

CITY OF TULLAHOMA, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

CITY OF TULLAHOMA, TENNESSEE

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**CITY OF TULLAHOMA, TENNESSEE
PUBLIC OFFICIALS
JUNE 30, 2024**

Mayor	Ray Knowis
Mayor Pro Tem	Jerry Mathis
Alderman	Jenna Amacher
Alderman	Kurt Glick
Alderman	Daniel Berry
Alderman	Jerry Mathis
Alderman	Derick Mann
City Administrator	Jason Quick
City Attorney	Stephen M. Worsham
Finance Director, CMFO	Susan Wilson
City Recorder	Lori Ashley
Assistant Finance Director	Jason Ray
Director of Public Works	Robert B. Taylor
Fire Chief	Kenneth Pearson
Police Chief	Chase Sons
Director of Parks and Recreation	J.P. Kraft
Director of Planning	Charles Rush
Director of Schools. Tullahoma Board of Education	Dr. Catherine Stephens
Director of Business Tullahoma Board of Education	Hank Jordan
Manager, Tullahoma Municipal Airport Authority	Jon Glass
Executive Director, Tullahoma Area Development Corporation	Winston Brooks
Treasurer. Tullahoma Industrial Development Board	Susan Wilson



City of Tullahoma

Citizens

Board of Mayor and Alderman

City Administrator

Jason Quick

Finance

Susan Wilson, Director
Treasury, Accounting, Payroll, Purchasing,
Budgeting, Risk Management

Public Works

Robert Taylor, Director
Streets, Solid Waste, Fleet Maintenance,
Building Inspection, Codes Enforcement

Fire

Kenneth Pearson, Chief
Suppression, Prevention, Fire Inspection,
Emergency Management

Police

Chase Sons, Chief
Patrol, Investigation, Support Services,
School Patrol, School Resource Officer,
Animal Control

Parks & Recreation

J.P. Kraft, Director
Parks, Aquatics, Community Centers,
Maintenance, Forestry Resources

City Recorder

Lori Ashley, City Recorder
Tax Collection, Records Management,
Licenses, Permits, Court Clerk

Planning Department

Charles Rush, Director
Planning

Human Resources

Vacant
Recruitment, Benefits, Compensation,
Policy Development

**Tullahoma Area Economic
Development Corporation**

Winston Brooks, Executive Director

Tullahoma Regional Airport

Jon Glass, Manager



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Tullahoma, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tullahoma, Tennessee (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tullahoma, Tennessee, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, General Purpose School Fund, School Federal and State Projects Fund, and Capital Projects Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Tullahoma, Tennessee'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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgment 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*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of contributions, changes in net pension liability and related ratios, investment returns, proportionate share of net pension asset – pension plans; changes in net OPEB liability and related ratios, employer contributions, and changes in proportionate share – other post-employment benefits on pages 6 through 19 and 95 through 109 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tullahoma, Tennessee's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the supplemental schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2025, on our consideration of the City of Tullahoma, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tullahoma, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tullahoma, Tennessee's internal control over financial reporting and compliance.

Wickberg Accounting, LLC

Lewisburg, Tennessee
April 25, 2025

CITY OF TULLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

As management of the City of Tullahoma, Tennessee (the City), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City and its related agencies for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes a transmittal letter, the government’s organizational chart and a list of principal officials. The financial section includes the independent auditor’s report, management’s discussion and analysis and general financial statements for the City of Tullahoma and its component units. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The fourth section is the independent auditor’s reports on compliance and internal controls.

THE REPORTING ENTITY AND ITS COMPONENT UNITS

This report contains all of the funds and component units of the City of Tullahoma. It includes all activities considered to be part of the “reporting entity” of the City of Tullahoma in compliance with authoritative criteria. In evaluating as to how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board Statement Number 14.

The City of Tullahoma is comprised of several related entities. The City of Tullahoma Board of Mayor and Aldermen have varying degrees of authority for the operations of these entities by state law, or by local charter and ordinance. The City of Tullahoma has a city school system. The Tullahoma City Schools are governed by an elected Board of Education empowered with the daily operations of the school system. Approval of the Board of Mayor and Aldermen is required for the annual budget, capital projects and debt issuance. The Board of Education, by state law, cannot levy taxes, and therefore has limited power to generate revenues other than establishing tuition or service-related fees.

A City Alderman is appointed annually as the non-voting liaison to the Board of Education, and the City provides a large portion of the school’s operating budget and debt service as periodic transfers throughout the year. The City Board does not operate the school system nor manage its staff or projects; however, detail for the Tullahoma City Schools budgets is included in the City of Tullahoma comprehensive budget ordinance. The Tullahoma City Schools is listed on the budget ordinance and shown in the Budget Ordinance under the heading "Other Agencies" with general fund line item detail showing amounts transferred for school operations and debt service from sales tax, property tax and liquor tax collected and then distributed as per state law and local ordinance.

The Tullahoma Airport Authority (TAA), the Tullahoma Industrial Development Board (TIDB) and the Tullahoma Area Economic Development Corporation (TAEDC) are all reported as component units of the City of Tullahoma. The Board of Mayor and Aldermen appoint the members of these boards as well, with an Alderman as a nonvoting liaison. The City of Tullahoma also provides operating budget allocations for these entities. Therefore, these agencies are included in the City of Tullahoma reporting entity.

CITY OF TULLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

The City of Tullahoma (Primary Government – Governmental Activities)

Tullahoma is located in Southern Middle Tennessee approximately equal distances from Nashville and Chattanooga, Tennessee, and Huntsville, Alabama. The City comprises 25.8 square miles of area located in both Coffee and Franklin Counties. The 2020 census listed Tullahoma’s population as 20,339. Tullahoma’s central location has fostered its growth into a thriving regional, commercial, shopping and medical hub that boasts a healthy business environment and is home to over 68 service and manufacturing industries. 34% of the State’s 5,175 million citizens reside in the Middle Tennessee area and many pass-through Tullahoma; the daily average traffic count for Tullahoma’s main retail area is approximately 21,000. This excellent “hub” location continues to attract new retail big box and smaller specialty retailers.

Since the opening of Arnold Air Force Base here in 1951, Tullahoma has been an aviation and aeronautics industry center. Arnold Engineering Development Complex at Arnold Air Force Base is home to the world’s largest and most comprehensive collection of flight simulation test facilities.

The Government provides a wide range of services including education, public works, parks and recreation, planning and codes, fire and police protection, and general administrative services. A Board of Mayor and Aldermen govern the City of Tullahoma. The board members serve the city at large. The Board of Mayor and Aldermen sets policy for the city government, appoints committee and board members, approves an annual budget, enacts laws and ordinances, enter into contracts, and set public hearings.

Tullahoma City Schools (Primary Government – Governmental Activities)

Tullahoma City Schools (the City Schools) encompasses four elementary schools, two middle schools and one high school. The City Schools serves approximately 3,618 students in grades K-12. An extended school program is in place to provide before and after school childcare for our students.

Tullahoma City Schools has a long history of providing students with the opportunity to obtain an excellent education. Each of the seven neighborhood schools offer a high quality, rigorous academic curriculum, a well-rounded, quality fine arts education, a wide variety of extracurricular activities, team sports, support services for special needs, and much more. Tullahoma students graduate with the necessary skills and knowledge needed to excel in a post-secondary program whether it be college, trade or technical programs, military service, or entry level positions in the workplace. Each year, Tullahoma students receive millions of dollars in scholarship incentives and attend colleges nationwide. The school system is recognized within the State of Tennessee for its academic excellence.

The Tullahoma Virtual Academy (TVA) opened in August of 2021 as the eighth Tullahoma City School and currently serves students in grades 9-12 who reside within the Tullahoma City School District. TVA provides alternatives to the brick-and-mortar school building as well as the traditional school schedule.

Tullahoma City School District’s childcare program, Little Cats Learning Academy, provides loving care for infants as young as 6 weeks to 36 months for the children of our Tullahoma City School District. Little Cats Learning Academy is licensed by the Tennessee Department of Education.

The childcare center fosters nurturing and developmentally appropriate experiences based on the foundation of early childhood development. The staff is highly trained and plans activities according to the Tennessee Early Learning Development Standards.

CITY OF TULLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

Tullahoma Municipal Airport Authority (Component Unit)

The Tullahoma Municipal Airport Authority (TAA) operates the Tullahoma Regional Airport. The Tullahoma Municipal Airport plays a vital role in the economic growth of Tullahoma and the surrounding region. The Airport completed a \$4.3 million paving project that significantly enhanced the Airport's ability to support a wide variety of business and recreational opportunities. The 5,500-foot-long runway is capable of handling all types of corporate jet aircraft. The Airport also offers an additional 4,200-foot paved runway and a 2,700-foot-long grass runway. The City-owned Airport contains 775 acres of land and has a 100 acre Select Tennessee site ready for development on the northwest corner of the airport. Water, sewer service and fiber are available. With twenty-three new private hangars, the Airport is home to over 140 based aircraft. The Airport averages about 40,000 flight operations each year and features a new, modern and spacious terminal building

Airport traffic doubles every June during the Bonnaroo Music Festival in nearby Manchester as 80,000 rock stars, music promoters, and fans descend on the area for the week. The Airport has hosted three "world class" Air Shows sponsored by nearby Arnold Air Force Base. The Florida-based Goodyear Blimp makes overnight stopovers in Tullahoma, taking advantage of the large open areas for landing and mooring.

The Airport is home to the "world class" Beechcraft Heritage Museum complex that houses over 30 vintage, fully restored Beechcraft-built Staggerwing, Twin Beech and Bonanza aircraft, and is open to the public. The Museum hosts an annual convention in October of each year, which attracts 75-100 aircraft and 300+ attendees, and includes a lot of flying activities by vintage as well as modern aircraft.

The University of Tennessee Space Institute's Flight Research Center is based on the Airport, conducting advanced aerospace research and offering an advanced test pilot curriculum. The Airport is also home to one of Vanderbilt University's Life Flight helicopter medical evacuation facilities, providing 24/7 rapid patient transport response to the numerous medical centers in Nashville as well as Vanderbilt Tullahoma-Harton Hospital in Tullahoma.

Tullahoma Industrial Development Board (Component Unit)

The Tullahoma Industrial Development Board (TIDB) is a Component Unit of City Government. The TIDB was incorporated in 1965. The TIDB's original mission was to acquire, sell, lease, and dispose of properties in an effort to create jobs, promote industry and develop trade by inducing manufacturing, industrial, and commercial enterprises to locate in and near the City of Tullahoma. In June 2005, the TIDB consolidated those functions with the Coffee County Industrial Board. The TIDB retained its charter and bylaws and amended its mission to monitor and service existing industrial revenue bond issues and to perform any and all acts as set forth and authorized in Section 6-2801 et seq. of the Tennessee Code Annotated. The TIDB turned over management of all assets to the City of Tullahoma. The City continues to utilize those financial assets for economic development activities.

CITY OF TULLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

Tullahoma Area Economic Development Corporation (Component Unit)

The Tullahoma Area Economic Development Corporation (TAEDC) was established to help Tullahoma capture economic activity by:

- Creating an economic development organization with a strategic and focused approach to economic planning and development activities
- Establishing a framework for quality economic growth and development targeting particular segments
- Formulating and implementing programs to increase job opportunities
- Partnering with businesses as well as state and local agencies

The Tullahoma Area Economic Development Corporation consists of seven members elected by the Tullahoma Board of Mayor and Aldermen.

For purposes of this report, the City of Tullahoma and the Tullahoma City Schools financial information has been consolidated and identified as Governmental Activities under the Primary Government sector. Component Units presented in this report are the Tullahoma Industrial Development Board, the Tullahoma Municipal Airport Authority, and the Tullahoma Area Economic Development Corporation.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Governmental Activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$72,592 (net position). Of this amount, \$25,844 is net investment in capital assets; \$38,289 is restricted for various things. The City also has \$2,091 committed for equipment replacement and \$1,868 committed for the Stabilization Fund. Overall, the Governmental Activities net position increased by \$7,386.
- The Governmental Activities indicates a decrease in net investment in capital assets of \$5,852 due to several items of construction in process including for the new building addition at Jack T. Farrar Elementary School offset by a number of completed and depreciated projects. Bonds were issued in 2022, with building design completed and ground broken for the new facility. Streets and infrastructure are included in the balance sheet in compliance with GASB 34.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$45,074 a decrease of \$2,030 from the prior year. Individually, the fund balance in the General Purpose School Fund increased by \$2,056, Capital Projects Fund decreased by \$3,685, the School Federal and State Projects Fund balance decreased by \$142, and the fund balance in the City General Fund decreased by \$561 and the fund balance in the other governmental funds increased by \$302.
- At the end of the current fiscal year, the fund balance for the City's General Fund was \$9,816 or 25.8% of total General Fund expenditures including transfers out. Of this, \$1,868 was committed as a stabilization reserve to guard against exposure to sudden economic downturns or weather-related events. \$36 were encumbered and thus committed to projects and purchases although not yet spent. \$7,835 remained unassigned and available for all other City use. The City's decrease in fund balance was due to emphasis on additional street paving and capital equipment replacement.

CITY OF TULLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

- The ending fund balance in the General Purpose School Fund increased by 21.5% in FY2024 to \$11,635 or 27.1% of total expenses for that fund. The school fund's operations resulted in an increase of \$2,056 in the School General Purpose fund balance.
- The ending fund balance in the Capital Projects Fund decreased by 20% in FY2024 to \$14,780 or 142.8% of total expenses for that fund. The largest capital project reflected in this fund is the \$15m elementary school addition previously discussed. The City is also undertaking several streets projects with partial funding provided through Tennessee Department of Transportation grants. American Rescue Act funds are also being applied toward engineering and design for streets, storm water and new ballfield restrooms.
- The ending fund balance in the School Federal and State Projects Fund decreased by 95% in FY2024 to \$7 for that fund.
- The City's total gross debt decreased by \$2,182 during 2024, with net decreases in OPEB and pension liability of \$790 as well as debt payments on both City and School obligations of \$3,104. The City is also drawing on a new Series 2023 debt issue and has drawn \$1,737 as of June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves that provides further details on both the City of Tullahoma and its relevant financial trends.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

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

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

The Government-wide Income Statement distinguishes functions of the City that are principally supported by taxes, licenses and permits, 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. The governmental activities of the City include general government, public safety, public works, culture and recreation, and education.

CITY OF TULLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

Fund Financial Statements

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

- **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the citywide 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 City’s near-term financing requirements. Because the focus of the 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 governmentwide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen (13) individual government funds, nine (9) of these governmental funds are classified as non-major and are summarized under the heading “Other Governmental Funds” in the governmental fund presentation. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the General-Purpose School Fund, Capital Projects Fund, School Federal and State Projects Fund and the Non-Major Governmental Funds, all of which are combined into a single, aggregated presentation. Individual fund data for non-major governmental funds is provided in the form of combining statements on pages 110-111 of this report. The basic governmental fund financial statements can be found on pages 22 – 36.

The City adopts an annual appropriation budget for its general and other major special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget on pages 26-36 of this report.

- **Proprietary Fund – Internal Service Fund**

As the City is self-insured for health insurance, the City maintains one (1) internal service fund, a medical trust fund, which is used to account for the funding of employee health and wellness functions funded by the general fund and other component units that utilize city staff rendering services to those agencies of the government on a cost allocated basis. The internal service fund statements can be found on pages 37-39 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They further define the audited entities, partnerships and financial relationships. The notes to the financial statements can be found on pages 42 to 94 of this report.

CITY OF TULLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

Other Information

The combining statements referred to earlier in connection with non-major governmental funds, budget comparison schedules for funds with legal budgets other than the general fund and other major special revenue funds, and internal service funds are presented immediately following the required supplementary information on pages 110-121 of this report.

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the Governmental Activities, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources reported by \$72,592 at the close of the most recent fiscal year. The City's net investment in capital assets (e.g. land, buildings, and equipment) is largely offset by accumulated depreciation. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

City of Tullahoma's Net Position

	Governmental Activities		Total	
	2024	2023, as restated	2024	2023, as restated
Assets:				
Current and other assets	\$ 75,201	\$ 75,067	\$ 75,201	\$ 75,067
Capital assets, net of accumulated depreciation	65,407	57,901	65,407	57,901
Total Assets	<u>140,608</u>	<u>132,968</u>	<u>140,608</u>	<u>132,968</u>
Deferred outflows of resources	<u>10,153</u>	<u>10,399</u>	<u>10,153</u>	<u>10,399</u>
Liabilities:				
Long-term liabilities outstanding	52,649	54,831	52,649	54,831
Other liabilities	10,654	9,083	10,654	9,083
Total liabilities	<u>63,303</u>	<u>63,914</u>	<u>63,303</u>	<u>63,914</u>
Deferred inflows of resources	<u>14,866</u>	<u>14,248</u>	<u>14,248</u>	<u>14,248</u>
Net position:				
Net investment in capital assets	25,844	31,696	25,844	31,696
Restricted	38,289	24,115	38,289	24,115
Committed	3,959	-	3,959	-
Assigned	330	-	330	-
Unrestricted	4,170	9,394	4,170	9,394
Total net position	<u>\$ 72,592</u>	<u>\$ 65,205</u>	<u>\$ 72,592</u>	<u>\$ 65,205</u>

CITY OF TULLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

A portion of the Governmental Activities' total net position \$38,289 (52.7%), represents resources that are subject to external restrictions on how they may be used. These include net position restricted for unspent bond proceeds for capital construction and projects, the state required TCRS Stabilization Fund, the City's UDAG and USDA revolving loan funds which utilize grant proceeds to provide economic development and small business loans, and the school's pension net asset. The remaining balance of \$4,170 in unrestricted net position may be used to meet the government's ongoing obligations to citizens and short-term creditors or any other public function. Unrestricted net position decreased by \$5,335 even as the total net positions grew by 7,387. It reflects a decrease in the City's unrestricted net position as all School funds are now being characterized as restricted for education.

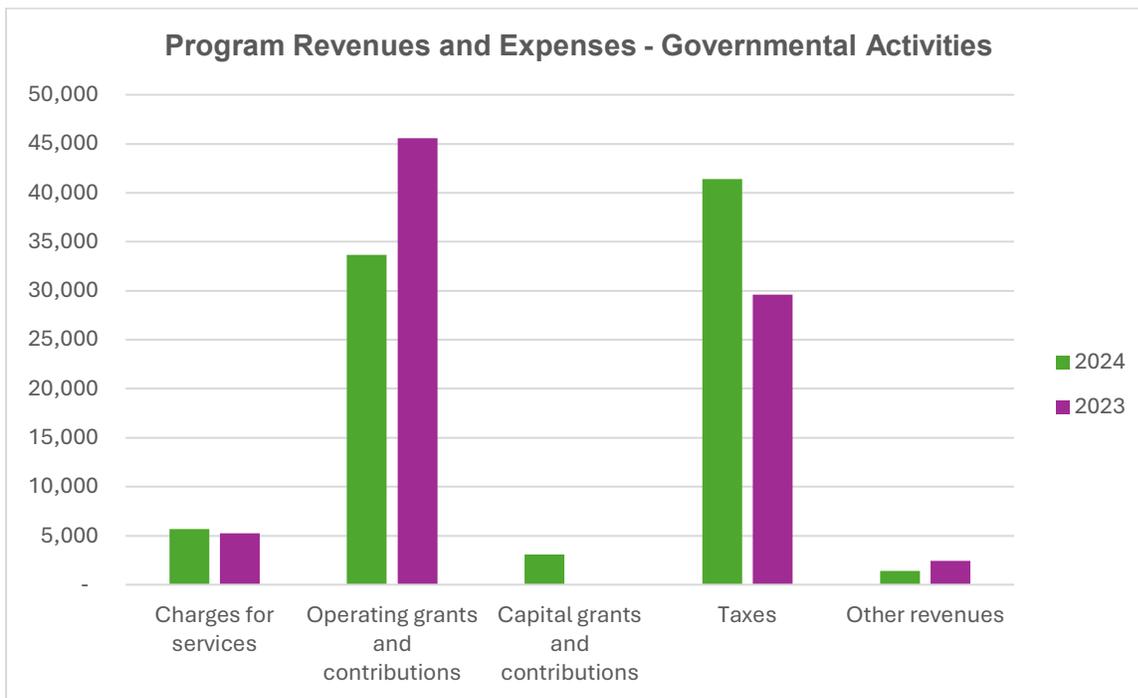
City of Tullahoma's Change in Net Position

	Governmental Activities		Total	
	2024	2023, as restated	2024	2023, as restated
Revenues:				
Program revenues:				
Charges for services	\$ 5,673	\$ 5,230	\$ 5,673	\$ 5,230
Operating grants & contributions	33,656	45,553	33,656	45,553
Capital grants & contributions	3,065	-	3,065	-
General revenues:				
Taxes	41,399	29,608	41,399	29,608
Other revenues	1,429	1,828	1,429	1,828
Investment earnings	1,488	606	1,488	606
Transfers	(416)	-	(416)	-
Total revenues	<u>86,294</u>	<u>82,825</u>	<u>86,294</u>	<u>82,825</u>
Expenses:				
General government	5,472	6,256	5,472	6,256
Public safety	10,075	6,938	10,075	6,938
Public works	7,301	9,268	7,301	9,268
Health, welfare, and recreation	3,304	-	2,816	-
Community services	252	756	252	756
Waste management	3,234	-	3,234	-
Economic development	67	-	67	-
Education	47,237	47,531	47,237	47,531
Program costs	719	-	719	-
Interest & debt	1,246	1,142	1,246	1,142
Total expenses	<u>78,907</u>	<u>71,891</u>	<u>78,419</u>	<u>71,891</u>
Change in net position	7,387	10,934	7,875	10,934
Net position, beginning of year	<u>65,205</u>	<u>54,271</u>	<u>65,205</u>	<u>54,271</u>
Net position, end of year	<u>\$ 72,592</u>	<u>\$ 65,205</u>	<u>\$ 73,080</u>	<u>\$ 65,205</u>

CITY OF TULLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

Changes in Net Position

- Governmental Activities increased net position by \$7,387 which was reflective primarily of increases in operating grants and contributions exceeding the growth in education spending. Both the City and the School received significant grant funding through the federal government after the COVID-19 pandemic. Funds were intended to both improve economic conditions impacted by the pandemic and also assist in the health, safety and quality of life for citizens, especially those residing in lower income census tracts. Additionally, both the City and School governments were beneficiaries of strong sales tax and intergovernmental revenue collections.
- Governmental Activities expense increased by \$7,016. Other governmental funds also exhibited increased spending mostly due to expense for the construction and renovation at Jack T. Farrar Elementary and other capital outlay items shown in the capital projects fund.
- Revenues reflect an increase of \$11,179 in taxes, which is primarily from improved sales tax collections due to economic growth in the retail and commercial sector. Operating grants and contributions decreased by \$11,897 while capital grants and contributions are now shown as \$3,065 due to the categories being separately tracked this year. As previously mentioned, those are primarily through federally funded grants such as the American Rescue Plan Act and were provided to address the aftermath of the pandemic.
- OPEB and Pension changes made a small impact on net position. Deferred outflows or resources and inflows of resources remained relatively the same.



CITY OF TULLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Tullahoma's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City of Tullahoma's Governmental Funds reported combined ending fund balances of \$45,074, a decrease of \$2,030 from the prior year.

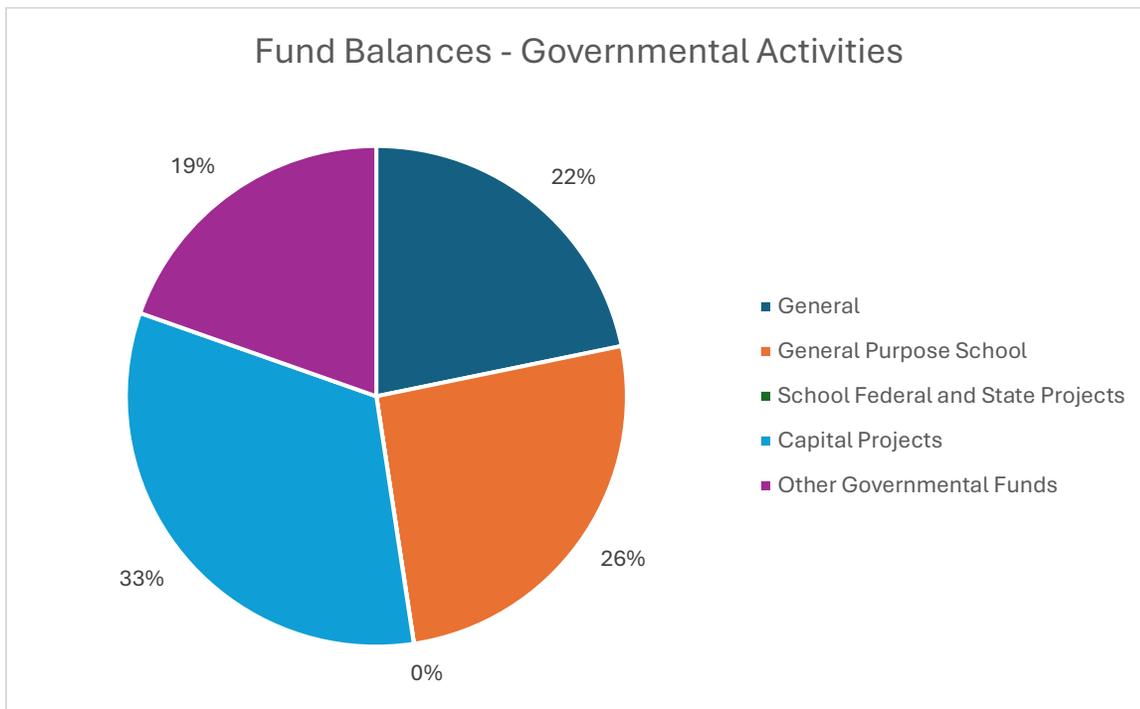
The City also operates a Solid Waste Fund, but this is not operated as a business-type activity. Although the city charges commercial customers for solid waste collection, residential collection, brush disposal, and litter collection are subsidized by a transfer of property tax dollars from the general fund. Recycling charges in this fund are primarily funded through the revenues generated.

- The General Fund is the chief operating fund of the City. In the governmental fund financial statements, the City has established and will maintain reservations of fund balance, as defined in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* where fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,835 while total fund balance amounted to \$9,816. As a matter of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out.
- Unassigned fund balance represents 20.6% of total General Fund expenditures and transfers out. The fund balance of the City's General Fund decreased by \$562 as a result of the current fiscal year operations. The expenditures for public safety increased by \$1,528 and capital outlay for the General Fund increased by \$815. City personnel continued to utilize cost containment options such as prioritizing automation to limit staffing increases, and cooperative purchasing to take advantage of negotiated discounts. The General Fund had \$36 in outstanding encumbrances at year end.
- The General Purpose School Fund has a total fund balance of \$11,635. For fiscal year 2024 expenditures increased by \$1,342, revenues increased by \$5,156, with the ending fund balance increasing by \$2,056. This is primarily due to an increase in intergovernmental revenue of \$4,823.
- The Capital Projects fund has an ending fund balance of \$14,781. The fund balance of the Capital Projects Fund decreased by \$3,685 as a result of expenditures of both American Rescue Plan Act funds and streets capital projects. The majority of funds held for capital projects are for the new Jack T. Farrar Elementary school addition.
- The School Federal and State Projects Fund accounts for funds generated through federal and state grants which support various educational programs. The School Federal and State Projects Fund has an ending fund balance of \$7.
- Non-major Governmental Funds have an ending fund balance of \$8,835. This group consists primarily of general debt service, education debt service, school food services, extended school program,

CITY OF TULLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

equipment replacement fund, and solid waste management, and two grant funded commercial business revolving loan funds. Non-Major governmental funds stayed fairly consistent with the prior year, only generating a net fund balance increase of \$302.

- As part of the non-major governmental funds, the Education Debt Service Fund had a beginning fund balance of \$2,647, which decreased by \$104 to \$2,542 at year end. The fund experiences some payment fluctuation due to variable interest rate payments on a 2008 \$12,000 loan for school renovation projects. Those projects included the renovation of the Tullahoma High School football stadium and auditorium which were completed in fiscal year 2011, and the renovation and expansion of East Lincoln Elementary School which was completed in fiscal year 2012. The higher interest rate environment limited sinking fund growth for FY2024.
- The Equipment Replacement Fund is the next largest non-major fund, with an ending balance of \$2,091, which increased by \$766 from fiscal year 2023 due to a decrease in expenditures of \$296 and an increase in transfer ins of \$632 and other revenue.



CITY OF TULLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Government Accounting Standards Board required that infrastructure assets be inventoried and carried on the balance sheet as of 2007. The City's investment in capital assets include land, buildings and improvements, equipment and vehicles, certain infrastructure and construction in progress. Construction in progress consists of capital projects undertaken but not yet completed. The City depreciates capital assets for replacement purposes based on an adopted fixed asset policy which establishes the life cycle for various asset types. Additional information concerning capital assets can be found in Note 7 of the Notes to the Financial Statements on pages 54 and 55 of this report. The City's investment in capital assets from its Governmental funds as of June 30, 2024, is shown as follows.

City of Tullahoma's Capital Assets

	Governmental Activities		Total	
	2024	2023	2024	2023
Land	\$ 4,247	\$ 4,247	\$ 4,247	\$ 4,247
Buildings and improvements	77,971	76,874	77,971	76,874
Machinery and equipment	16,148	15,484	16,148	15,484
Infrastructure	35,004	32,259	35,004	32,259
Construction in progress	9,378	3,084	9,378	3,084
Intangible right-to-use assets	93	93	93	93
Total capital assets	<u>\$ 142,841</u>	<u>\$ 132,041</u>	<u>\$ 142,841</u>	<u>\$ 132,041</u>

- The total capital assets in the Governmental Activities increased by \$10,800, with \$1,098 added to buildings and improvements, \$663 added to the machinery and equipment account, and \$2,746 added to infrastructure. The City's construction in progress increased by \$6,293.
- The increase of \$2,746 in infrastructure primarily reflects capital improvements for streets and storm water.
- Of the \$6,293 added to construction in progress, the major projects were School's construction of the new J T Farrar School and new HVAC systems for several schools.

CITY OF TULLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

Long-Term Debt

Long-term liabilities of the City and School governmental activities include debt, such as general obligation bonds, public building authority loans and outlay notes, as well as compensated absences, net pension liabilities, and OPEB obligations for both entities. Additionally, the Tullahoma Municipal Airport Authority, a component unit of the City of Tullahoma, has one outstanding outlay note.

- FY2024 debt principal payments of \$3,104 offset by increases in School OPEB and Pension liabilities resulted in decrease in long-term liabilities of \$2,182. City of Tullahoma outstanding debt at year end consisted of bonds and notes totaling \$12,918. The Tullahoma City Schools outstanding debt amounted to \$24,523, plus \$2,117 in amortization of bond premiums.
- The City established a sinking fund by private act that appropriates a portion of sales tax collections towards payment of school debt. These proceeds are transferred monthly from the General Fund to the Education Debt Service Fund and then transferred back to the City Debt Service Fund as payments become due. The Education Debt Service Fund reflected a balance of \$2,542 at year end while the City Debt Service Fund contained \$555. Additional information concerning debt can be found in Note 10 of the Notes to the Financial Statements on pages 56 - 60 of this report.
- The Tullahoma Municipal Airport Authority has a Note payable to the City through the City’s Urban Development Action Grant (UDAG) Revolving Loan Program in the amount of \$109 and a public building authority outlay note for \$111. Both loans were used to purchase trucks used for fueling planes at the airport. Loans are revenue backed by fuel sales.

City of Tullahoma’s Outstanding Debt

	Governmental Activities		Total	
	2024	2023	2024	2023
Notes payable	\$ 10,069	\$ 10,684	\$ 10,069	\$ 10,684
General obligation bonds	29,489	30,415	29,489	30,415
Other long-term liabilities	13,091	13,732	13,091	13,732
Total long-term debt	\$ 52,649	\$ 54,831	\$ 52,649	\$ 54,831

Proprietary Funds – Internal Service Fund

- The City is self-insured and maintains one internal service fund for health insurance and benefits. The city works with a benefits consultant and annually evaluates options for cost containment while providing employees with a competitive plan that enhances recruitment and retention. The city also offers a wellness plan with an annual fitness challenge. Placing emphasis on preventive care and promoting the use of generic prescriptions resulted in the internal service fund’s net position improving by \$107. Financial details for the internal service fund are on pages 37-39.

CITY OF TULLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024
(amounts expressed in thousands)

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the City's budget for the 2025 fiscal year are discussed fully in the budget document and include:

- The City uses conservative revenue forecasts for budgeting purposes. The primary source of funds for city and school purposes is sales tax which comprises 43% of the budget, with property taxes accounting for 30% of the budget. The potential impact of economic conditions in the area has been taken into consideration in projecting resources. The City has seen several years of strong retail growth and is a shopping hub for four counties.
- Property tax revenues were projected to have a slight increase, as the base generally grows at about 2% per year. The property tax rate for FY2024 is set at \$1.9532 per hundred of assessed valuation, and is the same rate approved for the FY2025 budget.
- The City adopted a General Fund operating budget of \$37,228 for FY2025 which is a decrease of \$810 or 2% from the FY2024 General Fund amended budget of \$38,038. The City generally prioritizes capital equipment for replacement based on vehicle age and condition and the strength of revenue collected. Strong sales tax growth has enabled the City to provide additional funds towards capital improvements and equipment purchases as part of the amendment process in FY2024. FY2025's initial operating budget is conservatively positioned to address operating needs of both the City and the school system as established by the Board of Mayor and Aldermen.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in such. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tullahoma, Finance Department, P. O. Box 807, Tullahoma, TN 37388.

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government		Component Units
	Governmental Activities	Total	
ASSETS			
Cash and cash equivalents	\$ 40,323,646	\$ 40,323,646	\$ 782,478
Investments	224,150	224,150	-
Receivables	13,228,576	13,228,576	2,183
Allowance for doubtful accounts	(760,822)	(760,822)	-
Accrued interest receivable	28,767	28,767	-
Due from other governments	4,342,882	4,342,882	23,470
Grants receivable	128,528	128,528	-
Inventory	-	-	27,040
Prepaid items	93,017	93,017	400
Other assets	-	-	766
Restricted assets:			
Cash and cash equivalents	10,143,849	10,143,849	-
TCRS stabilization fund	856,707	856,707	-
Notes receivable	1,166,684	1,166,684	-
Net pension asset	5,425,468	5,425,468	6,330
Capital assets:			
Capital assets not being depreciated	13,624,064	13,624,064	2,136,680
Capital assets being depreciated, net	51,778,134	51,778,134	7,724,970
Intangible right-to-use assets, net	4,490	4,490	-
Total assets	140,608,140	140,608,140	10,704,317
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	8,142,710	8,142,710	18,525
Deferred outflows related to OPEB	2,009,993	2,009,993	4,070
Total deferred outflows of resources	10,152,703	10,152,703	22,595
LIABILITIES			
Accounts payable	4,113,581	4,113,581	9,971
Overdrawn cash accounts	272,464	272,464	-
Accrued liabilities	3,278,785	3,278,785	21,378
Accrued interest payable	221,479	221,479	-
Unearned revenue	-	-	53,794
Unearned revenue - confiscated funds	38,025	38,025	-
Unearned revenue - grants	2,721,300	2,721,300	-
Unearned revenue - charges	7,952	7,952	-
Other liabilities	-	-	-
Noncurrent liabilities:			
Compensated absences	1,504,909	1,504,909	-
OPEB liability	8,507,733	8,507,733	-
Net pension liability	3,074,326	3,074,326	-
Due within one year	3,400,059	3,400,059	32,885
Due in more than one year	36,162,303	36,162,303	391,045
Total liabilities	63,302,916	63,302,916	509,073
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	11,422,660	11,422,660	-
Deferred inflows related to pension	1,992,248	1,992,248	4,847
Deferred inflows related to OPEB	1,451,285	1,451,285	13,305
Total deferred inflows of resources	14,866,193	14,866,193	18,152
NET POSITION			
Net investment in capital assets	25,844,326	25,844,326	9,773,856
Restricted:			
Net pension asset	5,425,468	5,425,468	6,330
Debt service	3,097,285	3,097,285	-
TCRS Stabilization Fund	856,707	856,707	-
Grant projects	956,001	956,001	-
Capital improvements	14,780,500	14,780,500	-
Drug enforcement	58,485	58,485	-
Solid waste	362,497	362,497	-
Extended school	586,030	586,030	-
School operations	12,166,494	12,166,494	-
Committed:			
Equipment replacement	2,090,721	2,090,721	-
Stabilization Fund	1,867,603	1,867,603	-
Assigned	329,906	329,906	-
Unrestricted	4,169,711	4,169,711	419,501
Total net position	\$ 72,591,734	\$ 72,591,734	\$ 10,199,687

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

**CITY OF TULLAHOMA, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	General Purpose School	School Federal and State Projects	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 9,419,450	\$ 11,497,412	\$ -	\$ 9,291,781	\$ 8,374,244	\$ 38,582,887
Investments	-	-	-	-	224,150	224,150
Grants receivable	-	-	-	-	128,528	128,528
Receivables	12,759,236	46,884	-	-	422,456	13,228,576
Allowance for doubtful accounts	(646,782)	-	-	-	(114,040)	(760,822)
Accrued interest receivable	-	-	-	-	28,767	28,767
Due from other governments	1,829,222	1,855,446	538,384	124,738	-	4,347,790
Due from other funds	-	218,061	-	-	-	218,061
Prepaid items	76,999	-	-	-	9,656	86,655
Notes receivable	-	-	-	-	1,166,684	1,166,684
Restricted assets:						
Cash and cash equivalents unspent proceeds	-	-	-	10,105,824	38,025	10,143,849
TCRS stabilization fund	-	818,686	-	-	38,021	856,707
Total assets	\$ 23,438,125	\$ 14,436,489	\$ 538,384	\$ 19,522,343	\$ 10,316,491	\$ 68,251,832
LIABILITIES:						
Accounts payable	\$ 1,705,665	\$ 198,488	\$ 34,282	\$ 2,107,704	\$ 5,986	\$ 4,052,125
Overdrawn cash accounts	-	-	272,464	-	-	272,464
Accrued liabilities	284,050	1,012,017	94,952	-	44,396	1,435,415
Accrued payroll	191,619	1,522,197	129,554	-	-	1,843,370
Unearned revenue - confiscated funds	-	-	-	-	38,025	38,025
Unearned revenue - grants	18,599	68,562	-	2,634,139	-	2,721,300
Unearned revenue - charges	-	-	-	-	7,952	7,952
Unearned revenue - loans	-	-	-	-	1,166,684	1,166,684
Due to other funds	-	-	-	-	218,061	218,061
Total liabilities	2,199,933	2,801,264	531,252	4,741,843	1,481,104	11,755,396
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	11,422,660	-	-	-	-	11,422,660
Total deferred inflows of resources	11,422,660	-	-	-	-	11,422,660
FUND BALANCES:						
Nonspendable:						
Prepaid items	76,999	-	-	-	9,656	86,655
Restricted for:						
Capital improvements	-	-	-	14,780,500	-	14,780,500
Debt service	-	-	-	-	3,097,285	3,097,285
Drug enforcement	-	-	-	-	58,485	58,485
Grant projects	-	-	-	-	956,001	956,001
School operations	-	10,529,803	-	-	1,636,691	12,166,494
Solid waste	-	-	-	-	362,497	362,497
Extended school	-	-	-	-	586,030	586,030
Other projects	-	-	-	-	-	-
TCRS Stabilization Fund	-	818,686	-	-	38,021	856,707
Committed to:						
Equipment replacement	-	-	-	-	2,090,721	2,090,721
Stabilization fund	1,867,603	-	-	-	-	1,867,603
Assigned	36,038	286,736	7,132	-	-	329,906
Unassigned	7,834,892	-	-	-	-	7,834,892
Total fund balances	9,815,532	11,635,225	7,132	14,780,500	8,835,387	45,073,776
Total liabilities, deferred inflows of resources and funds balances	\$ 23,438,125	\$ 14,436,489	\$ 538,384	\$ 19,522,343	\$ 10,316,491	\$ 68,251,832

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

CITY OF TULLAHOMA, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balance - total governmental funds \$ 45,073,776

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 65,406,688

Net pension assets are not current financial resources and therefore are not reported in the governmental funds balance sheet. 5,425,468

Deferred outflows are not current financial resources and therefore are not reported in the governmental funds balance sheet. 10,152,703

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.

Bonds payable	(27,372,000)
Add bond premium	(2,116,760)
Accrued interest payable	(221,479)
Notes payable	(10,069,000)
Lease payable	(4,602)
SBITA payable	-
Net pension liability	(3,074,326)
OPEB liability	(8,507,733)
Compensated absences	(1,504,909)

Internal service fund is used by management to charge the costs of the employee health insurance program. The assets and liabilities of the internal service fund are included in the governmental activities and the Statement of Net Position 1,680,758

Principal payments on notes receivable are revenues for governmental funds; they are reported as unearned revenues until they are received. 1,166,684

Deferred inflows of resources are not due and payable in the current period and therefore, they are not included in the governmental funds balance sheet. (3,443,534)

Net position of governmental activities \$ 72,591,734

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General	General Purpose School	School Federal and State Projects	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 30,238,472	\$ 7,264,166	\$ -	\$ -	\$ -	\$ 37,502,638
Intergovernmental revenues	4,576,561	25,398,026	4,801,827	2,817,275	2,257,967	39,851,656
Licenses and permits	288,648	-	-	-	-	288,648
Charges of services	581,964	233,893	-	-	1,913,925	2,729,782
Payment in lieu of taxes	765,449	-	-	-	-	765,449
Fines, forfeits, and penalties	119,742	-	-	-	-	119,742
Note repayments	-	-	-	-	185,773	185,773
Other revenues	919,327	647,841	-	130,654	224,001	1,921,823
Total revenues	37,490,163	33,543,926	4,801,827	2,947,929	4,581,666	83,365,511
Expenditures						
General government	2,655,110	-	-	-	-	2,655,110
Public safety	8,436,917	-	-	-	-	8,436,917
Public works	3,043,802	-	-	-	-	3,043,802
Health, welfare, and recreation	2,553,794	-	-	-	-	2,553,794
Community services	249,212	-	-	-	-	249,212
Economic Development	67,657	-	-	-	-	67,657
Education						
Administration	-	6,064,370	-	-	-	6,064,370
Regular education	-	21,010,538	3,404,275	-	-	24,414,813
Special education	-	5,028,599	72,979	-	-	5,101,578
Vocational education	-	1,234,357	8,511	-	-	1,242,868
Attendance	-	194,191	-	-	-	194,191
Health services	-	716,791	78,701	-	-	795,492
Other student support	-	997,372	78,164	-	-	1,075,536
Instructional staff	-	988,259	12,140	-	-	1,000,399
Extended school	-	380,697	-	-	-	380,697
Plant operations	-	3,925,260	-	-	-	3,925,260
Plant maintenance	-	850,517	-	169,018	-	1,019,535
Transportation	-	497,863	-	-	-	497,863
Community services	-	-	15,128	-	-	15,128
Program costs	-	-	-	612,750	6,507,811	7,120,561
Debt service	-	-	-	45,000	4,472,414	4,517,414
Small items of equipment	-	-	-	874,072	113,526	987,598
Capital outlay	931,164	978,612	1,008,554	8,651,105	473,303	12,042,738
Loans disbursed	-	-	-	-	215,050	215,050
Total expenditures	17,937,656	42,867,426	4,678,452	10,351,945	11,782,104	87,617,583
Excess (deficiency) of revenues over expenditures	19,552,507	(9,323,500)	123,375	(7,404,016)	(7,200,438)	(4,252,072)
Other financing sources (uses)						
Loan proceeds	-	-	-	1,737,000	-	1,737,000
Insurance recoveries	30,984	-	-	337,256	70,273	438,513
Sale of capital assets	-	6,105	-	425,000	31,143	462,248
Transfers in	-	11,372,988	-	1,219,721	10,776,437	23,369,146
Transfers out	(20,145,025)	-	(265,033)	-	(3,375,088)	(23,785,146)
Total other financing sources (uses)	(20,114,041)	11,379,093	(265,033)	3,718,977	7,502,765	2,221,761
Excess (deficiency) of revenues and other sources over expenditures and other uses	(561,534)	2,055,593	(141,658)	(3,685,039)	302,327	(2,030,311)
FUND BALANCES AT BEGINNING OF YEAR, as restated	10,377,066	9,579,632	148,790	18,465,540	8,533,060	47,104,088
FUND BALANCES AT END OF YEAR	\$ 9,815,532	\$ 11,635,225	\$ 7,132	\$ 14,780,501	\$ 8,835,387	\$ 45,073,777

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

CITY OF TULLAHOMA, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2024

Net change in fund balances - total governmental funds \$ (2,030,311)

Amounts reported for governmental activities in the Statement of Net Position are different from amounts reported for governmental funds in balance sheet because:

Governmental funds report capital outlays which include principal and interest payments on capital leases as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities.

Acquisition of capital assets	12,042,738
Depreciation and amortization expense	(4,478,790)

Net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) (49,371)

Principal paid on debt is reported as an expenditure on the governmental funds but not on the government-wide statement of activities.

Bond and note principal payments	3,104,000
Amortization of bond premium	173,916
Principal paid on leases and SBITA	43,123
Decrease in accrued interest expense	(6,452)
Increase in bonds and notes payable	(1,737,000)
Loans disbursed	215,050
Principal received on notes receivable	(185,773)

An internal service fund is used by management to charge the costs of the employee health insurance program. The net revenue of the internal service fund is included in the governmental activities 106,752

Increase in compensated absences is not reported for governmental funds, but is reported for government-wide statement of activities. (191,949)

Revenues that were deferred in the governmental statements but are recognized in the government-wide statements 42,039

Some expenses reported on the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the government funds.

Change in net pension (asset)/liability	851,201
Change in pension related deferred outflows	(196,264)
Change in pension related deferred inflows	(136,899)
Change in OPEB liability	137,555
Change in OPEB related deferred outflows	(50,177)
Change in OPEB related deferred inflows	(266,940)

Change in net position of governmental activities \$ 7,386,448

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Revenues	Actual	Adjustment to	Actual/Revenues	Budgeted Amounts		Variance from
	GAAP Basis	Budgetary Basis	Expenditures (Budgetary Basis)	Original Budget	Final Budget	Final Budget Positive (Negative)
Taxes:						
Property	\$ 11,577,053	\$ -	\$ 11,577,053	\$ 11,489,911	\$ 11,579,911	\$ (2,858)
Sales	16,390,241	-	16,390,241	13,816,784	16,307,372	82,869
Wholesale beer	576,005	-	576,005	618,803	618,803	(42,798)
Wholesale liquor	469,693	-	469,693	395,000	450,000	19,693
Business tax	672,567	-	672,567	563,196	640,196	32,371
Cable TV franchise	207,964	-	207,964	244,099	244,099	(36,135)
Hotel/motel	344,949	-	344,949	328,357	328,357	16,592
Total taxes	30,238,472	-	30,238,472	27,456,150	30,168,738	69,734
Payment in lieu of taxes	765,449	-	765,449	825,994	825,994	(60,545)
Licenses and permits	288,648	-	288,648	188,387	255,487	33,161
Fines and forfeitures	119,742	-	119,742	104,300	104,300	15,442
Intergovernmental						
Sales tax	2,496,016	-	2,496,016	2,440,680	2,460,680	35,336
Gas tax	707,789	-	707,789	711,865	751,865	(44,076)
TVA gross receipts	249,930	-	249,930	244,068	244,068	5,862
Mixed drink tax	161,696	-	161,696	143,252	143,252	18,444
Excise tax	107,117	-	107,117	92,108	92,108	15,009
Streets and transportation	37,287	-	37,287	37,220	37,220	67
State street contracts	3,056	-	3,056	130,869	10,000	(6,944)
Supplemental pay	51,200	-	51,200	-	51,200	-
State beer tax	8,940	-	8,940	9,559	9,559	(619)
Telecommunications tax	28,643	-	28,643	33,121	33,121	(4,478)
Transportation modernization	3,059	-	3,059	-	-	3,059
Sports gaming tax	37,759	-	37,759	30,509	30,509	7,250
State and federal grants	684,069	-	684,069	216,544	765,544	(81,475)
Total intergovernmental	4,576,561	-	4,576,561	4,089,795	4,629,126	(52,565)
Charges for services						
Recreational revenues	515,864	-	515,864	316,850	436,850	79,014
Burial permits	1,450	-	1,450	1,100	1,100	350
Other fees and services	64,650	-	64,650	47,400	58,400	6,250
Total charges for services	581,964	-	581,964	365,350	496,350	85,614
Other revenues						
Investment income	726,951	-	726,951	196,949	685,000	41,951
Sale of cemetery lots	8,100	-	8,100	10,000	10,000	(1,900)
Sale of fuel	60,027	-	60,027	55,000	55,000	5,027
Donations	39,719	-	39,719	56,000	61,000	(21,281)
Miscellaneous	84,530	-	84,530	79,000	87,500	(2,970)
Total other revenue	919,327	-	919,327	396,949	898,500	20,827
Total revenues	37,490,163	-	37,490,163	33,426,925	37,378,495	111,668

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS (NON-GAAP)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Expenditures	Actual	Adjustment to	Actual/Revenues	Budgeted Amounts		Variance from
	GAAP	Budgetary	Expenditures	Original	Final	Final Budget
	Basis	Basis	(Budgetary Basis)	Budget	Budget	Positive
						(Negative)
General government						
Legislative and judicial						
Salaries	\$ 37,614	\$ -	\$ 37,614	\$ 37,614	\$ 37,614	\$ -
Payroll taxes	2,833	-	2,833	2,878	2,878	45
Benefits	80,984	-	80,984	109,591	81,591	607
Contract and professional	185,933	(5,831)	180,102	138,200	189,700	9,598
Printing and publications	21,473	-	21,473	29,500	21,911	438
Technology	31,416	-	31,416	25,125	32,125	709
Memberships and dues	7,703	-	7,703	8,785	8,785	1,082
Travel and training	11,642	-	11,642	18,800	12,579	937
Supplies	2,308	-	2,308	2,800	3,200	892
Operating insurance	77,384	-	77,384	22,221	77,401	17
Other	5,497	-	5,497	7,500	6,000	503
Total legislative and judicial	464,787	(5,831)	458,956	403,014	473,784	14,828
Court system						
Salaries	21,057	-	21,057	20,705	21,365	308
Payroll taxes	2,847	-	2,847	2,846	2,900	53
Benefits	6,674	-	6,674	6,638	6,797	123
Contract and professional	16,500	-	16,500	16,500	16,500	-
Technology	5,976	-	5,976	5,765	5,976	-
Printing and publications	156	-	156	200	156	-
Travel and training	121	-	121	300	133	12
Supplies	238	-	238	500	500	262
Operating insurance	811	-	811	749	1,000	189
Total court system	54,380	-	54,380	54,203	55,327	947
City administrator						
Salaries	196,063	-	196,063	162,366	197,006	943
Payroll taxes	14,450	-	14,450	12,421	14,828	378
Benefits	39,675	-	39,675	37,540	40,106	431
Telephone and utilities	232	-	232	800	800	568
Contract and professional	9,940	-	9,940	43,680	9,940	-
Technology	1,847	-	1,847	1,500	1,850	3
Hiring expense	464	-	464	800	800	336
Memberships and dues	584	-	584	1,650	650	66
Printing and publications	316	-	316	200	317	1
Repair and maintenance	112	-	112	470	470	358
Travel and training	10,072	-	10,072	4,500	10,221	149
Office supplies	110	-	110	300	300	190
Gas and oil	55	-	55	240	240	185
Operating insurance	3,725	-	3,725	3,369	3,725	-
Total city administrator	277,645	-	277,645	269,836	281,253	3,608
Finance director						
Salaries	383,019	-	383,019	333,320	383,719	700
Payroll taxes	28,230	-	28,230	25,499	28,300	70
Benefits	92,988	-	92,988	80,072	94,212	1,224
Contract and professional	7,590	-	7,590	5,000	8,000	410
Printing and publications	4,353	-	4,353	2,600	4,450	97
Technology	23,318	-	23,318	26,891	23,891	573
Membership dues	300	-	300	850	850	550
Telephone	-	-	-	500	500	500
Travel and training	1,203	-	1,203	3,000	1,500	297
Supplies	2,605	-	2,605	3,075	3,275	670
Operating insurance	3,819	-	3,819	4,034	4,034	215
Other	362	-	362	440	440	78
Total finance director	547,787	-	547,787	485,281	553,171	5,384
City recorder						
Salaries	160,480	-	160,480	159,769	161,269	789
Payroll taxes	12,250	-	12,250	12,222	12,322	72
Benefits	38,288	-	38,288	50,983	38,983	695
Contract and professional	7,772	-	7,772	-	7,772	-
Technology	16,730	-	16,730	16,200	16,730	-
Printing and publications	559	-	559	2,000	802	243
Membership dues	579	-	579	600	600	21
Hiring expense	300	-	300	-	500	200
Telephone and utilities	200	-	200	100	500	300
Travel and training	2,417	-	2,417	3,200	3,000	583
Supplies	18,928	-	18,928	17,000	20,000	1,072
Election expense	-	-	-	5,000	606	606
Operating insurance	3,381	-	3,381	2,911	3,500	119
Total city recorder	261,884	-	261,884	269,985	266,584	4,700

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS (NON-GAAP)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Expenditures (continued)	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts Original Budget	Final Budget	Variance from Final Budget Positive (Negative)
General government (continued)						
Human resources						
Salaries	177,387	-	177,387	153,004	178,000	613
Payroll taxes	13,277	-	13,277	11,705	13,550	273
Benefits	29,461	-	29,461	38,996	30,668	1,207
Telephone and utilities	180	-	180	500	415	235
Technology	7,744	-	7,744	5,000	8,000	256
Memberships and dues	746	-	746	1,287	1,196	450
Hiring expense	562	-	562	-	600	38
Printing and publications	-	-	-	2,000	562	562
Travel and training	4,416	-	4,416	3,500	4,500	84
Supplies	2,045	-	2,045	2,250	2,195	150
Operating insurance	3,621	-	3,621	3,188	3,621	-
Other	17,993	-	17,993	21,150	18,923	930
Total human resources	257,432	-	257,432	242,580	262,230	4,798
Information technology						
Salaries	42,854	-	42,854	143,625	43,880	1,026
Payroll taxes	3,124	-	3,124	10,987	3,487	363
Benefits	7,699	-	7,699	39,405	8,405	706
Telephone and utilities	2,928	-	2,928	6,140	3,140	212
Contract and professional	30,067	(10,775)	19,292	19,700	21,246	1,954
Technology	116,161	(537)	115,624	78,856	117,360	1,736
Hiring expense	210	-	210	181	500	290
Travel and training	-	-	-	1,000	-	-
Supplies	339	-	339	2,500	500	161
Operating insurance	2,796	-	2,796	1,100	2,798	2
Small items of equipment	600	-	600	-	819	219
Total information technology	206,778	(11,312)	195,466	303,494	202,135	6,669
Community development						
Salaries	38,143	-	38,143	25,939	38,240	97
Payroll taxes	2,911	-	2,911	1,984	3,200	289
Benefits	8,261	-	8,261	7,086	8,452	191
Technology	1,866	-	1,866	1,000	2,500	634
Printing and publications	813	-	813	2,500	1,000	187
Memberships and dues	-	-	-	200	200	-
Hiring expense	89	-	89	-	300	211
Travel and training	1,838	-	1,838	1,500	2,000	162
Supplies	70	-	70	200	200	-
Operating insurance	965	-	965	902	965	-
Other	7,343	-	7,343	21,400	9,500	2,157
Total community development	62,299	-	62,299	62,711	66,557	4,258
Planning						
Salaries	139,362	-	139,362	173,269	140,269	907
Payroll taxes	10,470	-	10,470	13,255	10,655	185
Benefits	26,484	-	26,484	46,726	26,726	242
Contract and professional	3,631	-	3,631	5,500	5,000	1,369
Technology	711	-	711	2,500	1,500	789
Telephone and utilities	7,359	-	7,359	8,208	8,208	-
Printing and publications	4,542	-	4,542	6,000	5,000	458
Memberships and dues	20	-	20	300	85	65
Hiring expense	-	-	-	450	450	-
Repair and maintenance	11,235	-	11,235	4,500	12,000	765
Travel and training	3,235	-	3,235	1,000	3,236	1
Supplies	2,406	-	2,406	1,300	2,707	301
Uniforms	419	-	419	500	715	296
Gas and oil	113	-	113	750	450	337
Operating insurance	9,286	-	9,286	4,030	9,287	1
Other	7,634	-	7,634	6,000	7,979	345
Total planning	226,907	-	226,907	274,288	234,267	7,360
Municipal building						
Telephone and utilities	23,821	-	23,821	33,996	24,996	1,175
Rent	3,828	-	3,828	4,200	4,200	-
Repair and maintenance	11,995	-	11,995	37,844	13,344	1,349
Small items of equipment	7,751	-	7,751	-	8,500	749
Operating insurance	10,742	-	10,742	12,251	11,251	509
Total municipal building	58,137	-	58,137	88,291	62,291	4,154
Facilities maintenance						
Salaries	155,500	-	155,500	150,502	158,070	2,570
Payroll taxes	11,421	-	11,421	11,513	11,513	-
Benefits	49,307	-	49,307	50,131	50,861	1,554
Memberships and dues	-	-	-	100	100	-
Hiring expense	29	-	29	400	400	-
Technology	-	-	-	500	-	-
Repair and maintenance	5,577	-	5,577	5,500	6,200	623
Telephone and utilities	500	-	500	780	780	-
Operating supplies	4,273	-	4,273	6,500	6,500	-
Uniforms	708	-	708	1,000	1,000	-
Gas and oil	3,878	-	3,878	4,000	4,000	-
Operating insurance	5,881	-	5,881	8,933	5,933	52
Total facilities maintenance	237,074	-	237,074	239,859	245,357	8,283
Total general government	2,655,110	(17,143)	2,637,967	2,693,542	2,702,956	64,989

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS (NON-GAAP)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Expenditures (continued)	Actual	Adjustment to	Actual/Revenues	Budgeted Amounts		Variance from
	GAAP Basis	Budgetary Basis	(Budgetary Basis)	Original Budget	Final Budget	Final Budget Positive (Negative)
Public safety						
Police						
Salaries	2,457,480	-	2,457,480	2,736,337	2,488,450	30,970
Payroll taxes	180,664	-	180,664	209,330	186,812	6,148
Benefits	728,239	-	728,239	902,105	743,033	14,794
Contract and professional	1,272	1,032	2,304	500	2,500	196
Technology	37,530	-	37,530	36,766	39,392	1,862
Telephone and utilities	35,822	-	35,822	43,670	38,274	2,452
Repair and maintenance	104,283	(187)	104,096	73,300	108,000	3,904
Membership and dues	1,306	-	1,306	7,100	2,829	1,523
Printing and publications	5,421	-	5,421	7,100	6,330	909
Hiring expense	9,365	-	9,365	3,930	9,546	181
Rental	1,321	-	1,321	1,200	1,500	179
Travel and training	24,417	-	24,417	38,000	27,000	2,583
Office supplies	3,376	-	3,376	2,030	2,205	(1,171)
Operating supplies	11,392	-	11,392	15,650	15,440	4,048
Uniforms	56,363	(55)	56,308	48,260	58,360	2,052
Gas and oil	76,314	-	76,314	106,120	85,420	9,106
Operating insurance	247,130	-	247,130	199,646	247,409	279
Other	3,406	-	3,406	4,725	3,925	519
Small equipment	186,623	(9,499)	177,124	211,644	216,644	39,520
Total police	4,171,724	(8,709)	4,163,015	4,647,413	4,283,069	120,054
Fire						
Salaries	2,334,455	-	2,334,455	2,162,659	2,345,512	11,057
Payroll taxes	172,723	-	172,723	166,133	175,120	2,397
Benefits	637,200	-	637,200	680,995	644,498	7,298
Contract and professional	11,520	-	11,520	9,000	12,900	1,380
Technology	24,737	-	24,737	16,213	25,013	276
Hiring expense	4,901	-	4,901	6,540	6,540	1,639
Telephone and utilities	29,883	-	29,883	32,058	33,568	3,685
Repair and maintenance	108,443	92	108,535	113,237	119,887	11,352
Memberships and dues	933	-	933	1,300	1,300	367
Printing and publications	356	-	356	1,600	1,800	1,444
Hydrant rental	152,805	-	152,805	153,000	153,000	195
Travel and training	21,958	-	21,958	21,825	22,725	767
Office supplies	1,141	-	1,141	1,350	1,350	209
Operating supplies	27,797	-	27,797	30,000	30,550	2,753
Uniforms	24,315	-	24,315	26,750	25,589	1,274
Gas and oil	24,278	-	24,278	33,900	32,060	7,782
Operating insurance	119,410	-	119,410	132,175	121,100	1,690
Other	1,321	-	1,321	1,246	1,400	79
Small items of equipment	29,454	-	29,454	30,000	31,251	1,797
Capital outlay	15,627	6,373	22,000	-	22,000	-
Total fire	3,743,257	6,465	3,749,722	3,619,981	3,807,163	57,441
Building codes						
Salaries	149,959	-	149,959	199,242	153,242	3,283
Payroll taxes	11,394	-	11,394	15,242	13,242	1,848
Benefits	41,841	-	41,841	58,915	47,015	5,174
Contract and professional	6,475	-	6,475	6,000	6,475	-
Printing and publications	791	-	791	900	900	109
Memberships and dues	515	-	515	800	515	-
Telephone and utilities	3,723	-	3,723	4,575	4,575	852
Hiring expense	423	-	423	500	500	77
Technology	6,627	-	6,627	6,650	6,674	47
Repair and maintenance	2,166	-	2,166	13,800	2,800	634
Travel and training	5,393	-	5,393	5,050	5,457	64
Office supplies	1,852	-	1,852	900	4,254	2,402
Operating supplies	441	-	441	750	750	309
Uniforms	1,414	-	1,414	750	1,450	36
Gas and oil	1,914	-	1,914	3,900	2,600	686
Operating insurance	5,092	-	5,092	5,140	5,140	48
Total building codes	240,020	-	240,020	323,114	255,589	15,569
Animal control						
Salaries	136,085	-	136,085	145,805	142,805	6,720
Payroll taxes	10,081	-	10,081	11,154	10,154	73
Benefits	43,455	-	43,455	48,768	45,768	2,313
Contract and professional	3,924	-	3,924	3,000	5,600	1,676
Printing and publications	667	-	667	1,000	1,000	333
Memberships and dues	615	-	615	1,200	1,200	585
Telephone and utilities	12,478	-	12,478	15,340	15,340	2,862
Technology	1,024	-	1,024	-	1,024	-
Hiring expense	2,569	-	2,569	4,600	4,000	1,431
Repair and maintenance	3,036	-	3,036	15,000	6,500	3,464
Travel and training	1,816	-	1,816	2,000	2,000	184
Operating supplies	19,924	-	19,924	17,000	20,000	76
Uniforms	1,343	-	1,343	1,500	1,500	157
Gas and oil	1,566	-	1,566	2,640	2,116	550
Operating insurance	11,903	-	11,903	8,839	12,377	474
Vet expenditures	7,780	-	7,780	9,000	9,000	1,220
Other	32,904	-	32,904	30,000	45,000	12,096
Total animal control	291,170	-	291,170	316,846	325,384	34,214
Total public safety	8,446,171	(2,244)	8,443,927	8,907,354	8,671,205	227,278

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS (NON-GAAP)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Expenditures (continued)	Actual	Adjustment to	Actual/Revenues	Budgeted Amounts		Variance from
	GAAP Basis	Budgetary Basis	Expenditures (Budgetary Basis)	Original Budget	Final Budget	Final Budget Positive (Negative)
Public works						
Streets						
Salaries	174,480	-	174,480	176,252	176,730	2,250
Payroll taxes	12,737	-	12,737	12,750	12,750	13
Benefits	33,448	-	33,448	32,860	33,860	412
Telephone and utilities	6,895	-	6,895	6,853	7,000	105
Contract and professional	46,884	-	46,884	64,060	51,060	4,176
Technology	3,723	-	3,723	2,500	4,000	277
Memberships and dues	824	-	824	1,310	1,310	486
Printing and publications	1,413	-	1,413	2,500	2,000	587
Repair and maintenance	3,919	-	3,919	3,000	4,000	81
Sidewalk repairs	4,967	(4,800)	167	11,471	11,471	11,304
Rental	1,321	-	1,321	1,200	1,350	29
Travel and training	1,744	-	1,744	2,000	2,000	256
Office supplies	1,569	-	1,569	3,500	3,000	1,431
Operating supplies	681	-	681	1,500	1,500	819
Uniforms	795	-	795	925	925	130
Gas and oil	4,779	-	4,779	7,513	7,413	2,634
Operating insurance	8,944	-	8,944	12,463	8,963	19
Small items of equipment	-	-	-	2,000	-	-
Capital outlay	22,361	-	22,361	22,361	22,361	-
Total streets	331,484	(4,800)	326,684	367,018	351,693	25,009
Storm water						
Contract and professional	51,844	-	51,844	62,442	59,442	7,598
Total storm water	51,844	-	51,844	62,442	59,442	7,598
Vehicle maintenance						
Salaries	114,422	-	114,422	162,604	135,804	21,382
Payroll taxes	15,496	-	15,496	17,412	17,412	1,916
Benefits	82,714	-	82,714	82,791	85,557	2,843
Telephone and utilities	28,804	-	28,804	35,650	31,650	2,846
Hiring expense	181	-	181	600	600	419
Repair and maintenance	62,168	(13,522)	48,646	48,285	68,785	20,139
Office supplies	314	-	314	550	550	236
Operating supplies	7,992	-	7,992	13,475	9,575	1,583
Uniforms	748	-	748	1,205	1,205	457
Gas and oil	58,404	-	58,404	60,000	60,000	1,596
Operating insurance	16,491	-	16,491	17,512	17,512	1,021
Small items of equipment	635	-	635	-	1,000	365
Total vehicle maintenance	388,369	(13,522)	374,847	440,084	429,650	54,803
State street aid expenditures						
Salaries	561,831	-	561,831	576,212	566,712	4,881
Payroll taxes	41,872	-	41,872	44,814	43,814	1,942
Benefits	201,142	-	201,142	209,636	205,636	4,494
Contract and professional	9,250	-	9,250	15,000	12,000	2,750
Street lights	534,974	-	534,974	456,000	537,500	2,526
Hiring expense	552	-	552	1,958	958	406
Uniforms	731	-	731	6,000	1,000	269
Operating insurance	59,635	-	59,635	71,387	63,988	4,353
Repair and maintenance	31,148	6,896	38,044	64,400	61,329	23,285
Operating supplies	6,344	-	6,344	9,380	9,380	3,036
Parts and supplies - signs	38,325	-	38,325	38,897	38,897	572
Gas and oil	37,651	-	37,651	41,290	40,040	2,389
Materials	105,653	(2,148)	103,505	140,117	103,617	112
Capital outlay	1,427,355	(650,000)	777,355	780,869	827,869	50,514
Total state street aid	3,056,463	(645,252)	2,411,211	2,455,960	2,512,740	101,529
Total public works	3,828,160	(663,574)	3,164,586	3,325,504	3,353,525	188,939
Health, welfare, and recreation						
Parks						
Salaries	1,055,007	-	1,055,007	968,205	1,082,214	27,207
Payroll taxes	20,428	-	20,428	20,017	20,750	322
Benefits	58,103	-	58,103	65,527	59,413	1,310
Telephone and utilities	72,965	-	72,965	74,121	74,421	1,456
Street lights	11,577	-	11,577	14,093	14,093	2,516
Contract and professional	74,422	-	74,422	80,732	78,732	4,310
Technology	374	-	374	500	500	126
Hiring expense	113	-	113	400	400	287
Memberships and dues	95	-	95	190	190	95
Repair and maintenance	15,245	(410)	14,835	133,647	156,985	142,150
Operating supplies	4,737	-	4,737	5,305	5,523	786
Uniforms	1,175	-	1,175	1,565	1,565	390
Gas and oil	11,669	-	11,669	14,527	12,500	831
Operating insurance	40,712	-	40,712	31,204	40,761	49
Rental	26,973	-	26,973	19,400	27,600	627
Appropriations	-	-	-	10,000	1,000	1,000
Small items of equipment	1,587	-	1,587	-	1,587	-
Capital outlay	137,552	-	137,552	-	-	137,552
Total parks and recreation	1,532,734	(410)	1,532,324	1,439,433	1,578,234	321,014

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS (NON-GAAP)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Expenditures (continued)	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
Health, welfare, and recreation (continued)				Original Budget	Final Budget	
Community center						
Payroll taxes	16,186	-	16,186	18,668	17,168	982
Benefits	21,560	-	21,560	27,152	24,788	3,228
Contract and professional	1,274	-	1,274	2,544	2,544	1,270
Program and events	5,108	-	5,108	10,000	6,200	1,092
Fitness and wellness	-	-	-	3,000	-	-
Printing and publications	1,326	-	1,326	4,000	2,000	674
Memberships and dues	110	-	110	160	160	50
Permits and licenses	-	-	-	400	400	400
Telephone and utilities	121,547	-	121,547	137,358	128,595	7,048
Hiring expenses	435	-	435	1,124	1,124	689
Technology	11,434	(2,298)	9,136	10,000	11,500	2,364
Repairs and maintenance	78,975	(2,350)	76,625	75,851	80,508	3,883
Operating supplies	11,871	(473)	11,398	10,605	10,605	(793)
Uniforms	-	-	-	300	300	300
Gas and oil	884	-	884	800	900	16
Operating insurance	38,769	-	38,769	35,149	38,769	-
Small items of equipment	1,800	-	1,800	-	1,800	-
Total parks and recreation	<u>311,279</u>	<u>(5,121)</u>	<u>306,158</u>	<u>337,111</u>	<u>327,361</u>	<u>21,203</u>
Recreation administration						
Payroll taxes	14,035	-	14,035	14,048	14,048	13
Benefits	46,373	-	46,373	51,695	47,289	916
Printing and publications	1,559	-	1,559	3,600	1,620	61
Memberships and dues	1,070	-	1,070	1,070	1,070	-
Telephone and utilities	770	-	770	1,860	860	90
Hiring expenses	-	-	-	400	-	-
Technology	1,362	-	1,362	10,185	2,158	796
Repairs and maintenance	1,436	-	1,436	1,800	1,800	364
Travel and training	7,350	-	7,350	8,250	7,350	-
Office supplies	39	-	39	500	188	149
Operating supplies	1,761	-	1,761	1,185	1,762	1
Uniforms	857	-	857	-	1,000	143
Gas and oil	1,143	-	1,143	900	2,000	857
Operating insurance	3,002	-	3,002	1,880	3,002	-
Total recreation administration	<u>80,757</u>	<u>-</u>	<u>80,757</u>	<u>97,373</u>	<u>84,147</u>	<u>3,390</u>
Concessions						
Payroll taxes	5,452	-	5,452	3,135	5,500	48
Benefits	149	-	149	250	250	101
Permits and licenses	210	-	210	210	210	-
Hiring expenses	151	-	151	300	300	149
Technology	2,013	-	2,013	-	2,500	487
Repairs and maintenance	3,324	-	3,324	1,500	3,500	176
Operating supplies	1,906	-	1,906	1,500	1,913	7
Concession supplies	96,588	-	96,588	66,510	96,710	122
Paper goods	7,204	-	7,204	10,000	9,747	2,543
Uniforms	478	-	478	900	900	422
Operating insurance	3,146	-	3,146	3,651	3,651	505
Total concessions	<u>120,621</u>	<u>-</u>	<u>120,621</u>	<u>87,956</u>	<u>125,181</u>	<u>4,560</u>
Recreational programs						
Payroll taxes	838	-	838	3,542	1,542	704
Benefits	16,839	-	16,839	21,957	17,447	608
Telephone and utilities	40	-	40	-	160	120
Operating supplies	303	-	303	1,000	1,000	697
Operating insurance	2,373	-	2,373	3,112	3,112	739
Programs and events	137,401	-	137,401	134,235	141,720	4,319
Total recreational programs	<u>157,794</u>	<u>-</u>	<u>157,794</u>	<u>163,846</u>	<u>164,981</u>	<u>7,187</u>
Splash island						
Payroll taxes	22,543	-	22,543	14,657	24,500	1,957
Benefits	15,443	-	15,443	23,157	17,157	1,714
Contract and professional	5,027	-	5,027	3,600	5,500	473
Permits and licenses	680	-	680	940	940	260
Hiring expenses	1,315	-	1,315	400	1,350	35
Telephone and utilities	34,101	-	34,101	25,200	34,150	49
Technology	723	-	723	500	723	-
Repairs and maintenance	30,537	(21,382)	9,155	22,427	16,213	7,058
Travel and training	2,552	-	2,552	7,500	4,000	1,448
Operating supplies	7,079	(839)	6,240	3,500	7,500	1,260
Retail supplies	3,400	-	3,400	3,000	3,500	100
Chemicals	62,972	(3,513)	59,459	40,950	59,750	291
Uniforms	2,383	-	2,383	3,000	2,390	7
Operating insurance	31,275	-	31,275	28,050	31,275	-
Small items of equipment	1,629	-	1,629	-	1,641	12
Capital outlay	13,563	-	13,563	13,563	13,563	-
Total splash island	<u>235,222</u>	<u>(25,734)</u>	<u>209,488</u>	<u>190,444</u>	<u>224,152</u>	<u>14,664</u>
Forestry						
Salaries	35,028	-	35,028	59,156	46,156	11,128
Payroll taxes	2,519	-	2,519	4,525	4,525	2,006
Benefits	18,779	-	18,779	22,915	22,915	4,136
Contract and professional	12,095	7,630	19,725	36,000	28,000	8,275
Memberships and dues	165	-	165	250	250	85
Telephone and utilities	-	-	-	325	325	325
Travel and training	1,097	-	1,097	500	1,098	1
Memorial tree purchases	2,024	-	2,024	3,000	3,000	976
Operating supplies	3,161	-	3,161	6,500	5,791	2,630
Operating insurance	1,411	-	1,411	1,745	1,745	334
Other	9,616	-	9,616	10,000	10,309	693
Total forestry	<u>85,895</u>	<u>7,630</u>	<u>93,525</u>	<u>145,416</u>	<u>124,114</u>	<u>30,589</u>

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS (NON-GAAP)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Expenditures (continued)						
Health, welfare, and recreation (continued)						
Cemetery						
Salaries	94,951	-	94,951	96,001	98,410	3,459
Payroll taxes	7,067	-	7,067	7,344	7,344	277
Benefits	36,321	-	36,321	36,990	37,320	999
Repair and maintenance	5,705	-	5,705	3,406	5,906	201
Operating supplies	3,501	-	3,501	3,200	3,700	199
Gas and oil	11,922	-	11,922	4,000	12,500	578
Materials	2,178	-	2,178	7,000	2,500	322
Operating insurance	5,399	-	5,399	8,707	6,000	601
Total cemetery	167,044	-	167,044	166,648	173,680	6,636
Total health, welfare, and recreation	2,691,346	(23,635)	2,667,711	2,628,227	2,801,850	409,243
Community services						
Other	5,803	-	5,803	7,500	6,800	997
Appropriations	168,071	-	168,071	164,498	177,576	9,505
Tourism	75,338	(4,600)	70,738	116,455	92,549	21,811
Total community services	249,212	(4,600)	244,612	288,453	276,925	32,313
Total expenditures	17,869,999	(711,196)	17,158,803	17,843,080	17,806,461	922,762
Excess revenues over (under) expenditures	19,620,164	711,196	20,331,360	15,583,845	19,572,034	(811,094)
Other financing sources (uses)						
Transfers out	(20,145,025)	-	(20,145,025)	(16,665,745)	(20,158,625)	13,600
Insurance recoveries	30,984	-	30,984	-	25,072	5,912
Total other financing sources (uses)	(20,114,041)	-	(20,114,041)	(16,665,745)	(20,133,553)	19,512
Net change in fund balance	(493,877)	711,196	217,319	(1,081,900)	(561,519)	(791,582)
Fund balance, beginning of year	10,377,066	(747,234)	9,629,832	9,629,832	9,629,832	-
Fund balance, end of year	\$ 9,883,189	\$ (36,038)	\$ 9,847,151	\$ 8,547,932	\$ 9,068,313	\$ (791,582)

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
GENERAL PURPOSE SCHOOL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Intergovernmental:						
Local shared taxes	\$ 7,264,166	\$ -	\$ 7,264,166	\$ 6,640,911	\$ 6,842,380	\$ 421,786
Federal and state	25,398,026	-	25,398,026	26,286,030	26,286,657	(888,631)
Charges for services	233,893	-	233,893	201,500	196,588	37,305
Interest income	349,920	-	349,920	85,000	225,000	124,920
Other income	297,921	-	297,921	23,000	173,000	124,921
Total revenues	33,543,926	-	33,543,926	33,236,441	33,723,625	(179,699)
Expenditures						
Administration						
Salaries	3,320,010	-	3,320,010	3,354,614	3,324,192	4,182
Payroll taxes	195,619	-	195,619	207,986	199,236	3,617
Benefits	1,524,780	-	1,524,780	1,612,251	1,547,137	22,357
Contract services	121,006	-	121,006	141,000	132,000	10,994
Travel	9,057	-	9,057	9,000	13,755	4,698
Supplies	40,127	(11,610)	28,517	44,000	43,558	15,041
Communications	163,179	-	163,179	150,000	170,000	6,821
Postage	5,700	-	5,700	6,000	6,000	300
Staff development	57,153	-	57,153	61,500	68,525	11,372
Other	230,966	-	230,966	239,133	256,449	25,483
Insurance	396,773	-	396,773	393,574	396,925	152
Total administration	6,064,370	(11,610)	6,052,760	6,219,058	6,157,777	105,017
Regular education						
Salaries	15,024,903	-	15,024,903	15,026,328	15,082,358	57,455
Payroll taxes	865,622	-	865,622	928,067	870,683	5,061
Benefits	3,747,113	-	3,747,113	3,856,043	3,759,076	11,963
Contract services	8,164	-	8,164	-	9,000	836
Travel	10,761	-	10,761	20,000	11,000	239
Supplies	388,053	20	388,073	375,700	396,021	7,948
Books	298,748	708	299,456	400,000	302,000	2,544
Staff development	5,137	-	5,137	10,000	5,658	521
Other	208,069	-	208,069	136,379	232,915	24,846
Instructional equipment	834,665	14,376	849,041	835,145	854,145	5,104
Capital outlay	12,240	-	12,240	-	-	(12,240)
Total regular education	21,403,475	15,104	21,418,579	21,587,662	21,522,856	104,277
Special education						
Salaries	3,513,817	-	3,513,817	3,540,600	3,563,459	49,642
Payroll taxes	203,932	-	203,932	217,161	208,122	4,190
Benefits	1,045,444	-	1,045,444	912,840	1,060,560	15,116
Contract services	74,190	-	74,190	296,075	88,528	14,338
Travel	4,101	-	4,101	5,000	5,000	899
Supplies	94,122	-	94,122	87,000	94,996	874
Staff development	36,504	-	36,504	34,000	38,000	1,496
Other	43,343	-	43,343	10,000	44,200	857
Special education equipment	13,146	-	13,146	10,000	13,150	4
Total special education	5,028,599	-	5,028,599	5,112,676	5,116,015	87,416
Vocational education						
Salaries	816,501	-	816,501	835,530	982,509	166,008
Payroll taxes	47,376	-	47,376	51,803	57,510	10,134
Benefits	208,778	-	208,778	215,345	252,820	44,042
Contract services	9,123	-	9,123	-	9,123	-
Travel	12,000	-	12,000	12,000	12,000	-
Supplies	40,102	-	40,102	47,532	53,532	13,430
Tuition	-	-	-	2,000	2,000	2,000
Staff development	5,710	-	5,710	5,950	6,160	450
Other	1,763	-	1,763	888,759	660,852	659,089
Vocational equipment	93,004	-	93,004	-	-	(93,004)
Capital outlay	191,364	(41,301)	150,063	405,383	435,383	285,320
Total vocational education	1,425,721	(41,301)	1,384,420	2,464,302	2,471,889	1,087,469
Attendance						
Salaries	140,677	-	140,677	147,580	147,580	6,903
Payroll taxes	8,383	-	8,383	9,150	9,150	767
Benefits	32,866	-	32,866	27,394	36,494	3,628
Travel	1,155	-	1,155	675	1,200	45
Other	11,110	-	11,110	5,750	11,600	490
Total attendance	194,191	-	194,191	190,549	206,024	11,833

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS (NON-GAAP)
GENERAL PURPOSE SCHOOL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Expenditures(continued)	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts Original Budget	Final Budget	Variance from Final Budget Positive (Negative)
Health services						
Salaries	507,517	-	507,517	497,318	507,530	13
Payroll taxes	28,981	-	28,981	30,834	29,115	134
Benefits	146,220	-	146,220	146,731	146,580	360
Travel	766	-	766	-	766	-
Supplies	15,993	-	15,993	35,000	16,033	40
Staff development	6,154	-	6,154	-	6,155	1
Other	11,160	-	11,160	15,000	11,951	791
Total health services	716,791	-	716,791	724,883	718,130	1,339
Other student support						
Salaries	708,890	-	708,890	683,516	708,950	60
Payroll taxes	40,867	-	40,867	42,378	40,900	33
Benefits	169,319	-	169,319	168,931	170,354	1,035
Contract services	76,976	-	76,976	63,000	77,000	24
Other	1,320	-	1,320	1,867	1,607	287
Total student support	997,372	-	997,372	959,692	998,811	1,439
Instructional staff						
Salaries	726,854	-	726,854	764,429	731,020	4,166
Payroll taxes	43,770	-	43,770	46,394	44,032	262
Benefits	119,174	-	119,174	111,946	120,712	1,538
Books	49,998	-	49,998	50,000	50,000	2
Travel	1,166	-	1,166	500	1,300	134
Supplies	1,851	-	1,851	23,416	24,560	22,709
Staff development	44,833	-	44,833	23,000	46,825	1,992
Other	613	-	613	200	1,000	387
Total instructional staff	988,259	-	988,259	1,019,885	1,019,449	31,190
Plant operations						
Salaries	832,535	-	832,535	810,372	833,000	465
Payroll taxes	49,984	-	49,984	50,243	50,243	259
Benefits	250,590	-	250,590	272,758	256,019	5,429
Contract services	906,336	(99,290)	807,046	800,000	934,032	126,986
Supplies	188,710	-	188,710	150,000	189,124	414
Repair and maintenance	-	-	-	-	-	-
Utilities	1,141,196	-	1,141,196	1,157,000	1,143,671	2,475
Other	10,704	-	10,704	2,000	11,000	296
Building improvements	545,205	477,873	1,023,078	677,407	1,249,277	226,199
Capital outlay	24,000	-	24,000	-	-	(24,000)
Total plant operations	3,949,260	378,583	4,327,843	3,919,780	4,666,366	338,523
Plant maintenance						
Salaries	532,132	-	532,132	618,275	532,250	118
Payroll taxes	32,186	-	32,186	38,333	32,200	14
Benefits	125,596	-	125,596	144,750	127,486	1,890
Supplies	10,238	-	10,238	1,500	10,300	62
Fuel	15,518	-	15,518	18,000	18,000	2,482
Repair and maintenance	124,449	12,129	136,578	610,000	698,375	561,797
Other	1,200	-	1,200	-	1,200	-
Maintenance equipment	9,198	-	9,198	15,000	9,200	2
Capital outlay	625,008	-	625,008	82,558	80,000	(545,008)
Total plant maintenance	1,475,525	12,129	1,487,654	1,528,416	1,509,011	21,357
Transportation						
Salaries	363,534	-	363,534	274,617	376,150	12,616
Payroll taxes	21,701	-	21,701	16,645	22,464	763
Benefits	20,464	-	20,464	15,660	22,064	1,600
Contract services	5,444	-	5,444	6,000	8,985	3,541
Repair and maintenance	34,076	-	34,076	35,000	34,262	186
Fuel	38,000	-	38,000	50,200	46,045	8,045
Staff development	1,092	-	1,092	-	1,092	-
Other	13,552	-	13,552	61,616	61,167	47,615
Capital outlay	126,000	-	126,000	126,000	126,000	-
Total transportation	623,863	-	623,863	585,738	698,229	74,366
Total expenditures	42,867,426	352,905	43,220,331	44,312,641	45,084,557	1,864,226
Excess revenues over (under) expenditures	(9,323,500)	(352,905)	(9,676,405)	(11,076,200)	(11,360,932)	1,684,527
Other Financing Sources (Uses)						
Sale of capital assets	6,105	-	6,105	-	-	6,105
Transfer from City of Tullahoma	11,107,955	-	11,107,955	10,257,105	10,865,480	242,475
Transfer from other funds	265,033	-	265,033	-	-	265,033
Total other financing sources (uses)	11,379,093	-	11,379,093	10,257,105	10,865,480	513,613
Net change in fund balance	2,055,593	(352,905)	1,702,688	(819,095)	(495,452)	2,198,140
Fund balance, beginning of year	9,579,632	(162,075)	9,417,557	9,417,557	9,417,557	-
Fund balance, end of year	\$ 11,635,225	\$ (514,980)	\$ 11,120,245	\$ 8,598,462	\$ 8,922,105	\$ 2,198,140

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Intergovernmental:						
Federal and state	\$ 2,817,275	\$ -	\$ 2,817,275	\$ 5,333,023	\$ 5,329,511	\$ (2,512,236)
Interest income	113,654	-	113,654	9,000	14,000	99,654
Other income	17,000	-	17,000	20,000	20,000	(3,000)
Total revenues	<u>2,947,929</u>	<u>-</u>	<u>2,947,929</u>	<u>5,362,023</u>	<u>5,363,511</u>	<u>(2,415,582)</u>
Expenditures						
Program costs	612,751	-	612,751	1,241,002	1,240,002	627,251
Repairs and maintenance	169,018	-	169,018	1,271,405	2,323,382	2,154,364
Debt issuance costs	45,000	-	45,000	45,000	45,000	-
Small items of equipment	874,072	-	874,072	-	-	(874,072)
Capital outlay	8,651,105	-	8,651,105	36,994,438	38,009,438	29,358,333
Total expenditures	<u>10,351,946</u>	<u>-</u>	<u>10,351,946</u>	<u>39,551,845</u>	<u>41,617,822</u>	<u>31,265,876</u>
Excess revenues over (under) expenditures	<u>(7,404,017)</u>	<u>-</u>	<u>(7,404,017)</u>	<u>(34,189,822)</u>	<u>(36,254,311)</u>	<u>(33,681,458)</u>
Other Financing Sources (Uses)						
Transfer from other funds	1,240,721	-	1,240,721	1,072,891	2,018,842	(778,121)
Transfer to other funds	(21,000)	-	(21,000)	-	(21,000)	-
Sale of capital assets	425,000	-	425,000	-	425,000	-
Insurance recoveries	337,256	-	337,256	142,206	337,050	206
Loan proceeds	1,737,000	-	1,737,000	7,500,000	7,500,000	(5,763,000)
Total other financing sources (uses)	<u>3,718,977</u>	<u>-</u>	<u>3,718,977</u>	<u>8,715,097</u>	<u>10,259,892</u>	<u>(6,540,915)</u>
Net change in fund balance	(3,685,040)	-	(3,685,040)	(25,474,725)	(25,994,419)	(40,222,373)
Fund balance, beginning of year	<u>18,465,540</u>	<u>-</u>	<u>18,465,540</u>	<u>18,465,540</u>	<u>18,465,540</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,780,500</u>	<u>\$ -</u>	<u>\$ 14,780,500</u>	<u>\$ (7,009,185)</u>	<u>\$ (7,528,879)</u>	<u>\$ (40,222,373)</u>

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

CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
SCHOOL FEDERAL AND STATE PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Intergovernmental:						
Federal and state	\$ 4,801,827	\$ -	\$ 4,801,827	\$ 3,889,130	\$ 5,203,721	\$ (401,894)
Total revenues	4,801,827	-	4,801,827	3,889,130	5,203,721	(401,894)
Expenditures						
Regular education						
Salaries	1,031,191	-	1,031,191	1,109,904	1,127,030	95,839
Payroll taxes and benefits	311,197	-	311,197	338,778	356,317	45,120
Supplies	518,806	(68,555)	450,251	311,097	599,499	149,248
Staff development	18,703	-	18,703	-	18,703	-
Instructional equipment	59,498	-	59,498	30,000	78,650	19,152
Total regular education	1,939,395	(68,555)	1,870,840	1,789,779	2,180,199	309,359
Special education						
Salaries	655,687	-	655,687	640,138	628,256	(27,431)
Payroll taxes and benefits	216,818	-	216,818	199,216	218,292	1,474
Supplies	108,558	-	108,558	66,426	109,141	583
Staff development	4,568	-	4,568	4,568	4,568	-
Special education equipment	52,294	-	52,294	52,252	52,252	(42)
Total special education	1,037,925	-	1,037,925	962,600	1,012,509	(25,416)
Vocational education						
Repair and maintenance	1,300	-	1,300	1,500	1,500	200
Supplies	28,498	-	28,498	25,171	28,498	-
Other charges	8,033	-	8,033	7,269	8,033	-
Staff development	5,244	-	5,244	9,425	5,244	-
Vocational equipment	7,211	-	7,211	9,556	7,211	-
Total vocational education	50,286	-	50,286	52,921	50,486	200
Extended School						
Salaries	42,759	-	42,759	51,680	42,759	-
Payroll taxes and benefits	5,151	-	5,151	8,444	5,151	-
Total extended school	47,910	-	47,910	60,124	47,910	-
Health services						
Salaries	300	-	300	1,490	1,490	1,190
Payroll taxes and benefits	23	-	23	248	248	225
Contract services	28,800	-	28,800	14,400	28,800	-
Total health services	29,123	-	29,123	16,138	30,538	1,415
Other student support						
Salaries	858	-	858	1,500	858	-
Payroll taxes and benefits	35	-	35	90	35	-
Travel	12,189	-	12,189	7,275	12,189	-
Other charges	3,564	-	3,564	38,083	37,976	34,412
Staff development	4,922	-	4,922	6,506	4,922	-
Total student support	21,568	-	21,568	53,454	55,980	34,412
Instructional staff						
Salaries	309,917	-	309,917	312,913	312,914	2,997
Payroll taxes and benefits	85,762	-	85,762	98,110	97,636	11,874
Other charges	755	-	755	10,000	13,660	12,905
Consultants	-	-	-	-	66,000	66,000
Staff development	27,745	-	27,745	120,108	215,709	187,964
Total instructional staff	424,179	-	424,179	541,131	705,919	281,740
Community service						
Salaries	101,453	-	101,453	180,400	180,400	78,947
Payroll taxes and benefits	13,875	-	13,875	28,755	28,755	14,880
Supplies	-	-	-	3,070	3,070	3,070
Staff development	3,674	-	3,674	5,000	5,000	1,326
Other charges	510	-	510	7,230	7,230	6,720
Total community service	119,512	-	119,512	224,455	224,455	104,943
Plant maintenance						
Capital outlay	1,008,554	-	1,008,554	295,000	1,008,554	-
Total plant maintenance	1,008,554	-	1,008,554	295,000	1,008,554	-
Total expenditures	4,678,452	(68,555)	4,609,897	3,995,602	5,316,550	706,653
Excess revenues over (under) expenditures	123,375	68,555	191,930	(106,472)	(112,829)	304,759
Other Financing Sources (Uses)						
Transfer from other funds	(265,033)	-	(265,033)	(142,505)	(142,505)	(122,528)
Total other financing sources (uses)	(265,033)	-	(265,033)	(142,505)	(142,505)	(122,528)
Net change in fund balance	(141,658)	68,555	(73,103)	(248,977)	(255,334)	182,231
Fund balance, beginning of year	148,790	(75,687)	73,103	73,103	73,103	-
Fund balance, end of year	\$ 7,132	\$ (7,132)	\$ -	\$ (175,874)	\$ (182,231)	\$ 182,231

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

**CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2024**

	Governmental Activities - Internal Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,743,352
Prepaid items	6,362
Total current assets	1,749,714
Total assets	1,749,714
 LIABILITIES	
Current liabilities	
Accounts payable	68,956
Total current liabilities	68,956
Total liabilities	68,956
 NET POSITION	
Unrestricted	1,680,758
Total net position	\$ 1,680,758

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

**CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Governmental Activites - Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 2,526,817
Other operating revenue	181,470
Total operating revenues	2,708,287
OPERATING EXPENSES	
Medical claims	2,637,242
Contract and professional	36,750
Supplies	3,062
Total operating expenses	2,677,054
Operating Income	31,233
NONOPERATING REVENUES (EXPENSES)	
Interest income	75,519
Total nonoperating revenues (expenses)	75,519
Change in net position	106,752
Total net position, beginning of year	1,574,006
Total net postion, end of year	\$ 1,680,758

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

**CITY OF TULLAHOMA, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers/employees	\$ 2,526,817
Cash received from pharmacy rebates	181,470
Cash paid to suppliers	<u>(2,616,177)</u>
Net cash provided (used) by operating activities	<u>92,110</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and other income	<u>75,519</u>
Net cash provided (used) by operating activities	<u>75,519</u>
Net increase (decrease) in cash and cash equivalents	167,629
Cash and cash equivalents, beginning of year	<u>1,575,723</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,743,352</u></u>
 <u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS</u>	
Operating Income	\$ 31,233
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in prepaid items	4,248
Increase (decrease) in accounts payable	<u>56,629</u>
Total adjustments	<u>60,877</u>
Net cash provided by operating activities	<u><u>\$ 92,110</u></u>

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

**CITY OF TULLAHOMA, TENNESSEE
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2024**

	<u>Governmental Type</u>		<u>Proprietary Type</u>	<u>Total Component Units</u>
	<u>Industrial Development Board</u>	<u>Area Economic Development Board</u>	<u>Municipal Airport Authority</u>	
ASSETS				
Cash and cash equivalents	\$ 66,727	\$ 284,239	\$ 431,512	\$ 782,478
Accounts receivable	-	-	2,183	2,183
Due from other governments	-	-	23,470	23,470
Inventory	-	-	27,040	27,040
Prepaid expenses	-	400	-	400
Other assets	-	-	766	766
Net pension asset	-	-	6,330	6,330
Capital assets:				
Land	-	-	1,738,799	1,738,799
Buildings and improvements	-	-	16,161,847	16,161,847
Furniture, machinery and equipment	-	-	308,408	308,408
Construction in progress	-	-	397,881	397,881
Accumulated depreciation	-	-	(8,745,285)	(8,745,285)
Total assets	<u>66,727</u>	<u>284,639</u>	<u>10,352,951</u>	<u>10,704,317</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows related to pension	-	-	18,525	18,525
Deferred outflows related to OPEB	-	1,357	2,713	4,070
Total deferred outflows of resources	<u>-</u>	<u>1,357</u>	<u>21,238</u>	<u>22,595</u>
LIABILITIES				
Accounts payable	-	796	9,175	9,971
Other liabilities	2,000	11,114	8,264	21,378
Unearned revenue	-	-	53,794	53,794
Long-term liabilities:				
Due within one year	-	-	32,885	32,885
Due within more than one year	-	67,276	323,769	391,045
Total liabilities	<u>2,000</u>	<u>79,186</u>	<u>427,887</u>	<u>509,073</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	-	-	4,847	4,847
Deferred inflows related to OPEB	-	4,435	8,870	13,305
Total deferred inflows of resources	<u>-</u>	<u>4,435</u>	<u>13,717</u>	<u>18,152</u>
NET PENSION				
Net investment in capital outlay	-	-	9,773,586	9,773,586
Restricted for net pension asset	-	-	6,330	6,330
Unrestricted net pension	64,727	202,375	152,669	419,771
Total net pension	<u>\$ 64,727</u>	<u>\$ 202,375</u>	<u>\$ 9,932,585</u>	<u>\$ 10,199,687</u>

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

**CITY OF TULLAHOMA, TENNESSEE
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Program Revenues</u>				<u>Net (expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Type</u>		<u>Proprietary Type</u>	<u>Total Component Units</u>
					<u>Industrial Development Board</u>	<u>Area Economic Development Board</u>	<u>Municipal Airport Authority</u>	
Industrial Development Board	\$ 67,744	\$ 1,000	\$ -	\$ -	\$ (66,744)	\$ -	\$ -	\$ -
Area Economic Development Corporation	356,063	-	159,008	-	-	(197,055)	-	-
Municipal Airport Authority	2,503,535	143,754	35,424	107,136	-	-	(2,217,221)	-
Total component units	<u>\$ 2,927,342</u>	<u>\$ 144,754</u>	<u>\$ 194,432</u>	<u>\$ 107,136</u>	<u>(66,744)</u>	<u>(197,055)</u>	<u>(2,217,221)</u>	<u>(2,481,020)</u>
General revenues:								
					305	3,758	7,850	11,913
					-	-	1,419,792	1,419,792
					-	-	5,282	5,282
					60,000	200,000	156,000	416,000
					<u>60,305</u>	<u>203,758</u>	<u>1,588,924</u>	<u>1,852,987</u>
					(6,439)	6,703	(628,297)	(628,033)
					<u>71,166</u>	<u>195,672</u>	<u>10,560,882</u>	<u>10,827,720</u>
					<u>\$ 64,727</u>	<u>\$ 202,375</u>	<u>\$ 9,932,585</u>	<u>\$ 10,199,687</u>

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

CITY OF TULLAHOMA, TENNESSEE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The City of Tullahoma, Tennessee (the City) was chartered by private act in 1903. The City operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, health and social services, recreation, public improvements, planning and zoning, general administrative, and public education.

A. Reporting Entity

The financial statements of the City present the primary government and its component units. The financial statements of the Internal School Fund were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. Component units are entities for which the government is considered to be financially accountable. Component units, although legally separated entities, are required to be presented in the government's financial statements using either a "blended" or "discrete" presentation. Blended component units, although legally separated entities, are, in substance, part of the government's operation and data from these units are combined with data of the primary government in the government-wide financial statements to emphasize they are legally separate from the City.

As of June 30, 2024, the City has no blended component units.

The City reports the following discretely presented component units:

Tullahoma Municipal Airport Authority (The Authority) operates and maintains the airport and its related property. The Authority is required to submit an annual budget document to the Mayor and Aldermen for their approval, and it receives an annual operating subsidy from the City.

Tullahoma Industrial Development Board (The TIDB) was established in order to promote industry and develop trade for the City and surrounding county government. The TIDB is required to submit an annual budget document to the Mayor and Aldermen for their approval, and it receives an annual operating subsidy from the City.

Tullahoma Area Economic Development Corporation (The TAEDC) was established to help Tullahoma capture economic activity. The TAEDC is required to submit an annual budget document to the Mayor and Aldermen for their approval, and it receives an annual operating subsidy from the City.

The financial statements of the component units are available as part of the City of Tullahoma Annual Comprehensive Financial Report and can be obtained from the City of Tullahoma finance office:

P.O. Box 807
201 West Grundy Street
Tullahoma, Tennessee 37388

All discretely presented component units have a June 30 fiscal year-end.

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B. Jointly Governed Organizations

Jointly governed organizations are excluded from the financial reporting entity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, due to the City's lack of financial accountability for their operations. The following related agencies provide services within the City:

Duck River Utility Commission:

The City, in conjunction with the City of Manchester, appoints the Board of the Duck River Utility Commission (DRUC), which operates a water treatment plant providing the citizens of the two cities with water. Each city elects three of the six-member board. Neither city has any other responsibility for the commission. The City has no equity interest in the net resources of the Commission.

Assets of the DRUC are pledged to the cities to secure indebtedness to the State of Tennessee which is being repaid from earnings of the DRUC. The DRUC reported net position of \$3,535,296 as of June 30, 2024. Complete financial statements can be obtained by writing P.O. Box 1237, Tullahoma, TN 37388.

Interlocal Solid Waste Authority:

The Interlocal Solid Waste Authority (The ISWA) was created pursuant to an interlocal agreement authorized by State Statutes in March 1993. Its Board is composed of two members from each of the adjoining counties of Bedford, Franklin, Lincoln, Moore, and City of Tullahoma. The purpose of the ISWA is to provide solid waste recycling and disposal services to the City and the four county areas. The ISWA entered into an agreement with a waste recycling company for recycling of its solid waste. The City has an ongoing financial responsibility to fund its Pro Rata share of costs incidental to the operation of the ISWA. During 2024, these costs amounted to \$710,412 and were paid from the Solid Waste Fund of the City. The City has no equity interest in the ISWA. The ISWA had reported net position of \$1,344,359 as of June 30, 2024. Complete financial statements can be obtained by writing Interlocal Solid Waste, C/O City of Tullahoma, P.O. Box 807, Tullahoma, TN 37388.

Tullahoma Utilities Authority:

The Tullahoma Utilities Authority (TUA) was formed April 27, 2016, pursuant to Private Chapter No. 54 of the Private Acts, 2016 cited as the Tullahoma Utilities Authority Act and, as such, is a political subdivision of the State of Tennessee. The legislation creating the Authority amended Chapter 553 of the act that established Tullahoma Utilities Board. The TUA was created as a separate legal entity for the purpose of planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining electric, water, wastewater and telecommunications utility systems within or outside the corporate limits of the City of Tullahoma, Tennessee, and other such utility systems, such as a municipal water, wastewater, telecommunications or electric utility as authorized by the general laws of the State of Tennessee to own or operate. The TUA reported net position of \$59,931,338 as of June 30, 2023. Complete financial statements can be obtained by writing 901 South Jackson Street, Tullahoma, TN 37388.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. Statement of Net Position and Statement of Changes in Net Position) report information on the activities of the Government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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The **Statement of Net Position** presents the Government's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets. The outstanding debt is offset by any unspent proceeds for such debt.

Restricted net position results from restrictions placed on net position by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of all other net position that does not meet the definition of the two preceding categories.

Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements; non-major funds are combined in a single column.

D. 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 proprietary fund financial statements. All material interfund activity has been removed from these statements. However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in these 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 revenue in the year in which the levy is assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to non-vested sick pay, compensated absences and other long-term commitments and contingencies are recorded only when payment is due.

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Enterprise Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Funds operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. The Enterprise Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and expenses are recognized when they are incurred.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, except for services provided and used, which are not eliminated in the process of consolidation.

Amounts reported as **program revenues** include 1) charges to customers for goods, services or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions. Amounts reported as **general revenues** include 1) all taxes, 2) unrestricted revenues for the use of money or property, 3) unrestricted revenues from other governmental agencies, and 4) compensation for loss, sale or damage of property.

Expenses reported by function include **direct expenses** that are specifically associated with a service or program and are clearly identifiable to a particular program. Some functions, such as general government and fiscal administration, include expenses that are in essence **indirect expenses** of other functions. The City has elected not to cost allocate those charges within a fund but does apportion them to other funds and agencies utilizing the services.

Proprietary funds distinguish **operating** revenues and expenses from **non-operating** items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with the fund's principal ongoing operations and consist primarily of charges to customers or departments, cost of sales and services, administrative expense 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 Government's policy to use restricted resources first, then unrestricted resources as they are needed.

The Government reports the following major governmental funds:

The **General Fund** is the Government's primary operating fund which is used to account for all financial resources of the general operations of the Government, except those required to be accounted for in another fund.

The **General Purpose School Fund** is used for the receipt and disbursement of federal, state and local funds for all education purposes, including capital projects and debt payments, which may require transfer to another fund.

The **Capital Projects Fund** is used to account for the use of bond proceeds for the construction of public facilities and other public works projects including the building replacement fund.

The **School Federal and State Projects Fund** is used to account for the receipt and disbursement of federal and state grants which support various educational programs.

Additionally, the Government reports the following fund types:

An **Internal Service Fund** is used to account for the operations of self-sustaining agencies rendering services to other agencies of the government on a cost reimbursement basis. These services include the medical trust fund used to account for the employee health insurance program.

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E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents – Cash and cash equivalents consist of demand deposits, savings accounts and certificates of deposit having an original maturity date of three months or less.

For purposes of reporting cash flows in the Enterprise Fund, cash and cash equivalents includes designated amounts classified on the balance sheet as “Restricted Assets.”

Investments – The City is reporting investments at fair value, except for investments with a remaining maturity, at the time of purchase, of one year or less, which are reported on an amortized cost basis. Investments consist of certificates of deposit with original maturity of more than three months.

Inventories and Prepaid Items – Material and supply inventories are valued at cost in governmental funds and the lower of cost or market in the enterprise funds, with cost being determined on an average cost basis. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased (consumption method).

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

Receivables – All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

Interfund Receivables and Payables and Transactions Between Funds – Short-term amounts owed between funds are classified as “Due to/from other funds.” Legally authorized transfers are included in the results of operations of Governmental Funds.

Restricted Assets - Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, granters or laws of other governments or imposed by enabling legislation.

The TCRS Stabilization Fund consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the Tullahoma Board of Education’s TCRS Hybrid Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the System in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the System to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Tullahoma Board of Education has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the Tullahoma Board of Education.

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure assets and intangible right-to-use assets (e.g., lease, SBITA) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined as assets with an individual cost in excess of \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost at the time of acquisition. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

CITY OF TULLAHOMA, TENNESSEE
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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is not capitalized on assets acquired with tax-exempt debt.

Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Right-to-use assets are amortized over the shorter of the lease term or useful life. The estimated useful lives are as follows:

Buildings and improvements	30 years
Improvements other than buildings	20 years
Furniture, machinery and equipment	5 - 15 years
Infrastructure	17 - 20 years

Appropriations – Appropriations to other funds are accounted for as interfund transfers.

Compensated Absences – City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave and sick leave, if vested. After five years of employment, employee sick leave vests at varying percentages up to a maximum of 50% after 10 years of service. Accumulated unpaid vacation pay related to proprietary fund type operations is reported as a liability in the appropriate individual proprietary funds.

School Board employees' vacation time must be used in each fiscal year and cannot be carried forward to subsequent fiscal years; therefore, no adjustment has been made for vacation time. For sick time, noncertified personnel, after a minimum of ten years of service with Tullahoma City Schools, will be paid \$25 for each unused accumulated sick day upon termination of employment by resignation or retirement.

Sick time for certified personnel is rolled into their retirement time.

Accumulated unpaid vacation and sick pay related to governmental fund type operations that has not matured is reported in the applicable governmental activities in the Statements of Net Position and Activities, but is not a governmental fund liability, because it is not expected to be liquidated with expendable available resources. The current portion of this debt is estimated based on historical trends.

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

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

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Reserves, Designations of Fund Balances – In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance is reported in the fund financial statements under the following classifications:

Nonspendable fund balance – Amounts that cannot be spent because they are not in a spendable form, including items not expected to be converted to cash (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact (principal of permanent fund).

Non-spendable fund balance – Amounts that cannot be spent because they are not in a spendable form, including items not expected to be converted to cash (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact (principal of permanent fund).

Restricted fund balance – Amount of fund balance that can be spent for specific purposes stipulated by external resource or through enabling legislation.

Committed fund balance – Amounts constrained for specific purposes as determined by formal action of the City Board of Mayor and Aldermen, the highest level of decision-making body, by resolution. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the City Board of Mayor and Aldermen removes or changes the commitment by taking the same action it employed to impose the commitment.

Assigned fund balance – Amounts are intended to be used by the City but do not meet the criteria of restricted or committed. Intent can be expressed by the Mayor and Board of Aldermen or by an official who has been designated this authority by the City Board. Appropriations of fund balance to eliminate budgetary deficits in subsequent year's budget are presented as assigned.

Unassigned fund balance – In accordance with GAAP, unassigned fund balance is the residual classification of the General Fund that does not meet any of the other classifications.

Stabilization policy – The City has a fund balance policy that requires that the unassigned fund balance be maintained at a level sufficient to provide for the required resources to meet operating cost needs, to allow for unforeseen needs of an emergency nature, and to permit orderly adjustment of changes resulting from fluctuations of revenue sources. The City will maintain at least 15% of the next year's budget in the unassigned fund balance. For the current fiscal year, the City did meet the minimum general fund balance policy.

Stabilization policy is 5% of the general fund expenditures including transfers out. The stabilization fund is shown as a committed fund balance on the general fund balance sheet. As of June 30, 2024, stabilization fund was \$1,867,603.

Spending policy – Unless otherwise stated, the fund balances will be spent in the following order:

Restricted
Committed
Assigned
Unassigned

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Pensions

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 the City Pension Plan and the Tullahoma Board of Education Plans and additions/deductions from the plan net positions have been determined on the same basis as they are reported by the plans.

Benefit payments (including refunds of employee contributions) are recognized in the fund financial statements when due and payable in accordance with the benefit terms. Payments made after the measurement date are deferred in government-wide statements. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

Postemployment healthcare benefits other than pension benefits of the Tullahoma Board of Education plans are accounted for under GASB statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, which establishes standards for the measurement, recognition, and display of postemployment healthcare benefits expense and related liabilities, assets, note disclosures, and, if applicable, required supplementary information.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City has the following items that qualify for reporting in this category: (1) deferred charge on bond refunding resulting from the difference in the carrying amount of refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt; (2) deferred outflows of resources relating to pensions and other postretirement benefits resulting from differences between expected and actual actuarial experience, certain changes in actuarial assumptions, differences between actual and expected investment earnings, and amounts of employer contributions to the plans made subsequent to the measurement date. No deferred outflows of resources affect the governmental funds financial statements in the current year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that period. The City has the following items that qualify for reporting in this category: the unavailable revenue reported in the governmental funds balance sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. These amounts relate to the unavailable revenue from uncollected property taxes (including penalties and interest) and unavailable revenues relating to loans. The deferred inflows of resources reported in the statement of net position, arise from property tax levied on January 1, 2024, will not be available for collection until fiscal year 2024, beginning October 1, 2024. Certain amounts related to pensions and other post-retirement benefit must be deferred. Differences between projected and actual earnings on pension plan investments are deferred and amortized over five years.

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F. Revenues, Expenditures and Expenses

Property Tax – The City’s property tax is levied each October 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 assessed market value:

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

Taxes are levied at a rate of \$1.9532 for property located in Coffee and \$1.9532 for property located in Franklin Counties per \$100 of assessed valuation.

Payments may be made during the period from October 1 through March 31. Current tax collections of \$11,221,016 for the fiscal year ended June 30, 2024 were approximately 98% of the tax levy.

During March of each tax year, delinquent taxes are turned over to the County for collection.

Bond premiums and discounts – Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issue costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financial sources while discounts on debt issuance are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates – Estimates used in the preparation of financial statements require management to make assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. Recent Accounting Pronouncements

In June 2022, the GASB issued State No. 100 – Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

H. Date of Management’s Subsequent Review

Management has evaluated subsequent events through March 31, 2025, which is the date the financial statements were available to be issued.

**CITY OF TULLAHOMA, TENNESSEE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

- a. On or before May 1 of each year, all agencies of the City submit requests for appropriations to the City Administrator and Finance Director so that a budget may be prepared and submitted to the Board of Mayor and Aldermen.
- b. Prior to July 1, the budget is legally enacted through passage of an ordinance for the General, Special Revenue, Debt Service and Capital Projects Funds of the City. The Board of Education submits its budgets to the City for approval by the Board of Mayor and Aldermen.
- c. The City Administrator and Finance Director are authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Mayor and Aldermen. Expenditures may not exceed appropriations at the fund level.
- d. The Board of Education follows its own policy for budgetary revisions during the year with changes submitted to the Board of Mayor and Aldermen when revised.
- e. Budgets for all funds use the encumbrance method of accounting whereby encumbrances are treated as expenditures in the year of incurrence of the commitment to purchase. The adjustments to convert budget basis excess revenues over expenditures to GAAP represent the net changes in encumbrances outstanding at year end after consideration is given to prior year encumbrances liquidated during the current year. Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted and as amended by the Board. Individual amendments are not material in relation to the original appropriations. Capital Projects Funds adopt their budgets on a project length basis as well as on annual basis; therefore, budgetary comparison statements on an annual basis would not provide meaningful information and are not presented.
- f. All appropriations which are not expended or encumbered lapse at year-end.

Encumbrances – Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are classified as restricted, committed or assigned fund balances depending on the governmental fund purpose and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

B. Excess Expenditures

For the year ended June 30, 2024, the following funds had total expenditures exceeding total appropriations. These over expenditures were funded by available fund balances.

	Budgeted	Actual	(Over)
School Food Service Fund	\$ 2,885,910	\$ 2,941,744	\$ (55,834)

**CITY OF TULLAHOMA, TENNESSEE
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JUNE 30, 2024**

C. Correction of Errors in Previously Issued Financial Statements

Solid Waste Management Fund

During the current year, the Solid Waste Management Fund determined that the allowance for uncollectible accounts was understated in the prior year by \$67,546.

Drug Fund

During the current year, the Drug Fund determined that the unearned confidential seized cash was understated in the prior year by \$42,661.

Adjustments to and Restatements of Beginning Balance

The above corrections of errors resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Non-major Governmental Funds		Government -Wide
	Solid Waste Management Fund	Drug Fund	Governmental Activities
6/30/23, as previously reported	\$ 531,043	\$ 179,122	\$ 65,315,493
Error Correction	(67,546)	(42,661)	(110,207)
6/30/23, as restated	\$ 463,497	\$ 136,461	\$ 65,205,286

NOTE 3 - DEPOSITS AND INVESTMENTS

The City and component units are authorized by policy to invest funds in financial institutions and direct obligations of the Federal Government. During 2023, the City and component units invested funds that are not immediately needed in certificates of deposit, savings accounts, money market accounts, and the State of Tennessee Local Government Investment Pool. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and be deposited in an escrow account or in a second bank for the benefit of the City and must have a total minimum fair value of 105% of the value of the deposits placed in the institutions, less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

A. Deposits

Custodial Credit Risk: The City's policies limit deposits to those instruments allowed by applicable state laws and described above. As of June 30, 2024, all deposits were fully collateralized.

B. Investments

Credit Risk: The City does not have a formal investment policy; however, management's current investment practice is formulated around the prudent-person rule: investments are made as a prudent person should be expected to make, with discretion and intelligence, to produce reasonable income, preserve capital and, in general, avoid speculative investments.

**CITY OF TULLAHOMA, TENNESSEE
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Interest Rate Risk: Investments held for longer periods are subject to increased risk for adverse interest rate changes. City policy provides that to the extent practicable; investments are matched with anticipated cash flows. Typically certificates of deposit are issued for periods less than one year and investments in the Local Government Investment Pool (the Pool) are available daily. The Pool does not have a credit rating.

NOTE 4 - TCRS STABILIZATION RESERVE TRUST

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

The trust is authorized to make investments as directed by the TCRS Board of Trustees. Tullahoma Board of Education may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

NOTE 5 – Accounts Receivable

A summary of accounts receivable as of June 30, 2024 is as follows:

	Governmental Activities	Component Units
Property Tax	\$ 11,805,179	\$ -
Court receivables	1,046,990	-
Customer accounts receivable	152,979	2,183
	<u>13,005,148</u>	<u>2,183</u>
Allowance for uncollectible accounts	(759,822)	-
	<u>\$ 12,245,326</u>	<u>\$ 2,183</u>

NOTE 6 - LEASES AND CONCENTRATION OF LEASE REVENUE

Component Units:

Tullahoma Municipal Airport Authority (TAA):

Under GASB No. 87, Leases, a lessor is required to recognize a lease receivable and a deferred inflow of resources for leases covered by the statement. In accordance with GASB No. 87, the TAA does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings. The U. S. Department of Transportation and the

CITY OF TULLAHOMA, TENNESSEE
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Federal Aviation Administration regulate leases between airports and aeronautical users. The TAA considers all significant leasing activity as regulated.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 is as follows:

Primary Government:

Governmental Activities:

	Balance July 1, 2023	Increase	Decrease	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 4,246,545	\$ -	\$ -	\$ 4,246,545
Construction in process	3,084,403	8,962,667	(2,669,551)	9,377,519
Total capital assets, not being depreciated	<u>7,330,948</u>	<u>8,962,667</u>	<u>(2,669,551)</u>	<u>13,624,064</u>
Capital assets, being depreciated:				
Buildings and improvements	76,873,825	1,100,097	(2,500)	77,971,422
Furniture, machinery, and equipment	15,484,633	1,903,990	(1,240,720)	16,147,903
Infrastructure	32,258,891	2,745,532	-	35,004,423
Total capital assets, being depreciated	<u>124,617,349</u>	<u>5,749,619</u>	<u>(1,243,220)</u>	<u>129,123,748</u>
Less accumulated depreciation:				
Buildings and improvements	(41,994,661)	(2,257,776)	2,500	(44,249,937)
Furniture, machinery, and equipment	(11,300,231)	(996,406)	1,191,352	(11,105,285)
Infrastructure	(20,801,164)	(1,189,228)	-	(21,990,392)
Total accumulated depreciation	<u>(74,096,056)</u>	<u>(4,443,410)</u>	<u>1,193,852</u>	<u>(77,345,614)</u>
Total capital assets being depreciated, net	<u>50,521,293</u>	<u>1,306,209</u>	<u>(49,368)</u>	<u>51,778,134</u>
Intangible right-to-use assets:				
Leased vehicle	12,431	-	-	12,431
SBITA	80,474	-	-	80,474
	<u>92,905</u>	<u>-</u>	<u>-</u>	<u>92,905</u>
Less accumulated depreciation:				
Leased vehicle	(3,798)	(4,143)	-	(7,941)
SBITA	(40,237)	(40,237)	-	(80,474)
Total accumulated depreciation	<u>(44,035)</u>	<u>(44,380)</u>	<u>-</u>	<u>(88,415)</u>
Total intangible right-to-use assets, net	<u>48,870</u>	<u>(44,380)</u>	<u>-</u>	<u>4,490</u>
Governmental activities capital assets, net	<u>\$ 57,901,111</u>	<u>\$ 10,224,496</u>	<u>\$ (2,718,919)</u>	<u>\$ 65,406,688</u>

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Component Units:

Tullahoma Municipal Airport Authority (TAA):

	Balance			Balance
	July 1, 2023	Increases	Decreases	June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 1,738,799	\$ -	\$ -	\$ 1,738,799
Construction in process	286,331	111,550	-	397,881
Total capital assets, not being depreciated	<u>2,025,130</u>	<u>111,550</u>	<u>-</u>	<u>2,136,680</u>
Capital assets, being depreciated				
Buildings and improvements	16,161,847	-	-	16,161,847
Furniture, machinery, and equipment	292,466	18,442	(2,500)	308,408
Total capital assets, being depreciated	<u>16,454,313</u>	<u>18,442</u>	<u>(2,500)</u>	<u>16,470,255</u>
Less accumulated depreciation:				
Buildings and improvements	(7,800,866)	(664,851)	-	(8,465,717)
Furniture, machinery, and equipment	(275,615)	(6,453)	2,500	(279,568)
Total accumulated depreciation	<u>(8,076,481)</u>	<u>(671,304)</u>	<u>2,500</u>	<u>(8,745,285)</u>
Total capital assets being depreciated, net	<u>8,377,832</u>	<u>(652,862)</u>	<u>-</u>	<u>7,724,970</u>
TAA Capital assets, net	<u>\$ 10,402,962</u>	<u>\$ (541,312)</u>	<u>\$ -</u>	<u>\$ 9,861,650</u>

B. Depreciation

Primary Government:

Governmental activities:

General government	\$ 85,088
Public safety	574,654
Public works	1,015,722
Health, welfare and recreation	724,080
Education	<u>2,043,866</u>
Total depreciation expense, governmental activities	<u>\$ 4,443,410</u>

Component Units:

Tullahoma Municipal Airport Authority \$ 671,303

NOTE 8 – LEASE OBLIGATIONS

Primary Government:

In July 2022, the Tullahoma Board of Education entered into a 36 month agreement as a lessee for the use of one vehicles. An initial lease liability was recorded in the amount of \$12,431 during the current fiscal year. The Tullahoma Board of Education is required to make monthly principal and interest payments of \$360. The lease liability is measured using a discount rate of 1.88%. As of June 30, 2024, the value of the lease liability was \$4,602. The leased vehicle and accumulated amortization of the right-to-use asset is outlined in Note 7.

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The annual principal and interest expected to maturity as of June 30, 2024 for governmental activities are as follows:

	Governmental Activities		
	Principal	Interest	Total
June 30,			
2025	\$ 4,243	\$ 77	\$ 4,320
2026	359	1	360
	\$ 4,602	\$ 78	\$ 4,680

For a summary of lease activity during the year ended June 30, 2024, see the schedule of changes in lease/SBITA obligation.

NOTE 9 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

Primary Government:

The City implemented GASB No. 96 during the year ended June 30, 2023. Due to this implementation, the City arrangements for the use of Skyward accounting software and student tracking software entered into in a prior year met the criteria of SBITAs. As a result, intangible right-to-use assets and SBITA liabilities were recorded in the amount of \$80,474 as of July 1, 2022, the date of implementation. The City has used a discount rate of 1.88% to determine the present value of the intangible right-to-use assets and SBITA liabilities. The SBITAs assets were being amortized using the straight-line method for terms ranging 2 years.

This SBITA Liability was paid off as of June 30, 2024.

For a summary of lease activity during the year ended June 30, 2024, see the schedule of changes in lease/SBITA obligation.

NOTE 10 – LONG-TERM DEBT

A. Transaction Summary

Long-term liability activity for the year ended June 30, 2024 is as follows:

Primary Government:

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Governmental Activities:

	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Due Within</u> <u>One Year</u>
<u>General Obligation Bonds:</u>					
TMBF City Note, Series 2008					
4.5% interest, final maturity 12/25/2033	\$ 613,000	\$ -	\$ 50,000	\$ 563,000	\$ 52,000
TMBF School Note, Series 2008					
4.5% interest, final maturity 5/25/2033	7,111,000	-	514,000	6,597,000	537,000
General Obligation Refunding Bonds, Series 2016					
2.37% interest, final maturity 4/1/2026	1,060,000	-	340,000	720,000	350,000
General Obligation Refunding Bonds, Series 2020					
2% - 5% interest, final maturity 4/1/2033	5,640,000	-	1,055,000	4,585,000	1,100,000
General Obligation Refunding Bonds, Series 2021					
2% - 5% interest, final maturity 4/1/2041	13,700,000	-	530,000	13,170,000	555,000
TMBF City Note, Series 2023					
4.89% interest, final maturity 9/1/2045	-	1,737,000	-	1,737,000	-
	<u>28,124,000</u>	<u>1,737,000</u>	<u>2,489,000</u>	<u>27,372,000</u>	<u>2,594,000</u>
Bond premium	2,290,676	-	173,916	2,116,760	173,916
Total general obligation bonds	<u>30,414,676</u>	<u>1,737,000</u>	<u>2,662,916</u>	<u>29,488,760</u>	<u>2,767,916</u>
<u>Notes from Direct Borrowings and Direct Placements:</u>					
Capital Outlay Note, Series 2013					
2.93% interest, final maturity 10/1/2025	253,000	-	82,000	171,000	84,000
Local Government Loan Program, Series 2013					
3% interest, final maturity 10/1/2025	1,594,000	-	96,000	1,498,000	97,000
Local Government Loan Program, Series 2013					
3% interest, final maturity 5/21/2040	2,244,000	-	120,000	2,124,000	122,000
Local Government Loan Program, Series 2017					
2.45% interest, final maturity 9/1/2039	6,593,000	-	317,000	6,276,000	325,000
Total notes from direct borrowings and direct placements	<u>10,684,000</u>	<u>-</u>	<u>615,000</u>	<u>10,069,000</u>	<u>628,000</u>
<u>Other Long-Term Liabilities:</u>					
Lease payable	8,725	-	4,123	4,602	4,243
SBITA payable	39,000	-	39,000	-	-
Net OPEB liability - City employees	3,051,151	-	698,373	2,352,778	-
Net OPEB liability - School employees	5,594,137	560,818	-	6,154,955	-
Net pension liability - School employees w/cost control	39,633	-	15,466	24,167	-
Net pension liability (TCSDBP) - School	3,686,966	-	636,807	3,050,159	-
Net pension liability - City	-	-	-	-	-
Compensated absences - School	118,800	-	-	118,800	-
Compensated absences - City	1,194,160	191,949	-	1,386,109	-
Total other long-term liabilities	<u>13,732,572</u>	<u>752,767</u>	<u>1,393,769</u>	<u>13,091,570</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 54,831,248</u>	<u>\$ 2,489,767</u>	<u>\$ 4,671,685</u>	<u>\$ 52,649,330</u>	<u>\$ 3,395,916</u>

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The net pension liability is generally liquidated from the fund incurring the related employee's compensation. See Note 11 for further disclosures.

Component Units:

	Balance July 1, 2023	Additions	Reductions	Balance 30-Jun-24	Due Within One Year
<i>Tullahoma Municipal Airport Authority</i>					
Notes from direct borrowings and direct placements:					
UDAG Note Payable (1/14/18) 1% interest, final maturity November 14, 2030	\$ 121,919	\$ -	\$ (15,886)	\$ 106,033	\$ 16,085
Capital Outlay Note, Series 2017 (10/23/17) 3.9% interest, final maturity October 1 2029	127,600	-	(16,200)	111,400	16,800
Total notes from direct borrowings and direct placements	<u>249,519</u>	<u>-</u>	<u>(32,086)</u>	<u>217,433</u>	<u>32,885</u>
Other Long-term Liabilities:					
Net OPEB liability	62,910	-	(14,400)	48,510	
Compensated absences	68,135	19,930	-	88,065	
Other Long-term liabilities, net	<u>131,045</u>	<u>19,930</u>	<u>(14,400)</u>	<u>136,575</u>	<u>-</u>
Total Tullahoma Municipal Airport Authority	<u>380,564</u>	<u>19,930</u>	<u>(46,486)</u>	<u>354,008</u>	<u>32,885</u>
<i>Tullahoma Area Economic Development Corporation:</i>					
Net OPEB liability	31,456	-	(7,200)	24,256	
Compensated absences	37,576	5,444	-	43,020	
Total Tullahoma Area Economic Development Corporation	<u>69,032</u>	<u>5,444</u>	<u>(7,200)</u>	<u>67,276</u>	<u>-</u>
Total Component Units Long-term Liabilities	<u>\$ 449,596</u>	<u>\$ 25,374</u>	<u>\$ (53,686)</u>	<u>\$ 421,284</u>	<u>\$ 32,885</u>

B. Annual Debt Service Requirements

The annual requirements, by type of issue, to amortize all general obligation bonds and notes payable outstanding as of June 30, 2024 are as follows:

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Primary Government:

Governmental Activities:

	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Total Governmental Funds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	June 30,					
2025	\$ 2,594,000	\$ 938,414	\$ 628,000	\$ 262,221	\$ 3,222,000	\$ 1,200,635
2026	2,670,000	820,864	642,000	245,085	3,312,000	1,065,949
2027	1,543,000	700,170	566,000	228,894	2,109,000	929,064
2028	1,628,000	626,235	578,000	213,679	2,206,000	839,914
2029	1,687,000	548,200	588,000	198,166	2,275,000	746,366
2030-2034	9,273,000	1,309,510	3,125,000	747,673	12,398,000	2,057,183
2035-2039	4,370,000	435,900	2,731,000	312,549	7,101,000	748,449
2040-2041	1,870,000	56,300	1,211,000	10,053	3,081,000	66,353
	<u>25,635,000</u>	<u>5,435,593</u>	<u>10,069,000</u>	<u>2,218,320</u>	<u>35,704,000</u>	<u>7,653,913</u>
Bond premium	2,116,760	-	-	-	2,116,760	-
	<u>\$ 27,751,760</u>	<u>\$ 5,435,593</u>	<u>\$ 10,069,000</u>	<u>\$ 2,218,320</u>	<u>\$ 37,820,760</u>	<u>\$ 7,653,913</u>

Component Units:

	Notes from direct borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>
	June 30,	
2025	\$ 32,885	\$ 5,260
2026	33,787	4,389
2027	34,692	3,488
2028	35,599	2,558
2029	36,509	1,597
2030-2031	43,961	627
	<u>\$ 217,433</u>	<u>\$ 17,919</u>

C. Other Debt Information

Primary Government:

Governmental Activities:

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds and notes payable are direct obligations of the City for which the full faith and credit are pledged.

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Compensated absences and other net postemployment benefit obligations are liquidated in the various funds in which the corresponding salary expenditures are paid, primarily the General Fund and General Purpose School Fund. Net pension obligation will primarily be liquidated by the funds incurring the related employees' compensation, primarily the General Purpose School Fund.

Component Units:

Tulahoma Airport Authority:

As of June 30, 2024, The Authority had one outstanding note through the City's Urban Development Action Grant (UDAG) revolving loan program. Notes are variable at 4% below prime with the rate assessed annually. The note payable had an interest rate of 4.5% at June 30, 2024. Loan was obtained for grant matches for airport capital projects and hangar construction.

In October 2017, the Authority entered into an agreement with the Tennessee Municipal Bond Fund to secure a \$200,000 capital outlay note for the purpose of financing a portion of the cost for new hangar construction. The interest rate is 3.9% over 12 years and is supported by hangar lease payments. The note is also guaranteed by the full faith and credit of the City of Tullahoma.

NOTE 11 - RETIREMENT PLANS

The primary government provides retirement benefits for the City employees through defined contribution plan and agent multiple-employer plan: Public Employee Retirement Plan of the TCRS; for Tullahoma School Board employees through one single-employer defined benefit pension plan: Tullahoma City Schools Defined Benefit Plan, two cost sharing multiple-employer plans: Teacher Legacy Pension Plan of TCRS and Teacher Retirement Plan of TCRS, and one agent multiple-employer plan: Employee Retirement Plan Retirement Hybrid Plan with Cost Controls of TCRS.

The component units provide retirement benefits as well. The Airport Authority participates in the City retirement plan.

The following is a summary of each of these plans:

Primary Government:

Governmental Activities:

A. City Plan

(1) Defined Contribution Plan – City

The City offers all employees of the governmental activities (exclusive of employees of the Tullahoma City Schools) a defined contribution plan created in accordance with Internal Revenue Code Section 457B. Participation in the plan is optional for full-time employees with one year of service. The contribution rate for the City shall be set by the Board of Mayor and Aldermen during the budget process. Employees can contribute additional funds to the plan through an elective deferred compensation arrangement up to the Section 457 limits. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan assets are held in a qualifying trust for the benefit of each participant. A third-party provider, ICMA-RC, administers the plan and trust. The plan assets are not subject to the claims of the City's general creditors and are not considered assets of the City.

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The City budgeted to contribute 5 percent of full-time employees' base salary for those employees who opted not to join the TCRS plan. For the year ended June 30, 2024, the City contributions to the plan totaled \$67,464 and employee contributions were \$198,977.

(2) Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS)

General Information about the Pension Plan

Plan description. Employees of the City and Tullahoma Airport Authority, a component unit of the City, are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-andGovernance/Reporting-and-InvestmentPolicies>.

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

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

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	90
Active employees	129
Total employees	221

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. City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the employer contributions for City were \$284,874 based on a rate of 7.26 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member

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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)

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

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

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

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

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

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 of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class 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	4.80%	10%
Short-term securities	0.00%	1%
		100%

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability	Plan Fiduciary Net Postion	
	(a)	(b)	
Balance at June 30, 2022	\$ 4,014,050	\$ 4,233,987	\$ (219,937)
Changes for the year:			
Service cost	735,608	-	735,608
Interest	319,076	-	319,076
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(199)	-	(199)
Changes in assumptions	-	-	-
Contributions-employer	-	484,016	(484,016)
Contributions-employees	-	333,345	(333,345)
Net investment income	-	310,302	(310,302)
Benefit payments, including refunds of employee contributions	(45,211)	(45,211)	-
Administrative expense	-	(7,517)	7,517
Other changes	-	-	-
Net changes	1,009,274	1,074,935	(65,661)
Balance at June 30, 2023	\$ 5,023,324	\$ 5,308,922	\$ (285,598)

The City reports pension (asset) of (\$279,268) and (\$6,330) for the City and Airport Authority, respectively.

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability (asset)	\$ 697,096	\$ (285,598)	\$ (1,063,944)

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

Pension expense (negative pension expense). For the year ended June 30, 2024, the City recognized pension expense of \$167,035 and \$4,597 for the City and Airport Authority, respectively.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources

	Primary Government	Component Unit Airport Authority	Total
Differences between expected and actual experience	\$ 98,164	\$ 2,579	\$ 100,743
Net difference between projected and actual earnings on pension plan investments	62,497	1,642	64,139
Changes in Assumptions	166,771	4,381	171,152
Contributions subsequent to the measurement date of June 30, 2024	377,684	9,923	387,607
Total	<u>\$ 705,116</u>	<u>\$ 18,525</u>	<u>\$ 723,641</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023 will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Deferred inflows of resources

	Primary Government	Component Unit Airport Authority	Total
Difference between expected and actual experience	\$ 184,508	\$ 4,848	\$ 189,356
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in assumptions	-	-	-
Total	<u>\$ 184,508</u>	<u>\$ 4,848</u>	<u>\$ 189,356</u>

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

Year Ended June 30:

2025	\$17,833
2026	\$8,068
2027	\$110,599
2028	\$9,449
2029	(\$5,644)
Thereafter	\$6,357

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

Payable to the Pension Plan

At June 30, 2024, the City did not report any amounts payable to the pension plan.

B. Tullahoma Board of Education

(1) Tullahoma City Schools Defined Benefit Plan (TCSDBP) Plan Description:

All of the Tullahoma City Schools' (the City Schools) employees, except teachers, participate in the Tullahoma City Schools Defined Benefit Plan (TCSDBP).

Plan assets are invested in annuity contracts with the Principal Financial Group. Separate financial statements of the single-employee pension trust have not been presented as part of these financial statements. That report may be obtained by writing to the Principal Financial Group, 711 West High, Des Moines, IA 50392.

There are no non-employer contributing entities, as defined by GASB Statement No. 68, for this plan.

There are no special funding situations, as defined by GASB Statement No. 68, for this plan.

Plan Administration

The plan is administrated by the Plan Trustees named by the Tullahoma Board of Education. The Trustees consist of the Chairman of the Board, the Superintendent, and the Director of Personnel.

Plan membership

At the measurement date of December 31, 2023, the following employees were covered by the benefit terms:

Measurement date	12/31/2023
Fiscal year end	06/30/2024
Active plan members	48
Inactive plan members entitled to but not yet receiving benefits	32
Disabled plan members entitled to benefits	0
Retired plan members or beneficiaries currently receiving benefits	<u>21</u>
Total	<u><u>101</u></u>

The active, deferred vested and retiree census is as of 12/31/23.

The pension plan is closed to new entrants as of 01/01/2018.

Benefits provided

Participants must complete 1,000 hours of service and be at least age 18. Entry into the plan is frozen effective January 1, 2018. On and after that date, no employee or former employee shall become an active participant, and no inactive participant or former participant shall again become an active participant.

Normal retirement occurs upon reaching age 65 and completing one year of service. Monthly benefits are equal to 2.3% of average compensation times accrual service credited before January 1, 2016; and 1.5% of average compensation times accrual services credited on and after January 1, 2016. An active participant's monthly accrued benefit shall not be less than \$25.

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Effective January 1, 2018, an employee may notify the employer of his intent to cease benefit accruals in the Plan in lieu of participation in TCRS. Upon notification, his accrued benefit is frozen and no additional benefits shall accrue. Any election to cease benefit accruals shall be irrevocable.

Early retirement is available upon reaching age 55 and completing 5 years of vesting service (measured by plan participation). Monthly benefits are calculated using the accrued benefit on retirement date and an actuarially determined reduction factor.

Death benefits are available to participants that are fully or partially vested in an accrued benefit. For a participant age 55 or older, the single-sum death benefit will be equal to the present value of his vested accrued benefit but not less than his required contribution account. If a participant dies prior to age 55, the single-sum death benefit will be equal to his required contribution account.

The amount of disability benefits is defined as a monthly pension payable at normal retirement equal to the participant's accrued monthly pension. A participant must have completed 10 years of service at the date of disability in order to be eligible for disability benefits.

Any employee who terminates after completion of at least 5 years of service and before eligibility for normal retirement or early retirement shall be entitled to the normal retirement benefit, multiplied by the vesting percentage, with income deferred until normal retirement age. A year of vesting shall be credited for each year during which the employee is credited with 1,000 hours of service.

There have been no changes in plan provisions during the measurement period.

There have been no changes in plan provisions between the 12/31/23 measurement date and the signature date of the report.

Contributions

The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the plan's Actuarial Valuation Report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. In accordance with the plan's governing document, employees may be required to contribute to the plan. Employees are currently required to contribute 3.00% of salary.

The actuarially determined employer contribution for the measurement period ending 12/31/2023 is \$698,269 and the expected employee contributions are \$56,614.

The actuarially determined employer contribution for the upcoming measurement period ending 12/31/24 is \$650,734 and the expected employee contributions are \$56,989.

The actuarially determined employer contributions for the fiscal year ending 6/30/2023 is \$667,356 and the expected employee contributions are \$58,362.

As of 07/01/2024, \$280,919 in employer contributions and \$30,919 in employee contributions have been received by the plan for the upcoming measurement period.

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Long-Term Rate of Return

The expected long-term rate of return assumption as of the end of the period is 5.75%. This is a geometric mean return using the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2023. The actual weighted average asset allocation for the four quarterly dates from 3/31/2023 to 12/31/2023 is used as an approximation of the plan's target allocation over the upcoming period, and is shown below.

Asset Class	Expected Arithmetic Return	Expected Geometric Return	Target Allocation%
U.S. Equity - Large Cap	7.80%	6.35%	25.78%
U.S. Equity - Mid Cap	8.35%	6.35%	3.07%
U.S. Equity - Small Cap	8.70%	6.35%	1.43%
Non-U.S. Equity	8.00%	6.35%	12.73%
U.S. Private Real Estate	6.85%	6.20%	7.99%
High Yield Bond	6.30%	5.85%	4.10%
Core Bond	4.40%	4.30%	44.90%
			<u>100.00%</u>
Exp LTROA (arithmetic mean)			6.19%
Portfolio standard deviation			8.90%
40th percentile			5.20%
45th percentile			5.51%
Expected Compound Return			5.82%
55th percentile			6.13%
60th percentile			6.44%
Equity/Fixed Income/Other			43%/49%/8%

Net Pension Liability (Asset)

Cost Method

The entry age actuarial cost method is used for this disclosure. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present allocated to a year is the service cost.

Projected benefits are based on projected salary and projected service.

Measurement date

A measurement period of 01/01/2023 to 12/31/2023 has been used for the plan year ending 12/31/2023 for GASB 67 reporting and for the fiscal year ending 06/30/2024 for GASB 68 reporting.

The net pension liability reported for Tullahoma City School's fiscal year end of 06/30/2024 was measured as of 12/31/2023, using the total pension liability that was determined by an actuarial valuation as of 12/31/2023.

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Actuarial Assumptions

Inflation	2.40% increase per year
Wage Base Increases	3.50% per year Real wage growth combined with inflation assumption indicates an economic assumption of social security national wage growth in pension plan valuations. Based on historical real growth in National Average Wages (from 1951) and Social Security estimate of around 1%, our best estimate places this assumption in the range of 0.75% to 1.25% above inflation.
Long-Term Rate of Return on Plan Assets	5.75% The interest rate is developed as a long-term expected geometric return on plan assets. Arithmetic expected return is calculated as the weighted average of board asset classes' arithmetic returns of the plan's target asset allocation, and then converted to the geometric under lognormal distribution assumption.
Municipal Bond Rate and Basis	3.36% Bloomberg Barclays Municipal GO Long Term (17+Y) Index Rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as of the measurement date.
Cost Method	Entry age normal cost method, level percent of pay. Attribution is made on an individual basis, beginning with the first period in which the employee's service accrues pension benefit through all assumed exit ages, through retirement.
Participant Group	The active, deferred vested and retiree census is as of 12/31/2023.
Mortality	Based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 Mortality improvement scale.

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

Fiscal Year	
Ending 6/30:	
2025	\$ (48,618)
2026	180,065
2027	276,944
2028	(78,133)
2029	-
Thereafter	-

Payable to Pension Plan

At June 30, 2024, Tullahoma City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

(2) Teacher Legacy Pension Plan of TCRS

General Information about the Pension Plan

Plan description. The Tennessee Consolidated Retirement System (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 all employer pension plans in 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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the Tullahoma City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested 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.

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Tullahoma City Schools for the year ended June 30, 2024 to the Teacher Legacy Pension Plan were \$998,189 which is 6.76 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability

Pension liabilities (assets). At June 30, 2024, Tullahoma City Schools reported a liability (asset) of (\$5,024,896) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the date. Tullahoma City School's proportion of the net pension liability was based on Tullahoma City School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023 the School's proportion was 0.426209 percent. The proportion measured as of June 30, 2022 was 0.401312 percent.

Pension expense. For the year ended June 30, 2024, Tullahoma City Schools recognized pension expense (negative pension expense) of \$1,117,584.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, the Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,197,186	\$ 233,189
Changes in assumptions	1,637,248	-
Net difference between projected and actual earnings on pension plan investments	871,845	-
Changes in proportion of Net Pension Liability (Asset)	-	429,278
LEA's contributions subsequent to the measurement date of June 30, 2023	2,636,762	(not applicable)
	<u>\$ 6,343,041</u>	<u>\$ 662,467</u>

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Tullahoma City Schools employer contributions reported as pension related deferred outflows of resources subsequent to measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2025	\$1,021,199
2026	(832,746)
2027	2,848,531
2028	6,830
2029	-
Thereafter	-

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

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

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including Inflation, averaging 4 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

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

The long-term 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 of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

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

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Tullahoma City Schools 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%)
City School's net pension liability (asset)	\$ 10,944,573	\$ (5,024,896)	\$ (18,306,990)

Payable to the Pension Plan. At June 30, 2024, Tullahoma City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

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(3) Teacher Retirement Plan of TCRS

General Information about the Pension Plan

Plan description. The Tennessee Consolidated Retirement System (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 all employer pension plans in 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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the Tullahoma City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4% except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Tullahoma City Schools for the year ended June 30, 2024 to the Teacher Retirement Plan were \$205,351 which is 2.95 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability

Pension liabilities (assets). At June 30, 2024, Tullahoma City Schools reported a liability (asset) of (\$122,295) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the date. Tullahoma City School's proportion of the net pension liability was

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based on Tullahoma City School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023 the School's proportion was 0.288408 percent. The proportion measured as of June 30, 2022 was 0.298869 percent.

Pension expense. For the year ended June 30, 2024, Tullahoma City Schools recognized pension expense (negative pension expense) of \$155,894.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,119	\$ 71,381
Changes in assumptions	92,008	-
Net difference between projected and actual earnings on pension plan investments	31,093	-
Changes in proportion of Net Pension Liability (Asset)	21,890	16,404
LEA's contributions subsequent to the measurement date of June 30, 2023	205,351	(not applicable)
	\$ 354,461	\$ 87,785

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023 will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Tullahoma City Schools employer contributions reported as pension related deferred outflows of resources subsequent to measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2025	\$1,021,199
2026	(832,746)
2027	2,848,531
2028	6,830
2029	-
Thereafter	-

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

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

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including Inflation, averaging 4 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

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

The long-term 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 of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 6.75%. 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 all the LEAs 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,

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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.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Tullahoma City Schools 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%)
City School's net pension liability (asset)	\$ 562,551	\$ (122,295)	\$ (615,328)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan. At June 30, 2024, Tullahoma City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

(4) Retirement Hybrid Plan with Cost Controls of TCRS

General Information about the Pension Plan

Plan description. Employees of Tullahoma Board of Education Hybrid W CC 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 <https://treasury.tn.gov/Retirement/Boards-andGovernance/Reporting-and-InvestmentPolicies>.

Benefits provide. Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with five years of service credit. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

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

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	73
Active employees	123
Total employees	197

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. Tullahoma Board of Education Hybrid W CC makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4% except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Tullahoma Board of Education Hybrid W CC are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Tullahoma City Schools for the year ended June 30, 2024 to the Tullahoma Board of Education Hybrid W CC were \$127,420 which is 2.82 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability

Pension liabilities (assets). Tullahoma Board of Education Hybrid W CC's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including Inflation, averaging 4 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

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

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The long-term 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 of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

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

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	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/2022	\$ 765,649	\$ 726,016	\$ 39,633
Changes for the year:			
Service cost	254,638		254,638
Interest	67,184		67,184
Differences between expected and actual experience	18,276		-
Contributions - employer	-	108,808	(108,808)
Contributions - employees	-	197,116	(197,116)
Net investment income	-	57,153	(57,153)
Benefit payments, including refunds of employee contribution:	(49,927)	(49,927)	-
Administrative expense	-	(7,513)	7,513
Net changes	290,171	305,637	(15,466)
Balance at 6/30/23	\$ 1,055,820	\$ 1,031,653	\$ 24,167

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Tullahoma Board of Education Hybrid W CC 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%)
Tullahoma Board of Education Hybrid W CC's net pension liability	\$ 270,944	\$ 24,167	\$ (166,444)

Pension expense(negative pension expense). For the year ended June 30, 2024, Tullahoma Board of Education Hybrid W CC recognized pension expense (negative pension expense) of \$94,618.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 98,625	\$ -
Net difference between projected and actual earnings on pension plan investments	15,326	-
Changes in Assumptions	31,753	-
Contributions subsequent to the measurement date of June 30, 2024	<u>127,420</u>	<u>n/a</u>
Total	<u>\$ 273,124</u>	<u>\$ -</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023 will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

2025	\$19,821
2026	18,919
2027	32,384
2028	18,663
2029	18,615
Thereafter	37,295

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

Payable to the Pension Plan. At June 30, 2024, Tullahoma Board of Education Hybrid W CC reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

(5) State of Tennessee Defined Contribution Plan

All teachers hired on or after July 1, 2014 are required to participate in a separately managed defined contribution plan referred to as the State of Tennessee 401(k) Deferred Compensation Program in addition to the multiple-employer defined benefit pension plans administered by TCRS. This plan is administered by Great West Life and Annuity Insurance Company. Investment decisions on contributions to the plan are controlled by the teacher participant. Teachers are immediately 100% vested in the plan. An employer contribution equal to 5% of the teacher’s compensation is made by Tullahoma City Schools. Teachers are automatically enrolled in the plan when hired with an employee contribution rate of 2%. Teachers may make voluntary contributions to the plan up to the Internal Revenue Service code annual maximum. For the year ended June 30, 2024, Tullahoma City Schools contributions to the plan totaled \$565,685 and employee contributions totaled \$342,610.

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NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

The primary government provides benefits two single-employer other postemployment benefit plans (OPEB), one for city employees and two for Tullahoma School Board employees.

The component units provide benefits as well. The Airport Authority and Tullahoma Area Economic Development Corporation participates in the City of Tullahoma OPEB plan.

A. City of Tullahoma OPEB Plan

Plan Description. The City's current single-employer defined benefit post-employment healthcare plan only provides insurance benefits, under a fully insured health plan, to eligible retired City employees and allows the retired employees to purchase coverage for their dependents. The City currently funds the benefits on a pay-as-you-go basis. The benefits of post-employment obligations will be reviewed by the City in the future allowing for any improvements or changes to the present plan. The report may be obtained by contacting the finance director for the City.

Benefits provided. The benefits provided are identical to the medical and prescription drugs benefits provide to active employees under the City Medical plan. The benefits of the City OPEB are funded on a pay-as-you-go basis. The City funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for postretirement benefits.

Employees covered by benefit terms. At June 30, 2024, the following employees of the City were covered by the benefit terms of the Plan:

Inactive employees currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>139</u>
	<u>148</u>

Actuarial assumptions. The net OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: 4.13%
Based on the S & P 500 High Grade 20 Year Rate Index as of June 30, 2023

Medical Trend Rates: 2023-2024 5.5%
2024+: Follows the Getzen model from 5.5% down to 4% in 2075

Current Health Care Costs: Retiree/Spouse: \$28,364
Claims are adjusted using the factors provided by the Dale Yamamoto study released by the Society of Actuaries in 2013.
Sample rates as follows:

Age	Male	Female	Age	Male	Female
55	0.625	0.659	61	0.841	0.815
56	0.660	0.684	62	0.881	0.846
57	0.695	0.709	63	0.921	0.877
58	0.731	0.734	64	0.960	0.909
59	0.766	0.759	65	1.000	0.940
60	0.802	0.784			

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Spouse Contributions:	\$14,650																				
Mortality rate:	SOA Pri-2012 Total Dataset Mortality projected with the Scale MP-2021																				
Annual salary increases:	3.00% per annum																				
Expense Assumption:	Assumed to be included in the assumed claims cost.																				
Healthcare cost trend rates Medical:	7.5% graded uniformly to 6.25% over 3 years and Following the Getzen mode;																				
Rates of Retirement:	<table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Ages</th> <th style="text-align: left;">Rate</th> </tr> </thead> <tbody> <tr><td>55-59</td><td>5.00%</td></tr> <tr><td>60</td><td>10.00</td></tr> <tr><td>61</td><td>20.00</td></tr> <tr><td>62</td><td>30.00</td></tr> <tr><td>63</td><td>10.00</td></tr> <tr><td>64</td><td>40.00</td></tr> <tr><td>65</td><td>100.00</td></tr> </tbody> </table>	Ages	Rate	55-59	5.00%	60	10.00	61	20.00	62	30.00	63	10.00	64	40.00	65	100.00				
Ages	Rate																				
55-59	5.00%																				
60	10.00																				
61	20.00																				
62	30.00																				
63	10.00																				
64	40.00																				
65	100.00																				
Rates of Disability:	None																				
Rates of Withdrawal:	<table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Sample Age</th> <th style="text-align: left;">Rate</th> </tr> </thead> <tbody> <tr><td>20</td><td>21.10%</td></tr> <tr><td>25</td><td>18.10</td></tr> <tr><td>30</td><td>15.00</td></tr> <tr><td>35</td><td>12.00</td></tr> <tr><td>40</td><td>10.50</td></tr> <tr><td>45</td><td>9.10</td></tr> <tr><td>50</td><td>7.70</td></tr> <tr><td>55</td><td>4.20</td></tr> <tr><td>60</td><td>0.60</td></tr> </tbody> </table>	Sample Age	Rate	20	21.10%	25	18.10	30	15.00	35	12.00	40	10.50	45	9.10	50	7.70	55	4.20	60	0.60
Sample Age	Rate																				
20	21.10%																				
25	18.10																				
30	15.00																				
35	12.00																				
40	10.50																				
45	9.10																				
50	7.70																				
55	4.20																				
60	0.60																				
Enrollment Rate:	It is assumed that 100% of future eligible retirees will elect coverage. It is assumed that 10% of future eligible retirees are assumed to Have a covered spouse.																				
Census Data:	Participant data as of June 30, 2023																				
Measurement Date:	June 30, 2023																				
Actuarial Valuation Method:	Entry-Age Normal																				
Expected Return on Assets:	N/A																				
Assumption Changes Since Previous Valuation:	The discount rate used in the prior valuation was 2.18%																				

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	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability(Asset) (a) - (b)
Beginning balance	\$ 3,145,517	\$ -	\$ 3,145,517
Changes for the fiscal year 21-22:			
Service cost	153,643	-	153,643
Interest	66,890	-	66,890
Experience (gains)/losses	(184,825)		(184,825)
Changes in assumptions	(553,704)		(553,704)
Contributions - employer	-	204,529	(204,529)
Benefits paid	(204,529)	(204,529)	-
Net changes	<u>(722,525)</u>	<u>-</u>	<u>(722,525)</u>
Balance as of 6/30/2022	<u>\$ 2,422,992</u>	<u>\$ -</u>	<u>\$ 2,422,992</u>
Balance as of 6/30/2022	\$ 2,422,992	\$ -	\$ 2,422,992
Changes for the fiscal year 22-23:			
Service cost	123,727	-	123,727
Interest	96,184	-	96,184
Experience (gains)/losses	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	217,824	(217,824)
Benefits paid	(217,824)	(217,824)	-
Net changes	<u>2,087</u>	<u>-</u>	<u>2,087</u>
Balance as of 6/30/2023	<u>\$ 2,425,079</u>	<u>\$ -</u>	<u>\$ 2,425,079</u>
Balance as of 6/30/2023	\$ 2,425,079	\$ -	\$ 2,425,079
Changes for the fiscal year 23-24:			
Service cost	130,532	-	130,532
Interest	100,827	-	100,827
Experience (gains)/losses	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	230,893	(230,893)
Benefits paid	(230,893)	(230,893)	-
Net changes	<u>466</u>	<u>-</u>	<u>466</u>
Balance as of 6/30/2023	<u>\$ 2,425,545</u>	<u>\$ -</u>	<u>\$ 2,425,545</u>

The City reports OPEB liability of \$2,352,778 and \$72,767 for the City and component units, respectively.

Sensitivity of net OPEB liability to changes in the discount rate. The following presents the net OPEB liability calculated using the stated discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

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	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Net OPEB Liability	\$ 2,673,651	\$ 2,425,545	\$ 2,214,812

Sensitivity of net OPEB liability to changes in medical trend rate. The following presents the net OPEB liability calculated using the stated salary trend assumption, as well as what the net OPEB liability would be if it were calculated using a salary trend rate that is 1 percentage point lower or 1 percentage point higher than the assumed trend rate:

	1% Decrease (4.50% decreasing to 3.04%)	Healthcare Cost Trend Rates (5.50% decreasing 4.04%)	1% Increase (6.50% decreasing to 5.04%)
Net OPEB liability	\$ 2,299,421	\$ 2,425,545	\$ 2,572,587

OPEB expense. For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$223,772 and \$6,921 for the City and component units, respectively.

Deferred outflows of resources and deferred inflows of resources. For the fiscal year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Primary Government	Component Units	Primary Government	Component Units
Differences between expected actual experience	\$ 65,365	\$ 2,261	\$ 107,662	\$ 3,330
Change of assumptions	66,230	1,809	322,542	9,975
	\$ 131,595	\$ 4,070	\$ 430,204	\$ 13,305

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

Year Ended	Primary Government	Component Units	Total
June 30:			
2025	\$ (36,902)	\$ (1,141)	\$ (38,043)
2026	(36,902)	(1,141)	(38,043)
2027	(80,771)	(2,498)	(83,269)
2028	(90,540)	(2,800)	(93,340)
2029	(29,245)	(904)	(30,149)
Thereafter	-	-	-

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

B. Tullahoma Board of Education

(1) Closed Teacher Group OPEB Plan

General information about the plan

Plan description – Employee of Tullahoma Schools, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired after July 1, 2015.

Benefits provide – Tullahoma City Schools offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Tullahoma City Schools does not provide a direct subsidy and is only subject to the implicit. The State, as a governmental employer contributing entity, provides a direct subsidy for eligible retirees premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No.75.

Employees covered by benefit terms – At July 1, 2023, the following employees of Tullahoma City Schools were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>287</u>
	<u>318</u>

A committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, Tullahoma City Schools paid \$ 308,186 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions – The following outlines the assumptions and methods used in determining the GASB expense calculations for the plan for the fiscal year ending June 30, 2024:

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Inflation	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including Inflation, averaging 4%
Healthcare Claims	10.31% for pre-65 in 2023, decreasing annually over an 11 year Period to an ultimate rate of 4.5%. 12.44% for post-65 in 2023, decreasing annually over an 11 year period to an ultimate rate of 4.5%
Retiree's Share of Benefit-Related Costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-weighted Teach Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.65%. This rate reflects the interest rate derived from yields on 20-year, tax exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes to the Collective Total OPEB Liability

<i>TGOP - Express in thousands</i>	Total OPEB Liability
Total OPEB liability - 6/30/2023	\$ 7,725
Changes for the year:	
Service cost	377
Interest	279
Differences between expected and actual experience	51
Change in assumptions	688
Benefit payments	(439)
Total changes	956
Total OPEB liability - 6/30/2024	<u>\$ 8,681</u>

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Non-employer contributing entities proportionate share of the collective total OPEB liability is \$2,526,000

Employer's proportionate share of the collective total OPEB liability is \$6,154,955.

Employer's proportion of the collective total OPEB liability is 70.90%.

Tullahoma City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Tullahoma City Schools' proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed -1.51% from the prior measurement date. Tullahoma City Schools recognized \$215,580 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Tullahoma City Schools retirees.

Changes in assumptions. The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change of assumption decreased the total OPEB liability.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate – The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate.

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 6,614,052	\$ 6,154,955	\$ 5,719,053

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate – The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate.

	1% Decrease (9.31%/11.44% decreasing to 3.5%)	Healthcare Cost Trend Rates (10.31%/12.44% decreasing to 4.5%)	1% Increase (11.31%/13.44% decreasing to 5.5%)
Total OPEB liability	\$ 5,516,395	\$ 6,154,955	\$ 6,897,920

OPEB Expense – For the fiscal year ended June 30, 2024, Tullahoma City Schools recognized OPEB expense of \$308,186.

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Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2024, Tullahoma City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 508,649	\$ 31,171
Changes in assumptions	696,717	667,247
Changes in proportion and differences between amounts paid as benefits came due and the proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	364,846	322,663
Employer payments subsequent to measurement date	308,186	n/a
	<u>\$ 1,878,398</u>	<u>\$ 1,021,081</u>

(2) Closed Tennessee Plan (TNP)

General information about the OPEB Plan

Plan description – Employees of the Tullahoma City Schools who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the State, certain component units of the State, and certain local governmental entities. This plan is closed to employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided – The State offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TN plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301, and 8-27-701. Retirees and disabled employees of the State, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. Tullahoma City Schools does not provide a direct subsidy and is only subject to the implicit subsidy. The State, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local educational agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

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Employees covered by benefit terms – At July 1, 2023, the following employees of Tullahoma City Schools were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	130
Inactive employees entitled to but not yet receiving benefits	33
Active employees	<u>222</u>
	<u>385</u>

In accordance with TCA 8-27-209, the State insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, Tullahoma City Schools did not make any payments to the TNP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions – The collective total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including Inflation, averaging 4%
Healthcare Cost Trend Rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-weighted Teach Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.65%. This rate reflects the interest rate derived from yields on 20-year, tax exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes to the Collective Total OPEB Liability

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JUNE 30, 2024

TNP	Total OPEB Liability
Total OPEB liability - 6/30/2023	\$ 1,043,540
Changes for the year:	
Service cost	12,425
Interest	36,257
Changes in benefit terms	-
Differences between expected and actual experience	71,382
Change in assumptions	(10,068)
Benefit payments	(64,087)
Total changes for the year	45,909
Total OPEB liability - 6/30/2024	\$ 1,089,449

Changes in assumptions. The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change of assumption decreased the total OPEB liability.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate – The following presents the proportionate share of the collective total OPEB liability related to the TNP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate.

	1% Decrease (2.65%)	Discount Rate (2.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 5,032,084	\$ 5,594,137	\$ 6,250,397

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate – The following presents the proportionate share of the collective total OPEB liability related to the TNP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate.

**CITY OF TULLAHOMA, TENNESSEE
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JUNE 30, 2024**

	1% Decrease (6.2% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.2% decreasing to 4.5%)	1% Increase (8.2% decreasing to 5.5%)
Total OPEB liability	\$ -	\$ -	\$ -

OPEB Expense – For the fiscal year ended June 30, 2024, Tullahoma City Schools recognized OPEB expense of \$18,504.

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2024, Tullahoma City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TNP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Changes in proportion and differences between amounts paid as benefits came due and the proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	-	-
Employer payments subsequent to measurement date	-	n/a
	\$ -	\$ -

NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS

A. Federal and State Financial Assistance

The City has received federal and state financial assistance for specific purposes that is subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the programs, the City believes that any required reimbursements would not be material to the basic financial and individual fund and component unit financial statements. Accordingly, no provision has been made for any potential reimbursements to the grantor agencies.

B. Other Commitments

Primary Government:

Governmental Activities

The City generally follows the practice of recording liabilities from claims and legal actions only when it is probable that both (1) an asset has been impaired, and a liability has been incurred and (2) the amount of loss can be reasonably estimated. Settlement of all potential claims from various lawsuits in which the City is involved would not, in management’s estimation, materially affect the financial statements of the City.

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JUNE 30, 2024**

Component Unit:

Tullahoma Municipal Airport Authority

The Authority has received federal and state financial assistance for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the programs, management believes that any required reimbursements would not be material to the financial statements. Accordingly, no provision has been made for any potential reimbursements to the grantor agencies.

The Authority also has several construction projects in progress partially funded by grants.

NOTE 14 – RISK MANAGEMENT

The City is exposed to various risks to general liability and property and casualty losses. The City has decided it was more economically feasible to join 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 which is a public entity risk pool established by the Tennessee Municipal League, an association of member cities. The City pays an annual premium for its general liability and property and casualty insurance coverage. The creation of the pool provides for it to be self-sustaining through member premiums.

The City has not had claims in excess of insurance coverage during the last three years.

NOTE 15 – INTERFUND TRANSACTIONS

Transfers are used:

- (1) To move unrestricted revenues from the General Fund to General Purpose School Fund as appropriation.
- (2) To move grant received from School Federal and State Projects Fund to General Purpose School Fund according to the state guidelines.
- (3) To move unrestricted revenues from the General Fund and Solid Waste Management Fund to Capital Projects Fund for ongoing projects.
- (4) To move unrestricted revenues from the General Fund to other funds - Solid Waste Management Fund, General Debt Service Fund, Education Debt Service Fund for various programs that the City must account for in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and to Equipment Replacement Fund for equipment purchases.
- (5) To move revenue from the General Fund to the General Debt Service Fund as debt service principal and interest payments become due.
- (6) To move revenue from the Education Debt Service Fund to the General Debt Service Fund as debt service principal and interest payments become due.

CITY OF TULLAHOMA, TENNESSEE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Interfund transfers for the year ended June 30, 2024 consist of the following:

Transferred To	Transferred From					Total
	General	School Federal and State Projects	Nonmajor Governmental Funds		Discretely presented Component unit	
			Solid Waste	Education Debt Service	Area Economic Development Board	
General Purpose School	\$ 11,107,955	\$ 265,033	\$ -	\$ -	\$ -	\$ 11,372,988
Capital Projects	1,219,721	-	-	-	-	1,219,721
Non-major Governmental Funds						-
Solid Waste Management	2,310,873	-	-	-	-	2,310,873
Equipment Replacement	847,000	-	215,000	-	15,000	1,077,000
Debt Service	1,263,612	-	-	3,160,088	-	4,423,700
Education Debt Service	2,964,864	-	-	-	-	2,964,864
Discretely presently component units						-
Area Economic Development Board	215,000	-	-	-	-	215,000
Industrial Development Board	60,000	-	-	-	-	60,000
Municipal Airport Authority	156,000	-	-	-	-	156,000
	<u>\$ 20,145,025</u>	<u>\$ 265,033</u>	<u>\$ 215,000</u>	<u>\$ 3,160,088</u>	<u>\$ 15,000</u>	<u>\$ 23,800,146</u>

Interfund receivables and payables and amounts due to and due from funds of the primary government at June 30, 2024 are attributable to unsettled balances at year-end primarily for charges and transfers between funds. The City intends to repay all interfund liabilities within the next fiscal year. Balances at June 30, 2024 are as follows:

Due to	Due From Non-major Governmental Funds		Total
	School Food Service	Extended School Program	
General Purpose School Fund	\$ 216,846	\$ 1,215	\$ 218,061

NOTE 16 – TAX ABATEMENTS

The City of Tullahoma has issued tax abatements in the form of Tax Increment Financing (TIF) managed through its component unit, Tullahoma Area Economic Development Corporation (TAEDC) and by agreement with the Coffee County Industrial Board. The component unit, Tullahoma Industrial Development Board (TIDB) also had payment in lieu of tax (PILOT) agreements which are not considered to be tax abatements. The Health, Educational and Housing Facility Board of the City of Tullahoma also had one PILOT that ended in 2019 and a new PILOT that commenced in 2023. None of the agreements contain claw back or recapture provisions based on performance goals.

The City created the TAEDC to promote economic development, more specifically in the aviation/aerospace, medical, technology, and retail sectors. Through the TAEDC, the City has one TIF, which was approved in 2014, with a 20-year term approved by the City of Tullahoma and a 10 year term approved by Coffee County. The total principal construction financed through the TF is limited to \$1,834,500. For FY2023, the 2022 City TIF was \$58,370, with \$81,867 estimated for 2023 and each subsequent year through 2035.

**CITY OF TULLAHOMA, TENNESSEE
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2024**

The Health, Educational and Housing Facility Board of the City of Tullahoma was established by resolution in April 2012 and delegated the power to enter into payment in lieu of tax agreements pursuant to Tennessee Code Annotated section 48-101-312. This board approved one PILOT for the construction and operation of a skilled nursing facility in the City of Tullahoma. The PILOT provided for a graduated property tax payment schedule phased in over a six-year period, with taxes assessed at 100% for 2019 and subsequent years. In May 2022, the Health, Educational and Housing Facility Board approved a 15-year agreement for payment of ad valorem taxes for Tullahoma Village Community Partners. Although the table below reflects the current value of the pro-rated tax abatement, it is anticipated that the proposed property investment will increase the assessment significantly. This not only will provide valuable community housing but also the assessed value of the renovated property should generate additional tax revenue to more than offset the initial amounts abated.

Year	<u>% of Taxes</u>
2022	100%
2023	0
2024	0
2025	0
2026	25%
2027	25%
2028	25%
2029	25%
2030	50%
2031	50%
2032	50%
2033	50%
2034	75%
2035	75%
2036	75%
2037	75%
2038	100%

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total pension liability									
Service cost	\$ 56,571	\$ 190,576	\$ 313,883	\$ 389,350	\$ 420,086	\$ 490,178	\$ 530,926	\$ 638,127	\$ 735,608
Interest	4,243	18,837	55,722	93,771	132,055	170,714	211,581	257,861	319,076
Differences between actual and expected experience	433	164,914	104,069	44,607	(34,160)	(77,487)	(145,473)	(42,766)	(199)
Change in assumptions	-	-	10,024	-	-	-	251,256	-	-
Benefit payments, including refunds of employee contributions	-	(1,325)	(10,345)	(7,105)	(53,721)	(55,985)	(64,957)	(42,410)	(45,211)
Net change in total pension liability	<u>61,247</u>	<u>373,002</u>	<u>473,353</u>	<u>520,623</u>	<u>464,260</u>	<u>527,420</u>	<u>783,333</u>	<u>810,812</u>	<u>1,009,274</u>
Total pension liability, beginning	<u>-</u>	<u>61,247</u>	<u>434,249</u>	<u>907,602</u>	<u>1,428,225</u>	<u>1,892,485</u>	<u>2,419,905</u>	<u>3,203,238</u>	<u>4,014,050</u>
Total pension liability, ending (a)	<u>\$ 61,247</u>	<u>\$ 434,249</u>	<u>\$ 907,602</u>	<u>\$ 1,428,225</u>	<u>\$ 1,892,485</u>	<u>\$ 2,419,905</u>	<u>\$ 3,203,238</u>	<u>\$ 4,014,050</u>	<u>\$ 5,023,324</u>
Plan fiduciary net position									
Contributions - employer	\$ 26,239	\$ 162,439	\$ 215,422	\$ 256,076	\$ 293,929	\$ 321,252	\$ 362,599	\$ 382,238	\$ 484,016
Contributions - employee	30,332	140,518	174,290	199,748	220,850	241,544	269,791	304,816	333,345
Net investment income	1,002	5,707	62,351	84,074	114,877	105,760	713,327	(155,834)	310,302
Benefit payments, including refunds of employee contributions	-	(1,325)	(10,345)	(7,105)	(53,721)	(55,985)	(64,957)	(42,410)	(45,211)
Administrative expense	(565)	(5,560)	(7,541)	(8,912)	(9,139)	(9,616)	(10,282)	(11,897)	(7,517)
Net change in plan fiduciary net position	<u>57,008</u>	<u>301,779</u>	<u>434,177</u>	<u>523,881</u>	<u>566,796</u>	<u>602,955</u>	<u>1,270,478</u>	<u>476,913</u>	<u>1,074,935</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>57,008</u>	<u>358,787</u>	<u>792,964</u>	<u>1,316,845</u>	<u>1,883,641</u>	<u>2,486,596</u>	<u>3,757,074</u>	<u>4,233,987</u>
Plan fiduciary net position - ending (b)	<u>\$ 57,008</u>	<u>\$ 358,787</u>	<u>\$ 792,964</u>	<u>\$ 1,316,845</u>	<u>\$ 1,883,641</u>	<u>\$ 2,486,596</u>	<u>\$ 3,757,074</u>	<u>\$ 4,233,987</u>	<u>\$ 5,308,922</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 4,239</u>	<u>\$ 75,462</u>	<u>\$ 114,638</u>	<u>\$ 111,380</u>	<u>\$ 8,844</u>	<u>\$ (66,691)</u>	<u>\$ (553,836)</u>	<u>\$ (219,937)</u>	<u>\$ (285,598)</u>
Plan fiduciary net position as a percentage of total pension liability	93.08%	82.62%	87.37%	92.20%	99.53%	102.76%	117.29%	105.48%	105.69%
Covered-employee payroll	\$ 524,775	\$ 2,810,358	\$ 3,485,798	\$ 3,994,945	\$ 4,406,731	\$ 4,830,858	\$ 5,395,811	\$ 6,096,299	\$ 3,886,416
Net pension liability (asset) as a percentage of covered-employee payroll	0.81%	2.69%	3.29%	2.79%	0.20%	-1.38%	-10.26%	-3.61%	-7.35%

Notes to schedule:

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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

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

**CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
FISCAL YEAR ENDING JUNE 30**

	<u>2015</u>	<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>
Actuarially determined contribution	\$ 30,332	\$ 162,439	\$ 215,422	\$ 256,076	\$ 293,929	\$ 321,288	\$ 362,599	\$ 382,238	\$ 484,016	\$ 284,874
Contributions in relation to the actuarially determined contribution	<u>(30,332)</u>	<u>(162,439)</u>	<u>(215,422)</u>	<u>(256,076)</u>	<u>(293,929)</u>	<u>(321,288)</u>	<u>(362,599)</u>	<u>(382,238)</u>	<u>(484,016)</u>	<u>(284,874)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 524,775	\$ 2,810,358	\$ 3,485,798	\$ 3,994,945	\$ 4,406,731	\$ 4,830,858	\$ 5,395,811	\$ 6,096,299	\$ 6,666,884	\$ 3,723,427
Contributions as a percentage to covered-employee payroll	5.78%	5.78%	6.18%	6.41%	6.67%	6.65%	6.72%	6.27%	7.26%	7.65%

Notes to schedule:
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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
JUNE 30

	<u>2015</u>	<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>
Total pension liability										
Service cost	\$ 282,987	\$ 350,647	\$ 280,858	\$ 290,221	\$ 266,264	\$ 282,487	\$ 346,119	\$ 309,037	\$ 319,801	\$ 281,037
Interest	538,503	620,656	556,830	557,487	549,733	597,748	644,341	589,012	606,374	618,677
Differences between actual and expected experience	130,781	(158,673)	256,050	21,701	498,976	(370,759)	(434,718)	466,197	(496,518)	116,137
Change in assumptions	893,733	(17,880)	65,717	(35,045)	285,144	1,758,158	129,119	97,745	(257,176)	(130,064)
Change in benefit terms	-	(1,049,740)	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(391,229)</u>	<u>(557,590)</u>	<u>(708,979)</u>	<u>(707,210)</u>	<u>(862,254)</u>	<u>(429,318)</u>	<u>(909,258)</u>	<u>(1,038,146)</u>	<u>(1,397,551)</u>	<u>(292,198)</u>
Net change in total pension liability	1,454,775	(812,580)	450,476	127,154	737,863	1,838,316	(224,397)	423,845	(1,225,070)	593,589
Total pension liability, beginning	<u>7,895,424</u>	<u>9,350,199</u>	<u>8,537,619</u>	<u>8,988,095</u>	<u>9,115,249</u>	<u>9,853,112</u>	<u>11,691,428</u>	<u>11,467,031</u>	<u>11,890,876</u>	<u>10,665,806</u>
Total pension liability, ending (a)	<u>\$ 9,350,199</u>	<u>\$ 8,537,619</u>	<u>\$ 8,988,095</u>	<u>\$ 9,115,249</u>	<u>\$ 9,853,112</u>	<u>\$ 11,691,428</u>	<u>\$ 11,467,031</u>	<u>\$ 11,890,876</u>	<u>\$ 10,665,806</u>	<u>\$ 11,259,395</u>
Plan fiduciary net position										
Contributions - employer	\$ 90,214	\$ 81,523	\$ 85,936	\$ 84,209	\$ 78,925	\$ 73,052	\$ 70,229	\$ 70,603	\$ 64,904	\$ 71,940
Contributions - employee	529,211	801,523	765,935	1,109,208	1,028,925	723,294	820,229	570,603	813,333	702,050
Net investment income	228,690	(54,575)	310,101	734,984	(277,220)	1,089,856	927,776	711,711	(1,324,978)	795,609
Benefit payments, including refunds of employee contributions	<u>(391,229)</u>	<u>(557,590)</u>	<u>(708,979)</u>	<u>(707,210)</u>	<u>(862,254)</u>	<u>(429,318)</u>	<u>(909,258)</u>	<u>(1,038,146)</u>	<u>(1,397,551)</u>	<u>(292,198)</u>
Administrative expense	<u>(33,601)</u>	<u>(39,181)</u>	<u>(35,950)</u>	<u>(41,110)</u>	<u>(46,530)</u>	<u>(40,940)</u>	<u>(40,990)</u>	<u>(40,990)</u>	<u>(41,090)</u>	<u>(47,005)</u>
Net change in plan fiduciary net position	423,285	231,700	417,043	1,180,081	(78,154)	1,415,944	867,986	273,781	(1,885,382)	1,230,396
Plan fiduciary net position - beginning	<u>4,132,556</u>	<u>4,555,841</u>	<u>4,787,541</u>	<u>5,204,584</u>	<u>6,384,665</u>	<u>6,306,511</u>	<u>7,722,455</u>	<u>8,590,441</u>	<u>8,864,222</u>	<u>6,978,840</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,555,841</u>	<u>\$ 4,787,541</u>	<u>\$ 5,204,584</u>	<u>\$ 6,384,665</u>	<u>\$ 6,306,511</u>	<u>\$ 7,722,455</u>	<u>\$ 8,590,441</u>	<u>\$ 8,864,222</u>	<u>\$ 6,978,840</u>	<u>\$ 8,209,236</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 4,794,358</u>	<u>\$ 3,750,078</u>	<u>\$ 3,783,511</u>	<u>\$ 2,730,584</u>	<u>\$ 3,546,601</u>	<u>\$ 3,968,973</u>	<u>\$ 2,876,590</u>	<u>\$ 3,026,654</u>	<u>\$ 3,686,966</u>	<u>\$ 3,050,159</u>
Plan fiduciary net position as a percentage of total pension liability	48.72%	56.08%	57.91%	70.04%	64.01%	66.05%	74.91%	74.55%	65.43%	72.91%
Covered-employee payroll	\$ 2,738,273	\$ 2,639,666	\$ 2,770,106	\$ 2,668,123	\$ 2,568,586	\$ 2,360,047	\$ 2,182,317	\$ 2,227,084	\$ 1,967,214	\$ 2,062,926
Net pension liability (asset) as a percentage of covered-employee payroll	175.09%	142.07%	136.58%	102.34%	138.08%	168.17%	131.81%	135.90%	187.42%	147.86%

Notes to schedule:

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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes in assumptions. In 2023, The following assumptions were changed: increased long-term rate of return from 5.25% to 5.75%. In 2022, the following assumptions were changed: increased salary increase assumption from 4% to 4.5%. In 2021, the following assumptions were changed: decreased the long-term rate of return from 5.5% to 5.25%; and modified mortality assumptions. In 2020, the following assumptions were changed: decreased the long-term rate of return from 6% to 5.5%. In 2019, the following assumptions were changed: decreased the long-term rate of return from 6.25% to 6%; and increased salary increase assumption from 3% to 4%. In 2016, the following assumptions were changed: decreased the long-term rate of return from 6.5% to 6.25%.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
Tullahoma City School Defined Benefit Plan (TCSDBP)
FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>	<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>
Actuarially determined contribution	\$ 603,719	\$ 674,190	\$ 682,760	\$ 606,122	\$ 554,896	\$ 554,027	\$ 670,705	\$ 666,616	\$ 618,828	\$ 667,356	\$ 713,211
Contributions in relation to the actuarially determined contribution	<u>(680,909)</u>	<u>(554,818)</u>	<u>(803,290)</u>	<u>(664,946)</u>	<u>(1,764,296)</u>	<u>(470,479)</u>	<u>(820,697)</u>	<u>(571,779)</u>	<u>(715,831)</u>	<u>(651,255)</u>	<u>(713,211)</u>
Contribution deficiency (excess)	<u>\$ (77,190)</u>	<u>\$ 119,372</u>	<u>\$ (120,530)</u>	<u>\$ (58,824)</u>	<u>\$ (1,209,400)</u>	<u>\$ 83,548</u>	<u>\$ (149,992)</u>	<u>\$ 94,837</u>	<u>\$ (97,003)</u>	<u>\$ 16,101</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,738,273	\$ 2,639,666	\$ 2,770,106	\$ 2,668,123	\$ 2,568,586	\$ 2,360,047	\$ 2,182,317	\$ 2,227,084	\$ 1,967,214	\$ 2,062,926	\$ 2,111,711
Contributions as a percentage to covered-employee payroll	24.87%	21.02%	29.00%	24.92%	68.69%	19.94%	37.61%	25.67%	36.39%	31.57%	33.77%

Notes to schedule:
 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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

**CITY OF TULLAHOMA, TENNESSEE
 SCHEDULE OF INVESTMENT RETURNS
 Tullahoma City Schools Defined Benefit Plan (TCSDBP)
 FISCAL YEAR ENDING JUNE 30**

	<u>2015</u>	<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>
Annual money-weighted rate of return, net of investment expense	5.30%	-1.13%	6.28%	13.55%	-4.29%	16.65%	11.93%	8.50%	-15.47%	11.30%

Notes to schedule:

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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Teacher Legacy Pension Plan of TCRS
FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Proportion of the net pension liability (asset)	0.354096%	0.353380%	0.364519%	0.384313%	0.387077%	0.401662%	0.379942%	0.398581%	0.4013120%	0.4262090%
Proportionate share of the net pension liability(asset)	\$ (57,539)	\$ 144,756	\$ 2,278,043	\$ (125,740)	\$ (1,362,090)	\$ (4,129,806)	\$ (2,897,337)	\$ (17,191,749)	\$ (4,921,707)	\$ (5,024,896)
Covered Payroll	\$ 13,898,232	\$ 13,228,797	\$ 13,158,438	\$ 13,585,286	\$ 13,554,152	\$ 13,468,277	\$ 12,645,411	\$ 13,073,949	\$ 13,073,949	\$ 13,809,911
Proportionate share fo the net pension liability (asset) as a percentage of its covered payroll	-0.41%	1.09%	17.31%	-0.93%	-10.05%	-30.66%	-22.91%	-131.50%	-37.27%	-36.39%
Plan fiduciary net postion as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%

Notes to schedule:

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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes in assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; and modified mortality assumptions.

**CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
Teacher Legacy Pension Plan of TCRS
FISCAL YEAR ENDING JUNE 30**

	<u>2014</u>	<u>2015</u>	<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>
Actuarially determined contribution	\$ 1,234,163	\$ 1,195,881	\$ 1,189,250	\$ 1,228,108	\$ 1,230,718	\$ 1,408,784	\$ 1,344,211	\$ 1,342,695	\$ 1,360,312	\$ 1,200,811	\$ 998,189
Contributions in relation to the actuarially determined contribution	<u>(1,234,163)</u>	<u>(1,195,881)</u>	<u>(1,189,250)</u>	<u>(1,228,108)</u>	<u>(1,230,718)</u>	<u>(1,408,784)</u>	<u>(1,344,211)</u>	<u>(1,342,695)</u>	<u>(1,360,312)</u>	<u>(1,200,811)</u>	<u>(998,189)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>									
Covered-employee payroll	\$ 13,898,232	\$ 13,228,797	\$ 13,158,438	\$ 13,585,286	\$ 13,554,152	\$ 13,468,277	\$ 12,645,441	\$ 13,073,949	\$ 13,206,926	\$ 13,818,328	\$ 14,767,858
Contributions as a percentage to covered-employee payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%	6.76%

Notes to schedule:
 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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Teacher Retirement
Plan of TCRS
FISCAL YEAR ENDING JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Proportion of the net pension liability (asset)	0.425648%	0.302149%	0.279194%	0.273215%	0.276019%	0.307679%	0.321698%	0.2988690%	0.288408%
Proportionate share of the net pension liability(asset)	\$ (17,124)	\$ (31,455)	\$ (73,659)	\$ (123,911)	\$ (155,809)	\$ (174,959)	\$ (348,467)	\$ (90,535)	\$ (122,295)
Covered Payroll	\$ 884,387	\$ 1,329,474	\$ 1,832,449	\$ 2,837,572	\$ 2,920,839	\$ 3,882,669	\$ 4,642,822	\$ 5,103,809	\$ 5,736,561
Proportionate share fo the net pension liability (asset) as a percentage of its covered payroll	-1.94%	-2.37%	-4.02%	-4.37%	-5.33%	-4.51%	-7.51%	-1.77%	-2.13%
Plan fiduciary net postion as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%	104.97%

Notes to schedule:

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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

**CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
Teacher Retirement Plan of TCRS
FISCAL YEAR ENDING JUNE 30**

	<u>2015</u>	<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>
Actuarially determined contribution	\$ 22,110	\$ 33,279	\$ 67,655	\$ 38,935	\$ 56,664	\$ 78,818	\$ 93,936	\$ 102,586	\$ 164,640	\$ 205,351
Contributions in relation to the actuarially determined contribution	<u>(35,375)</u>	<u>(53,179)</u>	<u>(67,655)</u>	<u>(95,503)</u>	<u>(56,664)</u>	<u>(78,818)</u>	<u>(93,936)</u>	<u>(102,586)</u>	<u>(164,460)</u>	<u>(205,351)</u>
Contribution deficiency (excess)	<u>\$ (13,265)</u>	<u>\$ (19,900)</u>	<u>\$ -</u>	<u>\$ (56,568)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ -</u>
Covered-employee payroll	\$ 884,387	\$ 1,329,474	\$ 1,691,378	\$ 2,387,572	\$ 2,920,839	\$ 3,882,669	\$ 4,650,331	\$ 5,103,809	\$ 5,736,561	\$ 6,960,510
Contributions as a percentage to covered-employee payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%	2.87%	2.95%

Notes to schedule:

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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes in assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; and modified mortality assumptions.

*Beginning in FY 2019, the school department placed an actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the 4% contractually required contribution into the Pension Stabilization Reserve Trust (SRT)

- 2019: Pension - 1.94%, SRT - 2.06%
- 2020: Pension - 2.03%, SRT - 1.97%
- 2021: Pension - 2.02%, SRT - 1.98%
- 2022: Pension - 2.01%, SRT - 1.99%
- 2023: Pension - 2.87%, SRT - 1.13%
- 2024: Pension - 2.01%, SRT - 1.99%

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Tullahoma City Schools Retirement Plan with Cost Controls
JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total pension liability						
Service cost	\$ -	\$ 61,102	\$ 100,372	\$ 141,527	\$ 204,546	\$ 254,638
Interest	19,794	5,864	15,774	29,455	48,546	67,184
Differences between actual and expected experience	-	-	-	-	-	18,276
Change in assumptions	-	31,673	36,855	49,059	9,132	-
Change in benefit terms	-	-	-	45,361	-	-
Benefit payments, including refunds of employee contributions	-	(33)	(2,393)	(8,517)	(22,468)	(49,927)
Net change in total pension liability	<u>19,794</u>	<u>98,606</u>	<u>150,608</u>	<u>256,885</u>	<u>239,756</u>	<u>290,171</u>
Total pension liability, beginning	-	19,794	118,400	269,008	525,893	765,649
Total pension liability, ending (a)	<u>\$ 19,794</u>	<u>\$ 118,400</u>	<u>\$ 269,008</u>	<u>\$ 525,893</u>	<u>\$ 765,649</u>	<u>\$ 1,055,820</u>
Plan fiduciary net position						
Contributions - employer	\$ 16,178	\$ 23,321	\$ 39,521	\$ 59,631	\$ 73,447	\$ 108,808
Contributions - employee	20,222	70,243	101,858	136,768	163,945	197,116
Net investment income	1,442	5,993	9,774	93,645	(24,817)	57,153
Benefit payments, including refunds of employee contributions	-	(33)	(2,393)	(8,517)	(22,468)	(49,927)
Administrative expense	(1,654)	(4,936)	(6,452)	(8,030)	(10,672)	(7,513)
Net change in plan fiduciary net position	<u>36,188</u>	<u>94,588</u>	<u>142,308</u>	<u>273,497</u>	<u>179,435</u>	<u>305,637</u>
Plan fiduciary net position - beginning	-	36,188	130,776	273,084	546,581	726,016
Plan fiduciary net position - ending (b)	<u>\$ 36,188</u>	<u>\$ 130,776</u>	<u>\$ 273,084</u>	<u>\$ 546,581</u>	<u>\$ 726,016</u>	<u>\$ 1,031,653</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (16,394)</u>	<u>\$ (12,376)</u>	<u>\$ (4,076)</u>	<u>\$ (20,688)</u>	<u>\$ 39,633</u>	<u>\$ 24,167</u>
Plan fiduciary net position as a percentage of total pension liability	182.82%	110.45%	101.52%	103.93%	94.82%	97.71%
Covered-employee payroll	\$ 404,437	\$ 1,404,862	\$ 2,037,174	\$ 2,735,346	\$ 3,278,893	\$ 3,942,305
Net pension liability (asset) as a percentage of covered-employee payroll	-4.05%	-0.88%	-0.20%	-0.76%	1.21%	0.61%

Notes to schedule:

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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

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

**CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Tullahoma City Schools Retirement Plan with Cost Controls
FISCAL YEAR ENDING JUNE 30**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contribution	\$ 5,217	\$ 23,321	\$ 39,521	\$ 59,631	\$ 73,447	\$ 108,808	\$ 127,420
Contributions in relation to the actuarially determined contribution	<u>(16,178)</u>	<u>(23,321)</u>	<u>(39,521)</u>	<u>(59,631)</u>	<u>(73,447)</u>	<u>(108,808)</u>	<u>(127,420)</u>
Contribution deficiency (excess)	<u>\$ (10,961)</u>	<u>\$ -</u>	<u>\$ -</u>				
Covered-employee payroll	\$ 404,437	\$ 1,404,862	\$ 2,037,174	\$ 2,735,346	\$ 3,278,893	\$ 3,942,305	\$ 4,517,322
Contributions as a percentage to covered-employee payroll	4.00%	1.66%	1.94%	2.18%	2.24%	2.76%	2.82%

Notes to schedule:

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 retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes in assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; and modified mortality assumptions.

*Beginning in FY 2019, the school department placed an actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the 4% contractually required contribution into the Pension Stabilization Reserve Trust (SRT)

2019: Pension - 1.66%, SRT - 2.34%
2020: Pension - 1.94%, SRT - 2.06%
2021: Pension - 2.18%, SRT - 1.82%
2022: Pension - 2.24%, SRT - 1.76%
2023: Pension - 2.76%, SRT - 1.24%
2024: Pension - 2.01%, SRT - 1.99%

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY (ASSET) AND RELATED RATIOS
City of Tullahoma OPEB Plan
JUNE 30, 2024

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB liability							
Service cost	\$ 80,867	\$ 84,910	\$ 89,156	\$ 141,188	\$ 153,643	123,727	130,532
Interest	72,780	74,683	73,657	67,110	66,890	96,184	100,827
Change in benefit terms	-	-	-	-	-	-	-
Differences between actual and expected experience	-	-	217,142	-	(184,825)	-	-
Change in assumptions	-	-	220,008	-	(553,704)	-	-
Benefit payments, including refunds of employee contributions	(83,230)	(89,472)	(200,596)	(213,635)	(204,529)	(217,824)	(230,893)
Net change in total OPEB liability	<u>70,417</u>	<u>70,121</u>	<u>399,367</u>	<u>(5,337)</u>	<u>(722,525)</u>	<u>2,087</u>	<u>466</u>
Total OPEB liability, beginning	<u>2,610,949</u>	<u>2,681,366</u>	<u>2,751,487</u>	<u>3,150,854</u>	<u>3,145,517</u>	<u>2,422,992</u>	<u>2,425,079</u>
Total OPEB liability, ending	<u>\$ 2,681,366</u>	<u>\$ 2,751,487</u>	<u>\$ 3,150,854</u>	<u>\$ 3,145,517</u>	<u>\$ 2,422,992</u>	<u>\$ 2,425,079</u>	<u>\$ 2,425,545</u>
Plan Fiduciary net position							
Contributions - employer	\$ 83,230	\$ 89,472	\$ 200,596	\$ 213,635	\$ 204,529	\$ 217,824	\$ 230,893
Contributions - employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(83,230)	(89,472)	(200,596)	(213,635)	(204,529)	(217,824)	(230,893)
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>						
Plan fiduciary net position - beginning	<u>-</u>						
Plan fiduciary net position - ending (b)	<u>\$ -</u>						
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 6,188,353	\$ 6,374,004	\$ 6,410,184	\$ 6,602,490	\$ 6,701,766	\$ 6,902,819	\$ 7,109,904
Total OPEB liability as a percentage of covered payroll	43.33%	43.17%	49.15%	47.64%	36.15%	35.13%	34.12%

There are no assets accumulating in trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

Changes in assumptions. In 2021, the following assumptions were changed: decreased discount rate from 2.79% to 2.18%; and modified mortality assumptions.

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

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
City of Tullahoma OPEB Plan
JUNE 30, 2024

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contribution	\$ 243,857	\$ 267,310	\$ 243,857	\$ 364,114	\$ 384,459	\$ 341,763	\$ 360,116
Contributions in relation to the actuarially determined contribution	<u>(82,230)</u>	<u>(89,472)</u>	<u>(200,596)</u>	<u>(213,635)</u>	<u>(204,529)</u>	<u>(217,824)</u>	<u>(230,893)</u>
Contribution deficiency (excess)	<u>\$ 161,627</u>	<u>\$ 177,838</u>	<u>\$ 43,261</u>	<u>\$ 150,479</u>	<u>\$ 179,930</u>	<u>\$ 123,939</u>	\$ 129,223
Covered-employee payroll	\$ 6,188,353	\$ 6,374,004	\$ 6,410,184	\$ 6,602,490	\$ 6,701,766	\$ 6,902,819	\$ 7,109,904
Contributions as a percentage to covered-employee payroll	1.33%	1.40%	3.13%	3.24%	3.05%	3.16%	3.25%

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

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
Closed Teacher Group OPEB Plan - TGOP
JUNE 30, 2024

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB liability							
Service cost	\$ 435,113	\$ 405,490	\$ 399,501	\$ 327,814	\$ 419,841	425,296	377,414
Interest	205,084	248,059	233,139	206,813	157,251	150,455	279,128
Change in benefit terms	-	(1,297,870)	(812,720)	-	-	1,222,201	-
Differences between actual and expected experience	-	350,776	466,009	286,501	(70,083)	273,716	50,500
Change in assumptions	(288,506)	148,524	(430,400)	646,006	(286,526)	(693,024)	687,823
Benefit payments, including refunds of employee contributions	(357,291)	(397,801)	(358,621)	(304,909)	(366,148)	(385,580)	(438,828)
Net change in total OPEB liability	<u>(5,600)</u>	<u>(542,822)</u>	<u>(503,092)</u>	<u>1,162,225</u>	<u>(145,665)</u>	<u>993,064</u>	<u>956,037</u>
Total OPEB liability, beginning	<u>6,766,947</u>	<u>6,761,347</u>	<u>6,218,525</u>	<u>5,715,433</u>	<u>6,877,658</u>	<u>6,731,993</u>	<u>7,725,057</u>
Total OPEB liability, ending	<u>\$ 6,761,347</u>	<u>\$ 6,218,525</u>	<u>\$ 5,715,433</u>	<u>\$ 6,877,658</u>	<u>\$ 6,731,993</u>	<u>\$ 7,725,057</u>	<u>\$ 8,681,094</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,088,370	\$ 1,303,931	\$ 1,537,366	\$ 1,804,527	\$ 1,977,026	\$ 2,130,920	\$ 2,526,139
Employer's proportionate share of the collective total OPEB liability	\$ 4,672,977	\$ 4,914,954	\$ 4,178,067	\$ 5,073,131	\$ 4,754,967	\$ 5,594,137	\$ 6,154,955
Covered payroll	\$ 18,631,009	\$ 14,667,839	\$ 21,958,818	\$ 12,549,264	\$ 14,132,205	\$ 12,164,071	\$ 11,789,361
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	25.08%	33.51%	19.03%	40.43%	33.65%	45.99%	52.21%

There are no assets accumulating in trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

Changes in assumptions. In 2021, the following assumptions were changed: decreased discount rate from 2.79% to 2.18%; and modified mortality assumptions.

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

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
Closed Teacher Group OPEB Plan - TNP
JUNE 30, 2024

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB liability							
Service cost	\$ 21,001	\$ 17,151	\$ 14,755	\$ 16,799	\$ 24,833	19,435	12,425
Interest	38,375	42,993	39,192	41,619	32,981	27,548	36,257
Change in benefit terms	-	-	-	-	-	-	-
Differences between actual and expected experience	-	(112,716)	91,182	73,413	988	(41,479)	71,382
Change in assumptions	(99,374)	(7,503)	18,913	231,738	(203,165)	(183,816)	(10,068)
Benefit payments, including refunds of employee contributions	(62,550)	(62,855)	(62,796)	(63,175)	(66,648)	(67,787)	(64,087)
Net change in total OPEB liability	<u>(102,548)</u>	<u>(122,930)</u>	<u>101,246</u>	<u>300,394</u>	<u>(211,011)</u>	<u>(246,099)</u>	<u>45,909</u>
Total OPEB liability, beginning	1,324,488	1,221,940	1,099,010	1,200,256	1,500,650	1,289,639	1,043,540
Total OPEB liability, ending	<u>\$ 1,221,940</u>	<u>\$ 1,099,010</u>	<u>\$ 1,200,256</u>	<u>\$ 1,500,650</u>	<u>\$ 1,289,639</u>	<u>\$ 1,043,540</u>	<u>\$ 1,089,449</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,221,940	\$ 1,099,010	\$ 1,200,256	\$ 1,500,650	\$ 1,289,639	\$ 1,043,590	\$ 2,526,139
Employer's proportionate share of the collective total OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 18,631,009	\$ 14,667,839	\$ 21,958,818	\$ 12,549,264	\$ 14,132,205	\$ 12,164,071	\$ 11,789,361
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

There are no assets accumulating in trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

Changes in assumptions. In 2021, the following assumptions were changed: decreased discount rate from 2.79% to 2.18%; and modified mortality assumptions.

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

CITY OF TULLAHOMA, TENNESSEE
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

								Debt Service Funds		Total Non-major Governmental Funds
	School Food Service	Extended School Program	Solid Waste Management	Drug Enforcement	Equipment Replacement	UDAG	USDA Revolving Loans	General Debt Service	Educational Debt Service	
ASSETS										
Cash and cash equivalents	\$ 1,519,222	\$ 566,245	\$ 359,347	\$ 57,077	\$ 2,089,721	\$ 775,596	\$ 180,469	\$ 568,245	\$ 2,258,322	\$ 8,374,244
Investments	205,067	19,083	-	-	-	-	-	-	-	224,150
Accounts receivables	-	-	152,979	-	-	-	-	-	-	152,979
Grant receivables	128,528	-	-	-	-	-	-	-	-	128,528
Other receivables	720	10,987	-	1,408	1,000	-	-	-	255,362	269,477
Allowance for uncollectible accounts	-	(1,000)	(113,040)	-	-	-	-	-	-	(114,040)
Accrued interest receivable	-	-	-	-	-	-	-	-	28,767	28,767
Notes Receivable	-	-	-	-	-	1,151,050	15,634	-	-	1,166,684
Prepaid expenses	-	-	9,656	-	-	-	-	-	-	9,656
Restricted assets:										
Cash on hand	-	-	-	38,025	-	-	-	-	-	38,025
TCRS stabilization fund	33,598	4,423	-	-	-	-	-	-	-	38,021
Total assets	\$ 1,887,135	\$ 599,738	\$ 408,942	\$ 96,510	\$ 2,090,721	\$ 1,926,646	\$ 196,103	\$ 568,245	\$ 2,542,451	\$ 10,316,491
LIABILITIES										
Accounts payable	\$ -	\$ 118	\$ 5,804	\$ -	\$ -	\$ -	\$ 64	\$ -	\$ -	\$ 5,986
Accrued liabilities	-	-	30,985	-	-	-	-	13,411	-	44,396
Unavailable revenues - confiscated funds	-	-	-	38,025	-	-	-	-	-	38,025
Unavailable revenues - charges for services	-	7,952	-	-	-	-	-	-	-	7,952
Unavailable revenues - loans	-	-	-	-	-	1,151,050	15,634	-	-	1,166,684
Due to other funds	216,846	1,215	-	-	-	-	-	-	-	218,061
Total liabilities	216,846	9,285	36,789	38,025	-	1,151,050	15,698	13,411	-	1,481,104
FUND BALANCES										
Nonspendable:										
Prepaid items	-	-	9,656	-	-	-	-	-	-	9,656
Restricted for:										
Debt service	-	-	-	-	-	-	-	554,834	2,542,451	3,097,285
Drug enforcement	-	-	-	58,485	-	-	-	-	-	58,485
Grant projects	-	-	-	-	-	775,596	180,405	-	-	956,001
School operations	1,636,691	-	-	-	-	-	-	-	-	1,636,691
Solid waste	-	-	362,497	-	-	-	-	-	-	362,497
Extended school	-	586,030	-	-	-	-	-	-	-	586,030
TCRS stabilization	33,598	4,423	-	-	-	-	-	-	-	38,021
Committed to:										
Equipment replacement	-	-	-	-	2,090,721	-	-	-	-	2,090,721
Assigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	1,670,289	590,453	372,153	58,485	2,090,721	775,596	180,405	554,834	2,542,451	8,835,387
Total liabilities, deferred inflows or resources, and fund balances	\$ 1,887,135	\$ 599,738	\$ 408,942	\$ 96,510	\$ 2,090,721	\$ 1,926,646	\$ 196,103	\$ 568,245	\$ 2,542,451	\$ 10,316,491

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

							Debt Service Funds		Total Non-major Governmental Funds	
	School Food Service	Extended School Program	Solid Waste Management	Drug Enforcement	Equipment Replacement	UDAG	USDA Revolving Loans	General Debt Service		Education Debt Service
Revenues										
Grants	\$ 2,208,907	\$ 49,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,257,967
Charges for Services	490,833	403,147	982,217	37,728	-	-	-	-	-	1,913,925
Interest income	13,606	12,396	6,937	3,956	35,137	36,169	6,429	16,540	90,727	221,897
Note repayments	-	-	-	-	-	171,608	14,165	-	-	185,773
Donations	2,012	-	-	-	-	-	-	-	-	2,012
Other revenues	-	-	51	-	-	-	41	-	-	92
Total revenues	<u>2,715,358</u>	<u>464,603</u>	<u>989,205</u>	<u>41,684</u>	<u>35,137</u>	<u>207,777</u>	<u>20,635</u>	<u>16,540</u>	<u>90,727</u>	<u>4,581,666</u>
Expenditures										
Program costs	2,931,603	409,174	3,120,441	46,415	-	114	64	-	-	6,507,811
Debt service										
Principal retirement	-	-	-	-	-	-	-	3,104,000	-	3,104,000
Interest	-	-	-	-	-	-	-	1,366,812	-	1,366,812
Fiscal charges	-	-	-	-	-	-	-	1,602	-	1,602
Small items of equipment	10,141	-	56,981	-	46,404	-	-	-	-	113,526
Capital outlay	-	-	-	73,245	400,058	-	-	-	-	473,303
Loans dispursed	-	-	-	-	-	200,050	15,000	-	-	215,050
Total expenditures	<u>2,941,744</u>	<u>409,174</u>	<u>3,177,422</u>	<u>119,660</u>	<u>446,462</u>	<u>200,164</u>	<u>15,064</u>	<u>4,472,414</u>	<u>-</u>	<u>11,782,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(226,386)</u>	<u>55,429</u>	<u>(2,188,217)</u>	<u>(77,976)</u>	<u>(411,325)</u>	<u>7,613</u>	<u>5,571</u>	<u>(4,455,874)</u>	<u>90,727</u>	<u>(7,200,438)</u>
Other financing sources (uses)										
Transfer in from other funds	-	-	2,310,873	-	1,077,000	-	-	4,423,700	2,964,864	10,776,437
Transfer out to other funds	-	-	(215,000)	-	-	-	-	-	(3,160,088)	(3,375,088)
Insurance recoveries	-	-	1,000	-	69,273	-	-	-	-	70,273
Sale of capital assets	-	-	-	-	31,143	-	-	-	-	31,143
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,096,873</u>	<u>-</u>	<u>1,177,416</u>	<u>-</u>	<u>-</u>	<u>4,423,700</u>	<u>(195,224)</u>	<u>7,502,765</u>
Net Change In Fund Balance	<u>(226,386)</u>	<u>55,429</u>	<u>(91,344)</u>	<u>(77,976)</u>	<u>766,091</u>	<u>7,613</u>	<u>5,571</u>	<u>(32,174)</u>	<u>(104,497)</u>	<u>302,327</u>
Fund Balance at Beginning of Year, as restated	<u>1,896,675</u>	<u>535,024</u>	<u>463,497</u>	<u>136,461</u>	<u>1,324,630</u>	<u>767,983</u>	<u>174,834</u>	<u>587,008</u>	<u>2,646,948</u>	<u>8,533,060</u>
Fund Balance at End of Year	<u>\$ 1,670,289</u>	<u>\$ 590,453</u>	<u>\$ 372,153</u>	<u>\$ 58,485</u>	<u>\$ 2,090,721</u>	<u>\$ 775,596</u>	<u>\$ 180,405</u>	<u>\$ 554,834</u>	<u>\$ 2,542,451</u>	<u>\$ 8,835,387</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
SCHOOL FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Intergovernmental						
State and federal	\$ 2,208,907	\$ -	\$ 2,208,907	\$ 2,364,000	\$ 1,952,097	\$ 256,810
Charges for services	490,833	-	490,833	661,000	495,532	(4,699)
Donations	2,012	-	2,012	-	-	2,012
Interest income	13,605	-	13,605	3,000	2,059	11,546
Total revenues	<u>2,715,357</u>	<u>-</u>	<u>2,715,357</u>	<u>3,028,000</u>	<u>2,449,688</u>	<u>265,669</u>
Expenditures						
Salaries	1,033,695	-	1,033,695	990,000	1,035,207	1,512
Payroll taxes	76,071	-	76,071	61,000	76,523	452
Benefits	276,101	-	276,101	222,000	280,719	4,618
Contracted services	42,336	-	42,336	50,000	42,336	-
Maintenance and repairs	5,077	-	5,077	20,000	10,964	5,887
Travel	9,663	-	9,663	50,000	15,526	5,863
Supplies	1,480,617	-	1,480,617	1,470,000	1,406,150	(74,467)
Other	8,043	-	8,043	15,000	8,121	78
Small items of equipment	10,141	-	10,141	-	-	(10,141)
Capital outlay	-	-	-	150,000	10,364	10,364
Total expenditures	<u>2,941,744</u>	<u>-</u>	<u>2,941,744</u>	<u>3,028,000</u>	<u>2,885,910</u>	<u>(55,834)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(226,387)</u>	<u>-</u>	<u>(226,387)</u>	<u>-</u>	<u>(436,222)</u>	<u>209,835</u>
Other financing sources (uses)						
Transfer from other fund	-	-	-	-	-	-
Transfer to other fund	-	-	-	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	<u>(226,387)</u>	<u>-</u>	<u>(226,387)</u>	<u>-</u>	<u>(436,222)</u>	<u>209,835</u>
Fund Balance at Beginning of Year	<u>1,896,675</u>	<u>-</u>	<u>1,896,675</u>	<u>1,896,675</u>	<u>1,896,675</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,670,288</u>	<u>\$ -</u>	<u>\$ 1,670,288</u>	<u>\$ 1,896,675</u>	<u>\$ 1,460,453</u>	<u>\$ 209,835</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
EXTENDED SCHOOL PROGRAM FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Intergovernmental						
State and federal	\$ 49,060	\$ -	\$ 49,060	\$ 47,143	\$ 47,143	\$ 1,917
Charges for services	403,147	-	403,147	398,385	390,895	12,252
Interest income	12,396	-	12,396	-	-	12,396
Other income	-	-	-	-	-	-
Total revenues	<u>464,603</u>	<u>-</u>	<u>464,603</u>	<u>445,528</u>	<u>438,038</u>	<u>26,565</u>
Expenditures						
Extended school program:						
Salaries	165,085.00	-	165,085	165,700	165,496	411
Payroll taxes	12,629.00	-	12,629	12,378	12,677	48
Benefits	12,834.00	-	12,834	12,623	12,834	-
Supplies	6,776.00	-	6,776	10,000	7,198	422
Travel	278.00	-	278	-	278	-
Other	5,304.00	-	5,304	1,500	5,304	-
Total extended school program	<u>202,906.00</u>	<u>-</u>	<u>202,906</u>	<u>202,201</u>	<u>203,787</u>	<u>881</u>
Daycare program:						
Salaries	156,834	-	156,834	198,233	172,342	15,508
Payroll taxes	11,542	-	11,542	15,164	15,164	3,622
Benefits	19,807	-	19,807	11,245	21,648	1,841
Supplies	8,911	-	8,911	8,375	16,375	7,464
Other	9,174	-	9,174	10,309	10,309	1,135
Total daycare program	<u>206,268</u>	<u>-</u>	<u>206,268</u>	<u>243,326</u>	<u>235,838</u>	<u>29,570</u>
Total program cost	409,174	-	409,174	445,527	439,625	30,451
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>409,174</u>	<u>-</u>	<u>409,174</u>	<u>445,527</u>	<u>439,625</u>	<u>30,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,429</u>	<u>-</u>	<u>55,429</u>	<u>1</u>	<u>(1,587)</u>	<u>57,016</u>
Other financing sources (uses)						
Transfer from other fund	-	-	-	-	-	-
Transfer to other fund	-	-	-	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	55,429	-	55,429	1	(1,587)	57,016
Fund Balance at Beginning of Year	<u>535,024</u>	<u>-</u>	<u>535,024</u>	<u>535,024</u>	<u>535,024</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 590,453</u>	<u>\$ -</u>	<u>\$ 590,453</u>	<u>\$ 535,025</u>	<u>\$ 533,437</u>	<u>\$ 57,016</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
SOLID WASTE MANAGEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Charges for services						
Disposal charges	\$ 982,217	\$ -	\$ 982,217	\$ 982,500	\$ 1,025,500	\$ (43,283)
Other revenues						
Sale of carts	-	-	-	-	-	-
Miscellaneous income	51	-	51	-	-	51
Interest income	6,937	-	6,937	3,000	6,000	937
Total revenues	<u>989,205</u>	<u>-</u>	<u>989,205</u>	<u>985,500</u>	<u>1,031,500</u>	<u>(42,295)</u>
Expenditures						
Salaries	1,259,547	-	1,259,547	1,250,257	1,294,897	35,350
Payroll taxes	93,369	-	93,369	96,890	99,500	6,131
Benefits	424,911	-	424,911	452,943	442,593	17,682
Utilities	752	-	752	1,250	1,250	498
Contract and professional	78,975	-	78,975	63,000	78,975	-
Repairs and maintenance	301,697	-	301,697	227,042	306,088	4,391
Travel and training	-	-	-	500	-	-
Supplies	17,145	-	17,145	34,370	19,687	2,542
Uniforms	1,205	-	1,205	6,000	2,000	795
Gas and oil	146,374	-	146,374	181,696	153,493	7,119
Landfill services	710,412	-	710,412	717,864	717,864	7,452
Operating insurance	85,338	-	85,338	84,634	87,634	2,296
Technology	-	-	-	2,000	-	-
Other	716	-	716	28,216	8,241	7,525
Small items of equipment	56,981	-	56,981	68,085	57,675	694
Total expenditures	<u>3,177,422</u>	<u>-</u>	<u>3,177,422</u>	<u>3,214,747</u>	<u>3,269,897</u>	<u>92,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,188,217)</u>	<u>-</u>	<u>(2,188,217)</u>	<u>(2,229,247)</u>	<u>(2,238,397)</u>	<u>50,180</u>
Other financing sources (uses)						
Transfer from other fund	2,310,873	-	2,310,873	2,110,873	2,310,873	-
Transfer to other fund	(215,000)	-	(215,000)	-	(215,000)	-
Insurance recoveries	1,000	-	1,000	-	-	(1,000)
Total Other financing sources (uses)	<u>2,096,873</u>	<u>-</u>	<u>2,096,873</u>	<u>2,110,873</u>	<u>2,095,873</u>	<u>(1,000)</u>
Net Change In Fund Balance	<u>(91,344)</u>	<u>-</u>	<u>(91,344)</u>	<u>(118,374)</u>	<u>(142,524)</u>	<u>51,180</u>
Fund Balance at Beginning of Year, as restated	<u>463,497</u>	<u>-</u>	<u>463,497</u>	<u>463,497</u>	<u>463,497</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 372,153</u>	<u>\$ -</u>	<u>\$ 372,153</u>	<u>\$ 345,123</u>	<u>\$ 320,973</u>	<u>\$ 51,180</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
DRUG ENFORCEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Drug fines	\$ 10,049	\$ -	\$ 10,049	\$ 11,200	\$ 19,000	\$ (8,951)
Confiscated funds	19,960	-	19,960	10,000	17,000	2,960
FBI reimbursements	7,719	-	7,719	-	6,000	1,719
Interest earnings	3,956	-	3,956	200	3,000	956
Total revenues	41,684	-	41,684	21,400	45,000	(3,316)
Expenditures						
Current						
Salaries	1,205	-	1,205	4,900	4,900	3,695
Payroll taxes	100	-	100	375	375	275
Judgements -refunds of prior awards	33,233	-	33,233	-	33,500	267
Supplies	-	-	-	3,000	1,000	1,000
Other	2,090	-	2,090	9,000	5,000	2,910
Small equipment	9,786	-	9,787	8,000	12,000	2,213
Capital outlay	73,245	-	73,245	42,000	66,000	(7,245)
Total expenditures	119,659	-	119,660	67,275	122,775	3,115
Excess (deficiency) of revenues over (under) expenditures	(77,975)	-	(77,976)	(45,875)	(77,775)	(201)
Other financing sources (uses)						
Transfer from other fund	-	-	-	-	-	-
Transfer to other fund	-	-	-	-	-	-
Total Other financing sources (uses)	-	-	-	-	-	-
Net Change In Fund Balance	(77,975.00)	-	(77,976)	(45,875)	(77,775)	(201)
Fund Balance at Beginning of Year, as restated	136,461	-	136,461	136,461	136,461	-
Fund Balance at End of Year	\$ 58,486	\$ -	\$ 58,485	\$ 90,586	\$ 58,686	\$ (201)

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
UDAG FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Note repayments	\$ 171,608	\$ -	\$ 171,608	\$ 200,000	\$ 200,000	\$ (28,392)
Interest income	36,169	-	36,169	4,000	4,000	32,169
Other income	-	-	-	150	150	(150)
Total revenues	<u>207,777</u>	<u>-</u>	<u>207,777</u>	<u>204,150</u>	<u>204,150</u>	<u>3,627</u>
Expenditures						
Program costs	114	-	114	2,000	2,000	1,886
Industrial loans	200,050	-	200,050	615,000	615,000	414,950
Total expenditures	<u>200,164</u>	<u>-</u>	<u>200,164</u>	<u>617,000</u>	<u>617,000</u>	<u>416,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,613</u>	<u>-</u>	<u>7,613</u>	<u>(412,850)</u>	<u>(412,850)</u>	<u>(413,209)</u>
Other financing sources (uses)						
Transfer from other fund	-	-	-	-	-	-
Transfer to other fund	-	-	-	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	<u>7,613</u>	<u>-</u>	<u>7,613</u>	<u>(412,850)</u>	<u>(412,850)</u>	<u>(420,463)</u>
Fund Balance at Beginning of Year	<u>767,983</u>	<u>-</u>	<u>767,983</u>	<u>767,983</u>	<u>767,983</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 775,596</u>	<u>\$ -</u>	<u>\$ 775,596</u>	<u>\$ 355,133</u>	<u>\$ 355,133</u>	<u>\$ 420,463</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
USDA REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Note repayments	\$ 14,165	\$ -	\$ 14,165	\$ 15,000	\$ 15,000	\$ (835)
Interest income	6,429	-	6,429	600	600	5,829
Other income	41	-	41	50	50	(9)
Total revenues	<u>20,635</u>	<u>-</u>	<u>20,635</u>	<u>15,650</u>	<u>15,650</u>	<u>4,985</u>
Expenditures						
Program costs	64	-	64	700	700	636
Industrial loans	15,000	-	15,000	60,000	60,000	45,000
Total expenditures	<u>15,064</u>	<u>-</u>	<u>15,064</u>	<u>60,700</u>	<u>60,700</u>	<u>45,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,571</u>	<u>-</u>	<u>5,571</u>	<u>(45,050)</u>	<u>(45,050)</u>	<u>50,621</u>
Other financing sources (uses)						
Transfer from other fund	-	-	-	-	-	-
Transfer to other fund	-	-	-	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	<u>5,571</u>	<u>-</u>	<u>5,571</u>	<u>(45,050)</u>	<u>(45,050)</u>	<u>50,621</u>
Fund Balance at Beginning of Year	<u>174,834</u>	<u>-</u>	<u>174,834</u>	<u>174,834</u>	<u>174,834</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 180,405</u>	<u>\$ -</u>	<u>\$ 180,405</u>	<u>\$ 129,784</u>	<u>\$ 129,784</u>	<u>\$ 50,621</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 BUDGETARY BASIS (NON-GAAP)
 EQUIPMENT REPLACEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Interest income	\$ 35,137	\$ -	\$ 35,137	\$ 5,000	\$ 5,000	\$ 30,137
Other income	-	-	-	-	-	-
Total revenues	<u>35,137</u>	<u>-</u>	<u>35,137</u>	<u>5,000</u>	<u>5,000</u>	<u>30,137</u>
Expenditures						
Current						
Small items of equipment	46,404	-	46,404	-	-	(46,404)
Capital outlay	<u>400,058</u>	<u>-</u>	<u>400,058</u>	<u>330,227</u>	<u>1,047,214</u>	<u>647,156</u>
Total expenditures	<u>446,462</u>	<u>-</u>	<u>446,462</u>	<u>330,227</u>	<u>1,047,214</u>	<u>600,752</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(411,325)</u>	<u>-</u>	<u>(411,325)</u>	<u>(325,227)</u>	<u>(1,042,214)</u>	<u>(570,615)</u>
Other financing sources (uses)						
Transfer from other fund	1,077,000	-	1,077,000	-	712,000	365,000
Transfer to other fund	-	-	-	-	-	-
Insurance recoveries	69,273	-	69,273	-	60,000	9,273
Sale of capital assets	<u>31,143</u>	<u>-</u>	<u>31,143</u>	<u>10,000</u>	<u>20,000</u>	<u>11,143</u>
Total Other financing sources (uses)	<u>1,177,416</u>	<u>-</u>	<u>1,177,416</u>	<u>10,000</u>	<u>792,000</u>	<u>385,416</u>
Net Change In Fund Balance	766,091	-	766,091	(315,227)	(250,214)	1,016,305
Fund Balance at Beginning of Year	<u>1,324,630</u>	<u>-</u>	<u>1,324,630</u>	<u>1,324,630</u>	<u>1,324,630</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,090,721</u>	<u>\$ -</u>	<u>\$ 2,090,721</u>	<u>\$ 1,009,403</u>	<u>\$ 1,074,416</u>	<u>\$ 1,016,305</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
GENERAL DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

Revenues	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts Original Budget	Final Budget	Variance from Final Budget Positive (Negative)
Interest income	\$ 16,540	\$ -	\$ 16,540	\$ 1,000	\$ 15,000	\$ 1,540
Total revenues	<u>16,540</u>	<u>-</u>	<u>16,540</u>	<u>1,000</u>	<u>15,000</u>	<u>1,540</u>
Expenditures						
Principal retirement	3,104,000	-	3,104,000	3,104,000	3,104,000	-
Interest	1,366,812	-	1,366,812	1,330,099	1,395,690	28,878
Fiscal charges	1,602	-	1,602	3,000	3,000	1,398
Total expenditures	<u>4,472,414</u>	<u>-</u>	<u>4,472,414</u>	<u>4,437,099</u>	<u>4,502,690</u>	<u>30,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,455,874)</u>	<u>-</u>	<u>(4,455,874)</u>	<u>(4,436,099)</u>	<u>(4,487,690)</u>	<u>(28,736)</u>
Other financing sources (uses)						
Transfer from other fund	4,423,700	-	4,423,700	4,432,063	4,423,700	-
Transfer to other fund	-	-	-	-	-	-
Total Other financing sources (uses)	<u>4,423,700</u>	<u>-</u>	<u>4,423,700</u>	<u>4,432,063</u>	<u>4,423,700</u>	<u>-</u>
Net Change In Fund Balance	(32,174)	-	(32,174)	(4,036)	(63,990)	31,816
Fund Balance at Beginning of Year	<u>587,008</u>	<u>-</u>	<u>587,008</u>	<u>587,008</u>	<u>587,008</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 554,834</u>	<u>\$ -</u>	<u>\$ 554,834</u>	<u>\$ 582,972</u>	<u>\$ 523,018</u>	<u>\$ 31,816</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
EDUCATION DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts Original Budget	Final Budget	Variance from Final Budget Positive (Negative)
Revenues						
Interest income	\$ 90,727	\$ -	\$ 90,727	\$ -	\$ 85,169	\$ 5,558
Total revenues	<u>90,727</u>	<u>-</u>	<u>90,727</u>	<u>-</u>	<u>85,169</u>	<u>5,558</u>
Expenditures						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,727</u>	<u>-</u>	<u>90,727</u>	<u>-</u>	<u>85,169</u>	<u>5,558</u>
Other financing sources (uses)						
Transfer from other fund	2,964,864	-	2,964,864	-	2,709,502	255,362
Transfer to other fund	(3,160,088)	-	(3,160,088)	-	(3,160,088)	-
Total Other financing sources (uses)	<u>(195,224)</u>	<u>-</u>	<u>(195,224)</u>	<u>-</u>	<u>(450,586)</u>	<u>255,362</u>
Net Change In Fund Balance	(104,497)	-	(104,497)	-	(365,417)	260,920
Fund Balance at Beginning of Year	2,646,948	-	2,646,948	2,646,948	2,646,948	-
Fund Balance at End of Year	<u>\$ 2,542,451</u>	<u>\$ -</u>	<u>\$ 2,542,451</u>	<u>\$ 2,646,948</u>	<u>\$ 2,281,531</u>	<u>\$ 260,920</u>

See Independent Auditor's Report.

**CITY OF TULLAHOMA, TENNESSEE
DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

SPECIAL REVENUE FUNDS

School Food Service Fund

The School Food Service Fund accounts for funds generated through the food service operations of the City Schools, and also includes funds received through federal and state grants for the free and reduced meal programs.

Extended School Program Fund

The Extended School Program Fund accounts for the program revenues and expenditures related to the City Schools' extended school program which provides childcare services before and after school.

Solid Waste Management Fund

The Solid Waste Fund accounts for receipts from garbage collection fees and expenditures related to the City's solid waste activities.

Drug Enforcement Fund

The Drug Enforcement Fund is used to account for funds confiscated by the City in drug law enforcement actions.

Equipment Replacement Fund

This fund is used to account for the replacement of vehicles purchased by municipal departments.

UDAG Fund

The UDAG Fund is used to account for repayment and disbursement of UDAG funds for businesses.

USDA Revolving Loan Fund

The USDA Revolving Loan Fund is used to account for loans originally made from funds received from Rural Development.

DEBT SERVICE FUNDS

General Debt Service Fund

This fund is used to account for the accumulation of resources and the payment of principal and interest for the debt.

Education Debt Service Fund

This fund is used to account for proceeds from the issuance of debt and the funds received to make debt service payments for Education. Established by private act to provide funds to make debt service payments for education facilities. This is funded primarily by internal transfers of sales tax funds from the General Fund.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Refunding During Period	Outstanding 6/30/2024
Governmental Activities									
General Obligation Bonds									
General Obligation Refunding Bonds, Series 2016	\$ 4,585,000	2.37%	April 1, 2016	April 1, 2026	\$ 1,060,000	\$ -	\$ 340,000	\$ -	\$ 720,000
General Obligation Refunding Bonds, Series 2020	8,750,000	2%-5%	August 6, 2020	April 1, 2033	5,640,000	-	1,055,000	-	4,585,000
General Obligation School Bonds, Series 2020	13,750,000	2%-5%	December 16, 2021	April 1, 2041	13,700,000	-	530,000	-	13,170,000
TMBF School Note, Series 2008	12,084,000	4.50%	August 6, 2008	May 25, 2033	7,111,000	-	514,000	-	6,597,000
TMBF City Note, Series 2008	1,125,000	4.50%	December 29, 2008	May 25, 2033	-	1,737,000	-	-	1,737,000
TMBF City Note, Series 2023	<u>7,500,000</u>	4.50%	September 1, 2023	September 1, 2045	<u>613,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>563,000</u>
Total General Obligation Bonds	<u>47,794,000</u>				<u>28,124,000</u>	<u>1,737,000</u>	<u>2,489,000</u>	<u>-</u>	<u>27,372,000</u>
<u>Notes from Direct Borrowings and Direct Placements</u>									
Capital Outlay Notes, Series 2013	890,115	2.93%	September 16, 2013	October 1, 2025	253,000	-	82,000	-	171,000
Local Government Loan Program, Series 2013	2,400,000	3.00%	December 20, 2013	May 25, 2038	1,594,000	-	96,000	-	1,498,000
Local Government Loan Program, Series 2015	2,988,500	3.00%	March 31, 2015	May 21, 2040	2,244,000	-	120,000	-	2,124,000
Local Government Loan Program, Series 2017	<u>2,070,665</u>	2.45%	October 27, 2017	September 1, 2039	<u>6,593,000</u>	<u>-</u>	<u>317,000</u>	<u>-</u>	<u>6,276,000</u>
Total Notes from Direct Borrowings and Direct Placements	<u>8,349,280</u>				<u>10,684,000</u>	<u>-</u>	<u>615,000</u>	<u>-</u>	<u>10,069,000</u>
Total Bonds and Notes from Direct Borrowings and Direct Placements	<u>\$ 56,143,280</u>				<u>\$ 38,808,000</u>	<u>\$ 1,737,000</u>	<u>\$ 3,104,000</u>	<u>\$ -</u>	<u>\$ 37,441,000</u>
Component Units:									
Tullahoma Municipal Airport Authority									
<u>Notes from Direct Borrowings and Direct Placements</u>									
UDAG Notes Payable (11-14-18)	\$ 193,000	1.00%	November 14, 2018	November 14, 2030	\$ 121,919	\$ -	\$ 13,240	\$ -	\$ 108,679
Capital Outlay Note (10-23-17)	200,000	3.90%	October 23, 2017	October 1, 2029	127,600	-	16,200	-	111,400
Total Notes Payable - Municipal Airport Authority					<u>\$ 249,519</u>	<u>\$ -</u>	<u>\$ 29,440</u>	<u>\$ -</u>	<u>\$ 220,079</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2024

Fiscal Year	General Obligation Refunding Bonds - Series 2016		General Obligation Refunding Bonds - Series 2020		General Obligation School Bonds - Series 2021		Tennessee Municipal Bond Fund - City Series 2008		Tennessee Municipal Bond Fund - School Series 2008		Total General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 350,000	\$ 17,064	\$ 1,100,000	\$ 191,550	\$ 555,000	\$ 407,600	\$ 52,000	\$ 25,335	\$ 537,000	\$ 296,865	\$ 2,594,000	\$ 938,414
2026	370,000	8,769	1,100,000	136,550	585,000	379,850	54,000	22,995	561,000	272,700	2,670,000	820,864
2027	-	-	285,000	81,550	615,000	350,600	57,000	20,565	586,000	247,455	1,543,000	700,170
2028	-	-	310,000	67,300	645,000	319,850	60,000	18,000	613,000	221,085	1,628,000	626,235
2029	-	-	310,000	51,800	675,000	287,600	62,000	15,300	640,000	193,500	1,687,000	548,200
2030	-	-	335,000	36,300	710,000	253,850	65,000	12,510	669,000	164,700	1,779,000	467,360
2031	-	-	360,000	22,900	745,000	108,000	68,000	9,585	699,000	134,595	1,872,000	275,080
2032	-	-	375,000	15,700	775,000	108,000	71,000	6,525	731,000	103,140	1,952,000	233,365
2033	-	-	410,000	8,200	800,000	108,000	74,000	3,350	763,000	70,245	2,047,000	189,795
2034	-	-	-	-	825,000	108,000	-	-	798,000	35,910	1,623,000	143,910
2035	-	-	-	-	840,000	108,000	-	-	-	-	840,000	108,000
2036	-	-	-	-	855,000	108,000	-	-	-	-	855,000	108,000
2037	-	-	-	-	875,000	90,900	-	-	-	-	875,000	90,900
2038	-	-	-	-	890,000	73,400	-	-	-	-	890,000	73,400
2039	-	-	-	-	910,000	55,600	-	-	-	-	910,000	55,600
2040	-	-	-	-	925,000	37,400	-	-	-	-	925,000	37,400
2041	-	-	-	-	945,000	18,900	-	-	-	-	945,000	18,900
2042	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 720,000</u>	<u>\$ 25,833</u>	<u>\$ 4,585,000</u>	<u>\$ 611,850</u>	<u>\$ 13,170,000</u>	<u>\$ 2,923,550</u>	<u>\$ 563,000</u>	<u>\$ 134,165</u>	<u>\$ 6,597,000</u>	<u>\$ 1,740,195</u>	<u>\$ 25,635,000</u>	<u>\$ 5,435,593</u>

Fiscal Year	Local Government Loan Program - Series 2017		Local Government Loan Program - Series 2013 (9/16/13)		Local Government Loan Program - Series 2013 (12/20/13)		Local Government Loan Program - Series 2015		Total Capital Outlay Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 325,000	\$ 149,781	\$ 84,000	\$ 3,780	\$ 97,000	\$ 44,940	\$ 122,000	\$ 63,720	\$ 628,000	\$ 262,221
2026	333,000	141,720	87,000	1,275	99,000	42,030	123,000	60,060	642,000	245,085
2027	341,000	133,464	-	-	100,000	39,060	125,000	56,370	566,000	228,894
2028	350,000	124,999	-	-	102,000	36,060	126,000	52,620	578,000	213,679
2029	358,000	116,326	-	-	103,000	33,000	127,000	48,840	588,000	198,166
2030	367,000	107,445	-	-	105,000	29,910	129,000	45,030	601,000	182,385
2031	376,000	98,343	-	-	106,000	26,760	130,000	41,160	612,000	166,263
2032	385,000	89,021	-	-	108,000	23,580	132,000	37,260	625,000	149,861
2033	395,000	79,466	-	-	109,000	20,340	133,000	33,300	637,000	133,106
2034	404,000	69,678	-	-	111,000	17,070	135,000	29,310	650,000	116,058
2035	414,000	59,657	-	-	112,000	13,740	136,000	25,260	662,000	98,657
2036	424,000	49,392	-	-	114,000	10,380	138,000	21,150	676,000	80,922
2037	435,000	38,869	-	-	115,000	6,960	140,000	17,040	690,000	62,869
2038	445,000	28,089	-	-	117,000	3,510	141,000	12,840	703,000	44,439
2039	456,000	17,052	-	-	-	-	143,000	8,610	599,000	25,662
2040	468,000	5,733	-	-	-	-	144,000	4,320	612,000	10,053
	<u>\$ 6,276,000</u>	<u>\$ 1,309,035</u>	<u>\$ 171,000</u>	<u>\$ 5,055</u>	<u>\$ 1,498,000</u>	<u>\$ 347,340</u>	<u>\$ 2,124,000</u>	<u>\$ 556,890</u>	<u>\$ 10,069,000</u>	<u>\$ 2,218,320</u>

Note: The City is drawing on a TMBF debt issue. The amount drawn at June 30, 2024 is \$1,737,000.

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
TULLAHOMA MUNICIPAL AIRPORT AUTHORITY
JUNE 30, 2024

Fiscal Year	Note Payable - UDAG (11-14-18)		Capital Outlay Note Improvements Series 2017		Total Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 16,085	\$ 1,243	\$ 16,800	\$ 4,017	\$ 32,885	\$ 5,260
2026	16,287	1,041	17,500	3,348	33,787	4,389
2027	16,492	836	18,200	2,652	34,692	3,488
2028	16,699	629	18,900	1,929	35,599	2,558
2029	16,909	419	19,600	1,178	36,509	1,597
2030	17,122	206	20,400	398	37,522	604
2031	6,439	23	-	-	6,439	23
	<u>\$ 106,033</u>	<u>\$ 4,397</u>	<u>\$ 111,400</u>	<u>\$ 13,522</u>	<u>\$ 217,433</u>	<u>\$ 17,919</u>

See Independent Auditor's Report.

CITY OF TULLAHOMA, TENNESSEE
 SCHEDULE OF CHANGES IN LEASES/SBITA OBLIGATIONS
 JUNE 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Refunding During Period	Outstanding 6/30/2024
Governmental Activities									
Leases/SBITA payable									
Payable through General Purpose School Fund									
Leased Vehicle	\$ 12,431	1.88%	July 27, 2022	July 27, 2026	\$ 8,725	\$ -	\$ 4,123	\$ -	\$ 4,602
SBITA - Skyward software license subscription	<u>80,474</u>	1.88%	July 1, 2022	June 30, 2024	<u>39,000</u>	<u>-</u>	<u>39,000</u>	<u>-</u>	<u>-</u>
Total leases/SBITA payable through General Purpose School Fund	<u>\$ 92,905</u>				<u>\$ 47,725</u>	<u>\$ -</u>	<u>\$ 43,123</u>	<u>\$ -</u>	<u>\$ 4,602</u>

See Independent Auditor's Report.

**CITY OF TULLAHOMA, TENNESSEE
 SCHEDULE OF LEASE PRINCIPAL AND INTEREST REQUIREMENTS
 JUNE 30, 2024**

Payable through General Purpose School Fund

Fiscal Year	Lease Vehicle (7/27/22)	
	Principal	Interest
2025	\$ 4,243	\$ 1,243
2026	359	1
	\$ 4,602	\$ 1,244

See Independent Auditor's Report.

CITY OF TULLAHOMA TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Agency/ S Program Name	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Amount Passed- through to Subrecipients	Expenditures
Federal Awards				
Child Nutrition Cluster				
US Department of Agriculture/TN Dept. of Agriculture				
National School Breakfast Program	10.553	unavailable		\$ 527,792
National School Lunch Program	10.555	unavailable		1,306,033
National School Snacks Program	10.555	unavailable		37,974
NSLP Supply Chain Assistanc Grant	10.555	unavailable		90,531
Food Storage Rebate	10.555	unavailable		4,987
Total Child Nutrition Cluster				<u>1,967,317</u>
Food Distribution Cluster				
Commodity Supplemental Food Program (noncash assistance)	10.565	unavailable		205,486
Total Food Distribution Cluster				<u>205,486</u>
Total US Department of Agriculture				<u>2,172,803</u>
Highway Safety Cluster				
Department of Transportation/TN Dept. of Transportation				
State and Community Highway Safety	20.600	Z23TJS331		8,193
Total Department of Transportation				<u>8,193</u>
Total Highway Safety Cluster				<u>8,193</u>
US Department of Education/TN Dept. of Education				
Special Education Cluster (IDEA)				
Department of Education/TN Dept. of Education				
Special Education Grants to States - AALN Preschool	84.027A	unavailable		10,000
Special Education Grants to States - IDEA Part B	84.027A	unavailable		955,926
Special Education Grants to States - IDEA Part B, High Cost	84.027A	unavailable		69,761
Special Education Grants to States - IDEA	84.027A	unavailable		14,983
Special Education Grants to States - IDEA, Partnership for Systemic Change	84.027A	unavailable		100,000
Special Education Grants to States - ARP IDEA Part B Funds	84.027A	unavailable		25,647
Total Special Education Grants to States				<u>1,176,317</u>
Special Education Preschool Grants - ARP IDEA Preschool	84.173X	unavailable		4,075
Special Education Preschool Grants - IDEA Preschool	84.173A	unavailable		44,123
Total Special Education Preschool Grants				<u>48,198</u>
Total Department of Education				<u>1,224,515</u>
Total Special Education Cluster IDEA				<u>1,224,515</u>
CCDF Cluster				
Department of Health and Human Services/TN Dept of Human Services				
Child Care and Development Block Grant - ARPA Child Care Development	93.575	unavailable		49,060
Total Department of Health and Human Service				<u>49,060</u>
Total CCDF Cluster				<u>49,060</u>
Other Programs (Treated individually for major program determination)				
US Department of Agriculture/TN Dept. of Agriculture				
Child Nutrition Discretionary Grants Limited Availability - Equipment Assistance Grant	10.579	unavailable		12,250
Pandemic EBT Administrative Costs - PEBT	10.649	unavailable		3,256
Total US Department of Agriculture/TN Dept. of Agriculture				<u>15,506</u>
Department of Housing and Urban Development/TN Dept. of Economic and Community Dev.				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - CDBG - Child Care Creation Program	14.228	unavailable	238,841	238,841
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii- TN Placemakers Entrepreneurship Program	14.228	unavailable		5,000
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - CDBG - Community Livability Project - Waggoner St.	14.228	unavailable		26,884
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				<u>270,725</u>
Department of Housing and Urban Development/TN Housing Development Agency				
Home Investment Partnerships Program - HOME 2022	14.239	unavailable		349,993
Total Department of Housing and Urban Development/TN Housing Development Agency				<u>349,993</u>
Total Department of Housing and Urban Development				<u>349,993</u>

CITY OF TULLAHOMA TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (continued)
 FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Agency/State Grantor Program or Cluster Title Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed-through to Subrecipients	Expenditures
Federal Awards				
United States Department of Justice/TN Dept of Justice Bulletproof Vest Partnership Program	16.607	unavailable		5,003
Total United States Department of Justice				5,003
Department of Transportation/ TN Dept of Transportation Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs - Electrical Vault & Rotating Beacon Replacement	20.106	3-47-SBGP-64, 70		55,070
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs - Obstruction Mitigation Phase 1	20.106	3-47-SBGP-64, 70		9,178
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs - ALP Update	20.106	3-47-SBGP-57,59		14,102
Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs				78,350
Highway Planning and Construction - STP Cedar Lane Sidewalk Project	20.205	STP-M-9209(19)		5,392
Highway Planning and Construction - Ledford Mills	20.205	STP-M-9209(18)		89,730
Total Highway Planning and Construction				95,122
Alcohol Open Container Requirements - THSO Enforcement of TN Driving Under the Influence	20.607	Z24THS344		23,549
Total Alcohol Open Container Requirements				
Total Department of Transportation				197,021
Department of the Treasury/TN Finance & Administration Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination) MAJOR PROGRAM	21.027	ARPA NEU--TN302		2,111,135
Total Department of the Treasury				2,111,135
Appalachian Regional Commissioner/TN Dept. of Economic and Community Development Community Facilities Project- Façade	23.002	unavailable		7,347
Total Appalachian Regional Commissioner/TN Dept. of Economic and Community Development				7,347
Department of Education Title I Grants to Local Educational Agencies - Title I, Part A MAJOR PROGRAM Career and Technical Education -- Basic Grants to States - CTE Perkins Basic Rehabilitation Services Vocational Rehabilitation Grants to States - School to Work Program Twenty-First Century Community Learning Centers English Language Acquisition State Grants - Title III Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) - Title II, Part A Student Support and Academic Enrichment Program- Title IV Education Stabilization Fund - Esser 3.0	84.010A 84.048A 84.126 84.287C 84.365A 84.367A 84.424A 84.425A	unavailable unavailable unavailable unavailable unavailable unavailable unavailable unavailable		1,056,186 68,290 194,582 119,512 7,541 138,390 29,150 2,228,002
Total Department of Education				3,841,653
Total Other Programs (Treated individually for major program determination)				6,798,383
TOTAL FEDERAL AWARDS			\$ 238,841	\$ 10,252,954
STATE FINANCIAL ASSISTANCE				
TN Department of Transportation Land Acquisition West End of Turf Runway Electrical Vault and Rotating Beacon Replacement Turf Rnway Regrading and Threshold Relocation FY24 Airport Maintenance	N/A N/A N/A N/A	AERO-23-172-00 AERO-23-318-00 AERO-24-198-00 AERM-24-165-00		\$ 12,494 3,059 13,233 19,224
Total TN Department of Transportation				48,010
State of TN, Office of Criminal Justice Programs VCIF, Formula Based Grant	N/A	N/A		155,733
State of TN Commerce and Insurance 2023 Police Salary Supplement 2023 Fire Fighting Salary Supplement	N/A N/A	N/A N/A		23,200 28,000
Total State of TN Commerce and Insurance				51,200
State of TN, Department of Agriculture Tennessee Agriculture Enhancement Program - Farmers Market TAEP Community Tree Planting Project Central Cafeteria Funds	N/A N/A	N/A 32510-03524		1,169 5,000 20,598
Total State of TN, Department of Agriculture				26,767
Dept of Safety and Homeland Security Statewide School Resource Officer Program	N/A	N/A		502,176
TN Department of Education Basic Education Program Career Ladder Supplement Summer Learning Camp Drivers Education Innovative School Models Early Childhood Education State Sped Preschool Grant Public School Security Paid Parental Leave for LEAs TISA	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A		23,630,371 44,887 278,953 11,195 665,130 376,591 996 27,367 47,023 51,169
Total TN Department of Education				25,133,682
TOTAL STATE AWARDS			\$	25,917,568
The accompanying notes are an integral part of this schedule.				

**CITY OF TULLAHOMA, TENNESSEE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - BASIS OF PRESENTATION

A. Non-cash Federal Programs – Uniform Guidance

The City is the recipient of federal awards that do not result in cash receipts or disbursements, including the distribution of U.S. Department of Agriculture (USDA) Food Commodities (CFDA No. 10.555), which are valued based on a USDA price list obtained from the Tennessee Department of Health. Distributions under such programs are included in the accompanying Schedule of Expenditures of Federal and State Awards in the non-cash assistance section.

NOTE 2 - BASIS OF ACCOUNTING

The expenditures presented in the accompanying Schedule of Expenditures of Federal and State Awards were developed from agency records and federal and state financial reports which have been reconciled to the accounting records of the City Schools. Governmental funds are reported using a modified accrual basis of accounting. The City Schools' records serve as the primary source of information in preparation of the City Schools' basic financial statements.

NOTE 3 - MATCHING COST

The State of Tennessee's portion of joint programs with the City is included in the accompanying Schedule of Expenditures of State Awards except in those cases where the state's portion is combined with the federal portion and cannot be separately identified. In such cases, the state's portion is included in the accompanying Schedule of Expenditures of Federal Awards. The City's portion of such joint awards is not included.

NOTE 4 - INDIRECT COSTS

Along with all other central service costs allowable under the Uniform Guidance is the amount which may be "allocated" among all programs of the City in a consistent manner, the cost for the audit of the City's financial statements and single audits are included in the City's Cost Allocation Plan.

Many of the City's federal and state funded programs allow indirect costs to be charged and include them as a line item in the grant budget. However, if the grant budget does not specifically provide for indirect costs to be charged, none of the indirect costs are reported as costs to the grantor nor are the costs included or presented in the Schedule of Expenditures of Federal and State Awards.

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

CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
JUNE 30, 2024

Tax Year	Property Tax Receivable Balance June 30, 2023	Taxes Levied	Releases and Adjustments	Collections	Allowance For Uncollectibles	Outstanding Taxes Ending
2024	\$ -	\$ 11,422,660	\$ -	\$ -	\$ -	\$ 11,422,660
2023	11,208,027	404,383	(14,566)	11,221,016		376,828
2022	345,214	-	(7,100)	260,821		77,293
2021	72,009	-	(26,458)	12,309		33,242
2020	35,150	-	(1,669)	5,393		28,088
2019	27,166	-	(4,804)	-		22,362
2018	20,901	-	(945)	-		19,956
2017	18,259	-	-	736		17,523
2016	18,601	-	-	497		18,104
2015	15,470	-	-	-		15,470
2014	21,304	-	-	-		21,304
2013	16,613	-	-	-		16,613
2012	6,465	-	(6,465)	-		-
	<u>\$ 11,805,179</u>	<u>\$ 11,827,043</u>	<u>\$ (62,007)</u>	<u>\$ 11,500,772</u>	<u>\$ -</u>	<u>\$ 12,069,443</u>

See Independent Auditor's Report.

**CITY OF TULLAHOMA, TENNESSEE
STATISTICAL SECTION
(UNAUDITED)**

This part of the City of Tullahoma's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. This section has not been audited by the independent auditors.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's Financial performance and well being have changed over time. 132 - 135

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 136 - 139

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 140

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place and to help make comparisons over time and with other governments. 141 - 143

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. 144 - 145

Other Information 146

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

CITY OF TULLAHOMA, TENNESSEE
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2015</u>	<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>
Governmental activities:										
Net investment in capital assets	\$ 5,986,578	\$ 7,778,998	\$ 9,810,692	\$12,439,052	\$13,634,870	\$16,209,639	\$18,665,379	\$21,542,934	\$31,695,612	\$ 25,844,326
Restricted	7,435,009	12,199,196	15,148,325	13,666,167	15,520,583	16,593,089	20,393,090	26,651,601	24,115,116	42,577,697
Unrestricted	5,291,852	5,947,329	5,338,274	5,974,261	4,463,317	5,173,852	6,093,518	6,047,593	9,504,765	4,169,711
Total governmental activities net position	<u>\$ 18,713,439</u>	<u>\$25,925,523</u>	<u>\$ 30,297,291</u>	<u>\$32,079,480</u>	<u>\$33,618,770</u>	<u>\$37,976,580</u>	<u>\$45,151,987</u>	<u>\$54,242,128</u>	<u>\$65,315,493</u>	<u>\$ 72,591,734</u>
Business-type activities:										
Net investment in capital assets	\$ 27,146,940	\$27,944,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,659,795	9,229,348	-	-	-	-	-	-	-	-
Unrestricted	12,220,689	11,409,389	-	-	-	-	-	-	-	-
Total business-type activities net position	<u>\$ 47,027,424</u>	<u>\$48,582,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government:										
Net investment in capital assets	\$ 33,133,518	\$35,723,061	\$ 9,810,692	\$12,439,052	\$13,634,870	\$16,209,639	\$18,665,379	\$21,542,934	\$31,695,612	\$ 25,844,326
Restricted	15,094,804	21,428,544	15,148,325	13,666,167	15,520,583	16,593,089	20,393,090	26,651,601	24,115,116	42,577,697
Unrestricted	17,512,541	17,356,718	5,338,274	5,974,261	4,463,317	5,173,852	6,093,518	6,047,593	9,504,765	4,169,711
Total governmental activities net position	<u>\$ 65,740,863</u>	<u>\$74,508,323</u>	<u>\$ 30,297,291</u>	<u>\$32,079,480</u>	<u>\$33,618,770</u>	<u>\$37,976,580</u>	<u>\$45,151,987</u>	<u>\$54,242,128</u>	<u>\$65,315,493</u>	<u>\$ 72,591,734</u>

Note:

*In 2017 the City transferred ownership of Tullahoma Utility Board (Business-type activities) to the Tullahoma Utilities Authority as a separate legal entity (Component Unit) with general obligation debt covenants still qualifying them as a component agency. These debts were refinanced to revenue only during the fiscal year 2017.

**CITY OF TULLAHOMA, TENNESSEE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 2,326,542	\$ 4,583,446	\$ 4,648,635	\$ 4,645,263	\$ 5,517,968	\$ 5,248,460	\$ 5,869,208	\$ 6,308,622	\$ 6,255,988	\$ 5,472,147
Public safety	5,262,024	5,422,107	5,780,881	5,936,716	6,052,308	5,970,844	6,321,124	6,749,325	6,937,862	10,075,275
Public works	4,891,574	4,648,946	4,805,951	4,609,395	5,062,469	5,026,792	5,436,752	5,949,418	6,241,811	7,300,994
Health, welfare, and recreation	-	-	-	-	-	-	-	-	-	3,304,165
Community services	511,199	570,031	739,254	585,158	803,039	710,425	666,230	746,236	756,369	251,778
Waste management	1,926,323	2,027,969	2,350,140	2,342,409	2,396,156	2,483,306	2,445,177	2,714,183	2,958,110	3,234,403
Education	33,329,968	32,127,426	35,281,626	36,440,452	36,638,456	37,980,340	40,985,962	39,992,022	47,531,037	47,234,527
Economic development	-	-	-	-	-	-	-	-	-	67,657
Program costs	-	-	-	-	-	-	-	-	-	719,302
Interest and other debt related costs	960,616	938,576	928,612	981,057	959,844	854,458	968,115	876,975	1,141,882	1,246,232
Total governmental activities expenses	49,228,446	50,316,501	54,535,099	55,540,450	57,430,240	58,274,625	62,692,568	63,336,781	71,823,059	78,906,480
Business-type activities:										
Tullahoma Utilities Board	42,336,086	41,144,537	-	-	-	-	-	-	-	-
Total primary government expenses	\$ 91,564,532	\$ 91,463,038	\$ 54,535,099	\$ 55,540,450	\$ 57,430,240	\$ 58,274,625	\$ 62,692,568	\$ 63,336,781	\$ 71,823,059	\$ 78,906,480
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 510,331	\$ 2,996,502	\$ 3,043,166	\$ 3,122,966	\$ 3,004,335	\$ 2,992,075	\$ 3,271,409	\$ 3,262,357	\$ 3,088,945	\$ 2,881,565
Public safety	21,158	26,176	17,014	12,870	9,669	35,719	46,510	50,818	105,605	157,470
Health, welfare, and recreation	-	-	-	-	-	-	-	-	-	523,964
Waste management	701,567	904,916	1,072,840	992,112	919,303	828,130	876,046	1,056,155	879,747	982,217
Education	1,202,796	1,144,680	1,103,479	1,030,739	1,061,577	908,976	635,161	826,569	1,198,564	1,127,873
Operating grants and contributions	28,530,382	29,517,779	29,932,701	30,990,463	30,820,420	31,825,672	37,465,358	38,142,567	45,553,112	33,655,728
Capital grants and contributions	-	-	-	-	-	-	-	-	-	3,065,481
Total governmental activities program revenues	30,966,234	34,590,053	35,169,200	36,149,170	35,815,304	36,590,572	42,294,484	43,338,466	50,825,973	42,394,298
Business-type activities:										
Charges for services:										
Tullahoma Utilities Board	43,830,565	42,796,126	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	189,776	95,197	-	-	-	-	-	-	-	-
Total business-type activities program revenues	44,020,341	42,891,323	-	-	-	-	-	-	-	-
Total primary government program revenues	\$ 74,986,575	\$ 77,481,376	\$ 35,169,200	\$ 36,149,170	\$ 35,815,304	\$ 36,590,572	\$ 42,294,484	\$ 43,338,466	\$ 50,825,973	\$ 42,394,298
Net (Expense)/Revenue										
Governmental activities	\$ (18,262,212)	\$ (15,728,448)	\$ (19,365,899)	\$ (19,391,280)	\$ (21,614,936)	\$ (21,684,053)	\$ (20,398,084)	\$ (19,998,315)	\$ (20,997,086)	\$ (36,512,182)
Business-type activities	1,684,255	1,746,786	-	-	-	-	-	-	-	-
Total primary government net (expense)/revenue	\$ (16,577,957)	\$ (13,981,662)	\$ (19,365,899)	\$ (19,391,280)	\$ (21,614,936)	\$ (21,684,053)	\$ (20,398,084)	\$ (19,998,315)	\$ (20,997,086)	\$ (36,512,182)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property	\$ 10,849,859	\$ 10,684,045	\$ 10,691,265	\$ 10,729,222	\$ 10,705,529	\$ 10,844,430	\$ 11,200,417	\$ 11,326,964	\$ 11,336,324	\$ 11,577,053
Local option sales	9,064,791	9,640,761	9,653,579	10,114,032	10,475,112	11,240,967	12,750,038	13,983,650	15,216,318	26,534,924
Other taxes	1,678,591	1,749,653	2,375,393	2,415,896	2,757,304	2,780,561	2,830,915	2,981,413	3,054,777	3,286,557
Investment earnings	56,349	78,403	103,373	151,441	242,178	193,044	175,455	97,922	606,270	1,487,941
Other revenues	407,671	422,852	791,353	1,077,012	674,690	813,852	582,307	688,801	1,851,197	576,820
Gain (loss) on sale of property	1,805	13,499	7,000	102,354	46,008	5,680	34,359	9,706	(22,876)	412,822
Insurance recoveries	-	-	-	-	-	-	-	-	-	438,513
Transfers	374,523	391,184	-	-	-	-	-	-	-	(416,000)
Total governmental activities	22,433,589	22,980,397	23,621,953	24,589,917	24,900,821	25,878,534	27,573,491	29,088,456	32,042,010	43,898,630
Business-type activities:										
Investment earnings	23,637	48,451	-	-	-	-	-	-	-	-
Other revenues	189,502	151,323	-	-	-	-	-	-	-	-
Gain (loss) on sale of property	19,396	-	-	-	-	-	-	-	-	-
Transfers	(374,523)	(391,184)	-	-	-	-	-	-	-	-
Total business-type activities	(141,988)	(191,410)	-	-	-	-	-	-	-	-
Total primary government	\$ 22,291,601	\$ 22,788,987	\$ 23,621,953	\$ 24,589,917	\$ 24,900,821	\$ 25,878,534	\$ 27,573,491	\$ 29,088,456	\$ 32,042,010	\$ 43,898,630
Change in Net Position										
Governmental activities	\$ 4,171,377	\$ 7,251,949	\$ 4,256,054	\$ 5,198,637	\$ 3,285,885	\$ 4,194,481	\$ 7,175,407	\$ 9,090,141	\$ 11,044,924	\$ 7,386,448
Business-type activities	1,542,267	1,555,376	-	-	-	-	-	-	-	-
Total primary government	5,713,644	8,807,325	4,256,054	5,198,637	3,285,885	4,194,481	7,175,407	9,090,141	11,044,924	7,386,448
Prior period adjustment	(6,909,048)	(39,864)	115,714	(3,416,448)	(1,746,595)	163,329	-	-	28,441	-
Total change in net position	\$ (1,195,404)	\$ 8,767,461	\$ 4,371,768	\$ 1,782,189	\$ 1,539,290	\$ 4,357,810	\$ 7,175,407	\$ 9,090,141	\$ 11,073,365	\$ 7,386,448

Note:
*In 2017 the City transferred ownership of Tullahoma Utility Board (Business-type activities) to the Tullahoma Utilities Authority as a separate legal entity (Component Unit) with general obligation debt covenants still qualifying them as a component agency. These debts were refinanced to revenue only during the fiscal year 2017.

CITY OF TULLAHOMA, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2015</u>	<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>
General Fund										
Nonspendable:										
Prepaid items	\$ 35,491	\$ 47,993	\$ 70,057	\$ 70,392	\$ 57,537	\$ 37,664	\$ 71,781	\$ 29,835	\$ 115,791	\$ 76,999
Restricted for:										
Drug enforcement	5,158	437	4,062	9,683	13,880	19,594	-	-	-	-
Other projects	104,420	187,575	211,322	130,378	103,706	114,722	155,844	186,447	-	-
Committed to:										
Encumbrances	13,069	-	-	-	-	-	-	-	-	-
Permanent streets - SSA	-	-	-	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-	-	244,922	-
Stabilization fund	1,269,493	1,295,162	1,856,318	1,910,326	1,441,039	1,554,478	1,782,813	1,629,297	1,667,917	1,867,603
Assigned to:										
Other	-	23,069	15,293	100,063	9,657	60,253	96,916	156,054	747,234	36,038
Unassigned	5,491,847	6,043,369	4,704,786	4,845,451	5,586,238	5,847,018	6,330,250	6,908,996	7,601,202	7,834,892
Total general fund	<u>\$ 6,919,478</u>	<u>\$ 7,597,605</u>	<u>\$ 6,861,838</u>	<u>\$ 7,066,293</u>	<u>\$ 7,212,057</u>	<u>\$ 7,633,729</u>	<u>\$ 8,437,604</u>	<u>\$ 8,910,629</u>	<u>\$ 10,377,066</u>	<u>\$ 9,815,532</u>
All Other Governmental Funds										
Nonspendable:										
Prepaid items	\$ 2,624	\$ 35,150	\$ 37,740	\$ 1,980	\$ 2,230	\$ 2,220	\$ 2,490	\$ 150	\$ 9,929	\$ 9,656
Restricted for:										
Capital improvements	1,455,692	1,517,103	1,933,296	1,941,319	1,903,390	1,846,046	2,619,455	3,127,881	3,462,443	4,674,676
Debt service	3,355,975	3,695,414	3,692,686	3,667,289	3,719,168	3,121,406	2,666,113	3,056,098	3,233,956	3,097,285
Debt service unspent funds	-	-	-	-	-	-	-	15,003,097	15,003,097	10,105,824
Drug enforcement	98,457	96,193	95,574	90,312	80,026	101,980	69,291	92,585	179,122	58,485
Grant projects	638,589	790,800	975,449	1,259,303	917,899	958,221	858,312	1,135,379	1,015,920	956,001
School operations	6,571,848	8,564,918	9,041,958	9,679,294	9,563,084	10,294,431	12,184,868	12,661,460	9,391,561	12,166,494
Solid waste	219,807	241,478	381,104	357,813	255,113	205,483	378,955	479,780	521,114	362,497
Extended school	152,114	198,031	220,580	233,313	223,851	241,910	280,627	432,193	531,644	586,030
Equipment replacement	590,235	564,236	848,024	976,387	856,634	902,603	1,172,353	1,328,810	-	-
Stabilization fund	-	-	-	-	-	212,600	404,541	523,758	666,589	856,707
Committed to:										
Encumbrances	-	-	-	-	-	-	-	-	-	-
Equipment replacement	-	-	-	-	-	-	-	-	1,324,630	2,090,721
Assigned to:										
School MOE	286,736	286,736	286,736	286,736	286,736	292,375	292,375	286,736	286,736	286,736
Other	-	163,559	312,267	64,819	49,912	12,507	26,205	43,565	1,210,488	7,132
Total all other governmental funds	<u>\$ 13,372,077</u>	<u>\$ 16,153,618</u>	<u>\$ 17,825,414</u>	<u>\$ 18,558,565</u>	<u>\$ 17,858,043</u>	<u>\$ 18,191,782</u>	<u>\$ 20,955,585</u>	<u>\$ 38,171,492</u>	<u>\$ 36,837,229</u>	<u>\$ 35,258,244</u>

CITY OF TULLAHOMA, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Taxes	\$ 21,530,130	\$ 21,995,432	\$ 22,137,876	\$ 22,637,738	\$ 23,030,623	\$ 23,792,880	\$ 25,969,818	\$ 27,473,579	\$ 28,793,643	\$ 37,502,638
Payment in lieu of tax	63,111	79,027	582,351	621,372	907,322	893,078	811,552	818,448	813,776	765,449
Intergovernmental	28,530,382	29,517,779	29,932,701	30,990,463	30,820,420	31,820,672	37,465,358	38,142,567	45,553,112	39,851,656
Licenses and permits	69,970	89,499	95,928	130,186	103,755	168,102	215,182	239,285	181,712	288,648
Fines and forfeitures	296,694	327,496	340,979	354,632	254,212	151,114	113,338	107,629	65,278	119,742
Charges for services	2,048,030	2,466,610	2,614,082	2,461,137	2,369,490	2,011,524	1,866,950	2,321,717	2,581,120	2,729,782
Investment income	56,166	77,768	101,730	149,021	239,235	188,984	170,381	92,922	586,689	1,412,422
Sale of property	1,805	14,589	7,000	102,354	46,008	5,680	34,359	14,452	33,694	462,248
Note repayments	251,447	307,536	321,650	295,133	285,561	303,556	335,084	286,065	219,580	185,773
Other	428,829	432,737	738,654	950,155	548,909	663,398	435,802	581,758	1,635,004	509,401
Total revenues	53,276,564	55,308,473	56,872,951	58,692,191	58,605,535	59,998,988	67,417,824	70,078,422	80,463,608	83,827,759
Expenditures:										
General government	1,377,007	1,511,588	1,596,369	1,749,426	1,854,606	1,995,610	2,073,617	1,974,803	2,243,901	2,655,110
Public safety	5,175,176	5,276,039	5,669,534	5,849,293	6,063,401	5,868,823	6,288,114	6,695,251	6,908,675	8,436,917
Public works	2,526,860	2,466,897	2,701,517	2,306,762	2,349,825	2,493,873	2,908,350	3,631,613	2,962,010	3,043,802
Parks and recreation	1,410,020	1,777,739	1,892,417	1,946,947	1,991,399	1,817,731	1,840,660	1,914,521	2,151,481	2,553,794
Community services	481,399	548,111	736,690	576,705	764,366	697,364	690,275	772,573	753,592	249,212
Public education	30,013,294	29,978,405	32,194,990	33,458,121	34,331,885	34,393,031	37,177,230	39,431,865	41,594,149	45,727,730
Program costs	4,291,040	4,510,580	5,018,525	4,947,549	4,930,312	4,870,180	5,249,409	6,255,420	6,598,249	7,120,561
Capital outlay	5,859,668	3,726,328	2,358,330	3,117,849	4,307,656	5,795,018	5,879,576	3,451,599	12,993,640	12,042,738
Small items of equipment	-	-	-	-	-	-	-	-	-	987,598
Loans disbursed	466,141	183,500	138,366	14,000	633,000	268,591	432,738	-	332,500	215,050
Debt service:										
Principal	2,613,115	7,258,000	2,790,500	2,864,000	2,936,000	3,039,000	13,407,000	2,451,000	2,549,000	3,104,000
Interest	1,012,054	984,148	953,753	971,603	972,208	865,039	760,065	834,289	1,332,945	1,413,414
Fiscal charges	1,800	29,235	1,650	46,650	1,300	1,450	100,551	126,833	1,100	-
Total expenditures	55,227,574	58,250,570	56,052,641	57,848,905	61,135,958	62,105,710	76,807,585	67,539,767	80,421,242	87,549,926
Excess of revenues over (under) expenditures	(1,951,010)	(2,942,097)	820,310	843,286	(2,530,423)	(2,106,722)	(9,389,761)	2,538,655	42,366	(3,722,167)
Other Financing Sources (Uses):										
Issuance of bonds	-	4,585,000	-	-	-	-	8,750,000	13,750,000	-	-
Issuance of notes	3,766,782	1,423,878	-	95,000	1,975,665	2,586,602	2,842,733	-	-	1,737,000
Leases/SBITA issued	-	-	-	-	-	-	-	-	92,905	-
Insurance recoveries	-	-	-	-	-	-	-	-	-	438,513
Bond issue premium	-	-	-	-	-	-	1,364,706	1,378,780	-	-
Transfers in	17,594,604	17,162,048	17,298,839	17,613,474	17,492,278	18,578,416	20,609,046	35,040,267	21,175,946	20,015,058
Transfers out	(17,220,081)	(16,770,864)	(17,298,839)	(17,613,474)	(17,492,278)	(18,578,416)	(20,609,046)	(35,040,267)	(21,175,946)	(20,498,715)
Total other financing sources (uses)	4,141,305	6,400,062	-	95,000	1,975,665	2,586,602	12,957,439	15,128,780	92,905	1,691,856
Net change in fund balances	\$ 2,190,295	\$ 3,457,965	\$ 820,310	\$ 938,286	\$ (554,758)	\$ 479,880	\$ 3,567,678	\$ 17,667,435	\$ 135,271	\$ (2,030,311)
Debt service percentage of noncapital expenditures	7.18%	14.91%	6.89%	6.89%	6.80%	6.88%	19.87%	5.19%	5.64%	5.98%

**CITY OF TULLAHOMA, TENNESSEE
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Total Taxable Assessed Value</u>	<u>County</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2015	2014	\$ 169,335,750	\$ 192,629,158	\$ 361,964,908	Coffee	2.60	\$ 1,189,993,603	30.417%
		19,406,475	4,912,797	24,319,272	Franklin	2.61	92,564,873	26.273%
2016	2015	176,428,575	194,591,762	371,020,337	Coffee	2.60	1,224,636,987	30.296%
		20,337,700	5,463,209	25,800,909	Franklin	2.61	98,303,094	26.246%
2017	2016	178,058,200	195,395,177	373,453,377	Coffee	2.60	1,239,656,432	30.126%
		20,700,150	5,101,673	25,801,823	Franklin	2.61	98,771,326	26.123%
2018	2017	180,593,025	198,232,506	378,825,531	Coffee	2.60	1,255,878,087	30.164%
		22,849,900	4,926,747	27,776,647	Franklin	2.44	106,305,516	26.129%
2019	2018	204,435,875	200,592,523	405,028,398	Coffee	2.43	1,347,794,925	30.051%
		22,794,600	4,846,210	27,640,810	Franklin	2.43	105,712,297	26.147%
2020	2019	208,654,650	208,268,986	416,923,636	Coffee	2.43	1,395,207,031	29.883%
		22,851,050	4,360,341	27,211,391	Franklin	2.43	118,249,042	23.012%
2021	2020	213,962,700	209,200,973	423,163,673	Coffee	2.43	1,419,382,403	29.813%
		23,196,425	4,687,171	27,883,596	Franklin	2.43	108,113,922	25.791%
2022	2021	219,234,050	206,799,037	426,033,087	Coffee	2.43	1,437,681,546	29.633%
		23,438,050	4,286,230	27,724,280	Franklin	2.43	109,007,189	25.433%
2023	2022	293,276,875	236,976,400	530,253,275	Coffee	1.95	1,798,318,213	29.486%
		38,040,400	5,535,292	43,575,692	Franklin	1.95	168,663,058	25.836%
2024	2023	300,040,400	242,388,805	542,429,205	Coffee	1.95	1,841,481,109	29.456%
		38,516,150	6,561,968	450,781,118	Franklin	1.95	173,849,484	25.929%

Ratio of assessed value to appraised value: 25% Residential, Farm, Agriculture, and Forest
 40% Commercial and Industrial

**CITY OF TULLAHOMA, TENNESSEE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

	Coffee County				Franklin County			
	Direct Rate		Overlapping Rate		Direct Rate		Overlapping Rate	
	General Fund	Total City Direct Rate	Total Overlapping Coffee County Rate (1)	Total Direct and Overlapping Rate	General Fund	Total City Direct Rate	Total Overlapping Franklin County Rate (2)	Total Direct and Overlapping Rate
2015	2.60	2.60	2.87	5.47	2.61	2.61	2.45	5.06
2016	2.60	2.60	2.87	5.47	2.61	2.61	2.36	4.97
2017	2.60	2.60	2.87	5.47	2.61	2.61	2.36	4.97
2018	2.60	2.60	2.87	5.47	2.44	2.44	2.36	4.80
2019	2.43	2.43	2.58	5.01	2.43	2.43	2.36	4.79
2020	2.43	2.43	2.58	5.01	2.43	2.43	2.56	4.99
2021	2.43	2.43	2.58	5.01	2.43	2.43	2.56	4.99
2022	2.43	2.43	2.58	5.01	2.43	2.43	2.56	4.99
2023	2.06	1.95	2.33	4.28	1.67	1.95	1.88	3.83
2024	2.06	1.95	2.33	4.28	1.72	1.95	1.88	3.83

- (1) Overlapping rates are those of local and Coffee County governments that apply to property owners within the City of Tullahoma.
- (2) Overlapping rates are those of local and Franklin County governments that apply to property owners within the City of Tullahoma.

Property tax rates are per \$100 of assessed value.

Sources: Tennessee Comptroller of the Treasury, Division of Property Assessments, 2023 Tax Rates.

**CITY OF TULLAHOMA, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Taxpayer</u>	<u>2024 (for tax year 2023)</u>			<u>2015 (for tax year 2014)</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
TE Connectivity	9,276,239	1	1.56%	\$ -		0.00%
Ascend Federal Credit Union	8,368,561	2	1.41%	3,555,127	5	1.32%
J & J Tullahoma LLC	5,968,196	3	1.00%	-		0.00%
Northgate Retail Partners	5,263,560	4	0.89%	3,798,440	4	1.22%
Forrest Gallery LLC	4,873,040	5	0.82%	4,595,680	2	0.77%
Jacobs Technology	4,272,427	6	0.72%			0.00%
Walmart	3,986,880	7	0.67%	-		0.00%
Lowe's Home Center	3,684,072	8	0.62%	3,446,720		0.90%
JSP International	3,521,408	9	0.59%	-	7	0.00%
NHC Healthcare	3,201,496	10	0.54%	-		0.00%
Tullahoma HMA, Inc.	-	-	0.00%	6,481,480	1	1.11%
Excel Realty Partners	-	-	0.00%	4,199,640	3	0.70%
Bell South	-	-	0.00%	3,476,867	6	2.50%
Harton Realty Partners	-	-	0.00%	2,993,915	8	1.15%
Continental, LTD	-	-	0.00%	2,371,640	9	2.52%
Goodrich/United Technology	-	-	0.00%	2,195,388	10	0.66%
	<u>52,415,879</u>		<u>8.82%</u>	<u>37,114,897</u>		<u>12.85%</u>

Source: Tullahoma City Recorder

**CITY OF TULLAHOMA, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Tax Year	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	2014	\$ 10,271,041	\$ 9,833,739	95.74%	\$ 409,934	\$ 10,243,673	99.73%
2016	2015	10,320,976	9,952,370	96.43%	345,495	\$ 10,297,865	99.78%
2017	2016	10,383,215	10,008,040	96.39%	350,302	\$ 10,358,342	99.76%
2018	2017	10,516,632	10,178,020	96.78%	313,554	\$ 10,491,574	99.76%
2019	2018	10,516,025	10,166,247	96.67%	311,885	\$ 10,478,132	99.64%
2020	2019	10,794,702	10,383,647	96.19%	338,846	\$ 10,722,493	99.33%
2021	2020	11,057,326	10,682,128	96.61%	324,666	\$ 11,006,794	99.54%
2022	2021	11,167,426	10,833,253	97.01%	269,179	\$ 11,102,432	99.42%
2023	2022	11,326,318	10,981,105	96.95%	164,363	\$ 11,145,468	98.40%
2024	2023	11,611,410	11,234,582	96.75%	-	\$ 11,234,582	96.75%

Source: Tullahoma City Recorder

**CITY OF TULLAHOMA, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Capital Leases	Notes from Direct Borrowings and Direct Placements	Notes			
2015	\$ 34,863,115	\$ 5,472,622	\$ -	\$ 14,103,980	\$ 7,160,020	\$ 61,599,737	N/A	\$ 3,302
2016	32,439,600	6,559,500	-	13,233,353	6,204,391	58,436,844	N/A	3,133
2017	30,004,175	6,163,000	-	-	-	36,167,175	N/A	1,939
2018	27,460,750	5,896,000	-	-	-	33,356,750	N/A	1,788
2019	24,864,706	7,502,665	-	-	-	32,367,371	N/A	1,633
2020	22,172,662	9,713,267	-	-	-	31,885,929	N/A	1,622
2021	19,439,729	11,878,000	-	-	-	31,317,729	N/A	1,569
2022	32,533,593	11,288,000	-	-	-	43,821,593	N/A	2,195
2023	30,414,676	10,684,000	-	-	-	41,098,676	N/A	2,021
2024	25,635,000	11,806,000	-	-	-	37,441,000	N/A	1,841

*In 2017 the City transferred ownership of Tullahoma Utility Board (Business-type activities) to the Tullahoma Utilities Authority as a separate legal entity (Component Unit) with general obligation debt covenants still qualifying them as a component agency. These debts were refinanced to revenue only during the fiscal year 2017.

**CITY OF TULLAHOMA, TENNESSEE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	(1) Population	(2) Per Capita Personal	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate
2015	18,655	\$ 23,334	43.4	3,465	5.9%
2016	18,655	23,968	41.8	3,347	5.5%
2017	18,655	24,765	43.8	3,513	5.1%
2018	18,655	24,041	40.4	3,535	3.8%
2019	19,826	24,171	42.5	3,434	3.5%
2020	19,664	26,347	39.1	3,546	10.1%
2021	19,961	29,115	39.6	3,552	5.3%
2022	20,339	28,207	39.3	3,546	4.9%
2023	20,339	32,431	40.2	3,508	3.9%
2024	20,339	32,431	40.2	3,641	2.7%

Note: Certain amounts are not available due to (1) the data is not available for some older years, (2) the data available for some years was not accumulated in a manner consistent in manner with current years, or (3) the data has yet to be accumulated for the current year. Some amounts are estimated.

Sources:

- (1) Population - official census
- (2) Per capita income - U.S. census
- (3) Median age - South Central Tennessee Development District
- (4) School enrollment - Tennessee Department of Education, Average Daily Membership Report
- (5) Unemployment rate - Bureau of Labor Statistics

**CITY OF TULLAHOMA, TENNESSEE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2024</u>			<u>2015</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Ascend Federal Credit Union	635	1	3.12%	-	-	-
Vanderbilt Tullahoma-Harton	600	2	2.95%	-	-	-
Tullahoma City Schools	558	3	2.74%	\$ -	-	-
Cubic Transportation Systems	300	4	1.47%	242	4	1.01%
Jacobs	180	5	0.88%	-	-	-
City of Tullahoma	171	6	0.84%	-	-	-
Schmiede Corporation	150	7	0.74%	113	7	0.47%
TE Connectivity	133	8	0.65%	-	-	-
Wisco Envelopes Co., Inv.	73	9	0.36%	245	3	1.02%
JSP International	49	10	0.24%	-	-	-
Coca Cola Bottling Works	23	-	0.11%	94	9	0.39%
United Tech/Goodrich	-	-	0.00%	285	2	1.19%
Tennessee Apparel	-	-	0.00%	396	1	1.65%
Createc Corporation	-	-	0.00%	140	5	0.58%
Worth, Inc.	-	-	0.00%	117	6	0.49%
LINPAC	-	-	0.00%	95	8	0.40%
ATK-Gasl Inc.	-	-	0.00%	93	10	0.39%
Total	2872		14.12%	1,820		7.59%

Source: Middle Tennessee Industrial Development Association and Industrial Board of Coffee County.

**CITY OF TULLAHOMA, TENNESSEE
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

	<u>2015</u>	<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>
Governmental Activities:										
Administrative	7	7	7	7	8	8	8	8	8	8
Finance	4	4	4	4	4	4	4	4	4	5
Planning	4	4	4	4	4	4	4	3	2	6
Building	2	2	2	2	2	2	2	3	4	3
Police:										
Personnel and officers	45	45	45	45	45	43	46	46	46	53
Fire:										
Personnel and officers	38	38	38	38	38	34	34	34	34	34
Public works	44	44	44	44	44	45	45	47	49	47
Parks and recreation	39	40	40	40	44	51	51	50	50	51
Education	495	528	537	458	522	492	527	573	489	499
Business-type Activities:										
Tullahoma Utilities Board	<u>80</u>	<u>81</u>	<u>-</u>							
Total	<u><u>758</u></u>	<u><u>793</u></u>	<u><u>721</u></u>	<u><u>642</u></u>	<u><u>711</u></u>	<u><u>683</u></u>	<u><u>721</u></u>	<u><u>768</u></u>	<u><u>686</u></u>	<u><u>706</u></u>

** In 2017 the City transferred ownership of Tullahoma Utility Board (Business-type activities) to the Tullahoma Utilities Authority as a separate legal entity (Component Unit) with general obligation debt covenants still qualifying them as a component agency. These debts were refinanced to revenue only during the fiscal year 2017.

Source: Various City departments.

**CITY OF TULLAHOMA, TENNESSEE
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2015</u>	<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>
Police:										
Physical arrests	1,214	1,606	1,554	1,638	1,489	1,513	1,493	1,404	1,010	1,815
Traffic violations	4,479	4,672	5,103	5,033	4,254	2,912	2,953	1,743	2,065	1,411
Fire:										
Emergency response	1,180	1,300	1,292	1,461	1,760	1,705	1,370	2,322	2,435	2,895
Inspections	669	670	765	683	852	489	536	62	510	570
Business-type activities:										
Average number of customers:										
Power System	10,586	10,675	-	-	-	-	-	-	-	-
Water System	9,824	9,880	-	-	-	-	-	-	-	-
Wastewater System	7,569	7,614	-	-	-	-	-	-	-	-
Fiber Optics System	3,379	3,488	-	-	-	-	-	-	-	-

Note: Certain amounts are not available due to (1) the data is not available for some older years, (2) the data available for some years was not accumulated in a manner consistent in manner with current years, or (3) the data has yet to be accumulated for the current year. Some amounts are estimated.

** In 2017 the City transferred ownership of Tullahoma Utility Board (Business-type activities) to the Tullahoma Utilities Authority as a separate legal entity (Component Unit) with general obligation debt covenants still qualifying them as a component agency. These debts were refinanced to revenue only during the fiscal year 2017.

Source: Various City departments.

**CITY OF TULLAHOMA, TENNESSEE
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	2	2	2	2	2	2	2	2	2	2
Other public works:										
Streets (miles)	330	330	330	330	330	330	330	330	330	330
Parks and recreation:										
Parks	8	8	8	8	8	8	8	8	8	8
Acreage	590	590	590	590	590	590	590	590	590	590
Community centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	2	2	2	2	2	2	2	2	2	2
Soccer fields	11	11	11	11	11	11	11	11	11	11
Baseball fields	6	6	6	6	6	6	6	6	6	6
Softball fields	4	4	4	4	4	4	4	4	4	4
Business-type activities:										
Tallahoma Utilities Board										
Electric:										
Streetlights	2,912	2,905	-	-	-	-	-	-	-	-
Water:										
Water mains (miles)	270	270	-	-	-	-	-	-	-	-
Fire hydrants	1,093	1,093	-	-	-	-	-	-	-	-
Storage capacity (thousand gallons)	4,000	4,000	-	-	-	-	-	-	-	-
Wastewater:										
Sanitary sewers (miles)	200	200	-	-	-	-	-	-	-	-
Storm sewers (miles)	7	7	-	-	-	-	-	-	-	-
Daily treatment capacity (thousand gallons)	12,600	12,600	-	-	-	-	-	-	-	-

** In 2017 the City transferred ownership of Tullahoma Utility Board (Business-type activities) to the Tullahoma Utilities Authority as a separate legal entity (Component Unit) with general obligation debt covenants still qualifying them as a component agency. These debts were refinanced to revenue only during the fiscal year 2017.

Source: Various City departments.

**CITY OF TULLAHOMA, TENNESSEE
 SCHEDULE OF PUBLIC OFFICIALS AND BONDS
 FOR THE YEAR ENDED JUNE 30, 2024**

<u>Official</u>	<u>Name</u>	<u>Bond Amount</u>
City Administrator	Jason Quick	\$ 100,000
Director of Finance	Susan Wilson	100,000
City Recorder	Lori Ashley	100,000
Assistant Financial Director	Jason Ray	100,000
Purchasing Officer	Paige Jackson	100,000
Senior Accountant	Teresa Rhoads	100,000
Police Chief	Jason Williams	10,000
All Board Members	Each occurrence with \$2,500 retention	\$ 1,000,000
Director of Schools	Dr. Catherine Stephens	\$ 844,541
All Employees:		
Employee Wright Specialty	Each and every loss with \$500 deductible	\$ 150,000



**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**

Honorable Mayor and Board of Aldermen
City of Tullahoma, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Tullahoma, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Tullahoma, Tennessee's basic financial statements and have issued our report thereon dated April 25, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024 – 001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tullahoma, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024 – 002.

City of Tullahoma, Tennessee's Response to Findings

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

Purpose of This Report

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

Wickberg Accounting + LLC

Lewisburg, Tennessee
April 25, 2025



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

Honorable Mayor and Board of Aldermen
City of Tullahoma, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Tullahoma, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Tullahoma, Tennessee's major federal programs for the year ended June 30, 2024. City of Tullahoma, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Tullahoma, Tennessee 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Tullahoma, Tennessee's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable

user of the report on compliance about City of Tullahoma, Tennessee's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Tullahoma, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Tullahoma, Tennessee'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 City of Tullahoma, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Wickberg Accounting + LLC

Lewisburg, Tennessee
April 25, 2025

**CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Section I – Summary of Independent Auditor’s Results

Financial Statements

1. Our report on the financial statements of City of Tullahoma is unmodified.
2. Internal Control Over Financial Reporting:

Material weaknesses identified?	Yes
Significant deficiencies identified?	No
3. Noncompliance material to the financial statements noted? Yes

Federal Awards

1. Internal Control Over Major Programs:

Material weaknesses identified?	No
Significant deficiencies identified?	No
2. Type of report auditor issued on compliance for major programs: Unmodified
3. Any audit findings disclosed that are required to be reported in Accordance with 2 CFR 200.516(a)? No
4. Identification of Major Federal Programs:

<u>Program</u>	<u>Federal Assistance Listing No.</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Title I Grants to Local Educational Agencies	84.010
Dollar threshold for distinguishing Types A and B programs:	\$750,000
5. Auditee qualified as low-risk auditee? Yes

Section II – Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with *Government Auditing Standards*

2024 – 001 Financial Statements Materially Misstated Before Audit Adjustments

Condition: There were various transactions which were misclassified and adjustments were required to prevent materially misstated financial statements.

Criteria: Generally accepted accounting principles require the City to have adequate internal controls over the maintenance of accounting records and employ an individual who has necessary skills, knowledge, and experience to oversee the accounting records.

Cause: Oversight.

**CITY OF TULLAHOMA, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Effect: Material adjustments were required because the City's financial system did not detect misstatements in the accounting records.

Recommendation: The City should take steps to ensure that general ledger balances are properly stated before closing the books.

Management's Response: In FY24, the City Finance area experienced turnover at key positions and assumed additional departmental responsibilities. With trained staff now in place and financial processes automated, all transactions will be generated and reviewed in a timely manner to prevent misstatements in the financial statements.

2024 – 002 Expenditures Exceed Budgeted Appropriations

Condition: The expenditures exceeded budget appropriations in the School Food Service Fund.

Criteria: Tennessee Code Annotated (TCA) 6-56-203 states "no municipality may expend any monies regardless of their source (including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans or special assessments), except in accordance with a budget ordinance adopted under this section". State law requires that municipalities maintain self-supporting funds.

Cause: Lack of monitoring spending and amending the budget for overruns.

Effect: The City violated TCA 6-56-203.

Recommendation: We recommend the City monitor spending and amend budget when needed.

Management's Response: The budget will be amended as needed.

Section III – Findings related to Federal Awards and Questioned Costs

None reported.

**CITY OF TULLAHOMA, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2023-001	Excess Expenditures	Repeated/2024-002

Federal Award Findings and Questioned Costs

There were no prior findings reported.

CITY OF TULLAHOMA

P.O. Box 807
Tullahoma, TN 37388



Phone 931-455-2648
Fax 931-455-0038
www.tullahomatn.gov

MANAGEMENT'S CORRECTIVE ACTION PLAN

The City of Tullahoma, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

Wickberg Accounting, PLLC
111 E Commerce Street
Lewisburg, Tennessee 37091

Responsible officials for corrective action:

Susan Wilson, Director of Finance

Signed: 

Audit Period:
June 30, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT

2024 – 001 Financial Statements Materially Misstated Before Audit Adjustments

Corrective action planned

In FY24, The City Finance area experienced turnover at key positions and assumed additional departmental responsibilities. With trained staff now in place and financial processes automated, all transactions will be generated and reviewed in a timely manner to prevent misstatements in the Financial Statements.

Anticipated completion date

We anticipate having this finding corrected by June 30, 2025.



**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

Dr. Catherine Stephens
Director of Schools

Board of Education

Kim Uselton
Chairman

Teresa Lawson
Vice-Chairman

Broc Compton

Rosie Graham

Gigi Robison

J. Patrick Welsh

Andy Whitt

Tullahoma City Schools respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public account firm:

Wickberg Accounting, PLLC
111 E. Commerce Street
Lewisburg, Tennessee 37091

Audit Period
June 30, 2024

**FINDING - FINANCIAL STATEMENT AUDIT
2024-002 Expenditures Exceed Budgeted Appropriations**

Corrective action planned

The budget will be amended as needed.

Anticipated completion date

We anticipate having this finding corrected by June 30, 2025.

Signed: _____

Hank Jordan

Director of Business