

**CITY OF HOHENWALD, TENNESSEE**

Annual Financial Report

For the Year Ended June 30, 2025

# CITY OF HOHENWALD, TENNESSEE

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# INTRODUCTORY SECTION

**CITY OF HOHENWALD, TENNESSEE**

Officials of the City of Hohenwald, Tennessee

June 30, 2025

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

**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 accompanying 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of June 30, 2025, 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 Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the other supplementary information are presented for purposes of additional analysis and are not a required part of the 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 December 31, 2025, 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.

*John R. Poole, CPA*

December 31, 2025

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, 2025. 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 \$28,426,985. Of this amount, \$5,134,230 (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 \$1,224,543 primarily due to increases in capital contribution revenues and a growing local economy producing increased sales tax and user-related revenues. Expenses were \$873,297 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 \$3,076,629, a decrease of \$1,622,681 in comparison to the prior year. The City's governmental funds had capital asset purchases of \$2,044,034.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,492,532 or approximately 38% of the total general fund expenditures.

The City's total debt decreased by \$831,414 as the City made all scheduled payments. 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 \$28,426,985 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 <u>Activities</u>	Business -Type <u>Activities</u>
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 - 2025

	Governmental Activities	Business -Type Activities
Current and other assets	\$ 5,305,383	2,637,122
Capital assets	<u>7,157,896</u>	<u>21,573,760</u>
Total assets	12,463,279	24,210,882
Deferred outflows	578,353	354,474
Long-term liabilities outstanding	157,000	5,894,621
Other liabilities	<u>1,832,967</u>	<u>296,809</u>
Total liabilities	1,989,967	6,191,430
Deferred inflows:	936,536	62,070
Net Position:		
Net investment in capital assets	7,000,896	15,787,020
Restricted	504,839	-
Unrestricted	<u>2,609,394</u>	<u>2,524,836</u>
Total Net Position	\$ 10,115,129	18,311,856

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 \$2,492,532. 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 38% of total general fund expenditures.

### Business-Type Activities

The Business-type funds Net Position increased by \$1,128,950 due to increased capital contributions combined with increased user fees from higher usage.

Comparison of Revenues and Expenses 2024 - 2025

	2024 Governmental Activities	2025 Governmental Activities	Change Between Years	2024 Business- type Activities	2025 Business- type Activities	Change Between Years
Revenues:						
Program revenues:						
Charges for services	1,099,224	994,424	(104,800)	5,302,565	5,535,701	233,136
Operating grants and contributions	152,473	242,948	90,475	0	0	0
Capital grants and contributions	444,008	311,122	(132,886)	0	795,472	795,472
General revenues:						
Property taxes	908,366	885,307	(23,059)	0	0	0
Sales taxes	2,379,033	2,427,206	48,173	0	0	0
Other local taxes	518,230	498,678	(19,552)	0	0	0
State income and excise taxes	56,934	62,739	5,805	0	0	0
Other	408,102	269,091	(139,011)	21,699	17,594	(4,105)
Total revenues	<u>\$5,966,370</u>	<u>\$5,691,515</u>	<u>(\$274,855)</u>	<u>\$5,324,264</u>	<u>\$6,348,767</u>	<u>\$1,024,503</u>
Expenses:						
General government	1,122,986	1,186,279	63,293	0	0	0
Police department	1,648,096	1,824,338	176,242	0	0	0
Fire department	340,092	356,595	16,503	0	0	0
Animal control	7,821	4,849	(2,972)	0	0	0
Public works	639,821	721,635	81,814	0	0	0
Cemetery	17,827	17,417	(410)	0	0	0
Parks	45,231	306,130	260,899	0	0	0
Economic development	97,030	129,637	32,607	0	0	0
Emergency services	417,284	427,167	9,883	0	0	0
Golf course	281,806	50,875	(230,931)	0	0	0
Drug fund expenses	21,907	29,003	7,096	0	0	0
Highway and streets	67,507	67,013	(494)	0	0	0
Solid waste	452,572	474,984	22,412	0	0	0
Water and Sewer Fund	0	0	0	3,248,543	3,532,857	284,314
Natural Gas Fund	0	0	0	1,533,919	1,686,960	153,041
Total expenses	<u>\$5,159,980</u>	<u>\$5,595,922</u>	<u>\$435,942</u>	<u>\$4,782,462</u>	<u>\$5,219,817</u>	<u>\$437,355</u>
Increases in Net Position	<u>806,390</u>	<u>95,593</u>	<u>(710,797)</u>	<u>541,802</u>	<u>1,128,950</u>	<u>587,148</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, 2025, amounts to \$7,157,896 (net of accumulated depreciation) and its business-type activities amounts to \$21,573,760. 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 4,290,223.

### City of Hohenwald's Capital Assets - 2024

	Governmental <u>Activities</u>	Business-Type <u>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 - 2025

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land, buildings and improvement	\$ 8,729,929	\$ 35,184,811
Equipment	<u>3,817,608</u>	<u>3,631,710</u>
Less accumulated depreciation	(5,389,641)	(17,242,761)
Net Capital Assets	\$ <u>7,157,896</u>	\$ <u>21,573,760</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 \$5,943,740 of which \$157,000 is general obligation debt for two sanitation trucks and \$446,880 in landfill post-closure costs, \$5,299,340 is debt of the Water and Sewer Utility system, and \$487,400 is debt for the Natural Gas system. During the year, the City paid \$37,700 to reduce governmental debt, \$749,514 to reduce Water and Sewer debt, and \$44,200 to reduce Natural Gas debt. 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 2025-2026 budget, General fund revenues and user charges are budgeted to increase from the 2024-2025 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 2025-2026 fiscal year.

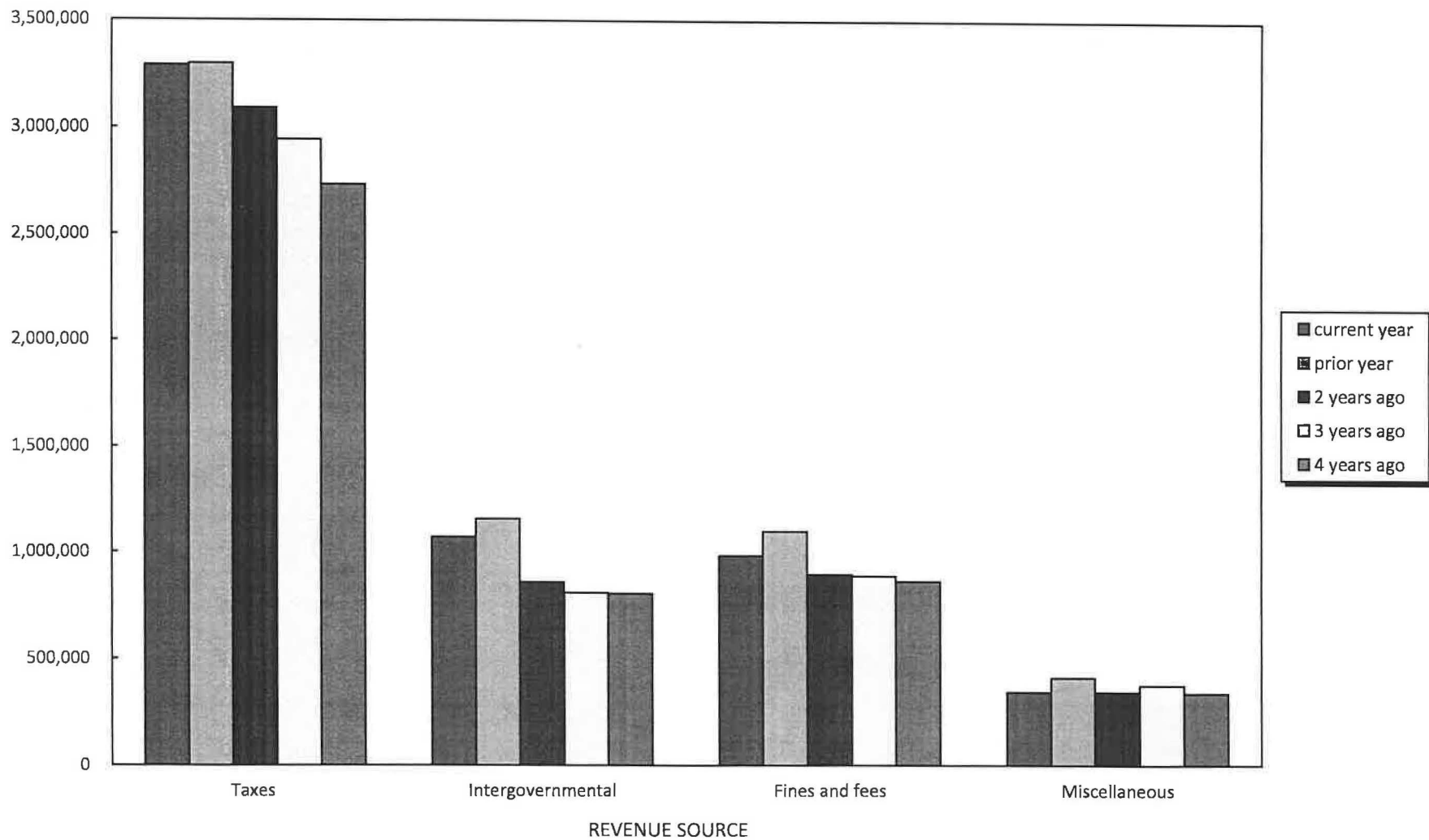
All of these factors were considered in preparing the City's budget for the 2025-2026 fiscal year.

## **Requests for Information**

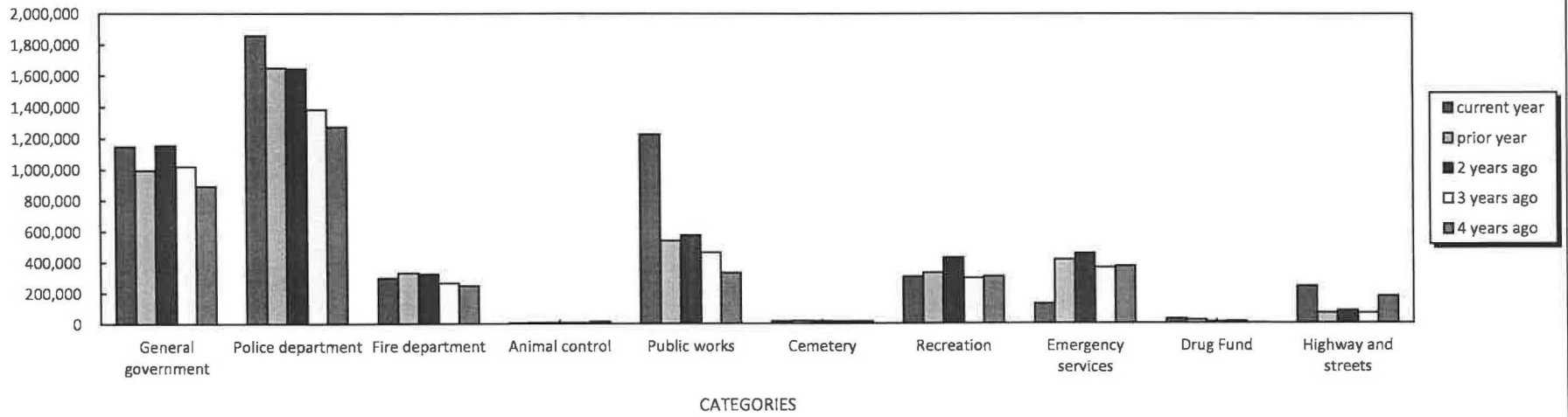
This financial report is designed to provide a general overview of the City of Hohenwald, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed 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, 2025

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	3,892,390	1,539,459	5,431,849
Receivables	1,277,539	734,197	2,011,736
Prepaid assets	51,908	29,770	81,678
Inventory	0	282,491	282,491
Net pension asset	83,546	51,205	134,751
Capital assets not being depreciated	1,895,598	257,584	2,153,182
Capital assets, net of accumulated depreciation	<u>5,262,298</u>	<u>21,316,176</u>	<u>26,578,474</u>
Total Assets	<u>12,463,279</u>	<u>24,210,882</u>	<u>36,674,161</u>
 Deferred Outflows of Resources:			
Deferred outflows of resources - pension	<u>578,353</u>	<u>354,474</u>	<u>932,827</u>
Total Deferred Outflows of Resources	<u>578,353</u>	<u>354,474</u>	<u>932,827</u>
 <u>Liabilities, Deferred Inflows, and Net Position</u>			
Liabilities:			
Accounts payable	52,071	149,292	201,363
Accrued expenses	82,571	69,799	152,370
Unearned revenue - ARPA grants	1,131,368	0	1,131,368
Compensated absences - current	120,077	77,718	197,795
Long-term liabilities:			
Post closure care cost	446,880	0	446,880
Premium on Long-term debt	0	107,881	107,881
Due within one year	19,000	816,743	835,743
Due in more than one year	<u>138,000</u>	<u>4,969,997</u>	<u>5,107,997</u>
Total Liabilities	<u>1,989,967</u>	<u>6,191,430</u>	<u>8,181,397</u>
 Deferred Inflows of Resources:			
Deferred inflows of resources - property tax	<u>835,263</u>	<u>0</u>	<u>835,263</u>
Deferred inflows of resources - pension	<u>101,273</u>	<u>62,070</u>	<u>163,343</u>
Total Deferred Inflows of Resources	<u>936,536</u>	<u>62,070</u>	<u>998,606</u>
 Net Position:			
Net investment in Capital Assets	7,000,896	15,787,020	22,787,916
Restricted - State street aid fund	123,100	0	123,100
Restricted - Drug fund	41,679	0	41,679
Restricted - Solid Waste fund	340,060	0	340,060
Unrestricted	<u>2,609,394</u>	<u>2,524,836</u>	<u>5,134,230</u>
Total Net Position	<u>10,115,129</u>	<u>18,311,856</u>	<u>28,426,985</u>

See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2025

Function/Programs	Program Revenues			Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	
Government Activities:							
General government	1,186,279	57,714	66,635	311,122	(750,808)	0	(750,808)
Police department	1,824,338	285,966	39,600	0	(1,498,772)	0	(1,498,772)
Fire department	356,595	0	0	0	(356,595)	0	(356,595)
Animal control	4,849	0	0	0	(4,849)	0	(4,849)
Public works	721,635	0	0	0	(721,635)	0	(721,635)
Cemetery	17,417	7,200	0	0	(10,217)	0	(10,217)
Parks and recreation	306,130	18,864	0	0	(287,266)	0	(287,266)
Economic development	129,637	0	0	0	(129,637)	0	(129,637)
Emergency services	427,167	0	0	0	(427,167)	0	(427,167)
Golf Course	50,875	0	0	0	(50,875)	0	(50,875)
Solid Waste fund	474,984	607,769	0	0	132,785	0	132,785
Drug fund	29,003	16,911	0	0	(12,092)	0	(12,092)
Highway and streets	67,013	0	136,713	0	69,700	0	69,700
Total Governmental Activities	5,595,922	994,424	242,948	311,122	(4,047,428)	0	(4,047,428)
Business - type Activities:							
Water and Sewer Fund	3,532,857	3,636,216	0	795,472	0	898,831	898,831
Natural gas Fund	1,686,960	1,899,485	0	0	0	212,525	212,525
Total Business Type Activities	5,219,817	5,535,701	0	795,472	0	1,111,356	1,111,356
Total	10,815,739	6,530,125	242,948	1,106,594	(4,047,428)	1,111,356	(2,936,072)
General Revenues:							
Property taxes					756,508	0	756,508
Public utility taxes					128,799	0	128,799
Sales taxes					2,427,206	0	2,427,206
Beer and liquor taxes					302,362	0	302,362
Franchise taxes					32,593	0	32,593
Business taxes					163,723	0	163,723
State income and excise taxes					62,739	0	62,739
Sale of assets					0	1,716	1,716
Interest income					220,621	15,878	236,499
Other					48,470	0	48,470
Total general revenues					4,143,021	17,594	4,160,615
Changes in Net Position					95,593	1,128,950	1,224,543
Net Position - beginning of year					10,019,536	17,182,906	27,202,442
Net position - ending of year					10,115,129	18,311,856	28,426,985

See accompanying notes to financial statements.

FUND FINANCIAL  
STATEMENTS

CITY OF HOHENWALD, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Solid Waste Fund	Total
<u>Assets</u>					
Cash and cash equivalents	\$3,488,582	\$105,042	\$41,679	\$257,087	\$3,892,390
Accounts receivable:					
Property taxes receivable	879,198	0	0	0	879,198
Customers	0	0	0	92,681	92,681
Other governments	283,233	22,427	0	0	305,660
	<u>1,162,431</u>	<u>22,427</u>	<u>0</u>	<u>92,681</u>	<u>1,277,539</u>
Prepaid assets	48,528	0	0	3,380	51,908
Total Assets	<u>\$4,699,541</u>	<u>\$127,469</u>	<u>\$41,679</u>	<u>\$353,148</u>	<u>\$5,221,837</u>
<u>Liabilities, Deferred Inflow of Resources and Fund Balance</u>					
Liabilities:					
Accounts payable	\$44,275	4,369	0	3,427	52,071
Accrued expenses	72,910	0	0	9,661	82,571
Unearned revenue - ARPA grants	1,131,368	0	0	0	1,131,368
	<u>1,248,553</u>	<u>4,369</u>	<u>0</u>	<u>13,088</u>	<u>1,266,010</u>
Deferred Inflow of Resources:					
Deferred current property taxes	835,263	0	0	0	835,263
Deferred delinquent property taxes	43,935	0	0	0	43,935
Total Deferred Inflow of Resources	<u>879,198</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>879,198</u>
Fund Balance:					
Assigned - DARE program	30,730	0	0	0	30,730
Non-spendable	48,528	0	0	0	48,528
Unassigned	2,492,532	0	0	0	2,492,532
Restricted	0	123,100	41,679	340,060	504,839
Total Fund Balance	<u>2,571,790</u>	<u>123,100</u>	<u>41,679</u>	<u>340,060</u>	<u>3,076,629</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$4,699,541</u>	<u>\$127,469</u>	<u>\$41,679</u>	<u>\$353,148</u>	<u>\$5,221,837</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, 2025

Amounts reported for fund balance - total governmental funds	\$ <u>3,076,629</u>
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	7,157,896
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	43,935
Pension related accounts - governmental funds to not record these post-benefit obligations	
Net pension asset	83,546
Deferred outflow - pension	578,353
Deferred inflow - pension	(101,273)
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	(120,077)
Post closure care costs	(446,880)
Bonds payable	<u>(157,000)</u>
Net Position of governmental activities	\$ <u>10,115,129</u>

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, 2025

	General Fund	State Street Aid Fund	Drug Fund	Solid Waste Fund	Total Governmental Funds
<b>Revenues:</b>					
Taxes	3,290,561	0	0	0	3,290,561
Intergovernmental	940,787	130,017	0	0	1,070,804
Fines and fees	359,484	0	16,911	607,769	984,164
Miscellaneous	345,986	0	0	0	345,986
Total revenues	<u>\$4,936,818</u>	<u>\$130,017</u>	<u>\$16,911</u>	<u>\$607,769</u>	<u>\$5,691,515</u>
<b>Expenditures:</b>					
General government	1,141,586	0	0	0	1,141,586
Police department	1,751,825	0	0	0	1,751,825
Fire department	282,728	0	0	0	282,728
Animal control	4,429	0	0	0	4,429
Public works	602,227	0	0	0	602,227
Cemetery	17,417	0	0	0	17,417
Golf Course	33,110	0	0	0	33,110
Parks and recreation	305,823	0	0	0	305,823
Economic development	129,637	0	0	0	129,637
Emergency services	427,167	0	0	0	427,167
Drug fund expenses	0	0	29,003	0	29,003
Solid Waste fund	0	0	0	430,973	430,973
Highway and streets	0	67,013	0	0	67,013
<b>Capital outlay:</b>					
General government	7,914	0	0	0	7,914
Police department	106,346	0	0	0	106,346
Fire department	15,750	0	0	0	15,750
Public works	623,780	0	0	0	623,780
Golf Course	16,150	0	0	0	16,150
Parks and recreation	1,099,094	0	0	0	1,099,094
State street aid	0	175,000	0	0	175,000
<b>Debt service:</b>					
Principal	0	0	0	37,700	37,700
Interest	0	0	0	9,524	9,524
Total expenditures	<u>\$6,564,983</u>	<u>\$242,013</u>	<u>\$29,003</u>	<u>\$478,197</u>	<u>\$7,314,196</u>
Excess (deficiency) of revenues over expenditures	<u>(1,628,165)</u>	<u>(111,996)</u>	<u>(12,092)</u>	<u>129,572</u>	<u>(1,622,681)</u>
Fund balance, beginning of year	4,199,955	235,096	53,771	210,488	4,699,310
Fund balance, end of year	<u>\$2,571,790</u>	<u>\$123,100</u>	<u>\$41,679</u>	<u>\$340,060</u>	<u>\$3,076,629</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, 2025

Net change in fund balances - total governmental funds:	\$	(1,622,681)
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		2,044,034
Depreciation expense		(381,937)
Liabilities not reported in the governmental fund -- change in accrued vacation liability		(22,523)
Liabilities not reported in the governmental fund -- change in pension plan accrual		60,873
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(19,873)
Revenues in the statement of activities that increase long-term debts:		
Loan proceeds		0
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		
Debt principal payments		<u>37,700</u>
Change in Net Position of governmental activities	\$	<u>95,593</u>

See accompanying notes to financial statements.

CITY OF HOHENWALD, TENNESSEE

Statement of Net Position

Enterprise Funds

June 30, 2025

	Water and Sewer Fund	Natural Gas Fund	Total
<u>Assets and Deferred Outflows</u>			
Current Assets:			
Cash and cash equivalents	\$253,711	\$1,285,748	1,539,459
Customer accounts receivable, net of allowance	588,976	145,221	734,197
Prepaid assets	22,562	7,208	29,770
Inventory	143,481	139,010	282,491
Total Current Assets	<u>1,008,730</u>	<u>1,577,187</u>	<u>2,585,917</u>
Capital Assets:			
Capital assets in service	34,175,394	4,641,127	38,816,521
Less accumulated depreciation	<u>(15,036,983)</u>	<u>(2,205,778)</u>	<u>(17,242,761)</u>
Total Capital Assets, Net	<u>19,138,411</u>	<u>2,435,349</u>	<u>21,573,760</u>
Net pension asset	<u>29,645</u>	<u>21,560</u>	<u>51,205</u>
Total Assets	<u>\$20,176,786</u>	<u>\$4,034,096</u>	<u>\$24,210,882</u>
Deferred Outflow of Resources:			
Deferred outflow of resources - pension	<u>205,222</u>	<u>149,252</u>	<u>354,474</u>
Total Deferred Outflows	<u>\$205,222</u>	<u>\$149,252</u>	<u>\$354,474</u>
Liabilities:			
Accounts payable	101,933	47,359	149,292
Accrued expenses	49,816	19,983	69,799
Premium on Long-term debt	107,881	0	107,881
Compensated absences - current	30,560	47,158	77,718
Long-term debt due within one year	770,493	46,250	816,743
Long-term debt due in more than one year	<u>4,528,847</u>	<u>441,150</u>	<u>4,969,997</u>
Total Liabilities	<u>5,589,530</u>	<u>601,900</u>	<u>6,191,430</u>
Deferred Inflow of Resources:			
Deferred inflow of resources - pension	<u>35,936</u>	<u>26,134</u>	<u>62,070</u>
Total Deferred Inflows	<u>35,936</u>	<u>26,134</u>	<u>62,070</u>
Net Position:			
Net investment in capital assets	13,839,071	1,947,949	15,787,020
Unrestricted	<u>917,471</u>	<u>1,607,365</u>	<u>2,524,836</u>
Total Net Position	<u>14,756,542</u>	<u>3,555,314</u>	<u>18,311,856</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, 2025

	Water and Sewer Fund	Natural Gas Fund	Total
Operating Revenues:			
Service fees	\$3,562,272	\$1,879,175	\$5,441,447
Tap and connection fees	64,569	15,086	79,655
Other income	9,375	5,224	14,599
Total Operating Revenues	<u>3,636,216</u>	<u>1,899,485</u>	<u>5,535,701</u>
Operating Expenses:			
Salaries	876,731	506,301	1,383,032
Payroll taxes	58,893	34,896	93,789
Employee benefits	318,733	140,299	459,032
Training and travel	20,019	5,483	25,502
Fees and memberships	14,394	9,996	24,390
Utilities	333,645	13,108	346,753
Professional services	28,991	46,186	75,177
Natural gas purchased	0	616,370	616,370
Insurance	90,592	24,821	115,413
Repair and maintenance	445,617	21,818	467,435
Supplies	252,471	94,969	347,440
Office expense	2,773	1,345	4,118
Vehicle expense	40,105	31,064	71,169
Miscellaneous	1,558	4,052	5,610
Depreciation	931,469	121,415	1,052,884
Total Operating Expenses	<u>3,415,991</u>	<u>1,672,123</u>	<u>5,088,114</u>
Operating income (loss)	<u>220,225</u>	<u>227,362</u>	<u>447,587</u>
Nonoperating Revenues (Expenses):			
Interest income	2,631	13,247	15,878
Gain/(loss) on sale of assets	1,716	0	1,716
Interest expense	(116,866)	(14,837)	(131,703)
Total Nonoperating Revenues (Expenses)	<u>(112,519)</u>	<u>(1,590)</u>	<u>(114,109)</u>
Capital contributions	<u>795,472</u>	<u>0</u>	<u>795,472</u>
Net change in position	903,178	225,772	1,128,950
Net Position, July 1, 2024	<u>13,853,364</u>	<u>3,329,542</u>	<u>17,182,906</u>
Net Position, June 30, 2025	<u>\$14,756,542</u>	<u>\$3,555,314</u>	<u>\$18,311,856</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, 2025**

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	3,596,015	1,883,612	5,479,627
Cash paid to suppliers	(1,275,978)	(1,038,562)	(2,314,540)
Cash paid to employees	(1,254,357)	(681,496)	(1,935,853)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,065,680</b>	<b>163,554</b>	<b>1,229,234</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(896,500)	(1,349,689)	(2,246,189)
Gain/loss on sale of assets	1,716	0	1,716
Capital contributions	795,472	0	795,472
Interest paid	(116,866)	(14,837)	(131,703)
Repayment of debt	(749,514)	(44,200)	(793,714)
<b>Net Cash Provided (Used) by Capital and Financing Activities</b>	<b>(965,692)</b>	<b>(1,408,726)</b>	<b>(2,374,418)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	2,631	13,247	15,878
<b>Net Cash Flows from Investing Activities</b>	<b>2,631</b>	<b>13,247</b>	<b>15,878</b>
<b>Net Change in Cash</b>	<b>102,619</b>	<b>(1,231,925)</b>	<b>(1,129,306)</b>
Cash and Cash Equivalents, July 1, 2024	151,092	2,517,673	2,668,765
Cash and Cash Equivalents, June 30, 2025	<b>253,711</b>	<b>1,285,748</b>	<b>1,539,459</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	220,225	227,362	447,587
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	931,469	121,415	1,052,884
Change in assets (increase) decrease:			
Receivables	(40,201)	(15,873)	(56,074)
Inventory	(14,655)	(23,620)	(38,275)
Prepaid assets	4,629	(575)	4,054
Net pension asset	(29,645)	(21,560)	(51,205)
Deferred outflows	21,904	(20,877)	1,027
Change in liabilities increase (decrease):			
Accounts payable	(23,090)	(120,842)	(143,932)
Accrued expenses	(5,657)	(28,305)	(33,962)
Premium on long-term debt	(18,268)	0	(18,268)
Compensated absences	30,560	47,158	77,718
Net pension liability	(30,837)	(17,429)	(48,266)
Deferred inflows	19,246	16,700	35,946
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,065,680</b>	<b>163,554</b>	<b>1,229,234</b>

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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$757,440	\$765,000	\$756,508	(8,492)
Public utility taxes	103,201	94,000	83,984	(10,016)
Local sales tax	1,683,000	1,900,000	1,952,935	52,935
Local beer and liquor tax	237,850	317,000	286,576	(30,424)
Mixed drink tax	0	15,000	14,242	(758)
Franchise taxes	38,229	49,000	32,593	(16,407)
Business taxes	80,000	65,000	163,723	98,723
Total Taxes	<u>2,899,720</u>	<u>3,205,000</u>	<u>3,290,561</u>	<u>85,561</u>
Intergovernmental:				
TVA in lieu	43,000	44,000	44,815	815
State sales tax	274,000	440,000	466,037	26,037
State beer tax	1,800	0	1,544	1,544
State income tax	9,430	40,000	0	(40,000)
State special petroleum tax	7,668	7,000	6,696	(304)
Grants	20,000	395,000	311,122	(83,878)
State supplement	7,200	14,400	39,600	25,200
Sports betting	0	5,000	8,234	3,234
Corporate excise tax	14,464	30,000	62,739	32,739
Total Intergovernmental Revenue	<u>377,562</u>	<u>975,400</u>	<u>940,787</u>	<u>(34,613)</u>
Fines and fees:				
Building permits	3,000	30,000	16,976	(13,024)
Police fines	30,000	9,700	6,838	(2,862)
Golf course revenues	191,625	0	0	0
Recreation revenues	0	0	18,864	18,864
Dispatcher reimbursement	241,740	316,000	279,128	(36,872)
Cemetery	200	2,800	7,200	4,400
Other fines and fees	1,905	19,500	30,478	10,978
Total Fines and Fees	<u>468,470</u>	<u>378,000</u>	<u>359,484</u>	<u>(18,516)</u>
Miscellaneous:				
Miscellaneous	7,150	3,800	6,556	2,756
Rent	30,000	500	0	(500)
Insurance recoveries	0	3,000	41,914	38,914
Charges for services	144,000	81,000	10,260	(70,740)
Donations	0	85,000	66,635	(18,365)
Sale of assets	1,000	0	0	0
Interest income	1,000	142,000	220,621	78,621
Total Miscellaneous Revenue	<u>183,150</u>	<u>315,300</u>	<u>345,986</u>	<u>30,686</u>
Total Revenues	<u>3,928,902</u>	<u>4,873,700</u>	<u>4,936,818</u>	<u>63,118</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Current:				
Salaries	314,150	503,000	490,811	12,189
Payroll taxes	24,032	38,480	31,451	7,029
Employee benefits	101,455	271,700	229,740	41,960
Utilities	39,160	53,000	73,456	(20,456)
Professional services	95,260	157,000	170,464	(13,464)
Office supplies	20,290	36,800	13,284	23,516
Supplies	54,590	25,000	16,736	8,264
Donations	12,500	16,000	18,247	(2,247)
Travel and training	7,210	7,000	1,109	5,891
Insurance	36,050	44,000	63,124	(19,124)
Dues and subscriptions	29,450	29,000	12,545	16,455
Vehicle expenses	12,360	12,000	14,731	(2,731)
Repair and maintenance	18,445	20,250	4,203	16,047
Miscellaneous	58,050	25,250	1,685	23,565
	<u>823,002</u>	<u>1,238,480</u>	<u>1,141,586</u>	<u>96,894</u>
Capital outlay	0	20,000	7,914	12,086
Total General Government	<u>823,002</u>	<u>1,258,480</u>	<u>1,149,500</u>	<u>108,980</u>
Public Safety:				
Police Department:				
Current:				
Salaries	958,800	990,000	1,033,521	(43,521)
Payroll taxes	73,348	75,735	71,918	3,817
Employee benefits	416,670	533,500	425,988	107,512
Training	5,100	5,000	13,318	(8,318)
Dues and subscriptions	1,938	1,900	2,678	(778)
Utilities	22,440	17,000	20,468	(3,468)
Insurance	45,900	45,000	51,904	(6,904)
Vehicle expense	32,640	32,000	34,849	(2,849)
Repair & maintenance	6,630	6,500	55,672	(49,172)
Supplies	32,078	30,050	18,138	11,912
Professional services	6,324	11,200	12,791	(1,591)
Miscellaneous	10,137	21,400	10,580	10,820
	<u>1,612,005</u>	<u>1,769,285</u>	<u>1,751,825</u>	<u>17,460</u>
Capital outlay	51,965	80,000	106,346	(26,346)
Total Police Department	<u>1,663,970</u>	<u>1,849,285</u>	<u>1,858,171</u>	<u>(8,886)</u>
Fire Department:				
Current:				
Salaries and volunteer firemen	154,020	159,000	150,443	8,557
Payroll taxes	8,895	9,333	10,860	(1,527)
Employee benefits	54,570	90,500	51,740	38,760
Training and travel	2,040	2,000	0	2,000
Repair and maintenance	4,335	9,000	12,722	(3,722)
Supplies	25,065	20,000	2,185	17,815
Uniforms	15,300	15,000	13,978	1,022
Utilities	19,080	16,000	15,786	214
Insurance	12,240	12,000	19,773	(7,773)
Vehicle expenses	9,690	9,500	5,241	4,259
Miscellaneous	1,020	0	0	0
	<u>306,255</u>	<u>342,333</u>	<u>282,728</u>	<u>59,605</u>
Capital outlay	20,000	2,500	15,750	(13,250)
Total Fire Department	<u>326,255</u>	<u>344,833</u>	<u>298,478</u>	<u>46,355</u>
Total Public Safety	<u>1,990,225</u>	<u>2,194,118</u>	<u>2,156,649</u>	<u>37,469</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Animal Control				
Salary and benefits	15,037	0	0	0
Maintenance and supplies	4,602	18,000	4,429	13,571
	<u>19,639</u>	<u>18,000</u>	<u>4,429</u>	<u>13,571</u>
Capital outlay	0	0	0	0
Total Animal Control	<u>19,639</u>	<u>18,000</u>	<u>4,429</u>	<u>13,571</u>
Public Works:				
Salaries	198,900	275,000	288,356	(13,356)
Payroll taxes	15,216	21,038	20,482	556
Employee benefits	81,804	712,200	88,426	623,774
Repair and maintenance	64,770	51,500	32,568	18,932
Vehicle expense	45,900	45,000	62,230	(17,230)
Materials and supplies	19,200	63,000	64,549	(1,549)
Utilities	3,090	15,000	16,644	(1,644)
Professional services	0	0	15,378	(15,378)
Insurance	0	2,000	13,594	(11,594)
Miscellaneous	2,040	0	0	0
	<u>430,920</u>	<u>1,184,738</u>	<u>602,227</u>	<u>582,511</u>
Capital outlay	50,000	50,000	623,780	(573,780)
Total Public Works	<u>480,920</u>	<u>1,234,738</u>	<u>1,226,007</u>	<u>8,731</u>
Cemetery				
Repair and maintenance	20,502	20,100	17,417	2,683
	<u>20,502</u>	<u>20,100</u>	<u>17,417</u>	<u>2,683</u>
Capital outlay	0	0	0	0
Total Cemetery	<u>20,502</u>	<u>20,100</u>	<u>17,417</u>	<u>2,683</u>
Golf Course:				
Salaries	158,100	0	500	(500)
Payroll taxes	10,924	0	38	(38)
Employee benefits	23,307	0	0	0
Utilities	21,420	0	0	0
Repair and maintenance	81,601	0	3,503	(3,503)
Tournament Prizes	12,240	0	0	0
Vehicle expense	6,120	0	839	(839)
Insurance	2,040	0	618	(618)
Materials and supplies	20,106	0	1,404	(1,404)
Golf cart leases	15,300	0	26,208	(26,208)
Miscellaneous	7,620	42,000	0	42,000
	<u>358,778</u>	<u>42,000</u>	<u>33,110</u>	<u>8,890</u>
Capital outlay	10,000	0	16,150	(16,150)
Total Golf Course	<u>368,778</u>	<u>42,000</u>	<u>49,260</u>	<u>(7,260)</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Parks and Recreation:</b>				
Salaries	0	0	71,567	(71,567)
Payroll taxes	0	0	5,203	(5,203)
Employee benefits	0	0	11,786	(11,786)
Supplies	0	0	68,726	(68,726)
Maintenance	1,000	0	17,704	(17,704)
Utilities	0	0	48,210	(48,210)
Professional services	0	0	82,627	(82,627)
Donation	45,000	200,000	0	200,000
	<u>46,000</u>	<u>200,000</u>	<u>305,823</u>	<u>51,459</u>
Capital outlay	0	1,100,000	1,099,094	906
Total Parks and Recreation	<u>46,000</u>	<u>1,300,000</u>	<u>1,404,917</u>	<u>52,365</u>
<b>Economic development:</b>				
Salaries	44,880	84,000	90,006	(6,006)
Payroll taxes	3,433	3,366	2,774	592
Employee benefits	19,564	24,180	19,154	5,026
Economic development	0	40,000	15,626	24,374
Training and travel	3,570	3,500	0	3,500
Materials and supplies	510	1,300	1,139	161
Utilities	490	480	938	(458)
Public relations	25,818	0	0	0
Miscellaneous	816	0	0	0
	<u>99,081</u>	<u>156,826</u>	<u>129,637</u>	<u>27,189</u>
Debt service	0	0	0	0
Total Economic development	<u>99,081</u>	<u>156,826</u>	<u>129,637</u>	<u>27,189</u>
<b>Emergency Services:</b>				
Salaries	265,200	300,000	303,458	(3,458)
Payroll taxes	20,288	20,000	21,211	(1,211)
Employee benefits	109,089	142,950	97,637	45,313
Memberships	7,344	7,200	0	7,200
Supplies	3,601	4,330	4,861	(531)
	<u>405,522</u>	<u>474,480</u>	<u>427,167</u>	<u>47,313</u>
Capital outlay	0	0	0	0
Total Emergency Services	<u>405,522</u>	<u>474,480</u>	<u>427,167</u>	<u>47,313</u>
Total Expenditures	<u>4,253,669</u>	<u>6,698,742</u>	<u>6,564,983</u>	<u>291,041</u>
Excess (deficiency) of Revenues over Expenditures	(324,767)	(1,825,042)	(1,628,165)	354,159
Fund Balance, July 1, 2024	<u>4,199,955</u>	<u>4,199,955</u>	<u>4,199,955</u>	<u>0</u>
Fund Balance, June 30, 2025	<u>3,875,188</u>	<u>2,374,913</u>	<u>2,571,790</u>	<u>354,159</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**

**State Street Aid Fund**

**For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Gasoline .03 tax	9,500	20,500	19,091	(1,409)
Gasoline 1989 tax	5,000	12,000	10,339	(1,661)
Gasoline 2017 tax	24,500	35,500	33,236	(2,264)
Gasoline and motor fuel	<u>59,000</u>	<u>70,000</u>	<u>67,351</u>	<u>(2,649)</u>
Total Revenues	<u>98,000</u>	<u>138,000</u>	<u>130,017</u>	<u>(7,983)</u>
Expenditures:				
Streets:				
Street lights	77,000	70,000	67,013	2,987
Maintenance and supplies	0	68,000	0	68,000
Capital Outlay	<u>5,000</u>	<u>175,000</u>	<u>175,000</u>	<u>0</u>
Total Expenditures	<u>82,000</u>	<u>313,000</u>	<u>242,013</u>	<u>70,987</u>
Excess (deficiency) of revenues over expenditures	16,000	(175,000)	(111,996)	63,004
Fund Balance, July 1, 2024	<u>235,096</u>	<u>235,096</u>	<u>235,096</u>	<u>-</u>
Fund Balance, June 30, 2025	<u><u>\$251,096</u></u>	<u><u>\$60,096</u></u>	<u><u>123,100</u></u>	<u><u>63,004</u></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

Drug Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Fees:				
Drug related	5,000	30,000	16,911	(13,089)
Miscellaneous	0	0	0	0
Total Revenues	5,000	30,000	16,911	(13,089)
Expenditures:				
Supplies	5,000	30,000	29,003	997
Capital Outlay	0	0	0	0
Total Expenditures	5,000	30,000	29,003	997
Excess (deficiency) of revenues over expenditures	0	0	(12,092)	(12,092)
Fund Balance, July 1, 2024	53,771	53,771	53,771	0
Fund Balance, June 30, 2025	\$53,771	\$53,771	41,679	(12,092)

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, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Service fees	506,900	528,000	607,769	79,769
Sale of assets	0		0	0
Total Revenues	506,900	528,000	607,769	79,769
Expenses:				
Salaries	226,600	220,000	247,589	(27,589)
Payroll taxes	17,335	16,830	17,684	(854)
Employee benefits	115,927	152,550	71,334	81,216
Fees	1,030	1,000	10	990
Utilities	6,695	6,500	1,049	5,451
Professional services	2,575	0	2,729	(2,729)
Insurance	5,047	4,900	8,522	(3,622)
Repair and maintenance	16,194	12,000	15,451	(3,451)
Supplies	2,987	5,400	14,944	(9,544)
Garbage cans	12,000	17,000	17,225	(225)
Vehicle expense	32,360	40,000	34,387	5,613
Miscellaneous	103	10,100	49	10,051
	438,853	486,280	430,973	55,307
Debt service	20,000	50,000	47,224	2,776
Total Expenditures	458,853	536,280	478,197	58,083
 Excess (deficiency) of revenues over expenditures	 48,047	 (8,280)	 129,572	 137,852
 Fund Balance, July 1, 2024	 210,488	 210,488	 210,488	 0
Fund Balance, June 30, 2025	\$258,535	\$202,208	\$340,060	\$137,852

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, 2025

### (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, 2025

### (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, 2025

### (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, 2025

### (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, 2025

### (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, 2025. Payments may be made during the period from July 1 through November 1. Current tax collections of \$762,743 for the fiscal year ended June 30, 2025 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 \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated useful life in excess of one year. 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 years
Buildings	40 years
Utility Plant in Service	3-50 years
Furniture and Equipment	3-10 years

# CITY OF HOHENWALD, TENNESSEE

## Notes to Financial Statements

June 30, 2025

### (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, 2024	Addi- tions	Retire- ments	Balance June 30, 2025
Governmental activities	97,554	22,523	-	120,077
Business-type activities	61,708	16,010	-	77,718

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, 2025

### (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, 2025

### (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, 2025

**(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, 2025, consist of the following:

<u>Fund</u>	<u>Other Government</u>	<u>Property Taxes</u>	<u>Customer Accounts</u>	<u>Total</u>
General Fund	\$ 283,233	879,198	-	1,162,431
Special Revenue Funds	22,427	-	92,681	115,108
Enterprise Funds	-	-	1,957,065	1,957,065
Less allowance for doubtful accounts	-	-	<u>(1,222,868)</u>	<u>(1,222,868)</u>
Total	<u>\$ 305,660</u>	<u>879,198</u>	<u>826,878</u>	<u>2,011,736</u>

**CITY OF HOHENWALD, TENNESSEE**

Notes to Financial Statements

June 30, 2025

**(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:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2025</u>
Land	\$856,582	1,039,016	0	1,895,598
Buildings	3,608,669	16,150	0	3,624,819
Improvements	2,442,120	767,392	0	3,209,512
Vehicles	1,599,727	122,096	0	1,721,823
Equipment	1,996,405	99,380	0	2,095,785
Total	<u>10,503,503</u>	<u>2,044,034</u>	<u>0</u>	<u>12,547,537</u>
Less Accumulated Depreciation	<u>(5,007,704)</u>			<u>(5,389,641)</u>
Net capital assets in service	<u>\$5,495,799</u>			<u>\$7,157,896</u>

All assets, except land of \$1,895,598, are being depreciated.

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

General Fund:	
General government administration	\$ 63,170
Police department	72,513
Fire department	73,867
Public Works	119,408
Animal shelter	420
Park	307
Golf	17,765
Solid waste	34,487
Total	<u>381,937</u>

**CITY OF HOHENWALD, TENNESSEE**

Notes to Financial Statements

June 30, 2025

**(4) Capital Assets, Continued**

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

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2025</u>
Land and easement	\$119,796	0	0	119,796
Buildings	85,014	0	0	85,014
Utility plant	30,454,712	882,430	0	31,337,142
Equipment	2,619,372	14,070	0	2,633,442
Total	<u>33,278,894</u>	<u>896,500</u>	<u>0</u>	<u>34,175,394</u>
Less Accumulated Depreciation	<u>(14,105,514)</u>			<u>(15,036,983)</u>
Net capital assets in service	<u>\$19,173,380</u>			<u>\$19,138,411</u>

All assets, except land and easements of \$119,796 are being depreciated. Depreciation expense was \$931,469 in 2025.

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

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2025</u>
Land and easement	\$79,388	58,400	0	137,788
Building	0	1,281,517	0	1,281,517
Utility plant	2,223,554	0	0	2,223,554
Equipment	988,496	9,772	0	998,268
Total	<u>3,291,438</u>	<u>1,349,689</u>	<u>0</u>	<u>4,641,127</u>
Less Accumulated Depreciation	<u>(2,084,363)</u>			<u>(2,205,778)</u>
Net capital assets in service	<u>\$1,207,075</u>			<u>\$2,435,349</u>

All assets, except land of \$137,788, are being depreciated. Depreciation expense was \$121,415 in 2025.

**CITY OF HOHENWALD, TENNESSEE**

Notes to Financial Statements

June 30, 2025

**(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 2025.

Bonds Payable:	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
First TN - Solid Waste	19,700	0	19,700	0	0
Tristar Bank - Garbage Truck	175,000	0	18,000	157,000	19,000
Total	<u>194,700</u>	<u>0</u>	<u>37,700</u>	<u>157,000</u>	<u>19,000</u>

The following schedule reflects the changes in long-term debt, as shown in the Enterprise (Water and Sewer) Fund during the fiscal year 2025.

Bonds Payable:	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
State Revolving	2,057,376	0	261,848	1,795,528	266,016
DW-2016-167	124,078	0	8,866	115,212	10,727
Series 2022	543,150	0	62,050	481,100	63,750
Series 2019	1,485,000	0	280,000	1,205,000	290,000
Series 2020	809,250	0	61,750	747,500	65,000
Series 2021	1,030,000	0	75,000	955,000	75,000
Total	<u>6,048,854</u>	<u>0</u>	<u>749,514</u>	<u>5,299,340</u>	<u>770,493</u>

**CITY OF HOHENWALD, TENNESSEE**

Notes to Financial Statements

June 30, 2025

**(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 2025.

Bonds Payable:	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>
Series 2020	435,750	0	33,250	402,500	35,000
Series 2022	95,850	0	10,950	84,900	11,250
Total	<u>531,600</u>	<u>0</u>	<u>44,200</u>	<u>487,400</u>	<u>46,250</u>

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2025, are as follows:

Year Ending <u>June 30,</u>	<u>General Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2026	19,000	8,228
2027	20,000	7,140
2028	21,100	5,994
2029	22,300	4,783
2030	23,500	3,506
2031-2032	<u>51,100</u>	<u>2,887</u>
Total	<u>157,000</u>	<u>32,538</u>

Year Ending <u>June 30,</u>	<u>Water and Sewer Department</u>		<u>Natural Gas Department</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	523,690	40,235	52,700	6,988
2031-2035	1,494,063	76,536	242,650	14,787
2036	<u>95,000</u>	<u>950</u>	<u>-</u>	<u>-</u>
Total	<u>5,299,340</u>	<u>478,077</u>	<u>487,400</u>	<u>67,306</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, 2025

(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 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	45
Active employees	<u>67</u>
Total	<u>157</u>

# CITY OF HOHENWALD, TENNESSEE

## Notes to Financial Statements

June 30, 2025

### (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, 2025, employer contributions for Hohenwald were \$377,747 based on a rate of 6.09% 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, 2024, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

<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, 2024 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**CITY OF HOHENWALD, TENNESSEE**

Notes to Financial Statements

June 30, 2025

**(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		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the 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, 2025

**(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)
<b>Balance at 6/30/23</b>	\$10,353,217	\$10,219,145	\$134,072
<b>Changes for the Year:</b>			
Service Cost	279,120	-	279,120
Interest	702,244	-	702,244
Changes in Benefit Terms	-	-	-
Differences between expected and actual experience	81,076	-	81,076
Changes in assumptions	-	-	-
Contributions-employer	-	192,860	(192,860)
Contributions-employees	-	154,799	(154,799)
Net investment income	-	991,868	(991,868)
Benefit payments, including refunds of employee contributions	(457,439)	(457,439)	-
Administrative expense	-	(8,264)	8,264
Other changes	-	-	-
<b>Net changes</b>	605,001	873,824	(268,823)
<b>Balance at 6/30/24</b>	<u>\$ 10,958,218</u>	<u>\$ 11,092,969</u>	<u>\$ (134,751)</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)	\$1,378,928	(\$134,751)	(\$1,366,593)

**CITY OF HOHENWALD, TENNESSEE**

Notes to Financial Statements

June 30, 2025

**(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, 2025, Hohenwald recognized pension expense (negative pension expense) of \$219,404.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2025, 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	326,940	47,102
Net difference between projected and Actual earning on pension plan		
Investments	-	116,241
Changes in assumptions	228,140	-
Contributions subsequent to the Measurement date of June 30, 2024	<u>377,747</u>	<u>-</u>
Total	<u>932,827</u>	<u>163,343</u>

The amounts shown above for 'Contributions subsequent to the measurement date of June 30, 2024,' 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:

2026	\$36,455
2027	\$338,123
2028	\$33,277
2029	(\$29,626)
2030	\$13,513
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, 2025

### (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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total pension liability (asset)</b>										
Service cost	\$ 165,713	\$ 163,192	\$ 186,867	\$ 180,689	\$ 178,474	\$ 181,842	\$ 170,047	\$ 211,638	\$ 262,740	\$ 279,120
Interest	\$ 431,408	\$ 466,025	\$ 486,455	\$ 497,965	\$ 524,198	\$ 553,294	\$ 579,988	\$ 605,353	\$ 661,305	\$ 702,244
Changes in benefit terms	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Differences between actual & expected experience	\$ 198,147	\$ (18,598)	\$ (90,700)	\$ 14,358	\$ 43,179	\$ (9,566)	\$ (141,306)	\$ 374,172	\$ 108,437	\$ 81,076
Change of assumptions	\$ -	\$ -	\$ 156,093	\$ -	\$ -	\$ -	\$ 684,424	\$ -	\$ -	\$ -
Benefit payments, including refunds of employee contributions	\$ (318,880)	\$ (343,497)	\$ (380,288)	\$ (319,966)	\$ (337,952)	\$ (357,828)	\$ (333,338)	\$ (399,433)	\$ (427,268)	\$ (457,439)
<b>Net change in total pension liability (asset)</b>	<b>\$ 476,388</b>	<b>\$ 267,122</b>	<b>\$ 358,427</b>	<b>\$ 373,046</b>	<b>\$ 407,899</b>	<b>\$ 367,742</b>	<b>\$ 959,815</b>	<b>\$ 791,730</b>	<b>\$ 605,214</b>	<b>\$ 605,001</b>
<b>Total pension liability (asset)-beginning</b>	<b>\$ 5,745,834</b>	<b>\$ 6,222,222</b>	<b>\$ 6,489,344</b>	<b>\$ 6,847,771</b>	<b>\$ 7,220,817</b>	<b>\$ 7,628,716</b>	<b>\$ 7,996,458</b>	<b>\$ 8,956,273</b>	<b>\$ 9,748,003</b>	<b>\$ 10,353,004</b>
<b>Total pension liability (asset)-ending (a)</b>	<b>\$ 6,222,222</b>	<b>\$ 6,489,344</b>	<b>\$ 6,847,771</b>	<b>\$ 7,220,817</b>	<b>\$ 7,628,716</b>	<b>\$ 7,996,458</b>	<b>\$ 8,956,273</b>	<b>\$ 9,748,003</b>	<b>\$ 10,353,217</b>	<b>\$ 10,958,005</b>
<b>Plan fiduciary net position</b>										
Contributions-employer	\$ 136,520	\$ 146,966	\$ 142,253	\$ 147,152	\$ 152,141	\$ 160,470	\$ 157,895	\$ 153,904	\$ 179,166	\$ 192,860
Contributions-employee	\$ 94,182	\$ 112,675	\$ 98,106	\$ 101,484	\$ 104,925	\$ 110,669	\$ 108,893	\$ 128,276	\$ 143,353	\$ 154,799
Net investment income	\$ 188,746	\$ 165,183	\$ 711,219	\$ 570,810	\$ 548,493	\$ 388,178	\$ 2,097,954	\$ (387,651)	\$ 647,169	\$ 991,868
Benefit payments, including refunds of employee contributions	\$ (318,880)	\$ (343,497)	\$ (380,288)	\$ (319,966)	\$ (337,952)	\$ (357,828)	\$ (333,338)	\$ (399,433)	\$ (427,268)	\$ (457,439)
Administrative expense	\$ (2,994)	\$ (4,402)	\$ (4,625)	\$ (5,338)	\$ (4,937)	\$ (4,996)	\$ (5,034)	\$ (6,226)	\$ (6,877)	\$ (8,264)
Other	\$ -	\$ 28,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net change in plan fiduciary net position</b>	<b>\$ 97,574</b>	<b>\$ 105,311</b>	<b>\$ 566,665</b>	<b>\$ 494,142</b>	<b>\$ 462,670</b>	<b>\$ 296,493</b>	<b>\$ 2,026,370</b>	<b>\$ (511,130)</b>	<b>\$ 535,523</b>	<b>\$ 873,824</b>
<b>Plan fiduciary net position-beginning</b>	<b>\$ 6,145,527</b>	<b>\$ 6,243,101</b>	<b>\$ 6,348,412</b>	<b>\$ 6,915,077</b>	<b>\$ 7,409,219</b>	<b>\$ 7,871,889</b>	<b>\$ 8,168,382</b>	<b>\$ 10,194,752</b>	<b>\$ 9,683,622</b>	<b>\$ 10,219,145</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 6,243,101</b>	<b>\$ 6,348,412</b>	<b>\$ 6,915,077</b>	<b>\$ 7,409,219</b>	<b>\$ 7,871,889</b>	<b>\$ 8,168,382</b>	<b>\$ 10,194,752</b>	<b>\$ 9,683,622</b>	<b>\$ 10,219,145</b>	<b>\$ 11,092,969</b>
<b>Net Pension Liability (asset)-ending (a) - (b)</b>	<b>\$ (20,879)</b>	<b>\$ 140,932</b>	<b>\$ (67,306)</b>	<b>\$ (188,402)</b>	<b>\$ (243,173)</b>	<b>\$ (171,924)</b>	<b>\$ (1,238,479)</b>	<b>\$ 64,381</b>	<b>\$ 134,072</b>	<b>\$ (134,964)</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	100.34%	97.83%	100.98%	102.61%	103.19%	102.15%	113.83%	99.34%	98.71%	101.23%
<b>Covered payroll</b>	\$ 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	\$ 3,085,761
<b>Net pension liability (asset) as a percentage of covered payroll</b>	-1.11%	6.95%	-3.43%	-9.28%	-11.59%	-7.77%	-56.87%	2.51%	4.68%	-4.37%

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 prior years' data, if needed.

CITY OF HOHENWALD, TENNESSEE  
Schedule of Contributions Based on Participation in the  
Public Employee Pension Plan of TCRS  
For the Year Ended June 30, 2025

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially determined contribution	146,966	124,594	97,019	109,961	98,274	96,697	113,889	173,146	187,615	377,747
Contributions in relation to the actuarially determined contribution	<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>192,860</u>	<u>377,747</u>
Contribution deficiency (excess)	<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>(\$5,245)</u>	<u>\$0</u>
Covered-employee payroll	<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>3,085,761</u>	<u>2,884,745</u>
Contributions as a percentage covered-employee payroll	7.25%	6.35%	4.78%	5.24%	4.44%	4.44%	6.00%	6.25%	6.25%	6.09%

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 2025 were calculated based on the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 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, 2025

<u>Description</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2025</u>
Land	\$856,582	1,039,016	0	1,895,598
Buildings	3,608,669	16,150	0	3,624,819
Improvements	2,442,120	767,392	0	3,209,512
Vehicles	1,599,727	122,096	0	1,721,823
Equipment	1,996,405	99,380	0	2,095,785
Total Capital Assets	<u>\$10,503,503</u>	<u>2,044,034</u>	<u>0</u>	<u>12,547,537</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, 2025

<u>Description</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
General Government	\$646,726	3,424,870	413,709	516,694	5,001,999
Police Department	0	1,150	0	838,367	839,517
Fire Department	0	0	0	1,003,776	1,003,776
Public Works	0	56,085	2,405,930	524,478	2,986,493
Garage	0	53,067	0	24,175	77,242
Park	1,039,016	7,735	386,704	20,530	1,453,985
Golf course	148,312	71,413	0	329,566	549,291
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>\$1,895,598</u>	<u>3,624,819</u>	<u>3,209,512</u>	<u>3,817,608</u>	<u>12,547,537</u>

CITY OF HOHENWALD, TENNESSEE

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

June 30, 2025

	<u>Carrying Value</u>
General Fund:	
Demand deposits	\$3,488,582
Total General Fund	<u>3,488,582</u>
State Street Aid Fund - demand deposit	<u>105,042</u>
Drug Fund - demand deposit	<u>41,679</u>
Solid Waste Fund	<u>257,087</u>
Water and Sewer Fund:	
Demand deposits	253,711
Total Water and Sewer Fund	<u>253,711</u>
Natural Gas Fund:	
Demand deposits	1,285,748
Total Natural Gas Fund	<u>1,285,748</u>
 Total Cash and Cash Equivalents - All Funds	 <u><u>\$5,431,849</u></u>

**CITY OF HOHENWALD, TENNESSEE**

**Schedule of Changes in Property Taxes Receivable**

**For the Year Ended June 30, 2025**

<u>Tax Year</u>	<u>Balance July 1, 2024</u>	<u>Levy</u>	<u>Collections and Changes in Assessment</u>	<u>Balance June 30, 2025</u>
2025	\$ -	835,263	0	835,263
2024	794,012	0	762,743	31,269
2023	47,311	0	39,413	7,898
2022	11,437	0	7,446	3,991
2021	5,060	0	4,283	777
	<u>857,820</u>	<u>835,263</u>	<u>813,885</u>	<u>879,198</u>

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Tax Adjustment and Collections</u>	<u>Outstanding Taxes</u>
2025	\$ 0.6565	\$ 835,263	\$ 0	\$ 835,263
2024	1.1300	794,012	762,743	31,269
2023	1.1300	819,644	811,746	7,898
2022	1.1300	750,333	746,342	3,991
2021	1.1253	723,201	722,424	777
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

All delinquent taxes have been turned over to the County.

**CITY OF HOHENWALD, TENNESSEE**

**Schedule of Debt Service Requirements-  
General Obligation Debt**

**June 30, 2025**

<u>Year</u>	<u>Capital Outlay Note</u>		<u>Total</u>	
	<u>Tristar Bank - Garbage Truck</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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
	<u>\$ 157,000</u>	<u>32,538</u>	<u>157,000</u>	<u>32,538</u>

CITY OF HOHENWALD, TENNESSEE

Schedule of Debt Service Requirements  
Water and Sewer Fund

June 30, 2025

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
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	140,464	1,112			78,000	6,707	73,100	2,627	12,081	1,104	393,645	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			10,569	532	190,069	5,178
2036	95,000	950											95,000	950
	<u>\$ 955,000</u>	<u>130,650</u>	<u>\$ 1,795,528</u>	<u>87,152</u>	<u>1,205,000</u>	<u>91,650</u>	<u>747,500</u>	<u>109,024</u>	<u>481,100</u>	<u>48,709</u>	<u>115,212</u>	<u>10,892</u>	<u>5,299,340</u>	<u>478,077</u>

CITY OF HOHENWALD, TENNESSEE

Schedule of Debt Service Requirements  
Natural Gas Fund

June 30, 2025

Year	Equipment Acquisition CON Series 2022		Natural Gas Revenue Series 2020		TOTAL	TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest
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
	\$ <u>84,900</u>	<u>8,596</u>	<u>402,500</u>	<u>58,710</u>	<u>487,400</u>	<u>67,306</u>

**CITY OF HOHENWALD, TENNESSEE**

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2025

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2024	Issued During Period	Matured During Period	Paid and/or Refunded During Period	Outstanding 6/30/2025
<b>Business-Type Activities</b>									
<b>Water and Sewer</b>									
State Revolving	4,948,210	1.44%	2012	12/31/2031	\$ 2,057,376	\$ -	\$ 261,848	\$ -	\$ 1,795,528
DW-2016-167	400,000	0.90%	2008	10/31/2033	\$ 124,078	\$ -	\$ 8,866	\$ -	\$ 115,212
Series 2022	663,408	2-3%	2022	6/30/2032	\$ 543,150	\$ -	\$ 62,050	\$ -	\$ 481,100
Series 2019	2,620,000	2-3%	2019	5/1/2029	\$ 1,485,000	\$ -	\$ 280,000	\$ -	\$ 1,205,000
Series 2020	1,040,000	2.25%	2020	6/30/2035	\$ 809,250	\$ -	\$ 61,750	\$ -	\$ 747,500
Series 2021	1,170,000	*2.00%	2021	6/30/2036	\$ 1,030,000	\$ -	\$ 75,000	\$ -	\$ 955,000
<b>Total Notes Payable</b>					<b>\$ 6,048,854</b>	<b>\$ -</b>	<b>\$ 749,514</b>	<b>\$ -</b>	<b>\$ 5,299,340</b>
<b>Natural Gas</b>									
Series 2022	117,072	2-3%	2022	6/30/2032	\$ 95,850	\$ -	\$ 10,950	\$ -	\$ 84,900
Series 2020	1,000,000	2.25%	2020	6/30/2035	\$ 435,750	\$ -	\$ 33,250	\$ -	\$ 402,500
<b>Total Notes Payable</b>					<b>\$ 531,600</b>	<b>\$ -</b>	<b>\$ 44,200</b>	<b>\$ -</b>	<b>\$ 487,400</b>
<b>Governmental Activities</b>									
Tristar - Garbage Truck	175,000	5.578%	2023	6/30/2032	\$ 175,000	\$ -	\$ 18,000	\$ -	\$ 157,000
CON - Solid Waste	142,360	1.75%	2016	4/30/2025	\$ 19,700	\$ -	\$ 19,700	\$ -	\$ -
<b>Total Notes Payable</b>					<b>\$ 194,700</b>	<b>\$ -</b>	<b>\$ 37,700</b>	<b>\$ -</b>	<b>\$ 157,000</b>

\*Variable rate loan

CITY OF HOHENWALD, TENNESSEE

Schedule of Utility Rates in Force

June 30, 2025

<u>Sewer Rates - Residential</u>	<u>Inside City</u>	<u>Outside City</u>
Up to 1,000 gallons	\$30.42 Minimum charge	\$51.78 Minimum charge
Over 1,000 gallons	\$5.93 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 1,000 gallons	\$20.28 Minimum charge	\$30.00 Minimum charge
Over 1,000 gallons	\$3.96 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 3,700 water customers, approximately 1,650 sewer customers and approximately 2,400 natural gas customers at yearend.

**CITY OF HOHENWALD, TENNESSEE**  
**Schedule of Federal and State Financial Assistance**  
**For the Year Ended June 30, 2025**

Assistance Listing Number	State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance June 30, 2024	Grant Receipts	Other Receipts	Grant Expenditures	Receivable (Deferred) Balance June 30, 2025
<b>State Program:</b>								
N/A	Z-19THS128	High Visibility Enforcement	Tennessee Department of Transportation	0	11,123	0	11,123	0
N/A	N/A	School Resource Officer	Tennessee Department of Safety and Homeland Security	0	300,000	0	300,000	0
N/A	N/A	IPG Contract	Department of Economic and Community Development	0	6,460	0	6,460	0
Total State				0	317,583	0	317,583	0
<b>Federal Program:</b>								
21.027	American Rescue Plan Act		US Department of Treasury thru the State of Tennessee	(\$1,131,368)	0	0	0	(\$1,131,368)
21.027	American Rescue Plan Act		US Department of Treasury thru the State of Tennessee	\$0	231,975	0	231,975	\$0
21.027	American Rescue Plan Act		US Department of Treasury thru Lewis County	\$0	43,011	0	43,011	\$0
14.288	CDBG 2022		Department of Economic and Community Development	0	493,894	0	493,894	0
84.923	ARC		Department of Economic and Community Development	0	20,132	0	20,132	0
Total Federal				(1,131,368)	789,012	0	789,012	(1,131,368)
Total Federal and State				(1,131,368)	1,106,595	0	1,106,595	(1,131,368)

This schedule prepared on the accrual basis of accounting.

**CITY OF HOHENWALD, TENNESSEE**

**Schedule of Expenditures of Federal Awards**

**June 30, 2025**

<u>Federal Financial Assistance Program</u>	<u>Grantor Agency</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
American Rescue Plan Act	US Department of the Treasury thru the State of Tennessee	21.027	<u>231,975</u>
American Rescue Plan Act	US Department of the Treasury thru Lewis County	21.027	<u>43,011</u>
		Total 21.027	<u>274,986</u>
CDBG 2022	Department of Economic and Community Development	14.288	<u>493,894</u>
ARC	Department of Economic and Community Development	84.923	<u>20,132</u>
	Total		<u>789,012</u>

1. This schedule is prepared on the accrual basis of accounting.
2. The Organization did not elect to use the 10% de minimis cost rate.
3. The Organization had \$0 outstanding loan balances related to this grant program.

COMPLIANCE AND  
INTERNAL CONTROL

**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, 2025, 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 December 31, 2025.

**Report on 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.

**Report on 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.

Johi R Poole, CPA

December 31, 2025

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

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

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

I have audited the City of Hohenwald's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

***Basis for Opinion on Each Major Federal Program***

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

I am required to be independent of the City of Hohenwald 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 opinion on compliance for each major programs. My audit does not provide a legal determination of the City of Hohenwald's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### ***Report on Internal Control Over Compliance***

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

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

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

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

*Julie R Poole, CPA*

December 31, 2025

# CITY OF HOHENWALD, TENNESSEE

## Schedule of Findings and Questioned Costs

June 30, 2025

### Section I - Summary of Auditor's Results

#### Financial Statements

The Auditor's Report on the Financial Statements was an unmodified opinion.

Internal control over financial reporting:

Material weakness identified ? No

Significant deficiencies identified ? None reported

Noncompliance material to financial statements noted ? No.

#### Federal Awards

Internal control over major programs:

Material weakness identified ? No.

Significant deficiencies identified ? None reported

The auditor's report on compliance for major programs was unmodified.

There were no audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).

The Major Programs were:

CDBG 2022 Assistance Listing Number 14.288

Type A programs have been distinguished as those programs with expenditures greater than \$750,000.

No program met this threshold

The City was not considered to be a low risk auditee.

### Section II - Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards.

### Section III - Federal Award Findings and Questioned Costs

There were no findings related to Federal Awards.

**CITY OF HOHENWALD, TENNESSEE**

Schedule of Disposition of Prior Year Comments

June 30, 2025

There were no findings in the prior year.