926,290</u>	<u>445,251</u>
Total liabilities	2,120,990	7,151,854
Deferred inflows:	840,455	26,124
Net Position:		
Net investment in capital assets	5,301,099	13,800,001
Restricted	499,355	-
Unrestricted	<u>4,219,082</u>	<u>3,382,905</u>
Total Net Position	\$ 10,019,536	17,182,906

City of Hohenwald's Net Position - 2023

	Governmental Activities	Business -Type Activities
Current and other assets	\$ 5,736,267	3,165,779
Capital assets	<u>5,500,588</u>	<u>21,020,739</u>
Total assets	11,236,855	24,186,518
Deferred outflows	657,811	354,205
Long-term liabilities outstanding	485,780	7,503,557
Other liabilities	<u>234,206</u>	<u>361,753</u>
Total liabilities	719,986	7,865,310
Deferred inflows:	1,961,534	34,311
Net Position:		
Net investment in capital assets	5,461,688	13,661,599
Restricted	353,467	-
Unrestricted	<u>3,397,991</u>	<u>2,979,503</u>
Total Net Position	\$ 9,213,146	16,641,102

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

The general fund is the chief operating fund of the City's. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,128,444. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 94% of total general fund expenditures.

Business-Type Activities

The Business-type funds Net Position increased by \$541,804 due to lower repair and maintenance and supply expenses than expected.

Comparison of Revenues and Expenses 2023 - 2024

	2023 Governmental Activities	2024 Governmental Activities	Change Between Years	2023 Business- type Activities	2024 Business- type Activities	Change Between Years
Revenues:						
Program revenues:						
Charges for services	896,047	1,099,224	203,177	5,018,308	5,302,565	284,257
Operating grants and contributions	183,373	152,473	(30,900)	0	0	0
Capital grants and contributions	173,440	444,008	270,568	56,000	0	(56,000)
General revenues:						
Property taxes	858,401	908,366	49,965	0	0	0
Sales taxes	2,198,197	2,379,033	180,836	0	0	0
Other local taxes	525,493	518,230	(7,263)	0	0	0
State income and excise taxes	48,480	56,934	8,454	0	0	0
Other	309,010	408,102	99,092	3,729	21,699	17,970
Total revenues	<u>\$5,192,441</u>	<u>\$5,966,370</u>	<u>\$773,929</u>	<u>\$5,078,037</u>	<u>\$5,324,264</u>	<u>\$246,227</u>
Expenses:						
General government	667,653	1,122,986	455,333	0	0	0
Police department	1,631,968	1,648,096	16,128	0	0	0
Fire department	352,561	340,092	(12,469)	0	0	0
Animal control	6,347	7,821	1,474	0	0	0
Public works	540,940	639,821	98,881	0	0	0
Cemetery	15,092	17,827	2,735	0	0	0
Parks	49,367	45,231	(4,136)	0	0	0
Economic development	116,418	97,030	(19,388)	0	0	0
Emergency services	456,777	417,284	(39,493)	0	0	0
Golf course	353,530	281,806	(71,724)	0	0	0
Drug fund expenses	9,223	21,907	12,684	0	0	0
Highway and streets	81,721	67,507	(14,214)	0	0	0
Solid waste	441,072	452,572	11,500	0	0	0
Water and Sewer Fund	0	0	0	3,177,806	3,248,543	70,737
Natural Gas Fund	0	0	0	1,999,089	1,533,919	(465,170)
Total expenses	<u>\$4,722,669</u>	<u>\$5,159,980</u>	<u>\$437,311</u>	<u>\$5,176,895</u>	<u>\$4,782,462</u>	<u>(\$394,433)</u>
Increases in Net Position	<u>469,772</u>	<u>806,390</u>	<u>336,618</u>	<u>(98,858)</u>	<u>541,802</u>	<u>640,660</u>

Governmental Budgetary Highlights

The City amended some of its departmental budgets during the year. See pages 21-27 for an analysis of the budgets. Amendments were made to the budget during the year to reflect the additional expenditures as directed by the Board.

Capital Assets

The City of Hohenwald's investment in capital assets from its governmental activities at June 30, 2024, amounts to \$5,495,799 (net of accumulated depreciation) and its business-type activities amounts to \$20,380,455. This investment in capital assets is in land, buildings, improvements, machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 606,867.

City of Hohenwald's Capital Assets - 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land, buildings and improvement	\$ 6,907,371	\$ 32,962,464
Equipment	<u>3,596,132</u>	<u>3,607,868</u>
Less accumulated depreciation	(5,007,704)	(16,189,877)
Net Capital Assets	\$ <u>5,495,799</u>	\$ <u>20,380,455</u>

City of Hohenwald's Capital Assets - 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land, buildings and improvement	\$ 6,887,817	\$ 32,846,270
Equipment	<u>3,387,958</u>	<u>3,344,923</u>
Less accumulated depreciation	(4,775,187)	(15,170,454)
Net Capital Assets	\$ <u>5,500,588</u>	\$ <u>21,020,739</u>

Additional information on the City of Hohenwald's capital assets can be found in the notes to the financial statements section of this report.

Long-term Debt

The City has total debt of \$6,775,154 of which \$194,700 is general obligation debt for two sanitation trucks and \$446,880 in landfill post-closure costs, \$6,048,854 is debt of the Water and Sewer Utility system, and \$531,600 is debt for the Natural Gas system. During the year, the City paid \$19,200 to reduce governmental debt, \$734,786 to reduce Water and Sewer debt, and \$43,900 to reduce Natural Gas debt. The City borrowed \$175,000 for a garbage truck for the Solid Waste Fund. All debts are being are paid as scheduled.

Additional information on the City of Hohenwald's long-term debt can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

In the 2024-2025 budget, General fund revenues and user charges are budgeted to increase from the 2023-2024 budget year primarily due to increases in user charges and local revenues. The City's budget has benefited by an expanding commercial and retail base producing increased local sales tax receipts. Expenses are expected to remain stable during the 2024-2025 fiscal year.

All of these factors were considered in preparing the City's budget for the 2024-2025 fiscal year.

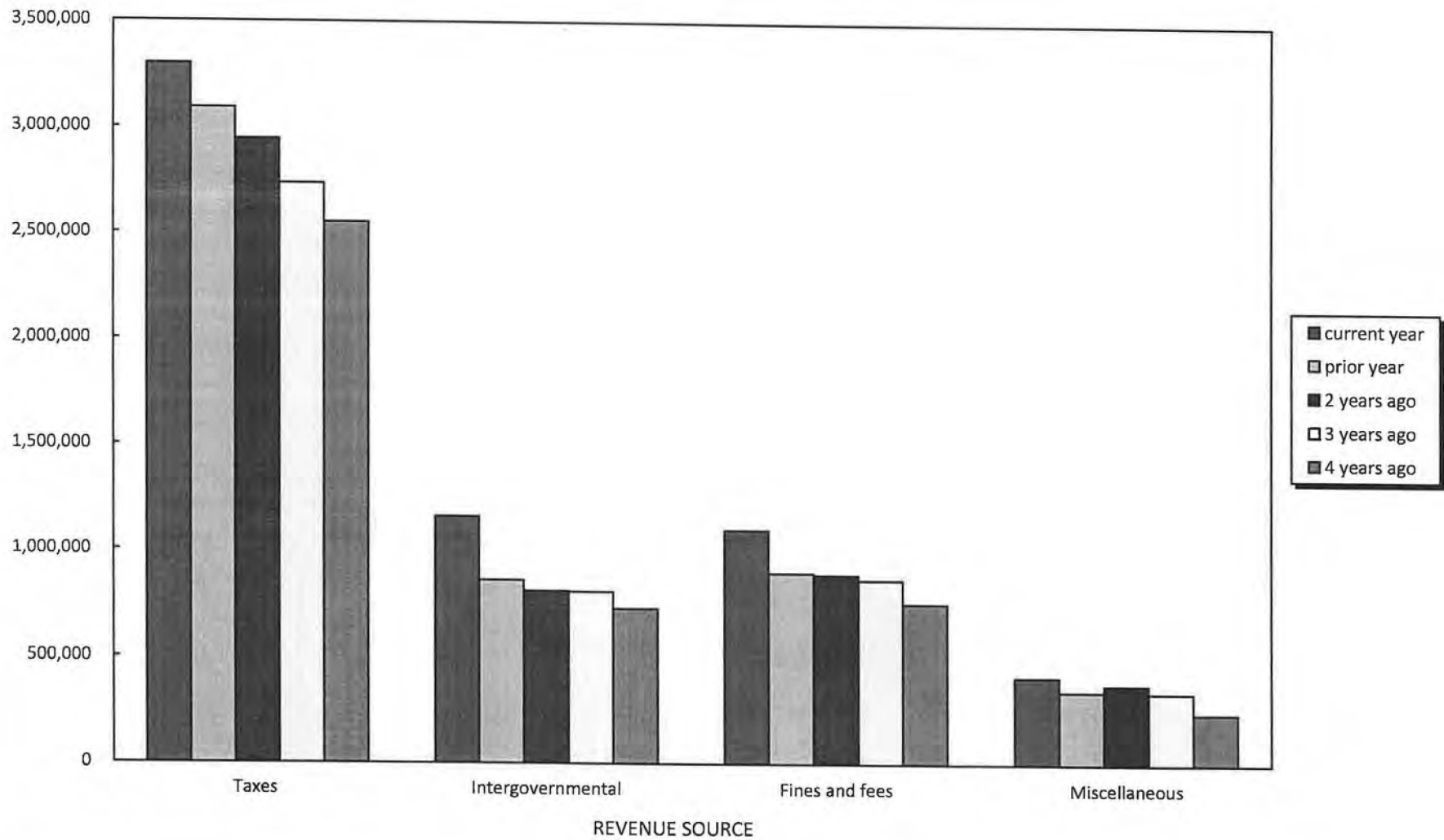
Requests for Information

This financial report is designed to provide a general overview of the City of Hohenwald, Tennessee'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:

Kyle Hamm
City of Hohenwald

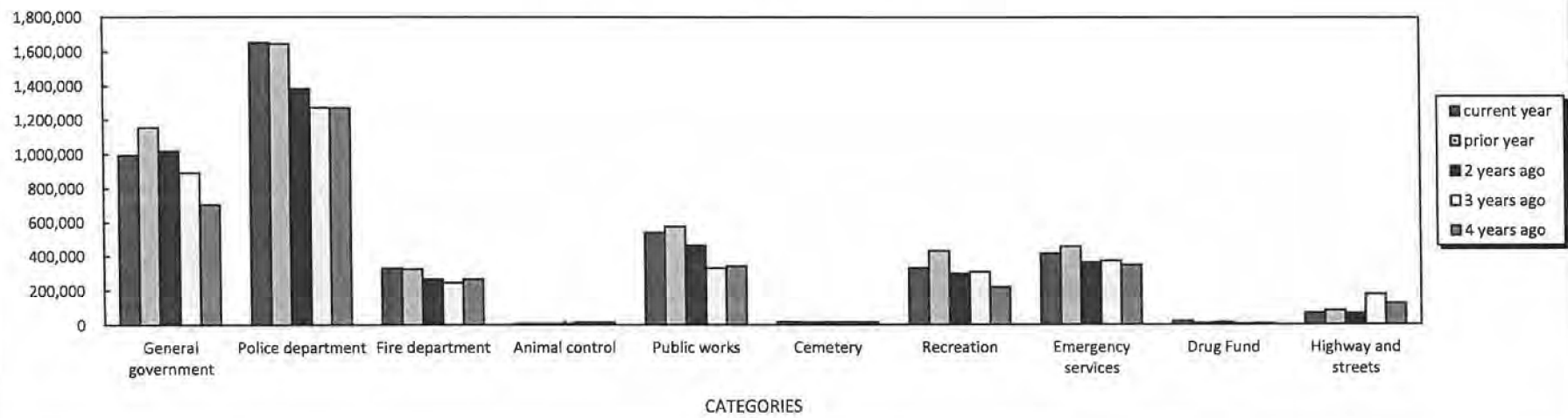
CITY OF HOHENWALD

GOVERNMENTAL FUND REVENUES



CITY OF HOHENWALD

GOVERNMENTAL FUND EXPENDITURES



BASIC FINANCIAL STATEMENTS

CITY OF HOHENWALD, TENNESSEE

Statement of Net Position

June 30, 2024

<u>Assets</u>	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	5,575,033	2,668,765	8,243,798
Receivables	1,232,918	678,123	1,911,041
Prepaid assets	45,229	33,824	79,053
Inventory	0	244,216	244,216
Capital assets not being depreciated	856,582	199,184	1,055,766
Capital assets, net of accumulated depreciation	4,639,217	20,181,271	24,820,488
Total Assets	12,348,979	24,005,383	36,354,362
Deferred Outflows of Resources:			
Deferred outflows of resources - pension	632,002	355,501	987,503
Total Deferred Outflows of Resources	632,002	355,501	987,503
<u>Liabilities, Deferred Inflows, and Net Position</u>			
Liabilities:			
Accounts payable	113,360	293,224	406,584
Accrued expenses	148,876	103,761	252,637
Unearned revenue - ARPA grants	1,131,368	0	1,131,368
Net pension liability	85,806	48,266	134,072
Long-term liabilities:			
Post closure care cost	446,880	0	446,880
Premium on Long-term debt	0	126,149	126,149
Due within one year	37,700	795,732	833,432
Due in more than one year	157,000	5,784,722	5,941,722
Total Liabilities	2,120,990	7,151,854	9,272,844
Deferred Inflows of Resources:			
Deferred inflows of resources - property tax	794,012	0	794,012
Deferred inflows of resources - pension	46,443	26,124	72,567
Total Deferred Inflows of Resources	840,455	26,124	866,579
Net Position:			
Net investment in Capital Assets	5,301,099	13,800,001	19,101,100
Restricted - State street aid fund	235,096	0	235,096
Restricted - Drug fund	53,771	0	53,771
Restricted - Solid Waste fund	210,488	0	210,488
Unrestricted	4,219,082	3,362,905	7,601,987
Total Net Position	10,019,536	17,162,906	27,202,442

See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2024

Function/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Government Activities:						
General government	1,122,986	111,590	4,000	444,008	(563,388)	0
Police department	1,648,096	8,829	12,800	0	(1,626,467)	0
Fire department	340,092	0	0	0	(340,092)	0
Animal control	7,821	0	0	0	(7,821)	0
Public works	639,821	0	0	0	(639,821)	0
Cemetery	17,827	7,600	0	0	(10,227)	0
Parks	45,231	0	0	0	(45,231)	0
Economic development	97,030	0	0	0	(97,030)	0
Emergency services	417,284	275,652	0	0	(141,632)	0
Golf Course	281,806	122,725	0	0	(159,081)	0
Solid Waste fund	452,572	537,343	0	0	84,771	0
Drug fund	21,907	35,485	0	0	13,578	0
Highway and streets	67,507	0	135,673	0	68,166	0
Total Governmental Activities	5,159,980	1,099,224	152,473	444,008	(3,464,275)	0
Business - type Activities:						
Water and Sewer Fund	3,248,543	3,667,865	0	0	0	419,322
Natural gas Fund	1,533,919	1,634,700	0	0	0	100,781
Total Business Type Activities	4,782,462	5,302,565	0	0	0	520,103
Total	9,942,442	6,401,789	152,473	444,008	(3,464,275)	520,103
General Revenues:						
Property taxes					765,583	0
Public utility taxes					142,783	0
Sales taxes					2,379,033	0
Beer and liquor taxes					328,367	0
Franchise taxes					36,856	0
Business taxes					153,007	0
State income and excise taxes					56,934	0
Sale of assets					63,817	21,899
Interest income					142,097	2
Other					202,188	0
Total general revenues					4,270,665	21,701
Changes in Net Position					806,390	541,804
Net Position - beginning of year					9,213,146	16,641,102
Net position - ending of year					10,019,536	17,182,906

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF HOHENWALD, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	State Street Aid Fund	Drug Fund	Solid Waste Fund	Total
<u>Assets</u>					
Cash and cash equivalents	\$5,167,612	\$216,911	\$53,771	\$136,739	\$5,575,033
Accounts receivable:					
Property taxes receivable	857,820	0	0	0	857,820
Customers	0	0	0	85,212	85,212
Other governments	267,218	22,668	0	0	289,886
	<u>1,125,038</u>	<u>22,668</u>	<u>0</u>	<u>85,212</u>	<u>1,232,918</u>
Prepaid assets	40,916	0	0	4,313	45,229
 Total Assets	 <u>\$6,333,566</u>	 <u>\$239,579</u>	 <u>\$53,771</u>	 <u>\$226,264</u>	 <u>\$6,853,180</u>
<u>Liabilities, Deferred Inflow of Resources and Fund Balance</u>					
Liabilities:					
Accounts payable	\$98,456	4,483	0	10,421	113,360
Accrued expenses	45,967	0	0	5,355	51,322
Unearned revenue - ARPA grants	1,131,368	0	0	0	1,131,368
 Total Liabilities	 <u>1,275,791</u>	 <u>4,483</u>	 <u>0</u>	 <u>15,776</u>	 <u>1,296,050</u>
Deferred Inflow of Resources:					
Deferred current property taxes	794,012	0	0	0	794,012
Deferred delinquent property taxes	63,808	0	0	0	63,808
Total Deferred Inflow of Resources	<u>857,820</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>857,820</u>
Fund Balance:					
Assigned - DARE program	30,595	0	0	0	30,595
Non-spendable	40,916	0	0	0	40,916
Unassigned	4,128,444	0	0	0	4,128,444
Restricted	0	235,096	53,771	210,488	499,355
Total Fund Balance	<u>4,199,955</u>	<u>235,096</u>	<u>53,771</u>	<u>210,488</u>	<u>4,699,310</u>
 Total Liabilities, Deferred Inflows, and Fund Balance:	 <u>\$6,333,566</u>	 <u>\$239,579</u>	 <u>\$53,771</u>	 <u>\$226,264</u>	 <u>\$6,853,180</u>

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

CITY OF HOHENWALD, TENNESSEE

Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities

June 30, 2024

Amounts reported for fund balance - total governmental funds	\$ 4,699,310
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 governmental funds	5,495,799
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	63,808
Pension related accounts - governmental funds do not record these post-benefit obligations	
Net pension liability	(85,806)
Deferred outflow - pension	632,002
Deferred inflow - pension	(46,443)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds	
Accrued vacation expense	(97,554)
Post closure care costs	(446,880)
Bonds payable	(194,700)
Net Position of governmental activities	\$ 10,019,536

See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds**

For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Solid Waste Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	3,298,153	0	0	0	3,298,153
Intergovernmental	1,027,932	128,959	0	0	1,156,891
Fines and fees	526,396	0	35,485	537,343	1,099,224
Miscellaneous	407,052	0	0	5,050	412,102
Total revenues	<u>\$5,259,533</u>	<u>\$128,959</u>	<u>\$35,485</u>	<u>\$542,393</u>	<u>\$5,966,370</u>
Expenditures:					
General government	990,526	0	0	0	990,526
Police department	1,566,981	0	0	0	1,566,981
Fire department	272,675	0	0	0	272,675
Animal control	7,401	0	0	0	7,401
Public works	534,469	0	0	0	534,469
Cemetery	17,827	0	0	0	17,827
Golf Course	266,783	0	0	0	266,783
Parks	45,094	0	0	0	45,094
Economic development	97,030	0	0	0	97,030
Emergency services	417,284	0	0	0	417,284
Drug fund expenses	0	0	21,907	0	21,907
Solid Waste fund	0	0	0	419,112	419,112
Highway and streets	0	67,507	0	0	67,507
Capital outlay:					
General government	4,773	0	0	0	4,773
Police department	83,814	0	0	0	83,814
Fire department	57,335	0	0	0	57,335
Public works	5,995	0	0	0	5,995
Golf Course	19,554	0	0	0	19,554
Solid Waste fund	0	0	0	202,500	202,500
Debt service:					
Principal	0	0	0	19,200	19,200
Interest	0	0	0	5,723	5,723
Total expenditures	<u>\$4,387,541</u>	<u>\$67,507</u>	<u>\$21,907</u>	<u>\$646,535</u>	<u>\$5,123,490</u>
 Excess (deficiency) of revenues over expenditures	 <u>871,992</u>	 <u>61,452</u>	 <u>13,578</u>	 <u>(104,142)</u>	 <u>842,880</u>
 Other operating revenues: loan proceeds	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>175,000</u>	 <u>175,000</u>
 Net change in Fund Balance:	 871,992	 61,452	 13,578	 70,858	 1,017,880
 Fund balance, beginning of year	 3,327,963	 173,644	 40,193	 139,630	 3,681,430
 Fund balance, end of year	 <u>\$4,199,955</u>	 <u>\$235,096</u>	 <u>\$53,771</u>	 <u>\$210,488</u>	 <u>\$4,699,310</u>

See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds:	\$ 1,017,880
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition of capital assets	373,971
Depreciation expense	(365,594)
Liabilities not reported in the governmental fund -- change in accrued vacation liability	7,434
Liabilities not reported in the governmental fund -- change in pension plan accrual	(52,490)
Liabilities not reported in the governmental fund -- change in post retirement benefits liability	0
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(5,845)
Revenues in the statement of activities that increase long-term debts:	
Loan proceeds	(175,000)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds	
Loss on disposal of assets	(13,166)
Debt principal payments	19,200
Change in Net Position of governmental activities	\$ <u>806,390</u>

See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

Statement of Net Position

Enterprise Funds

June 30, 2024

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
<u>Assets and Deferred Outflows</u>			
Current Assets:			
Cash and cash equivalents	\$151,092	\$2,517,673	2,668,765
Customer accounts receivable, net of allowance	548,775	129,348	678,123
Prepaid assets	27,191	6,633	33,824
Inventory	128,826	115,390	244,216
Total Current Assets	<u>855,884</u>	<u>2,769,044</u>	<u>3,624,928</u>
Capital Assets:			
Capital assets in service	33,278,894	3,291,438	36,570,332
Less accumulated depreciation	<u>(14,105,514)</u>	<u>(2,084,363)</u>	<u>(16,189,877)</u>
Total Capital Assets, Net	<u>19,173,380</u>	<u>1,207,075</u>	<u>20,380,455</u>
 Total Assets	 <u>\$20,029,264</u>	 <u>\$3,976,119</u>	 <u>\$24,005,383</u>
Deferred Outflow of Resources:			
Deferred outflow of resources - pension	227,126	128,375	355,501
Total Deferred Outflows	<u>\$227,126</u>	<u>\$128,375</u>	<u>\$355,501</u>
 <u>Liabilities:</u>			
Accounts payable	125,023	168,201	293,224
Accrued expenses	55,473	48,288	103,761
Net pension liability	30,837	17,429	48,266
Premium on Long-term debt	126,149	0	126,149
Long-term debt due within one year	751,532	44,200	795,732
Long-term debt due in more than one year	5,297,322	487,400	5,784,722
Total Liabilities	<u>6,386,336</u>	<u>765,518</u>	<u>7,151,854</u>
Deferred Inflow of Resources:			
Deferred inflow of resources - pension	16,690	9,434	26,124
Total Deferred Inflows	<u>16,690</u>	<u>9,434</u>	<u>26,124</u>
 Net Position:			
Net investment in capital assets	13,124,526	675,475	13,800,001
Unrestricted	<u>728,838</u>	<u>2,654,067</u>	<u>3,382,905</u>
Total Net Position	<u>13,853,364</u>	<u>3,329,542</u>	<u>17,182,906</u>

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenses
and Changes in Net Position**

Enterprise Funds

For the Year Ended June 30, 2024

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
Operating Revenues:			
Service fees	\$3,401,577	\$1,600,009	\$5,001,586
Tap and connection fees	254,288	33,195	287,483
Other income	12,000	1,496	13,496
Total Operating Revenues	<u>3,667,865</u>	<u>1,634,700</u>	<u>5,302,565</u>
Operating Expenses:			
Salaries	703,729	522,840	1,226,569
Payroll taxes	57,652	33,430	91,082
Employee benefits	215,430	187,540	402,970
Training and travel	4,398	5,873	10,271
Fees and memberships	32,905	20,981	53,886
Utilities	296,076	18,697	314,773
Professional services	37,461	32,238	69,699
Natural gas purchased	0	473,659	473,659
Insurance	96,272	19,998	116,270
Repair and maintenance	151,493	10,551	162,044
Supplies	521,015	56,846	577,861
Office expense	18,130	2,164	20,294
Vehicle expense	47,041	13,498	60,539
Miscellaneous	5,020	450	5,470
Depreciation	931,667	118,731	1,050,398
Total Operating Expenses	<u>3,118,289</u>	<u>1,517,496</u>	<u>4,635,785</u>
Operating income (loss)	<u>549,576</u>	<u>117,204</u>	<u>666,780</u>
Nonoperating Revenues (Expenses):			
Interest income	2	0	2
Gain/(loss) on sale of assets	12,799	8,900	21,699
Interest expense	(130,254)	(16,423)	(146,677)
Total Nonoperating Revenues (Expenses)	<u>(117,453)</u>	<u>(7,523)</u>	<u>(124,976)</u>
Net change in position	432,123	109,681	541,804
Net Position, July 1, 2023	<u>13,421,241</u>	<u>3,219,861</u>	<u>16,641,102</u>
Net Position, June 30, 2024	<u>\$13,853,364</u>	<u>\$3,329,542</u>	<u>\$17,182,906</u>

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

CITY OF HOHENWALD, TENNESSEE

Statement of Cash Flows

Enterprise Fund Types

For the Year Ended June 30, 2024

	Water and Sewer Fund	Natural Gas Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	3,593,515	1,629,435	5,222,950
Cash paid to suppliers	(1,341,110)	(488,058)	(1,829,168)
Cash paid to employees	(976,811)	(743,810)	(1,720,621)
Net Cash Provided (Used) by Operating Activities	<u>1,275,594</u>	<u>397,567</u>	<u>1,673,161</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(329,301)	(175,838)	(505,139)
Gain/loss on sale of assets	61,624	55,100	116,724
Interest paid	(130,254)	(16,423)	(146,677)
Repayment of debt	(734,786)	(43,900)	(778,686)
Net Cash Provided (Used) by Capital and Financing Activities	<u>(1,132,717)</u>	<u>(181,061)</u>	<u>(1,313,778)</u>
Cash Flows from Investing Activities:			
Interest received	2	0	2
Net Cash Flows from Investing Activities	<u>2</u>	<u>0</u>	<u>2</u>
Net Change in Cash	<u>142,879</u>	<u>216,506</u>	<u>359,385</u>
Cash and Cash Equivalents, July 1, 2023	8,213	2,301,167	2,309,380
Cash and Cash Equivalents, June 30, 2024	<u>151,092</u>	<u>2,517,673</u>	<u>2,668,765</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	549,576	117,204	666,780
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	931,667	118,731	1,050,398
Change in assets (increase) decrease:			
Receivables	(74,350)	(5,265)	(79,615)
Inventory	(22,967)	9,883	(13,084)
Prepaid assets	(5,674)	(1,391)	(7,065)
Deferred outflows	(14,603)	13,307	(1,296)
Change in liabilities increase (decrease):			
Accounts payable	(73,757)	134,686	60,929
Accrued expenses	(9,450)	6,286	(3,164)
Premium on long-term debt	(18,268)	0	(18,268)
Net pension liability	17,317	8,416	25,733
Deferred inflows	(3,897)	(4,290)	(8,187)
Net Cash Provided (Used) by Operating Activities	<u>1,275,594</u>	<u>397,567</u>	<u>1,673,161</u>

See accompanying notes to the financial statements.

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$749,000	\$749,000	\$765,583	16,583
Public utility taxes	94,000	94,000	97,578	3,578
Local sales tax	1,655,000	1,655,000	1,918,374	263,374
Local beer and liquor tax	302,000	302,000	308,765	6,765
Mixed drink tax	9,000	9,000	17,990	8,990
Franchise taxes	49,000	49,000	36,856	(12,144)
Business taxes	65,000	65,000	153,007	88,007
Total Taxes	<u>2,923,000</u>	<u>2,923,000</u>	<u>3,298,153</u>	<u>375,153</u>
Intergovernmental:				
TVA in lieu	44,000	44,000	45,205	1,205
State sales tax	420,000	420,000	460,659	40,659
State beer tax	0	0	1,612	1,612
State income tax	40,000	40,000	0	(40,000)
State special petroleum tax	7,000	7,000	6,714	(286)
Grants	5,000	444,008	444,008	0
State supplement	13,600	13,600	12,800	(800)
Corporate excise tax	30,000	30,000	56,934	26,934
Total Intergovernmental Revenue	<u>559,600</u>	<u>998,608</u>	<u>1,027,932</u>	<u>29,324</u>
Fines and fees:				
Building permits	10,000	10,000	90,581	80,581
Police fines	6,200	6,200	8,829	2,629
Golf course revenues	182,500	182,500	122,725	(59,775)
Dispatcher reimbursement	237,000	237,000	275,652	38,652
Cemetery	1,200	1,200	7,600	6,400
Other fines and fees	2,600	2,600	21,009	18,409
Total Fines and Fees	<u>439,500</u>	<u>439,500</u>	<u>526,396</u>	<u>86,896</u>
Miscellaneous:				
Miscellaneous	5,900	5,900	2,403	(3,497)
Economic development	1,500	1,500	500	(1,000)
Insurance recoveries	3,000	3,000	113,724	110,724
Reimbursements	255,144	255,144	85,561	(169,583)
Donations	15,000	15,000	4,000	(11,000)
Sale of assets	0	0	58,767	58,767
Interest income	40,000	40,000	142,097	102,097
Total Miscellaneous Revenue	<u>320,544</u>	<u>320,544</u>	<u>407,052</u>	<u>86,508</u>
Total Revenues	<u>4,242,644</u>	<u>4,681,652</u>	<u>5,259,533</u>	<u>577,881</u>

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Current:				
Salaries	305,000	305,000	355,332	(50,332)
Payroll taxes	23,333	23,333	22,948	385
Employee benefits	136,200	136,200	199,609	(63,409)
Utilities	22,000	22,000	60,351	(38,351)
Professional services	114,000	114,000	129,705	(15,705)
Office supplies	26,800	26,800	29,339	(2,539)
Supplies	81,000	81,000	15,700	65,300
Donations	12,000	12,000	14,987	(2,987)
Travel and training	7,000	7,000	1,162	5,838
Insurance	35,000	35,000	32,108	2,892
Dues and subscriptions	29,000	29,000	10,833	18,167
Vehicle expenses	12,000	12,000	8,234	3,766
Repair and maintenance	37,250	37,250	14,713	22,537
Grant expenses	0	539,007	87,202	451,805
Miscellaneous	55,250	55,250	8,303	46,947
	<u>895,833</u>	<u>1,434,840</u>	<u>990,526</u>	<u>444,314</u>
Capital outlay	50,000	50,000	4,773	45,227
Total General Government	<u>945,833</u>	<u>1,484,840</u>	<u>995,299</u>	<u>489,541</u>
Public Safety:				
Police Department:				
Current:				
Salaries	940,000	940,000	927,649	12,351
Payroll taxes	71,910	71,910	64,051	7,859
Employee benefits	408,500	533,500	380,859	152,641
Training	5,000	5,000	9,517	(4,517)
Dues and subscriptions	1,900	1,900	9,471	(7,571)
Utilities	5,000	5,000	21,378	(16,378)
Insurance	45,000	45,000	45,643	-(643)
Vehicle expense	37,000	37,000	35,258	1,742
Repair & maintenance	3,900	3,900	24,106	(20,206)
Supplies	36,650	36,650	24,457	12,193
Professional services	27,700	27,700	13,697	14,003
Miscellaneous	7,900	7,900	10,895	(2,995)
	<u>1,590,460</u>	<u>1,715,460</u>	<u>1,566,981</u>	<u>148,479</u>
Capital outlay	5,000	105,000	83,814	21,186
Total Police Department	<u>1,595,460</u>	<u>1,820,460</u>	<u>1,650,795</u>	<u>169,665</u>
Fire Department:				
Current:				
Salaries and volunteer firemen	151,000	151,000	138,102	12,898
Payroll taxes	8,721	8,721	9,986	(1,265)
Employee benefits	53,500	53,500	44,381	9,119
Training and travel	2,000	2,000	576	1,424
Repair and maintenance	13,000	13,000	22,523	(9,523)
Supplies	19,000	19,000	2,438	16,562
Uniforms	15,000	15,000	16,416	(1,416)
Utilities	12,000	12,000	14,784	(2,784)
Insurance	12,000	12,000	17,388	(5,388)
Vehicle expenses	9,500	9,500	6,081	3,419
Miscellaneous	1,000	1,000	0	1,000
	<u>296,721</u>	<u>296,721</u>	<u>272,675</u>	<u>24,046</u>
Capital outlay	2,500	62,500	57,335	5,165
Total Fire Department	<u>299,221</u>	<u>359,221</u>	<u>330,010</u>	<u>29,211</u>
Total Public Safety	<u>1,894,681</u>	<u>2,179,681</u>	<u>1,980,805</u>	<u>198,876</u>

Continued on next page

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

CITY OF HOHENWALD, TENNESSEE

Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued

General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Animal Control				
Salary and benefits	14,742	14,742	4,476	10,266
Maintenance and supplies	4,100	4,100	2,925	1,175
	18,842	18,842	7,401	11,441
Capital outlay	0	0	0	0
Total Animal Control	18,842	18,842	7,401	11,441
Public Works:				
Salaries	195,000	295,000	244,831	50,169
Payroll taxes	14,918	14,918	13,463	1,455
Employee benefits	80,200	130,200	113,473	16,727
Repair and maintenance	66,500	66,500	34,873	31,627
Vehicle expense	45,000	45,000	30,447	14,553
Materials and supplies	33,000	33,000	57,519	(24,519)
Utilities	7,500	7,500	15,588	(8,088)
Professional services	0	0	23,065	(23,065)
Miscellaneous	2,000	2,000	1,210	790
	444,118	594,118	534,469	59,649
Capital outlay	0	0	5,995	(5,995)
Total Public Works	444,118	594,118	540,464	53,654
Cemetery				
Repair and maintenance	20,100	20,100	17,827	2,273
	20,100	20,100	17,827	2,273
Capital outlay	0	0	0	0
Total Cemetery	20,100	20,100	17,827	2,273
Golf Course:				
Salaries	155,000	155,000	116,070	38,930
Payroll taxes	10,710	10,710	5,971	4,739
Employee benefits	22,850	22,850	23,680	(830)
Utilities	14,000	14,000	11,197	2,803
Repair and maintenance	108,500	108,500	58,660	49,840
Tournament Prizes	12,000	12,000	13,972	(1,972)
Vehicle expense	6,000	6,000	5,287	713
Insurance	2,000	2,000	5,434	(3,434)
Materials and supplies	33,500	33,500	20,262	13,238
Professional services	0	0	6,250	(6,250)
Miscellaneous	3,300	3,300	0	3,300
	367,860	367,860	266,783	101,077
Capital outlay	0	0	19,554	(19,554)
Total Golf Course	367,860	367,860	286,337	81,523

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Parks and Recreation:				
Maintenance and supplies	0	100	94	6
Donation	45,000	45,000	45,000	0
	45,000	45,100	45,094	6
Capital outlay	0	0	0	0
Total Parks and Recreation	45,000	45,100	45,094	6
Economic development:				
Salaries	44,000	44,000	40,991	3,009
Payroll taxes	3,366	3,366	2,793	573
Employee benefits	19,180	19,180	15,226	3,954
Economic development	12,000	12,000	9,250	2,750
Training and travel	3,500	3,500	0	3,500
Materials and supplies	1,300	1,300	1,000	300
Utilities	0	0	2,420	(2,420)
Miscellaneous	25,295	25,295	25,350	(55)
	108,641	108,641	97,030	11,611
Debt service	0	0	0	0
Total Economic development	108,641	108,641	97,030	11,611
Emergency Services:				
Salaries	260,000	260,000	286,347	(26,347)
Payroll taxes	19,890	19,890	18,951	939
Employee benefits	106,950	156,950	107,982	48,968
Memberships	7,200	7,200	560	6,640
Supplies	3,529	3,430	3,444	(14)
	397,569	447,470	417,284	30,186
Capital outlay	0	0	0	0
Total Emergency Services	397,569	447,470	417,284	30,186
 Total Expenditures	 4,242,644	 5,266,652	 4,387,541	 879,111
 Excess (deficiency) of Revenues over Expenditures	 0	 (585,000)	 871,992	 1,456,992
 Fund Balance, July 1, 2023	 3,327,963	 3,327,963	 3,327,963	 0
Fund Balance, June 30, 2024	3,327,963	2,742,963	4,199,955	1,456,992

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

State Street Aid Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Gasoline .03 tax	22,000	22,000	18,965	(3,035)
Gasoline 1989 tax	12,000	12,000	10,271	(1,729)
Gasoline 2017 tax	35,000	35,000	32,971	(2,029)
Gasoline and motor fuel	69,000	69,000	66,752	(2,248)
Total Revenues	138,000	138,000	128,959	(9,041)
Expenditures:				
Streets:				
Street lights	138,000	138,000	67,507	70,493
Capital Outlay	0	0	0	0
Total Expenditures	138,000	138,000	67,507	70,493
Excess (deficiency) of revenues over expenditures	0	0	61,452	61,452
Fund Balance, July 1, 2023	173,644	173,644	173,644	-
Fund Balance, June 30, 2024	\$173,644	\$173,644	235,096	61,452

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Drug Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Fees:				
Drug related	20,000	22,000	35,485	13,485
Miscellaneous	0	0	0	0
Total Revenues	20,000	22,000	35,485	13,485
Expenditures:				
Supplies	20,000	22,000	21,907	93
Capital Outlay	0	0	0	0
Total Expenditures	20,000	22,000	21,907	93
Excess (deficiency) of revenues over expenditures	0	0	13,578	13,578
Fund Balance, July 1, 2023	40,193	40,193	40,193	0
Fund Balance, June 30, 2024	<u>\$40,193</u>	<u>\$40,193</u>	<u>53,771</u>	<u>13,578</u>

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

CITY OF HOHENWALD, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Solid Waste Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Service fees	507,000	507,000	537,343	30,343
Sale of assets	0	5,050	5,050	0
Total Revenues	<u>507,000</u>	<u>512,050</u>	<u>542,393</u>	<u>30,343</u>
Expenses:				
Salaries	220,000	220,000	210,537	9,463
Payroll taxes	16,830	16,830	14,546	2,284
Employee benefits	112,550	112,550	79,303	33,247
Fees	1,000	1,000	524	476
Utilities	4,000	4,000	4,639	(639)
Professional services	2,500	2,500	3,374	(874)
Insurance	4,900	4,900	5,101	(201)
Repair and maintenance	8,222	8,222	30,951	(22,729)
Supplies	2,900	2,900	24,882	(21,982)
Garbage cans	27,000	27,000	14,485	12,515
Vehicle expense	27,000	27,000	27,728	(728)
Miscellaneous	100	100	3,042	(2,942)
	<u>427,002</u>	<u>427,002</u>	<u>419,112</u>	<u>7,890</u>
Capital outlay	29,998	412,548	202,500	210,048
Debt service	50,000	50,000	24,923	25,077
Total Expenditures	<u>507,000</u>	<u>889,550</u>	<u>646,535</u>	<u>32,967</u>
Excess (deficiency) of revenues over expenditures	0	(377,500)	(104,142)	273,358
Other operating revenues: loan proceeds	<u>0</u>	<u>377,500</u>	<u>175,000</u>	<u>202,500</u>
Net change in Fund Balance:	0	0	70,858	70,858
Fund Balance, July 1, 2023	139,630	139,630	139,630	0
Fund Balance, June 30, 2024	<u>\$139,630</u>	<u>\$139,630</u>	<u>\$210,488</u>	<u>\$70,858</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies

The City of Hohenwald, Tennessee, was incorporated by the Private Act of the Tennessee General Assembly. The City provides the following services, as authorized by its charter and duly passed ordinances: public safety (Police and Fire), water and sewerage, natural gas, streets, sanitation, recreations, public improvements, planning and zoning, and general administrative services. The accounting policies of the City of Hohenwald, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the City as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has no component units at yearend.

The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. The reporting includes the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

The government-wide financial statements present the City's programs between business-type and governmental activities.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies, Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise 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.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes and most governmental revenues as available if received within 45 days of yearend. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

State Street Aid Fund - The State Street Aid Fund is used to account for the operations of the state shared gasoline revenues.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies, Continued

Drug Fund - The Drug Fund accounts for the revenues derived from drug-related fines and the City's investigative and educational programs.

Solid Waste Fund - To account for the operations of the Sanitation operations. During the year, the Town moved the Solid Waste Fund to a governmental fund to better reflect its operations.

The government reports the following major enterprise funds:

Water and Sewer Fund - This fund is used to account for the operations of the Water and Sewer Fund.

Natural Gas Fund - This fund is used to account for the operations of the Natural Gas Fund.

The Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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 taxes and other charges between the government's 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.

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Enterprise 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 enterprise fund's principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. The Utility Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. When unrestricted funds are used, the City uses committed, assigned then unassigned funds.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies, Continued

Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources. All trade receivables are shown net of an allowance for uncollectible, if applicable.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item (pension related) that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the government has one item (pension related) that qualifies for reporting in this category.

Net Position Flow Assumption

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

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less and amounts held by the State Local Government Investment Pool.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies, Continued

Property Tax

The City's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$1.13 per \$100 of assessed valuation for the fiscal year ended June 30, 2024. Payments may be made during the period from July 1 through November 1. Current tax collections of \$772,333 for the fiscal year ended June 30, 2024 were approximately 91 percent of the tax levy. Delinquent taxes are turned over to the County for collection as required by the City's Municipal Code.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$2,500 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is expensed when paid and thus not a part of the capitalized cost.

Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Utility Plant in Service	10-50 years
Furniture and Equipment	5-10 years

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies, Continued

Inventory

Inventory of the Utility Fund is valued at cost, using the first in first out method. Inventory of all the governmental funds consists of expendable supplies held for consumption and are recorded at cost under the consumption method.

Compensated Absences

The City has accrued a liability for unused sick and vacation pay which is earned, but not taken by City employees.

	Balance July 1, <u>2023</u>	Addi- tions	Retire- ments	Balance June 30, <u>2024</u>
Governmental activities	104,988	-	7,434	97,554
Business-type activities	68,506	-	6,798	61,708

The liability for compensated absences attributable to the City's governmental funds is recorded in the government-wide financial statements as a long-term liability and is a reconciling item between the fund and government-wide financial statements. Compensated absences related to business-type activities are charged to expense with a corresponding liability established in both the government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the Enterprise Fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on their respective balance sheets because they are maintained in separate bank accounts and their use is either limited by applicable bond covenants or represent proceeds from bond issues that are restricted for use in construction.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The City Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies, Continued

Pension

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

Long-term Obligations

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are presented in the accompanying financial statements as other assets. Debt issuance costs, such as insurance costs, fees and other related costs are recognized as an expense.

In the fund, financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, such as insurance costs, fees and other related costs are recognized as an expense.

Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted – All other net position that does not meet the description of the above categories.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies, Continued

Fund Balance

The Town implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable Fund Balance - This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed Fund Balance - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council of the City of Hohenwald, Tennessee. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned Fund Balance - This classification included amounts intended to be used by the Town for specific purposes that are neither restricted nor committed. The City Council and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(2) Cash and Cash Equivalents

The City is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the City invested funds that were not immediately needed in certificates of deposits, savings accounts and investments in the State of Tennessee Local Government Investment Pool. The City has deposit policies to minimize custodial credit risks. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the city. The City's deposits with financial institutions are fully insured or collateralized by securities held by the depository bank in the government's name. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage.

(3) Accounts Receivable

Accounts receivable at June 30, 2024, consist of the following:

<u>Fund</u>	<u>Other Government</u>	<u>Property Taxes</u>	<u>Customer Accounts</u>	<u>Total</u>
General Fund	\$ 267,218	857,820	-	1,125,038
Special Revenue Funds	22,668	-	85,212	107,880
Enterprise Funds	-	-	1,900,991	1,900,991
Less allowance for doubtful accounts	-	-	(1,222,868)	(1,222,868)
Total	<u>\$ 289,886</u>	<u>857,820</u>	<u>763,335</u>	<u>1,911,041</u>

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(4) Capital Assets

A summary of changes in general capital assets as presented in the governmental activities column of the government- wide financial statements is as follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Land	\$856,582	0	0	856,582
Buildings	3,589,115	19,554	0	3,608,669
Improvements	2,442,120	0	0	2,442,120
Vehicles	1,626,155	83,815	110,243	1,599,727
Equipment	1,761,803	270,602	36,000	1,996,405
Total	10,275,775	373,971	146,243	10,503,503
Less Accumulated Depreciation	(4,775,187)			(5,007,704)
Net capital assets in service	<u>\$5,500,588</u>			<u>\$5,495,799</u>

All assets, except land of \$856,582, are being depreciated.

Depreciation expense was charged to functions/programs of the primary government as follows:

General Fund:	
General government administration	\$ 68,393
Police department	81,115
Fire department	67,417
Public Works	105,352
Animal shelter	420
Park	137
Golf	15,023
Solid waste	<u>27,737</u>
Total	<u>365,594</u>

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(4) Capital Assets, Continued

A summary of changes in Enterprise (Water and Sewer) Fund capital assets and related accumulated depreciation follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Land and easement	\$119,796	0	0	119,796
Buildings	85,014	0	0	85,014
Utility plant	30,419,339	35,373	0	30,454,712
Equipment	2,388,444	293,928	63,000	2,619,372
Total	33,012,593	<u>329,301</u>	<u>63,000</u>	33,278,894
Less Accumulated Depreciation	<u>(13,188,022)</u>			<u>(14,105,514)</u>
Net capital assets in service	<u>\$19,824,571</u>			<u>\$19,173,380</u>

All assets, except land and easements of \$119,796 are being depreciated. Depreciation expense was \$931,667 in 2024.

A summary of changes in Enterprise (Gas) Fund capital assets and related accumulated depreciation follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Land and easement	\$79,388	0	0	79,388
Utility plant	2,142,733	80,821	0	2,223,554
Equipment	956,479	95,017	63,000	988,496
Total	3,178,600	<u>175,838</u>	<u>63,000</u>	3,291,438
Less Accumulated Depreciation	<u>(1,982,432)</u>			<u>(2,084,363)</u>
Net capital assets in service	<u>\$1,196,168</u>			<u>\$1,207,075</u>

All assets, except land of \$79,388, are being depreciated. Depreciation expense was \$118,731 in 2024.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(5) Long-Term Debt Payable and Other Obligations Payable

Direct Borrowings

The following schedule reflects the changes in long-term debt, as shown for governmental activities during the fiscal year 2024.

Bonds Payable:	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
First TN - Solid Waste	38,900	0	19,200	19,700	19,700
Tristar Bank - Garbage Truck	0	175,000	0	175,000	18,000
Total	<u>38,900</u>	<u>175,000</u>	<u>19,200</u>	<u>194,700</u>	<u>37,700</u>

The following schedule reflects the changes in long-term debt, as shown in the Enterprise (Water and Sewer) Fund during the fiscal year 2024.

Bonds Payable:	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
State Revolving	2,315,474	0	258,098	2,057,376	262,215
DW-2016-167	133,666	0	9,588	124,078	10,517
Series 2022	603,500	0	60,350	543,150	62,050
Series 2019	1,760,000	0	275,000	1,485,000	280,000
Series 2020	871,000	0	61,750	809,250	61,750
Series 2021	1,100,000	0	70,000	1,030,000	75,000
Total	<u>6,783,640</u>	<u>0</u>	<u>734,786</u>	<u>6,048,854</u>	<u>751,532</u>

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(5) Long-Term Debt Payable and Other Obligations Payable, Continued

The following schedule reflects the changes in long-term debt, as shown in the Enterprise (Natural Gas) Fund during the fiscal year 2024.

Bonds Payable:	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Series 2020	469,000	0	33,250	435,750	33,250
Series 2022	106,500	0	10,650	95,850	10,950
Total	<u>575,500</u>	<u>0</u>	<u>43,900</u>	<u>531,600</u>	<u>44,200</u>

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2024, are as follows:

Year Ending June 30,	<u>General Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2025	37,700	10,305
2026	19,000	8,228
2027	20,000	7,140
2028	21,100	5,994
2029	22,300	4,783
2030-2032	<u>74,600</u>	<u>6,393</u>
Total	<u>194,700</u>	<u>42,843</u>

Year Ending June 30,	<u>Water and Sewer Department</u>		<u>Natural Gas Department</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	751,532	130,214	44,200	15,198
2026	770,493	119,077	46,250	13,935
2027	786,263	100,022	46,550	12,262
2028	805,345	80,515	48,600	10,511
2029	824,486	60,742	50,650	8,823
2030-2034	1,827,317	111,593	249,850	20,808
2035-2036	<u>283,418</u>	<u>6,128</u>	<u>45,500</u>	<u>967</u>
Total	<u>6,048,854</u>	<u>608,291</u>	<u>531,600</u>	<u>82,504</u>

The above bonds payable contain provisions that in the event of default, the lender can use any remedy allowed by state or federal law.

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(6) Pension Plan

General Information about the Pension Plan

Plan description. Employees of Hohenwald 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 <http://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated Title 8, Chapter 34-37 established 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 formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

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

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	41
Active employees	<u>67</u>
Total	<u>152</u>

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(6) Pension Plan, Continued

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Hohenwald makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, employer contributions for Hohenwald were (\$227,832) based on a rate of (6.08%) percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hohenwald's state shared taxes if required employer contributions are not remitted. The employers actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(6) Pension Plan, Continued

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

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

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

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

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(6) Pension, Continued

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/22	\$9,748,003	\$9,683,622	\$64,381
Changes for the Year:			
Service Cost	262,740	-	262,740
Interest	661,305	-	661,305
Changes in Benefit Terms	-	-	-
Differences between expected and actual experience	108,437	-	108,437
Changes in assumptions	-	-	-
Contributions-employer	-	179,166	(179,166)
Contributions-employees	-	143,333	(143,333)
Net investment income	-	647,169	(647,169)
Benefit payments, including refunds of employee contributions	(427,268)	(427,268)	-
Administrative expense	-	(6,877)	6,877
Other changes	-	-	-
Net changes	605,214	535,523	69,691
Balance at 6/30/23	<u>\$ 10,353,217</u>	<u>\$ 10,219,145</u>	<u>\$ 134,072</u>

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Hohenwald's net pension Liability (asset)	1,561,540	134,072	(1,042,948)

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(6) Pension, Continued

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

Pension expense. For the year ended June 30, 2024, Hohenwald recognized pension expense (negative pension expense) of \$263,936.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, Hohenwald reported deferred outflows or 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	339,812	72,567
Net difference between projected and Actual earning on pension plan Investments	77,648	-
Changes in assumptions	342,211	-
Contributions subsequent to the Measurement date of June 30, 2023	<u>227,832</u>	<u>-</u>
Total	<u>987,503</u>	<u>72,567</u>

The amounts shown above for 'Contributions subsequent to the measurement date of June 30, 2023,' will be recognized as a reduction (increase) to net position 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:

Year Ended June 30:

2025	\$118,083
2026	\$84,154
2027	\$385,822
2028	\$80,976
2029	\$18,073
Thereafter	-

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

CITY OF HOHENWALD, TENNESSEE

Notes to Financial Statements

June 30, 2024

(7) Commitments and Contingencies

Litigation:

The City attorney estimates that potential claims against the City resulting from such litigation will not materially affect the financial statements of the City at yearend.

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

(8) Risk Management

The City is exposed to various risks to general liability and property and casualty losses. The City has decided it is more economically feasible to be in a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The City participates in the Public Entity Partners (formerly TML Insurance Pool), which is a public entity risk pool established by the Tennessee Municipal League, an association of member cities. The City pays an annual premium to the PEP for its general liability and property and casualty insurance coverage. The pool reinsures through commercial insurance companies. The City has not had claims in excess of insurance coverage during the last three years.

(9) Contributed Capital - Enterprise Funds

In accordance with GASB No. 33 the City no longer records contributed capital from customer tap fees and grants from other governments. The City has recorded the contributed capital into its net position accounts.

(10) Closure and Post Closure Care Cost

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The accrued landfill closure and post-closure care cost at yearend, was \$446,880. This represents estimated post-closure cost, based on engineer's projections.

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF HOHENWALD, TENNESSEE

Schedule of Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS

Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability (asset)										
Service cost	\$ 158,309	\$ 165,713	\$ 163,192	\$ 186,867	\$ 180,689	\$ 178,474	\$ 181,842	\$ 170,047	\$ 211,638	\$ 262,740
Interest	\$ 413,232	\$ 431,408	\$ 466,025	\$ 486,455	\$ 497,965	\$ 524,198	\$ 553,294	\$ 579,988	\$ 605,353	\$ 661,305
Changes in benefit terms	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Differences between actual & expected experience	\$ (41,042)	\$ 198,147	\$ (18,598)	\$ (90,700)	\$ 14,358	\$ 43,179	\$ (9,566)	\$ (141,306)	\$ 374,172	\$ 108,437
Change of assumptions	\$ -	\$ -	\$ -	\$ 156,093	\$ -	\$ -	\$ -	\$ 684,424	\$ -	\$ -
Benefit payments, including refunds of employee contributions	\$ (272,234)	\$ (318,880)	\$ (343,497)	\$ (380,288)	\$ (319,966)	\$ (337,952)	\$ (357,828)	\$ (333,338)	\$ (399,433)	\$ (427,268)
Net change in total pension liability (asset)	\$ 258,265	\$ 476,388	\$ 267,122	\$ 358,427	\$ 373,046	\$ 407,899	\$ 367,742	\$ 959,815	\$ 791,730	\$ 605,214
Total pension liability (asset)-beginning	\$ 5,487,569	\$ 5,745,834	\$ 6,222,222	\$ 6,489,344	\$ 6,847,771	\$ 7,220,817	\$ 7,628,716	\$ 7,996,458	\$ 8,956,273	\$ 9,748,003
Total pension liability (asset)-ending (a)	\$ 5,745,834	\$ 6,222,222	\$ 6,489,344	\$ 6,847,771	\$ 7,220,817	\$ 7,628,716	\$ 7,996,458	\$ 8,956,273	\$ 9,748,003	\$ 10,353,217
Plan fiduciary net position										
Contributions-employer	\$ 165,009	\$ 136,520	\$ 146,966	\$ 142,253	\$ 147,152	\$ 152,141	\$ 160,470	\$ 157,895	\$ 153,904	\$ 179,166
Contributions-employee	\$ 90,374	\$ 94,182	\$ 112,675	\$ 98,106	\$ 101,484	\$ 104,925	\$ 110,669	\$ 108,893	\$ 128,276	\$ 143,333
Net investment income	\$ 877,830	\$ 188,746	\$ 165,183	\$ 711,219	\$ 570,810	\$ 548,493	\$ 388,178	\$ 2,097,954	\$ (387,651)	\$ 647,169
Benefit payments, including refunds of employee contributions	\$ (272,234)	\$ (318,880)	\$ (343,497)	\$ (380,288)	\$ (319,966)	\$ (337,952)	\$ (357,828)	\$ (333,338)	\$ (399,433)	\$ (427,268)
Administrative expense	\$ (2,166)	\$ (2,994)	\$ (4,402)	\$ (4,625)	\$ (5,338)	\$ (4,937)	\$ (4,996)	\$ (5,034)	\$ (6,226)	\$ (6,877)
Other	\$ -	\$ -	\$ 28,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in plan fiduciary net position	\$ 858,813	\$ 97,574	\$ 105,311	\$ 566,665	\$ 494,142	\$ 462,670	\$ 296,493	\$ 2,026,370	\$ (511,130)	\$ 535,523
Plan fiduciary net position-beginning	\$ 5,286,714	\$ 6,145,527	\$ 6,243,101	\$ 6,348,412	\$ 6,915,077	\$ 7,409,219	\$ 7,871,889	\$ 8,168,382	\$ 10,194,752	\$ 9,683,622
Plan fiduciary net position-ending (b)	\$ 6,145,527	\$ 6,243,101	\$ 6,348,412	\$ 6,915,077	\$ 7,409,219	\$ 7,871,889	\$ 8,168,382	\$ 10,194,752	\$ 9,683,622	\$ 10,219,145
Net Pension Liability (asset)-ending (a) - (b)	\$ (399,693)	\$ (20,879)	\$ 140,932	\$ (67,306)	\$ (188,402)	\$ (243,173)	\$ (171,924)	\$ (1,238,479)	\$ 64,381	\$ 134,072
Plan fiduciary net position as a percentage of total pension liability	106.96%	100.34%	97.83%	100.98%	102.61%	103.19%	102.15%	113.83%	99.34%	98.71%
Covered payroll	\$ 1,791,578	\$ 1,883,029	\$ 2,027,109	\$ 1,962,109	\$ 2,029,678	\$ 2,098,496	\$ 2,213,371	\$ 2,177,856	\$ 2,565,059	\$ 2,866,657
Net pension liability (asset) as a percentage of covered payroll	-22.31%	-1.11%	6.95%	-3.43%	-9.28%	-11.59%	-7.77%	-56.87%	2.51%	4.68%

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

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

CITY OF HOHENWALD, TENNESSEE

Schedule of Contributions Based on Participation in the
Public Employee Pension Plan of TCRS

For the Year Ended June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	136,432	146,966	124,594	97,019	109,961	98,274	96,697	113,889	173,146	227,832
Contributions in relation to the actuarially determined contribution	<u>136,432</u>	<u>146,966</u>	<u>142,253</u>	<u>147,152</u>	<u>152,141</u>	<u>160,470</u>	<u>157,895</u>	<u>153,904</u>	<u>179,166</u>	<u>227,832</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>(\$17,659)</u>	<u>(\$50,133)</u>	<u>(\$42,180)</u>	<u>(\$62,196)</u>	<u>(\$61,198)</u>	<u>(\$40,015)</u>	<u>(\$6,020)</u>	<u>\$0</u>
Covered-employee payroll	<u>1,802,112</u>	<u>2,027,109</u>	<u>1,962,109</u>	<u>2,029,678</u>	<u>2,098,496</u>	<u>2,213,371</u>	<u>2,177,856</u>	<u>2,565,059</u>	<u>2,866,657</u>	<u>2,699,718</u>
Contributions as a percentage covered-employee payroll	7.57%	7.25%	6.35%	4.78%	5.24%	4.44%	4.44%	6.00%	6.25%	6.08%

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

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2022 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 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent.
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125 percent

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

SUPPLEMENTAL INFORMATION

CITY OF HOHENWALD, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Changes in Capital Assets By Type

June 30, 2024

<u>Description</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2024</u>
Land	\$856,582	0	0	856,582
Buildings	3,589,115	19,554	0	3,608,669
Improvements	2,442,120	0	0	2,442,120
Vehicles	1,626,155	83,815	110,243	1,599,727
Equipment	1,761,803	270,602	36,000	1,996,405
Total Capital Assets	<u>\$10,275,775</u>	<u>373,971</u>	<u>146,243</u>	<u>10,503,503</u>

CITY OF HOHENWALD, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Capital Assets By Function and Activity

June 30, 2024

Description	Land	Buildings	Improvements	Vehicles and Equipment	Total
General Government	\$646,726	3,424,870	413,709	508,780	4,994,085
Police Department	0	1,150	0	732,021	733,171
Fire Department	0	0	0	988,026	988,026
Public Works	0	56,085	1,685,116	446,512	2,187,713
Garage	0	53,067	0	24,175	77,242
Park	0	7,735	340,126	7,030	354,891
Golf course	148,312	55,263	0	329,566	533,141
Animal control	0	10,499	0	0	10,499
Solid Waste	33,475	0	0	560,022	593,497
Cemetery	28,069	0	3,169	0	31,238
Total Assets	<u>\$856,582</u>	<u>3,608,669</u>	<u>2,442,120</u>	<u>3,596,132</u>	<u>10,503,503</u>

CITY OF HOHENWALD, TENNESSEE

**Schedule of Cash and Cash Equivalents and Certificate of Deposits
All Funds**

June 30, 2024

	<u>Carrying Value</u>
General Fund:	
Demand deposits	\$5,167,612
Total General Fund	<u>5,167,612</u>
 State Street Aid Fund - demand deposit	 <u>216,911</u>
 Drug Fund - demand deposit	 <u>53,771</u>
 Solid Waste Fund	 <u>136,739</u>
Water and Sewer Fund:	
Demand deposits	151,092
Total Water and Sewer Fund	<u>151,092</u>
Natural Gas Fund:	
Demand deposits	2,517,673
Total Natural Gas Fund	<u>2,517,673</u>
 Total Cash and Cash Equivalents - All Funds	 <u><u>\$8,243,798</u></u>

CITY OF HOHENWALD, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2024

Tax Year	Balance July 1, 2023	Levy	Collections and Changes in Assessment	Balance June 30, 2024
2024	\$ -	794,012	0	794,012
2023	766,446	53,198	772,333	47,311
2022	56,156	0	44,719	11,437
2021	10,497	0	5,437	5,060
2020	3,000	0	3,000	0
	<u>836,099</u>	<u>847,210</u>	<u>825,489</u>	<u>857,820</u>

Tax Year	Tax Rate	Tax Levy	Tax Adjustment and Collections	Outstanding Taxes
2024	\$ 1.1300	\$ 794,012	\$ 0	\$ 794,012
2023	1.1300	819,644	772,333	47,311
2022	1.1300	750,333	738,896	11,437
2021	1.1253	723,201	718,141	5,060
2020	1.1253	709,912	709,912	0
2019	1.35	723,221	723,221	0
2018	1.50	757,142	757,142	0
2017	1.50	751,654	751,654	0
2016	1.50	747,739	747,739	0
2015	1.50	736,929	736,929	0
2014	1.50	735,112	735,112	0

All delinquent taxes have been turned over to the County.

CITY OF HOHENWALD, TENNESSEE

Schedule of Debt Service Requirements- General Obligation Debt

June 30, 2024

Year	Capital Outlay Note First TN - Solid Waste		Capital Outlay Note Tristar Bank - Garbage Truck		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 19,700	1,046	18,000	9,259	37,700	10,305
2026			19,000	8,228	19,000	8,228
2027			20,000	7,140	20,000	7,140
2028			21,100	5,994	21,100	5,994
2029			22,300	4,783	22,300	4,783
2030			23,500	3,506	23,500	3,506
2031			24,900	2,156	24,900	2,156
2032			26,200	731	26,200	731
	\$ 19,700	1,046	175,000	41,797	194,700	42,843

CITY OF HOHENWALD, TENNESSEE

Schedule of Debt Service Requirements
Water and Sewer Fund

June 30, 2024

Year	Water and Sewer Revenue and Tax Refunding Bond Series 2021		State Revolving Loan CGA-2008-219		Water and Sewer Revenue and Tax Refunding Bond Series 2019		Water and Sewer Revenue Series 2020		Equipment Acquisition CON Series 2022		State of Tennessee DW-2016-167		TOTAL	TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 75,000	26,025	262,215	27,969	280,000	37,850	61,750	23,900	62,050	13,199	10,517	1,271	751,532	130,214
2026	75,000	23,775	266,016	24,168	290,000	36,150	65,000	22,047	63,750	11,691	10,727	1,246	770,493	119,077
2027	80,000	21,450	269,871	20,313	295,000	27,450	65,000	19,447	65,450	10,141	10,942	1,221	786,263	100,022
2028	80,000	19,050	273,784	16,400	305,000	18,600	68,250	16,717	67,150	8,551	11,161	1,197	805,345	80,515
2029	80,000	16,650	277,752	12,432	315,000	9,450	71,500	14,117	68,850	6,920	11,384	1,173	824,486	60,742
2030	85,000	14,175	281,778	8,406			74,750	11,257	70,550	5,247	11,612	1,150	523,690	40,235
2031	90,000	11,550	285,863	4,321			78,000	8,267	72,250	3,533	11,844	1,127	537,957	28,798
2032	90,000	8,850	140,097	1,112			78,000	6,707	73,100	2,627	12,081	1,104	393,278	20,400
2033	90,000	6,600					81,250	5,147			12,323	1,082	183,573	12,829
2034	95,000	4,750					81,250	3,522			12,569	1,060	188,819	9,332
2035	95,000	2,850					84,500	1,796			8,918	532	188,418	5,178
2036	95,000	950											95,000	950
	<u>\$ 1,030,000</u>	<u>156,675</u>	<u>\$ 2,057,376</u>	<u>115,121</u>	<u>1,485,000</u>	<u>129,500</u>	<u>809,250</u>	<u>132,924</u>	<u>543,150</u>	<u>61,908</u>	<u>124,078</u>	<u>12,183</u>	<u>6,048,854</u>	<u>608,291</u>

CITY OF HOHENWALD, TENNESSEE

Schedule of Debt Service Requirements
Natural Gas Fund

June 30, 2024

Year	Equipment Acquisition CON Series 2022		Natural Gas Revenue Series 2020		TOTAL	TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 10,950	2,329	33,250	12,869	44,200	15,198
2026	11,250	2,063	35,000	11,872	46,250	13,935
2027	11,550	1,790	35,000	10,472	46,550	12,262
2028	11,850	1,509	36,750	9,002	48,600	10,511
2029	12,150	1,221	38,500	7,602	50,650	8,823
2030	12,450	926	40,250	6,062	52,700	6,988
2031	12,750	623	42,000	4,452	54,750	5,075
2032	12,900	464	42,000	3,612	54,900	4,076
2033			43,750	2,772	43,750	2,772
2034			43,750	1,897	43,750	1,897
2035			45,500	967	45,500	967
	\$ 95,850	10,925	435,750	71,579	531,600	82,504

CITY OF HOHENWALD, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2024

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Matured During Period	Paid and/or Refunded During Period	Outstanding 6/30/2024
Business-Type Activities									
Water and Sewer									
State Revolving	4,948,210	1.44%	2012	12/31/2031	\$ 2,315,474	\$ -	\$ 258,098	\$ -	\$ 2,057,376
DW-2016-167	400,000	0.90%	2008	10/31/2033	\$ 133,666	\$ -	\$ 9,588	\$ -	\$ 124,078
Series 2022	663,408	2-3%	2022	6/30/2032	\$ 603,500	\$ -	\$ 60,350	\$ -	\$ 543,150
Series 2019	2,620,000	2-3%	2019	5/1/2029	\$ 1,760,000	\$ -	\$ 275,000	\$ -	\$ 1,485,000
Series 2020	1,040,000	2.25%	2020	6/30/2035	\$ 871,000	\$ -	\$ 61,750	\$ -	\$ 809,250
Series 2021	1,170,000	*2.00%	2021	6/30/2036	\$ 1,100,000	\$ -	\$ 70,000	\$ -	\$ 1,030,000
Total Notes Payable					\$ 6,783,640	\$ -	\$ 734,786	\$ -	\$ 6,048,854
Natural Gas									
Series 2022	117,072	2-3%	2022	6/30/2032	\$ 106,500	\$ -	\$ 10,650	\$ -	\$ 95,850
Series 2020	1,000,000	2.25%	2020	6/30/2035	\$ 469,000	\$ -	\$ 33,250	\$ -	\$ 435,750
Total Notes Payable					\$ 575,500	\$ -	\$ 43,900	\$ -	\$ 531,600
Governmental Activities									
Tristar - Garbage Truck	175,000	5.578%	2023	6/30/2032	\$ -	\$ 175,000	\$ -	\$ -	\$ 175,000
CON - Solid Waste	142,360	1.75%	2016	4/30/2025	\$ 38,900	\$ -	\$ 19,200	\$ -	\$ 19,700
Total Notes Payable					\$ 38,900	\$ 175,000	\$ 19,200	\$ -	\$ 194,700

*Variable rate loan

CITY OF HOHENWALD, TENNESSEE

Schedule of Utility Rates in Force

June 30, 2024

<u>Sewer Rates - Residential</u>	<u>Inside City</u>	<u>Outside City</u>
Up to 2,000 gallons	\$23.58 Minimum charge	\$51.78 Minimum charge
Over 2,000 gallons	\$4.00 per 1,000 gallons	\$6.90 per 1,000 gallons

<u>Water Rates - Residential</u>	<u>Inside City</u>	<u>Outside City</u>
Up to 2,000 gallons	\$15.72 Minimum charge	\$34.52 Minimum charge
Over 2,000 gallons	\$3.07 per 1,000 gallons	\$4.60 per 1,000 gallons

Natural Gas Rates - Residential

Per 1,000 MCF's - varies each month based on natural gas costs.

There were approximately 3,575 water customers, approximately 1,600 sewer customers and approximately 2,350 natural gas customers at yearend.

CITY OF HOHENWALD, TENNESSEE
Schedule of Federal and State Financial Assistance
For the Year Ended June 30, 2024

<u>Assistance Listing Number</u>	<u>State Grant Number</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance June 30, 2023</u>	<u>Grant Receipts</u>	<u>Other Receipts</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2024</u>
State Program:							
N/A	Z-19THS128 High Visibility Enforcement	Tennessee Department of Transportation	<u>0</u>	<u>646</u>	<u>0</u>	<u>646</u>	<u>0</u>
N/A	N/A School Resource Officer	Tennessee Department of Safety and Homeland Security	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>300,000</u>	<u>0</u>
N/A	N/A Fire Fighter Equipment and Training	Tennessee Department of Commerce and Insurance - Fire Marshall Office	<u>0</u>	<u>56,160</u>	<u>0</u>	<u>56,160</u>	<u>0</u>
		Total State	<u>0</u>	<u>356,806</u>	<u>0</u>	<u>356,806</u>	<u>0</u>
Federal Program:							
21.027	American Rescue Plan Act	US Department of Treasury thru the State of Tennessee	<u>(\$1,131,368)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(\$1,131,368)</u>
14.239	HOME Grant	US Department of Transportation thru Tennessee Housing Development Agency	<u>0</u>	<u>87,202</u>	<u>0</u>	<u>87,202</u>	<u>0</u>
		Total Federal	<u>(1,131,368)</u>	<u>87,202</u>	<u>0</u>	<u>87,202</u>	<u>(1,131,368)</u>
		Total Federal and State	<u>(1,131,368)</u>	<u>444,008</u>	<u>0</u>	<u>444,008</u>	<u>(1,131,368)</u>

This schedule prepared on the accrual basis of accounting.

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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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

Mayor and Members of the City Council
City of Hohenwald, Tennessee
Hohenwald, Tennessee

I 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, each major fund of the City of Hohenwald as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Hohenwald's basic financial statements, and have issued a report thereon dated October 31, 2024.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Hohenwald's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hohenwald's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Hohenwald'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 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.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during the audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hohenwald's financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the 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 the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John R. Pale, CPA

October 31, 2024

CITY OF HOHENWALD, TENNESSEE

Schedule of Disposition of Prior Year Comments

June 30, 2024

There were no findings in the prior year.