

Financial Statements

CITY OF MAYNARDVILLE, TENNESSEE

Year Ended June 30, 2025

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Mayor and Board of Commissioners
City of Maynardville, Tennessee
Maynardville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of City of Maynardville, Tennessee as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Maynardville, Tennessee'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 business-type activities and each major fund of City of Maynardville, Tennessee as of June 30, 2025, the respective changes in its financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons of the general fund, state street aid fund and drug 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Maynardville, 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 misstatements, 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 City of Maynardville, Tennessee's ability to continue as a going concern within twelve months after the date that the financial statements, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinion. 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 City of Maynardville, 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 City of Maynardville, 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.

Emphasis of a Matter

As discussed in Note I to the financial statements, City of Maynardville, Tennessee has restated its fund balances and net position as of June 30, 2024 to implement GASB 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Required Supplementary Information/Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of changes in net pension liability(asset) and the schedule of pension contributions be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other information we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise City of Maynardville, Tennessee's financial statements. The accompanying information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedules of investments, long-term debt requirements, changes in long-term debt by individual issue and expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedules of utility rates and metered customers – water and sewer fund and principal officials but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does 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 January 20, 2026 on our consideration of City of Maynardville, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 City of Maynardville, 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 Maynardville, Tennessee's internal control over financial reporting and compliance.

Mitchell Emert & Hill

January 20, 2026

City of
Maynardville

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Maynardville, Tennessee 37807 – 0217

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**Management's Discussion and Analysis
For the Year Ended June 30, 2025**

The management of City of Maynardville, Tennessee (the City) presents this management's discussion and analysis (MD&A) of the City's financial condition and results of operations for the fiscal year ended June 30, 2025. This information should be read in conjunction with the accompanying financial statements.

This MD&A also presents an overview of the City, including the water and sewer fund, known as the primary government. The government-wide financial statements include only the primary government which is the total reporting entity.

Financial Highlights

The following are key financial highlights:

- The assets of the City were more than its liabilities at June 30, 2025 by \$20,879,201 (\$19,374,322 in 2024).
- The City's net position increased by \$1,504,879 (\$863,145 in 2024) or 7.2 percent during the year ended June 30, 2025 (4.4 percent during 2024).
- At June 30, 2025, the City's governmental funds reported combined ending fund balances of \$3,087,569, an increase of \$544,886 for the year ended June 30, 2025. At June 30, 2024, the City's governmental funds reported combined ending fund balances of \$2,542,683, an increase of \$219,118 for the year ended June 30, 2024. Of the total fund balances, \$2,669,190 (\$2,405,225 in 2024) is unassigned and available for ongoing operations.
- At June 30, 2025 the unassigned general fund balance was \$2,639,190 (\$2,405,225 in 2024) or 188 percent (178 percent in 2024) of general fund expenditures. This demonstrates the City's fiscal discipline and will help meet unexpected emergencies and other uncertainties the City may face during the course of everyday operations.

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 are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the 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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- General government
- Public safety
- Public welfare
- Streets and highways

The business-type of activities of the City include water and sewer services provided by the water and sewer fund.

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 funds.

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

Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of 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 government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the general fund, state street aid fund and drug fund, all of which are considered to be major funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for all major funds.

Proprietary Funds - Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains one type of proprietary fund-enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has one enterprise fund to account for water distribution and sewer collections.

The City's enterprise fund, the water and sewer fund, is a major fund and is reported separately in the government-wide and fund financial statements.

Notes to the Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Internal Control and Compliance Section - This includes the auditors' report on the City's internal controls and compliance.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2025 the City's assets exceeded its liabilities by \$20,879,201 (\$19,374,322 in 2024).

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, water and sewer facilities, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate long-term debt. At June 30 the City's statement of net position consisted of the following:

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets	\$ 7,513,959	\$ 7,179,487
Capital assets, net of accumulated depreciation	<u>17,465,484</u>	<u>16,792,473</u>
Total Assets	24,979,443	23,971,960
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	<u>290,236</u>	<u>221,437</u>
	<u>\$ 25,269,679</u>	<u>\$ 24,193,398</u>
LIABILITIES		
Current liabilities	\$ 690,901	\$ 740,653
Noncurrent liabilities	<u>3,221,317</u>	<u>3,354,551</u>
Total Liabilities	3,912,218	4,095,204
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	38,746	27,452
Unearned contribution and grants	<u>439,514</u>	<u>696,420</u>
	478,260	723,872
NET POSITION		
Net investment in capital assets	13,963,480	13,203,286
Restricted	173,294	139,791
Unrestricted	<u>6,742,426</u>	<u>6,031,245</u>
Total Net Position	<u>20,879,201</u>	<u>19,374,322</u>
Total Liabilities and Net Position	<u>\$ 25,269,679</u>	<u>\$ 24,193,398</u>

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the obligations to employees and creditors and to help fund next year's budget.

Following is a summary of financial activities for the City during the fiscal year ended June 30:

	<u>2025</u>	<u>2024</u>
REVENUE		
Program Revenue:		
Fees, fines and charges for services	\$ 3,931,453	\$ 3,375,504
Operating grants and contributions	98,517	86,133
Capital grants and contributions	311,588	169,797
General Revenue:		
Local taxes	1,174,422	1,102,043
Intergovernmental	459,738	349,500
Investment income	102,778	90,018
Miscellaneous	<u>10,651</u>	<u>13,021</u>
	6,089,147	5,186,016
 EXPENSES		
General government	795,294	633,830
Public safety	487,880	503,756
Streets and highways	166,019	312,610
Public welfare	54,841	30,347
Water and sewer	<u>3,080,235</u>	<u>2,842,329</u>
	4,584,267	4,322,871
 Increase in net position	1,504,879	863,145
 Net position at the beginning of the year, as originally stated	19,522,815	18,659,669
 Restatement for compensated absences	<u>(148,493)</u>	<u>0</u>
 Net position at the beginning of the year	<u>19,374,322</u>	<u>18,659,669</u>
 Net position at the end of the year	<u>\$ 20,879,201</u>	<u>\$ 19,522,815</u>

Governmental Activities - During the year ended June 30, 2025, governmental activities increased the City's net position by \$520,842 (\$240,130 in 2024), due to increased state and local taxes and building permits. State and local taxes increased due to improvements in the economy. Building permit charges increased due to significant housing development activity within the City. General government expenses increased due to increases in salaries and wages and related expense and higher insurance costs. Streets and highway expense decreased due to lower paving expenses.

The City's main sources of revenue are from local option sales tax and local and state-shared taxes which consist of tax revenue shared by the State of Tennessee.

Business Type Activities – For the year ended June 30, 2025, business-type activities increased the City's net position by \$984,037 (\$623,015 in 2024) due to increases in water and sewer rates. Capital grants increased due to grant-funded water and sewer improvement projects.

Capital Assets

The City's net investment in capital assets as of June 30, 2025 was \$ 17,465,484 (\$16,792,473 in 2024).

	<u>2025</u>	<u>2024</u>
Land	\$ 739,639	\$ 533,694
Buildings	295,084	295,084
Infrastructure	1,030,286	1,030,286
Water treatment plant	23,531,891	22,655,088
Furniture and fixtures	16,348	16,348
Vehicles and equipment	2,554,969	2,416,971
Construction in progress	2,388,340	2,192,923
Accumulated depreciation	<u>(13,091,071)</u>	<u>(12,347,919)</u>
	<u>\$ 17,465,484</u>	<u>\$ 16,792,473</u>

The major capital asset additions during the year ended June 30, 2025 were:

Land	\$ 205,945
Construction in progress	988,281

Debt Administration

At June 30, 2025 the proprietary fund had outstanding debt of \$3,400,584 (\$3,464,077 in 2024) consisting of the following:

	<u>2025</u>	<u>2024</u>
Water and sewer revenue bonds	\$ 2,359,077	\$ 2,528,982
Capital outlay note	205,000	0
State of Tennessee revolving fund loan	<u>836,507</u>	<u>935,095</u>
Total debt - principal	3,400,584	3,464,077
Less: current portion due	<u>(325,632)</u>	<u>(303,129)</u>
Total long-term debt - principal	<u>\$ 3,074,952</u>	<u>\$ 3,160,948</u>

At June 30, 2025 the City's governmental funds had outstanding debt of \$101,419 (\$125,110 in 2024) consisting of the following:

	<u>2025</u>	<u>2024</u>
Capital outlay note	\$ 101,419	\$ 125,110
Less: current portion due	<u>(23,968)</u>	<u>(23,691)</u>
Total long-term debt - principal	<u>\$ 77,451</u>	<u>\$ 101,419</u>

During the year ended June 30, 2025, the City retired \$301,643 (\$280,315 in 2024) on its proprietary fund debt. During the year ended June 30, 2025, the proprietary fund issued \$238,150 in long-term debt (\$222,500 in 2024).

During the year ended June 30, 2025, the City retired \$23,691 (\$22,473 in 2024) of its governmental fund debt. No governmental funds debt was issued during the year ended June 30, 2025.

Additional information on debt can be found in Note G to the financial statements.

Financial Analysis of the City's Funds

As previously discussed, 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 financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund's fund balance increased by \$511,066 during the year ended June 30, 2025 (\$276,384 in 2024).

Proprietary Fund - The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position for the water and sewer fund was \$3,718,178 during the year ended June 30, 2025 and \$3,591,420 during the year ended June 30, 2024.

Budgetary Highlights

During the year ended June 30, 2025, there were no amendments to general fund budgeted revenue. The original budgeted expenditures of the general fund increased by approximately \$147,000 due to increases in expected salaries and related expenses, insurance expense and repairs and maintenance. During the year ended June 30, 2025, there were no changes to the budgeted revenue and expenditures of the state street aid fund and drug fund.

Economic Factors and Next Year's Budgets and Rates

The Board of Commissioners approved the budget for the year ending June 30, 2026. The estimated revenue and appropriations did not vary significantly from the budget for the year ended June 30, 2025.

Requests for Information

This MD&A and accompanying financial statements and notes are designed to provide our citizens, employees, creditors and regulatory agencies with an overview of the City's finances. If you have any questions or need additional information, you may contact:

Gina Singletary, City Recorder
City of Maynardville, Tennessee
P.O. Box 217
Maynardville, TN 37807
Telephone (865) 992-3821

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash	\$ 2,753,923	\$ 3,612,987	\$ 6,366,910
Certificates of deposit	202,606	342,830	545,436
Accounts receivable, net of allowance for uncollectible accounts	0	231,648	231,648
Taxes receivable	73,092	0	73,092
Grant receivable	0	4,350	4,350
Due from other governments	204,154	0	204,154
Internal balances	(11,673)	11,673	0
Prepaid expenses	39,574	48,794	88,368
Capital assets not being depreciated	159,356	2,838,853	2,998,209
Capital assets being depreciated, net of accumulated depreciation	1,267,159	13,200,118	14,467,275
	<u>4,688,191</u>	<u>20,291,251</u>	<u>24,979,443</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>75,320</u>	<u>214,916</u>	<u>290,236</u>
	<u>\$ 4,763,511</u>	<u>\$ 20,506,167</u>	<u>\$ 25,269,679</u>

See the accompanying notes to the financial statements.

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Accounts payable	\$ 13,653	\$ 66,014	\$ 79,667
Customer deposits	0	52,625	52,625
Current portion of accrued compensated absences	30,000	50,000	80,000
Long-term portion of accrued compensated absences	47,410	21,505	68,914
Current portion of long-term debt	23,968	325,632	349,600
Net pension liability	38,126	90,882	129,008
Long-term debt, net of current portion	<u>77,451</u>	<u>3,074,952</u>	<u>3,152,403</u>
	230,607	3,681,610	3,912,218
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	10,267	28,480	38,746
Unearned contributions and grants	<u>0</u>	<u>439,514</u>	<u>439,514</u>
	10,267	467,993	478,260
NET POSITION			
Net investment in capital assets	1,325,095	12,638,385	13,963,480
Restricted:			
Drug investigation	32,196	0	32,196
Street improvements	141,098	0	141,098
Unrestricted	<u>3,024,248</u>	<u>3,718,178</u>	<u>6,742,426</u>
	<u>4,522,637</u>	<u>16,356,564</u>	<u>20,879,201</u>
	<u>\$ 4,763,511</u>	<u>\$ 20,506,167</u>	<u>\$ 25,269,679</u>

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

		Program Revenue		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	<u>Expenses</u>			
Governmental Activities:				
General government	\$ 795,294	\$ 132,989	\$ 0	\$ 0
Public safety	487,880	116,643	11,067	0
Streets and highways	166,019	0	87,450	0
Public welfare	<u>54,841</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental activities	1,504,033	249,632	98,517	0
Business-Type Activities:				
Water and sewer	<u>3,080,235</u>	<u>3,681,820</u>	<u>0</u>	<u>311,588</u>
	<u>\$ 4,584,267</u>	<u>\$ 3,931,453</u>	<u>\$ 98,517</u>	<u>\$ 311,588</u>

See the accompanying notes to the financial statements.

Net (Expense)Revenue and
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (662,305)	\$ 0	\$ (662,305)
(360,170)	0	(360,170)
(78,569)	0	(78,569)
<u>(54,841)</u>	<u>0</u>	<u>(54,841)</u>
(1,155,884)	0	(1,155,884)
<u>0</u>	<u>913,175</u>	<u>913,175</u>
<u><u>\$ (1,155,884)</u></u>	<u><u>\$ 913,175</u></u>	<u><u>\$ (242,709)</u></u>

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF ACTIVITIES

(continued)

Year Ended June 30, 2025

NET (EXPENSE)REVENUE FROM PROGRAM ACTIVITIES

General Revenue:

Taxes:

Local sales tax

Wholesale beer tax

Cable TV franchise tax

Intergovernmental

Interest earnings

Miscellaneous

Total general revenue

CHANGES IN NET POSITION

NET POSITION AT THE BEGINNING OF THE YEAR, as originally stated

Restatement

NET POSITION AT THE BEGINNING OF THE YEAR, as restated

NET POSITION AT THE END OF THE YEAR

Net (Expense)Revenue and Changes In Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (1,155,884)	\$ 913,175	\$ (242,709)
1,009,579	0	1,009,579
151,304	0	151,304
13,539	0	13,539
459,738	0	459,738
31,915	70,863	102,778
10,651	0	10,651
1,676,726	70,863	1,747,589
520,842	984,037	1,504,879
4,081,652	15,441,163	19,522,815
(79,857)	(68,636)	(148,493)
4,001,795	15,372,527	19,374,322
<u>\$ 4,522,637</u>	<u>\$ 16,356,564</u>	<u>\$ 20,879,201</u>

CITY OF MAYNARDVILLE, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Totals
ASSETS				
Cash	\$ 2,557,834	\$ 160,910	\$ 35,180	\$ 2,753,923
Certificates of deposit	202,606	0	0	202,606
Taxes receivable	58,075	15,017	0	73,092
Due from other governments	204,154	0	0	204,154
Due from other funds	33,904	0	0	33,904
Prepaid expenses	39,574	0	0	39,574
TOTAL ASSETS	<u>\$ 3,096,149</u>	<u>\$ 175,926</u>	<u>\$ 35,180</u>	<u>\$ 3,307,254</u>
LIABILITIES				
Accounts payable	\$ 9,745	\$ 925	\$ 2,984	\$ 13,653
Accrued compensated absences	30,000	0	0	30,000
Due to other funds	11,673	33,904	0	45,577
TOTAL LIABILITIES	51,418	34,829	2,984	89,230
DEFERRED INFLOWS OF RESOURCES				
Deferred tax revenue	123,191	7,264	0	130,455
FUND BALANCES				
Nonspendable	39,574	0	0	39,574
Restricted	0	133,833	32,197	166,029
Assigned	242,775	0	0	242,775
Unassigned	2,639,190	0	0	2,639,190
TOTAL FUND BALANCES	<u>2,921,540</u>	<u>133,833</u>	<u>32,197</u>	<u>3,087,569</u>
	<u>\$ 3,096,149</u>	<u>\$ 175,926</u>	<u>\$ 35,180</u>	<u>\$ 3,307,254</u>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

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

June 30, 2025

Total Fund Balance - Governmental Funds	\$ 3,087,569
Capital assets used in governmental activities are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	1,426,515
Net pension assets and liabilities, and the related deferred outflows and deferred inflows are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	
Net pension asset	(38,126)
Deferred outflows of resources	75,320
Deferred inflows of resources	(10,267)
Long-term liabilities are not due in the current period; therefore, they are not reported in the governmental fund balance sheet	
Compensated absences	(47,409)
Long-term debt	(101,419)
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred revenue in the governmental funds balance sheet.	130,455
Net Position of Governmental Activities	<u>\$ 4,522,637</u>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year Ended June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Totals
REVENUE				
Taxes:				
Local sales tax	\$ 1,001,924	\$ 0	\$ 0	\$ 1,001,924
Wholesale beer tax	151,304	0	0	151,304
Cable TV franchise tax	13,539	0	0	13,539
Intergovernmental	469,658	87,767	0	557,425
Licenses and permits	132,824	0	0	132,824
Charges for services	165	0	0	165
Fines and forfeitures	116,572	0	71	116,643
Investment earnings	30,682	1,233	0	31,915
Miscellaneous	10,651	0	0	10,651
TOTAL REVENUE	1,927,318	89,000	71	2,016,390
EXPENDITURES				
Current:				
General government	734,894	0	0	734,894
Public safety	397,684	0	6,102	403,787
Streets and highways	111,515	49,150	0	160,664
Public welfare	51,504	0	0	51,504
Capital outlay	93,628	0	0	93,628
Debt service	27,027	0	0	27,027
TOTAL EXPENDITURES	1,416,252	49,150	6,102	1,471,504

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

(continued)

Year Ended June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Totals
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CHANGE IN FUND BALANCES	511,066	39,850	(6,031)	544,886
FUND BALANCES AT THE BEGINNING OF THE YEAR, as originally stated	2,440,474	93,983	38,228	2,572,683
Restatement	<u>(30,000)</u>	<u>0</u>	<u>0</u>	<u>(30,000)</u>
FUND BALANCES AT THE BEGINNING OF THE YEAR, as restated	<u>2,410,474</u>	<u>93,983</u>	<u>38,228</u>	<u>2,542,683</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 2,921,540</u>	<u>\$ 133,833</u>	<u>\$ 32,197</u>	<u>\$ 3,087,569</u>

CITY OF MAYNARDVILLE, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2025

Net Change in Fund Balances	\$ 544,886
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Acquisition of capital assets	93,628
Depreciation expense	(145,765)
Retirement contributions made after the actuarial measurement date are an expenditure in the governmental funds, but increase deferred outflows for governmental activities.	25,645
Accruals for long-term compensated absences reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the statement of revenue, expenditures and changes in fund balances of governmental funds.	2,447
Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds financial statements:	
Deferred tax revenue - June 30, 2024	(121,970)
Deferred tax revenue - June 30, 2025	130,455
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Pension expense	(32,175)
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	23,691
Change in Net Position of Governmental Activities	\$ 520,842

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Taxes:				
Local sales tax	\$ 900,000	\$ 900,000	\$ 1,001,924	\$ 101,924
Wholesale beer tax	150,000	150,000	151,304	1,304
Cable TV franchise tax	20,000	20,000	13,539	(6,461)
	<u>1,070,000</u>	<u>1,070,000</u>	<u>1,166,766</u>	<u>96,766</u>
Intergovernmental:				
TVA taxes	24,500	24,500	29,837	5,337
State income tax	1,000	1,000	0	(1,000)
State gas inspection	4,000	4,000	4,485	485
State beer tax	750	750	470	(280)
State mixed drink tax	6,000	6,000	3,322	(2,678)
State sales tax	275,000	275,000	309,137	34,137
Sports betting tax	4,500	4,500	5,366	866
Fire department grants	0	0	4,167	4,167
USDA grant	570,000	570,000	50,000	(520,000)
CDBG grant	0	0	55,974	55,974
State police grant	0	0	500	500
State police supplement	2,400	2,400	6,400	4,000
	<u>888,150</u>	<u>888,150</u>	<u>469,658</u>	<u>(418,492)</u>
Licenses and permits:				
Beer licenses	1,000	1,000	1,580	580
Building permits	47,500	47,500	131,244	83,744
	<u>48,500</u>	<u>48,500</u>	<u>132,824</u>	<u>84,324</u>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND

(continued)

Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Charges for services:				
Accident reports	25	25	165	140
Fines and forfeitures	63,500	63,500	116,572	53,072
Other revenue:				
Interest	12,500	12,500	30,682	18,182
Miscellaneous revenue	1,950	1,950	10,651	8,701
	<u>14,450</u>	<u>14,450</u>	<u>41,333</u>	<u>26,883</u>
TOTAL REVENUE	2,084,625	2,084,625	1,927,318	(157,307)
EXPENDITURES				
Legislative:				
Salaries and wages	28,000	73,000	63,514	(9,486)
OASDI-Employer's share	2,550	8,200	5,823	(2,377)
Retirement	2,200	2,200	1,470	(730)
Operating supplies	0	4,000	2,995	(1,005)
Publicity, subscriptions and dues	1,500	1,500	476	(1,024)
Publications	250	500	203	(297)
Training	1,000	1,000	0	(1,000)
State planning fees	10,000	10,000	9,213	(787)
Travel	1,000	1,000	0	(1,000)
	<u>46,500</u>	<u>101,400</u>	<u>83,693</u>	<u>(17,707)</u>
Financial administration:				
Salaries and wages	225,000	239,500	236,212	(3,288)
OASDI-Employer's share	20,000	19,000	18,996	(4)
Retirement	12,500	12,500	11,161	(1,339)
Education and training	1,000	1,000	0	(1,000)
Travel	3,500	3,500	1,509	(1,991)

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**
GENERAL FUND

(continued)

Year Ended June 30, 2025

	Budget		Actual	Variance Over (Under)
	Original	Final		
Financial administration (continued):				
Insurance	104,000	114,500	103,548	(10,952)
Publicity, subscriptions and dues	2,750	3,500	2,503	(997)
Accounting and administration	30,000	55,000	45,861	(9,139)
Professional services	70,000	85,000	84,722	(278)
Telephone	5,000	3,500	2,514	(986)
Repairs and maintenance	4,250	45,250	8,033	(37,217)
Operating supplies	51,250	26,250	16,041	(10,209)
Equipment rental	550	1,000	652	(348)
Election expenses	15,000	10,000	8,338	(1,662)
Bank service charges	250	250	0	(250)
Legal services	16,500	20,000	16,250	(3,750)
	<u>561,550</u>	<u>639,750</u>	<u>556,337</u>	<u>(83,413)</u>
City Hall buildings and grounds:				
Contractual services	15,000	15,000	11,152	(3,848)
Utilities	15,250	17,250	11,397	(5,853)
Repairs and maintenance	125,000	125,000	67,351	(57,649)
Janitorial services	6,000	6,000	4,963	(1,037)
	<u>161,250</u>	<u>163,250</u>	<u>94,864</u>	<u>(68,386)</u>
Police department:				
Salaries and wages	212,000	217,000	203,524	(13,476)
OASDI-Employer's share	21,500	17,500	14,170	(3,330)
Health insurance	72,500	72,500	59,195	(13,305)
Retirement	16,500	16,500	13,014	(3,486)
Professional services	5,000	5,000	2,128	(2,872)
Employee training	5,000	5,000	138	(4,862)
Publicity, subscriptions and dues	750	750	345	(405)
Telephone and communications	7,500	7,500	4,234	(3,266)
Litigation tax	0	6,000	2,294	(3,706)

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**
GENERAL FUND

(continued)

Year Ended June 30, 2025

	Budget		Actual	Variance Over (Under)
	Original	Final		
Police department (continued):				
Repairs and maintenance	20,000	20,000	5,415	(14,585)
Travel	2,000	2,000	752	(1,248)
Operating supplies	43,500	43,500	29,433	(14,067)
Equipment rental	1,000	1,000	866	(134)
Uniforms	7,500	7,500	3,714	(3,786)
Firearm supplies	7,000	7,000	5,813	(1,187)
Gas, oil and grease	25,000	25,000	7,344	(17,656)
	<u>446,750</u>	<u>453,750</u>	<u>352,378</u>	<u>(101,372)</u>
Fire department:				
Salaries and wages	2,400	800	800	0
Employee training	1,000	1,000	740	(260)
Telephone and communications	3,000	4,000	3,530	(470)
Publicity, dues and subscriptions	17,000	17,000	16,878	(122)
Utilities	14,000	15,000	11,361	(3,639)
Repairs and maintenance	5,000	5,000	4,497	(503)
Operating supplies	3,400	4,900	3,265	(1,635)
Gas, oil and grease	2,250	2,250	2,250	0
Fire hydrants	3,000	2,000	1,985	(15)
	<u>51,050</u>	<u>51,950</u>	<u>45,306</u>	<u>(6,644)</u>
Streets and highways:				
Salaries and wages	10,000	7,500	3,565	(3,935)
OASDI-Employer's share	1,000	750	273	(477)
Utilities	6,000	6,000	5,462	(538)
Operating supplies	1,000	1,000	869	(131)
Repairs and maintenance	160,000	160,000	101,080	(58,920)
Asphalt and filler	2,500	2,500	266	(2,234)
	<u>180,500</u>	<u>177,750</u>	<u>111,515</u>	<u>(66,235)</u>

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**
GENERAL FUND

(continued)

Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Splash pad:				
Contract services	5,000	5,000	640	(4,360)
Repairs and maintenance	2,500	10,000	7,736	(2,264)
Utilities	10,000	10,000	5,378	(4,622)
Operating supplies	17,000	17,000	11,985	(5,015)
	<u>34,500</u>	<u>42,000</u>	<u>25,739</u>	<u>(16,261)</u>
Other expenditures:				
Operating supplies	91,000	91,000	19,390	(71,610)
Donations	10,750	10,750	4,375	(6,375)
Board and committee members	2,500	2,500	2,000	(500)
Bank service charges	250	250	0	(250)
	<u>104,500</u>	<u>104,500</u>	<u>25,765</u>	<u>(78,735)</u>
Debt service:				
Note principal	23,700	23,700	23,691	(9)
Interest expense on note	3,800	3,800	3,336	(464)
	<u>27,500</u>	<u>27,500</u>	<u>27,027</u>	<u>(473)</u>
Capital outlay:				
General government	<u>630,000</u>	<u>630,000</u>	<u>93,628</u>	<u>(536,372)</u>
TOTAL EXPENDITURES	<u>2,244,100</u>	<u>2,391,850</u>	<u>1,416,252</u>	<u>(975,598)</u>

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**
GENERAL FUND

(continued)

Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
NET CHANGE IN FUND BALANCE	(159,475)	(307,225)	511,066	818,291
FUND BALANCE AT THE BEGINNING OF THE YEAR, as originally stated	2,440,474	2,440,474	2,440,474	0
Restatement	<u>0</u>	<u>0</u>	<u>(30,000)</u>	<u>(30,000)</u>
FUND BALANCE AT THE BEGINNING OF THE YEAR, as restated	<u>2,440,474</u>	<u>2,440,474</u>	<u>2,410,474</u>	<u>(30,000)</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 2,280,999</u>	<u>\$ 2,133,249</u>	<u>\$ 2,921,540</u>	<u>\$ 788,291</u>

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
STATE STREET AID FUND**

Year Ended June 30, 2025

	Budget			Variance Over (Under)
	Original	Final	Actual	
REVENUE				
State gasoline and motor fuel tax	\$ 85,000	\$ 85,000	\$ 87,767	\$ 2,767
Interest	250	250	1,233	983
TOTAL REVENUE	85,250	85,250	89,000	3,750
EXPENDITURES				
Utilities	40,000	40,000	40,000	0
Street improvements	102,000	102,000	9,150	(92,850)
TOTAL EXPENDITURES	142,000	142,000	49,150	(92,850)
NET CHANGE IN FUND BALANCE	(56,750)	(56,750)	39,850	96,600
FUND BALANCE AT THE BEGINNING OF THE YEAR	56,750	56,750	93,983	37,233
FUND BALANCE AT THE END OF THE YEAR	\$ 0	\$ 0	\$ 133,833	\$ 133,833

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
DRUG FUND**

Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Drug related fines	\$ 0	\$ 0	\$ 71	\$ 71
EXPENDITURES				
Drug enforcement expense	<u>10,000</u>	<u>10,000</u>	<u>6,102</u>	<u>(3,898)</u>
NET CHANGE IN FUND BALANCE	(10,000)	(10,000)	(6,031)	3,969
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>10,000</u>	<u>10,000</u>	<u>38,228</u>	<u>28,228</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,197</u>	<u>\$ 32,197</u>

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF NET POSITION
WATER AND SEWER FUND

June 30, 2025

CURRENT ASSETS

Cash		\$ 3,612,987
Certificates of deposit		342,830
Accounts receivable, net of allowance for uncollectible accounts of \$10,411		231,648
Grants receivable		4,350
Due from other funds		11,673
Prepaid insurance		<u>48,794</u>

TOTAL CURRENT ASSETS 4,252,282

CAPITAL ASSETS

Land	\$ 642,477	
Machinery and equipment	1,108,225	
Water and sewer plant in operation	23,531,891	
Construction in process	<u>2,196,376</u>	
	27,478,968	
Accumulated depreciation	<u>(11,439,999)</u>	16,038,969

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension		<u>214,916</u>
		<u>\$ 20,506,167</u>

See the accompanying notes to the financial statements.

CURRENT LIABILITIES

Accounts payable		\$	66,014
Customer deposits			52,625
Current portion of compensated absences			50,000
Current portion of long-term debt			<u>325,632</u>

TOTAL CURRENT LIABILITIES

494,271

OTHER LIABILITY

Net pension liability			90,882
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LONG-TERM LIABILITIES

Long-term debt, net of current portion	\$	3,074,952	
Long-term compensated absences		<u>21,505</u>	<u>3,096,457</u>

TOTAL LIABILITIES

3,681,610

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension		28,480	
Unearned contributions and grants		<u>439,514</u>	467,993

NET POSITION

Net investment in capital assets		12,638,385	
Unrestricted		<u>3,718,178</u>	<u>16,356,564</u>
			<u>\$ 20,506,167</u>

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
WATER AND SEWER FUND

Year Ended June 30, 2025

OPERATING REVENUE

Sales	\$ 3,628,586	
Other operating revenue	53,235	
	<u>3,681,820</u>	

OPERATING EXPENSES

Purchased water	\$ 114,552	
Power and pumping	165,987	
Purification	916,484	
Transmission and distribution	57,643	
Sewer treatment and disposal	822,840	
Customer accounting and collection	190,694	
Depreciation expense	629,053	
Other operating expenses	<u>64,265</u>	<u>2,961,519</u>

INCOME FROM OPERATIONS 720,302

NONOPERATING REVENUE(EXPENSE)

Interest income	70,863	
Interest expense	<u>(118,715)</u>	<u>(47,853)</u>

INCOME BEFORE CAPITAL CONTRIBUTIONS 672,449

Capital contributions 311,588

CHANGE IN NET POSITION 984,037

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
WATER AND SEWER FUND

(continued)

Year Ended June 30, 2025

**NET POSITION AT THE BEGINNING
OF THE YEAR, as originally stated**

15,441,163

Restatement

(68,636)

**NET POSITION AT THE BEGINNING
OF THE YEAR, restated**

15,372,527

NET POSITION AT THE END OF THE YEAR

\$ 16,356,564

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF CASH FLOWS
WATER AND SEWER FUND

Year Ended June 30, 2025

**CASH PROVIDED(USED) BY
OPERATING ACTIVITIES**

Cash received from customers	\$ 3,696,477
Cash paid to employees	(1,041,624)
Cash paid to suppliers	<u>(1,395,232)</u>

**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

1,259,622

**CASH PROVIDED(USED) BY CAPITAL AND
RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	\$ (1,354,201)
Capital contributions	164,329
Principal payments on long-term debt	(301,643)
Proceeds from issuance of long-term debt	238,150
Interest paid on debt	<u>(118,715)</u>

**NET CASH (USED) BY CAPITAL AND
RELATED FINANCING ACTIVITIES**

(1,372,080)

CASH PROVIDED(USED) BY INVESTING ACTIVITIES

Interest received	70,863
Increase in certificate of deposit	<u>(11,070)</u>

NET CASH PROVIDED BY INVESTING ACTIVITIES

59,793

NET (DECREASE) IN CASH

(52,665)

**CASH AND CASH EQUIVALENTS AT THE
BEGINNING OF THE YEAR**

3,665,656

**CASH AND CASH EQUIVALENTS
AT THE END OF THE YEAR**

\$ 3,612,987

See the accompanying notes to the financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

STATEMENT OF CASH FLOWS
WATER AND SEWER FUND
(continued)

Year Ended June 30, 2025

**RECONCILIATION OF INCOME FROM
OPERATIONS TO NET CASH PROVIDED
(USED) BY OPERATING ACTIVITIES**

Income from operations		\$ 720,302
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	\$ 629,053	
Retirement plan contributions	(50,684)	
Pension expense	63,589	
Decrease(increase) in:		
Accounts receivable	67,891	
Due from other funds	8,423	
Prepaid insurance	(6,217)	
Increase(decrease) in:		
Accounts payable	(146,428)	
Long-term compensated absences	2,869	
Customer deposits	<u>(29,176)</u>	<u>539,320</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u><u>\$ 1,259,622</u></u>

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE A - DESCRIPTION OF ORGANIZATION

City of Maynardville, Tennessee (the City) was incorporated, pursuant to a referendum held on May 6, 1958, under the Uniform City Manager – Commission Charter as set out in Chapters 18 through 29 of Title 6 in the Tennessee Code Annotated. Therefore, the City’s Charter, as extracted from the Tennessee Code Annotated is the Uniform City Manager – Commission Charter as amended.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City, for financial reporting purposes, includes all funds relevant to the operations of City of Maynardville, Tennessee. The financial statements presented herein do not include agencies that have been formed under applicable state laws, or separate and distinct units of government apart from the City. As of June 30, 2025 and for the year then ended, the City had no discretely presented component units which were required to be included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements, which consist of the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Measurement Focus, Basis of Accounting, and Basis of 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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue as soon as all eligible 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *state street aid fund* is used to account for the City's share of motor vehicle fuel tax revenue that is legally restricted to the maintenance of streets within the City's boundaries.

The *drug fund* is used to account for costs associated with drug investigation and control and officers' training.

The City reports the following major proprietary fund:

The *water and sewer fund* accounts for the activities of the water and sewer departments, which operate and maintain a water distribution and sewer collection system for residents and businesses on a user charge basis. All activities necessary to provide these services are accounted for in such a manner as to show profit or loss similar to comparable private enterprises.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

The City had no internal service funds or fiduciary funds as of or for the year ended June 30, 2025.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary funds is charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenue reported in the various functions concerned.

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting reporting purposes into the following three net position groups:

Net Investment in Capital Assets

This category includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Net investment in capital assets at June 30, 2025 has been calculated as follows:

Governmental Activities:

Capital assets	\$ 3,077,589
Accumulated depreciation	(1,651,074)
Principal balance on long-term debt	<u>(101,419)</u>
	<u>\$ 1,325,095</u>

Business-Type Activities:

Capital assets	\$ 27,478,969
Accumulated depreciation	(11,439,999)
Principal balance on long-term debt	<u>(3,400,584)</u>
	<u>\$ 12,638,385</u>

Restricted

This category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the City pursuant to those stipulations or that expire by the passage of time. Net position of the state street aid fund is classified as restricted net position because its use is limited to street improvements. Net position of the drug fund is classified as restricted net position because its use is limited to drug enforcement. Net position of the water and sewer fund is restricted for pension. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted

This category includes net position that is not subject to externally imposed stipulations and that does not meet the definition of "Restricted" or "Net Investment in Capital Assets." Unrestricted net position may be designated for specific purposes by action of management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Fund Balances

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable Fund Balances

Fund balances reported as nonspendable in the accompanying financial statements represent amounts paid for prepaid expenses or inventory.

Restricted Fund Balances

Fund balances reported as restricted in the accompanying financial statements represent amounts restricted to specific purposes by externally imposed restrictions or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balances

Fund balances reported as committed in the accompanying financial statements represent amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Mayor and Board of Commissioners commits resources for specific purposes by passing ordinances.

Assigned Fund Balances

Fund balances reported as assigned in the accompanying financial statements represent amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by the Mayor and Board of Commissioners.

Unassigned Fund Balance

In accordance with generally accepted accounting principles, the general fund is the only fund of the City that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the general fund.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

The City would typically use restricted resources first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Materials and Supplies

Materials and supplies of the proprietary fund are valued at the lower of cost (determined on a first-in, first-out basis) or net realizable value. The cost of inventory items of the governmental fund types (primarily materials and supplies) are recorded as expenditures when purchased.

Prepaid Expenses

Payments made for expenses that will benefit periods beyond June 30 are recorded as prepaid expenses.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$10,000 or more. Such assets are recorded at historical cost or estimated cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 50 years.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Compensated Absences

During the year ended June 30, 2025, the City implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* (GASB 101). This standard updates the recognition and measurement guidance for compensated absences and requires that liabilities for compensated absences be recognized for leave that is attributable to services already provided, accumulates and can be carried forward to future periods and is more likely than not to be used for time off or otherwise paid or settled. As discussed in Note I, fund balance and net position of the general fund, governmental-activities and business-type activities have been restated to accrue beginning compensated absences as required by the new standard.

City employees are granted vacation and sick leave in varying amounts and may accumulate a maximum of 90 sick leave days and 40 vacation leave days. Employees may receive payment for unused vacation days, up to the 40 day maximum, upon termination or resignation. The City's policies do not provide for an employee to be paid for any unused sick leave in the event of termination, it may be converted to retirement service credits. Management has estimated that sick leave accrued beyond 80 hours is likely to be converted to retirement service credits and therefore no accrual has been made for accumulated sick leave in excess of 80 hours. All accumulated vacation leave has been included in the accrued compensated absences.

Accumulated vacation and sick leave that is expected to be liquidated with available financial resources is reported as an expenditure and a liability of the governmental fund that will pay it. Accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to the employees.

Compensated absences at June 30, 2025 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current portion of compensated absences	\$ 30,000	\$ 50,000	\$ 80,000
Long-term compensated absences	<u>47,410</u>	<u>21,505</u>	<u>68,915</u>
Totals	<u>\$ 77,410</u>	<u>\$ 71,505</u>	<u>\$ 148,915</u>

During the year ended June 30, 2025 the net change in compensated absences was a decrease of \$2,447 for governmental activities and an increase of \$2,868 for business-type activities.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts and taxes receivable is provided based upon historical trends. Allowance for uncollectible receivables of the water and sewer fund at June 30, 2025 was \$10,411.

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's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

NOTE C - CASH AND INVESTMENTS

Investments that have maturities of three months or less at the date of purchase are classified as cash equivalents. Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. Carrying amounts at June 30, 2025 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Bank deposits (checking and savings accounts)	\$ 2,753,923	\$ 3,612,987	\$ 6,366,910
Certificates of deposit	<u>202,606</u>	<u>342,830</u>	<u>545,436</u>
Totals	<u>\$ 2,956,529</u>	<u>\$ 3,955,817</u>	<u>\$ 6,912,346</u>

State of Tennessee law authorizes the City to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (LGIP). The LGIP contains investments in certificates of deposits, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All cash balances at June 30, 2025 were entirely insured through the FDIC, the State of Tennessee Bank Collateral Pool.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

NOTE D - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

	<u>Balance</u> <u>7/1/24</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/25</u>
Governmental Activities:				
<u>Capital assets not being depreciated</u>				
Land	\$ 97,162	\$ 0	\$ 0	\$ 97,162
Construction in progress	<u>0</u>	<u>62,194</u>	<u>0</u>	<u>62,194</u>
	97,162	62,194	0	159,356
<u>Capital assets being depreciated</u>				
Buildings	295,084	0	0	295,084
Infrastructure	1,030,286	0	0	1,030,286
Vehicles and equipment	1,479,406	0	0	1,479,406
Machinery and equipment	97,341	31,434	(31,666)	97,109
Furniture and fixtures	<u>16,348</u>	<u>0</u>	<u>0</u>	<u>16,348</u>
	2,918,464	31,434	(31,666)	2,918,233
<u>Accumulated depreciation</u>				
Buildings	(179,254)	(9,613)	0	(188,867)
Infrastructure	(260,767)	(44,583)	0	(305,349)
Vehicles and equipment	(1,016,282)	(86,722)	31,666	(1,071,338)
Machinery and equipment	(64,324)	(4,847)	0	(69,172)
Furniture and fixtures	<u>(16,348)</u>	<u>0</u>	<u>0</u>	<u>(16,348)</u>
	<u>(1,536,974)</u>	<u>(145,765)</u>	<u>31,666</u>	<u>(1,651,074)</u>
	<u>\$ 1,478,652</u>	<u>\$ (52,137)</u>	<u>\$ 0</u>	<u>\$ 1,426,515</u>

Depreciation expense is charged to the various governmental functions as follows:

General government	\$ 59,631
Public safety	80,779
Streets and highways	<u>5,355</u>
	<u>\$ 145,765</u>

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

	Balance <u>7/1/24</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/25</u>
Business-Type Activities:				
<u>Capital assets not being depreciated</u>				
Land and land rights	\$ 436,532	\$ 205,945	\$ 0	\$ 642,477
Construction in progress	<u>2,063,152</u>	<u>926,087</u>	<u>(792,864)</u>	<u>2,196,375</u>
	2,499,684	1,132,032	(792,864)	2,838,852
<u>Capital assets being depreciated</u>				
Water treatment plant	22,655,088	876,803	0	23,531,891
Machinery and equipment	<u>969,995</u>	<u>138,230</u>	<u>0</u>	<u>1,108,225</u>
	23,625,083	1,015,033	0	24,640,116
<u>Accumulated depreciation</u>				
Water treatment plant	(10,305,067)	(560,432)	0	(10,865,499)
Machinery and equipment	<u>(505,879)</u>	<u>(68,621)</u>	<u>0</u>	<u>(574,500)</u>
	<u>(10,810,946)</u>	<u>(629,053)</u>	<u>0</u>	<u>(11,439,999)</u>
	<u>\$ 15,313,821</u>	<u>\$ 1,518,012</u>	<u>\$ (792,864)</u>	<u>\$ 16,038,969</u>

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

NOTE E - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Tennessee Municipal League Risk Management Pool (the Pool) and pays an annual premium to the Pool for its general insurance coverage. The City carries commercial insurance for all other risks of loss, including destruction of property and employee dishonesty bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The pooling agreement allows the Pool to make additional assessments or refund surplus revenue to the City. It is not possible to estimate the amount of such additional assessments or refunds, if any.

NOTE F - PENSION PLAN

Plan Description

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

Benefits Provided

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

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

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%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than ½%. A 1% COLA is granted if the CPI change is between ½% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	32
Active employees	<u>29</u>
	<u>74</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025 employer contributions for the City were \$76,329 based on a rate of 6.38% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability(Asset)

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

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Actuarial Assumptions

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

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

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

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

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

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%. 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%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	<u>1.00</u>
		<u>100.00%</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 future capital market projects, historical market returns and expected inflation rate, as described above.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

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 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)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) – (b)
Changes for the year ended June 30, 2024:			
Increase(decrease):			
Service cost	\$ 109,283	\$ 0	\$ 109,283
Interest	147,901	0	147,901
Differences between expected and actual experience	141,900	0	141,900
Changes of assumptions	0	0	0
Contributions-employer	0	66,752	(66,752)
Contributions-employees	0	54,270	(54,270)
Net investment income	0	203,924	(203,924)
Benefit payments, including including refunds of employee contributions	(72,649)	(72,649)	0
Administrative expense	0	(2,801)	2,801
Net changes for the year ended June 30, 2024	326,435	249,496	76,939
Balances at June 30, 2023	2,118,173	2,066,104	52,069
Balances at June 30, 2024	<u>\$ 2,444,608</u>	<u>\$ 2,315,600</u>	<u>\$ 129,008</u>

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Sensitivity of the Net Pension Liability(Asset) to Changes in the Discount Rate

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

	1% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1% Increase <u>7.75%</u>
Net pension liability(asset)	\$ 499,987	\$ 129,008	\$ (171,127)

Pension Expense

For the year ended June 30, 2025, the City recognized pension expense of \$102,570.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,036	\$ 14,448
Net difference between projected and actual earnings on pension plan investments	0	24,298
Changes of assumptions	32,871	0
Contributions subsequent to the measurement date of June 30, 2024	<u>76,329</u>	<u>not applicable</u>
Totals	<u>\$ 290,236</u>	<u>\$ 38,746</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2024,” will be recognized as a reduction(increase) to net pension liability(asset) in the following measurement period.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

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

Year Ending
June 30:

2026	\$ 33,882
2027	90,487
2028	34,996
2029	15,795
2030	0
Thereafter	0

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, 2025, the City reported a payable of \$10,430 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

NOTE G - DEBT

Long-term debt at June 30, 2025 consisted of the following:

Governmental Activities:

Capital outlay note, payable in monthly installments of \$2,252, including interest at 3.20% through 2029	\$ 101,419
Less current maturities	<u>(23,968)</u>
	<u>\$ 77,451</u>

Business-Type Activities:

Water Revenue and Tax Bonds, Series 1995, payable in monthly installments of \$3,192, including interest at 5.00% through 2033	\$ 245,640
Water Revenue and Tax Bonds, Series 2001, payable in monthly installments of \$3,126, including interest at 4.50% through 2039	380,327
Water Revenue and Tax Bonds, Series 2003, payable in monthly installments of \$918, including interest at 4.50% through 2041	127,110
Water Revenue and Tax Bonds, Series 2009, payable in annual installments of varying amounts, including interest at a variable rate (3.09% at June 30, 2025) through 2035	1,397,000
Water Revenue and Tax Bonds, Series 2023, payable in annual installments of varying amounts, including interest at 5.75% through 2036	209,000

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Business-Type Activities (continued):

2006 State of Tennessee Revolving Fund loan, payable in annual installments of \$95,700, including interest at 0.79% through 2031	537,906
Capital outlay note, Series 2024, interest due semi-annually at 5.25%, principal due annually in varying amounts through 2036	205,000
State of Tennessee DWSRF Loan DW9 2023-257	33,150
2009 State of Tennessee Revolving Fund loan, payable in annual installments of \$45,600, including interest at 1.44% through 2031	<u>265,451</u>
	3,400,584
Less current maturities	<u>(325,632)</u>
	<u>\$ 3,074,952</u>

Maturities of long-term debt as of June 30, 2025 are as follows:

Governmental Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 23,968	\$ 2,943	\$ 26,912
2027	24,747	2,165	26,912
2028	25,547	1,365	26,912
2029	<u>27,157</u>	<u>532</u>	<u>27,689</u>
Totals	<u>\$ 101,419</u>	<u>\$ 7,005</u>	<u>\$ 108,424</u>

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Business-Type Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 325,632	\$ 103,745	\$ 429,377
2027	336,980	96,481	433,461
2028	347,566	88,922	436,488
2029	360,398	81,025	441,423
2030	372,381	72,797	445,178
2031	365,736	64,163	429,899
2032	257,362	56,015	313,377
2033	256,522	48,297	304,820
2034	243,122	41,680	284,802
2035	255,173	34,988	290,161
2036	87,204	9,168	96,372
2037	65,720	5,464	71,184
2038	45,624	2,904	48,528
2039	25,556	1,226	26,782
2040	10,300	716	11,016
2041	<u>12,158</u>	<u>241</u>	<u>12,399</u>
Totals	<u>\$ 3,367,434</u>	<u>\$ 707,833</u>	<u>\$ 4,075,267</u>

Future maturities for the State of Tennessee DWSRF Loan DW9 2023-257 have not been determined and are not included in the amounts reported above.

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

Changes in long-term debt for the year ended June 30, 2025 were as follows:

	<u>Balance</u> <u>7/1/24</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/25</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental</u> <u>Activities:</u>					
Capital Outlay Note	\$ 125,110	\$ 0	\$ 23,691	\$ 101,419	\$ 23,968
<u>Business-Type</u> <u>Activities:</u>					
Water Revenue and Tax Bonds, Series 1995	\$ 270,970	\$ 0	\$ 25,329	\$ 245,640	\$ 26,994
Water Revenue and Tax Bonds, Series 2001	400,234	0	19,907	380,327	21,122
Water Revenue and Tax Bonds, Series 2003	132,279	0	5,169	127,110	5,492
Water Revenue and Tax Bonds, Series 2009	1,503,000	0	106,000	1,397,000	111,000
Water Revenue and Tax Bonds, Series 2023	222,500	0	13,500	209,000	14,300
DWSRF DW9 2023-257	0	33,150	0	33,150	0
Capital Outlay Note State of Tennessee	0	205,000	0	205,000	12,900
Revolving Fund loan State of Tennessee	628,758	0	90,852	537,906	91,776
Revolving Fund loan	<u>306,337</u>	<u>0</u>	<u>40,886</u>	<u>265,451</u>	<u>42,048</u>
	<u>\$ 3,464,077</u>	<u>\$ 238,150</u>	<u>\$ 301,643</u>	<u>\$ 3,400,584</u>	<u>\$ 325,632</u>

CITY OF MAYNARDVILLE, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2025

The taxing authority of the City and all user fees and charges are pledged for the repayment of the principal and interest maturities of long-term debt. If the City fails to make its payments timely and is unable to remedy, some of the debt agreements require that the debt will become immediately due and payable in full by declaration of the debt holders.

NOTE H - INTERFUND BALANCES

Amounts due from and due to other funds at June 30, 2025, resulting from short-term advances for shared costs, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General fund	Water and sewer fund	\$ 11,673
State street aid fund	General fund	33,904

NOTE I - RESTATEMENT

Fund balance and net position have been restated at June 30, 2024 to record compensated absences as required by GASB 101, *Compensated Absences*.

	<u>General Fund</u>	<u>Governmental Activities</u>	<u>Business-Type Activities/Water and Sewer Fund</u>
Balance at June 30, 2024, as originally reported	\$ 2,440,474	\$ 4,081,652	\$ 15,441,163
Record compensated absences as of June 30, 2024	<u>(30,000)</u>	<u>(79,857)</u>	<u>(68,636)</u>
Balance at June 30, 2024, as restated	<u>\$ 2,410,474</u>	<u>\$ 4,001,795</u>	<u>\$ 15,372,527</u>

This restatement had no effect on the originally reported change in fund balance or change in net assets for the year ended June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MAYNARDVILLE, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET)

June 30, 2025

	Measurement Date at June 30,			
	2024	2023	2022	2021
<u>Total pension liability</u>				
Service cost	\$ 109,283	\$ 98,191	\$ 90,486	\$ 69,580
Interest	147,901	129,552	120,760	109,637
Differences between actual and expected experience	141,900	95,468	(36,120)	30,712
Changes of assumptions	0	0	0	98,611
Benefit payments, including refunds of employee contributions	(72,649)	(52,281)	(52,877)	(52,401)
Net change in total pension liability	326,435	270,930	122,249	256,139
Total pension liability - beginning	2,118,173	1,847,243	1,724,994	1,468,855
Total pension liability - ending (a)	2,444,608	2,118,173	1,847,243	1,724,994
<u>Plan fiduciary net position</u>				
Contributions - employer	66,752	58,762	36,645	36,620
Contributions - employee	54,270	48,968	44,909	44,877
Net investment income	203,924	128,463	(74,449)	393,660
Benefit payments, including refunds of employee contributions	(72,649)	(52,281)	(52,877)	(52,401)
Administrative expense	(2,801)	(2,399)	(2,652)	(2,374)
Net change in plan fiduciary net position	249,496	181,513	(48,424)	420,382
Plan fiduciary net position - beginning	2,066,104	1,884,591	1,933,015	1,512,633
Plan fiduciary net position - ending (b)	2,315,600	2,066,104	1,884,591	1,933,015
Net pension liability(asset) - ending (a) - (b)	\$ 129,008	\$ 52,069	\$ (37,348)	\$ (208,021)

See the accompanying independent accountants' audit report.

		Measurement Date at June 30,			
2020	2019	2018	2017	2016	2015
\$ 58,821	\$ 58,821	\$ 55,195	\$ 43,900	\$ 46,027	\$ 45,518
93,556	93,556	86,030	80,523	74,061	63,204
(34,695)	(34,695)	(233)	(26,052)	(4,573)	54,242
0	0	0	38,262	0	0
(46,570)	(46,570)	(35,061)	(34,810)	(19,662)	(17,771)
71,112	71,112	105,931	101,823	95,853	145,193
1,254,893	1,254,893	1,148,962	1,047,139	951,286	806,093
1,326,005	1,326,005	1,254,893	1,148,962	1,047,139	951,286
28,971	28,971	6,665	1,891	1,804	1,691
36,214	36,214	33,323	31,510	30,066	28,186
96,175	96,175	98,246	120,505	27,381	30,512
(46,570)	(46,570)	(35,061)	(34,810)	(19,662)	(17,771)
(1,981)	(1,981)	(2,023)	(1,824)	(1,463)	(964)
112,809	112,809	101,150	117,272	38,126	41,654
1,283,310	1,283,310	1,182,160	1,064,888	1,026,762	985,108
1,396,119	1,396,119	1,283,310	1,182,160	1,064,888	1,026,762
<u>\$ (70,114)</u>	<u>\$ (70,114)</u>	<u>\$ (28,417)</u>	<u>\$ (33,198)</u>	<u>\$ (17,749)</u>	<u>\$ (75,476)</u>

CITY OF MAYNARDVILLE, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET)

(continued)

June 30, 2025

	Measurement Date at June 30,			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Plan fiduciary net position as a percentage of total net pension liability	94.72%	97.54%	102.02%	112.06%
Covered payroll	\$1,085,392	\$ 979,358	\$ 898,163	\$ 897,550
Net pension liability(asset) as a percentage of covered employee payroll	11.89%	5.32%	(4.16%)	(23.18%)

Changes of Assumptions

During the year ended June 30, 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. During the year ended June 30, 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.

		Measurement Date at June 30,			
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
105.29%	105.29%	102.26%	102.89%	101.69%	107.93%
\$ 724,274	\$ 724,274	\$ 666,455	\$ 630,204	\$ 601,310	\$ 563,715
(9.68%)	(9.68%)	(4.26%)	5.27%	2.95%	13.39%

CITY OF MAYNARDVILLE, TENNESSEE

PENSION CONTRIBUTIONS

June 30, 2025

	Year Ended June 30,		
	2025	2024	2023
Actuarially determined contributions	\$ 73,951	\$ 60,855	\$ 58,762
Contributions in relation to the actuarially determined contributions	(76,329)	(59,945)	(58,762)
Contribution deficiency(excess)	<u>\$ (2,378)</u>	<u>\$ 910</u>	<u>\$ 0</u>
Covered payroll	\$ 1,142,977	\$ 1,060,949	\$ 979,358
Contributions as a percentage of covered payroll	6.38%	5.65%	6.00%

See the accompanying independent accountants' audit report.

	Year Ended June 30,					
<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 36,645	\$ 36,620	\$ 34,405	\$ 28,681	\$ 3,332	\$ 1,891	\$ 1,804
<u>(36,645)</u>	<u>(36,620)</u>	<u>(37,947)</u>	<u>(28,971)</u>	<u>(6,665)</u>	<u>(1,891)</u>	<u>(1,804)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,542)</u>	<u>\$ (290)</u>	<u>\$ (3,333)</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 898,163	\$ 897,550	\$ 843,266	\$ 724,274	\$ 666,455	\$ 630,204	\$ 601,310
4.08%	4.08%	4.50%	4.00%	1.00%	0.30%	0.30%

CITY OF MAYNARDVILLE, TENNESSEE

PENSION CONTRIBUTIONS

(continued)

June 30, 2025

Notes to Pension Contributions

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

Methods and assumptions used to determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125%

Changes of 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.

SUPPLEMENTARY INFORMATION

CITY OF MAYNARDVILLE, TENNESSEE

INVESTMENTS

June 30, 2025

	<u>Interest Rate</u>	<u>Amount</u>
<u>General Fund - Certificates of Deposit:</u>		
Commercial Bank #1029411499	2.98%	\$ 16,208
Commercial Bank #1031005686	2.46	<u>186,398</u>
		<u>\$ 202,606</u>
<u>Water and Sewer Fund - Certificates of Deposit:</u>		
Commercial Bank #1030231569	3.20%	\$ 78,483
Commercial Bank #1031103297	2.49	74,153
Commercial Bank #1029524943	2.98	27,171
Commercial Bank #1029411502	2.98	26,869
Commercial Bank #1029675305	3.22	27,444
Commercial Bank #1050065766	4.85	27,448
Commercial Bank #1029339925	2.98	27,020
Commercial Bank #1031295439	2.98	27,081
Commercial Bank #1030425495	2.98	<u>27,162</u>
		<u>\$ 342,830</u>

See the accompanying independent accountants' audit report.

CITY OF MAYNARDVILLE, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2025

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities</u>			
Capital Outlay Note			
Year Ending <u>June 30:</u>			
2026	\$ 23,968	\$ 2,943	\$ 26,911
2027	24,747	2,165	26,912
2028	25,547	1,365	26,912
2029	<u>27,157</u>	<u>532</u>	<u>27,688</u>
	<u>\$ 101,419</u>	<u>\$ 7,005</u>	<u>\$ 108,423</u>

See the accompanying independent accountants' audit report.

CITY OF MAYNARDVILLE, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2025

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Business-Type Activities:</u>			
2009 State of Tennessee Revolving Fund loan			
Year Ending <u>June 30:</u>			
2026	\$ 42,048	\$ 3,552	\$ 45,600
2027	42,660	2,940	45,600
2028	43,284	2,316	45,600
2029	43,908	1,692	45,600
2030	44,544	1,056	45,600
2031	<u>49,007</u>	<u>384</u>	<u>49,391</u>
	<u>\$ 265,451</u>	<u>\$ 11,940</u>	<u>\$ 277,391</u>

CITY OF MAYNARDVILLE, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2025

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Water Revenue and Tax Bonds, Series 1995			
<u>Year Ending June 30:</u>			
2026	\$ 26,994	\$ 11,310	\$ 38,304
2027	28,375	9,929	38,304
2028	29,827	8,477	38,304
2029	31,353	6,951	38,304
2030	32,957	5,347	38,304
2031	34,643	3,661	38,304
2032	36,416	1,888	38,304
2033	<u>25,075</u>	<u>242</u>	<u>25,317</u>
	<u>\$ 245,640</u>	<u>\$ 47,805</u>	<u>\$ 293,445</u>

CITY OF MAYNARDVILLE, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2025

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Water Revenue and Tax Bonds, Series 2001			
<u>Year Ending June 30:</u>			
2026	\$ 21,122	\$ 16,390	\$ 37,512
2027	22,093	15,419	37,512
2028	23,107	14,405	37,512
2029	24,169	13,343	37,512
2030	25,279	12,233	37,512
2031	26,441	11,071	37,512
2032	27,655	9,857	37,512
2033	28,926	8,586	37,512
2034	30,255	7,257	37,512
2035	31,645	5,867	37,512
2036	33,098	4,414	37,512
2037	34,619	2,893	37,512
2038	36,209	1,303	37,512
2039	<u>15,709</u>	<u>57</u>	<u>15,766</u>
	<u>\$ 380,327</u>	<u>\$ 123,095</u>	<u>\$ 503,423</u>

CITY OF MAYNARDVILLE, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2025

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Water Revenue and Tax Bonds, Series 2003			
<u>Year Ending June 30:</u>			
2026	\$ 5,492	\$ 5,524	\$ 11,016
2027	5,744	5,272	11,016
2028	6,008	5,008	11,016
2029	6,284	4,732	11,016
2030	6,573	4,443	11,016
2031	6,875	4,141	11,016
2032	7,191	3,825	11,016
2033	7,521	3,495	11,016
2034	7,867	3,149	11,016
2035	8,228	2,788	11,016
2036	8,606	2,410	11,016
2037	9,001	2,015	11,016
2038	9,415	1,601	11,016
2039	9,847	1,169	11,016
2040	10,300	716	11,016
2041	<u>12,158</u>	<u>241</u>	<u>12,399</u>
	<u>\$ 127,110</u>	<u>\$ 50,529</u>	<u>\$ 177,639</u>

CITY OF MAYNARDVILLE, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2025

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Water Revenue and Tax Bonds, Series 2009			
<u>Year Ending June 30:</u>			
2026	\$ 111,000	\$ 41,452	\$ 152,452
2027	117,000	39,645	156,645
2028	122,000	37,760	159,760
2029	129,000	35,767	164,767
2030	135,000	33,681	168,681
2031	142,000	31,487	173,487
2032	149,000	29,185	178,185
2033	156,000	26,775	182,775
2034	164,000	24,241	188,241
2035	<u>172,000</u>	<u>21,584</u>	<u>193,584</u>
	<u>\$ 1,397,000</u>	<u>\$ 321,575</u>	<u>\$ 1,718,577</u>

CITY OF MAYNARDVILLE, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2025

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006 State of Tennessee Revolving Fund loan			
<u>Year Ending June 30:</u>			
2026	\$ 91,776	\$ 3,924	\$ 95,700
2027	92,508	3,192	95,700
2028	93,240	2,460	95,700
2029	93,984	1,716	95,700
2030	94,728	972	95,700
2031	<u>71,670</u>	<u>205</u>	<u>71,875</u>
	<u>\$ 537,906</u>	<u>\$ 12,469</u>	<u>\$ 550,375</u>

CITY OF MAYNARDVILLE, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2025

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Water Revenue and Tax Bonds, Series 2023			
<u>Year Ending June 30:</u>			
2026	\$ 14,300	\$ 11,606	\$ 25,906
2027	15,100	10,761	25,861
2028	15,900	9,870	25,770
2029	16,800	8,930	25,730
2030	17,700	7,938	25,638
2031	18,700	6,891	25,591
2032	19,800	5,785	25,585
2033	20,900	4,614	25,514
2034	22,000	3,381	25,381
2035	23,300	2,079	25,379
2036	<u>24,500</u>	<u>704</u>	<u>25,204</u>
	<u>\$ 209,000</u>	<u>\$ 72,557</u>	<u>\$ 281,559</u>

CITY OF MAYNARDVILLE, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2025

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Capital Outlay Note			
Year Ending <u>June 30:</u>			
2026	\$ 12,900	\$ 9,987	\$ 22,887
2027	13,500	9,323	22,823
2028	14,200	8,626	22,826
2029	14,900	7,895	22,795
2030	15,600	7,128	22,728
2031	16,400	6,323	22,723
2032	17,300	5,475	22,775
2033	18,100	4,585	22,685
2034	19,000	3,652	22,652
2035	20,000	2,671	22,671
2036	21,000	1,640	22,640
2037	<u>22,100</u>	<u>556</u>	<u>22,656</u>
	<u>\$ 205,000</u>	<u>\$ 67,860</u>	<u>\$ 272,861</u>

CITY OF MAYNARDVILLE, TENNESSEE

CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue
<u>Governmental Activities</u>			
Notes Payable:			
Capital Outlay Note	\$ 230,000	3.20 %	7/1/2019
<u>Business-Type Activities</u>			
Bonds Payable:			
Water Revenue and Tax Bonds, Series 2009	\$ 2,550,000	3.09 %	12/1/2009
Water Revenue and Tax Bonds, Series 2003	200,000	4.50	12/31/2003
Water Revenue and Tax Bonds, Series 1995	650,000	5.00	5/31/1995
Water Revenue and Tax Bonds, Series 2001	681,000	4.50	3/31/2001
Water Revenue and Tax Bonds, Series 2023	222,500	5.75	11/30/2023
Notes Payable:			
DWSRF Loan DW9 2023-257	37,500	1.14	11/30/2024
Capital Outlay Note	205,000	5.25	10/31/2024
State of Tennessee Revolving Fund loan	1,770,000	0.79	4/30/2011
State of Tennessee Revolving Fund loan	792,000	1.44	8/31/2011

See the accompanying independent accountant's audit report.

<u>Last Maturity Date</u>	<u>Outstanding 7/1/2024</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2025</u>
7/1/2029	<u>\$ 125,110</u>	<u>\$ 0</u>	<u>\$ 23,691</u>	<u>\$ 0</u>	<u>\$ 101,419</u>
5/25/2035	\$ 1,503,000	\$ 0	\$ 106,000	\$ 0	\$ 1,397,000
12/31/2040	132,279	0	5,169	0	127,110
5/31/2033	270,970	0	25,329	0	245,640
3/31/2039	400,234	0	19,907	0	380,327
3/31/2036	222,500	0	13,500	0	209,000
10/31/2036	0	33,150	0	0	33,150
10/31/2036	0	205,000	0	0	205,000
4/30/2031	628,758	0	90,852	0	537,906
8/31/2031	<u>306,337</u>	<u>0</u>	<u>40,886</u>	<u>0</u>	<u>265,451</u>
	<u>\$ 3,464,078</u>	<u>\$ 238,150</u>	<u>\$ 301,643</u>	<u>\$ 0</u>	<u>\$ 3,400,583</u>

CITY OF MAYNARDVILLE, TENNESSEE

EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2025

<u>Federal Grantor/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
Appalachian Regional Commission	23.002	Appalachian Area Development/N.A.	\$ 17,181
U.S. Department of Housing and Urban Development/Tennessee Department Of Economic and Community Development	14.228	Community Development Block Grant - Parks And Open Spaces Program/16140	55,974
U.S. Department of Agriculture/Rural Development	10.766	Community Facilities Grant Agreement/N.A.	50,000
U.S. Department of Environmental Protection Agency	66.468	Drinking Water State Revolving Loan Funds/N.A.	75,000
U.S Department of Treasury/Department Of Finance and Administration	21.027	Coronavirus State and Local Fiscal Recovery Funds/N.A.	<u>256,907</u>
			<u>\$ 455,062</u>

BASIS OF PRESENTATION

This schedule summarizes the expenditures of City of Maynardville, Tennessee under programs of the federal government for the year ended June 30, 2025. The schedule is presented using the full accrual basis of accounting. Because this schedule presents only a selected portion of the operations of City of Maynardville, Tennessee, it is not intended and does not present the net position or changes in the net position of City of Maynardville, Tennessee.

See the accompanying independent accountants' audit report.

OTHER INFORMATION

CITY OF MAYNARDVILLE, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
WATER AND SEWER FUND

June 30, 2025

	<u>Water</u>	<u>Sewer</u>
Inside City limits:		
First 2,000 gallons (minimum billing)	\$ 26.81	\$ 29.45
Next 8,000 gallons (per thousand)	9.72	10.77
Next 10,000 gallons (per thousand)	8.68	9.62
Next 30,000 gallons (per thousand)	7.94	8.68
Over 50,000 gallons (per thousand)	7.36	8.09
Outside City limits:		
First 2,000 gallons (minimum billing)	\$ 40.14	\$ 44.08
Next 8,000 gallons (per thousand)	14.62	16.03
Next 10,000 gallons (per thousand)	13.00	14.34
Next 30,000 gallons (per thousand)	11.87	13.00
Over 50,000 gallons (per thousand)	11.15	12.16
Number of metered customers	2,969	1,318

See the accompanying independent accountants' audit report.

CITY OF MAYNARDVILLE, TENNESSEE

PRINCIPAL OFFICIALS

June 30, 2025

Len Padgett, Mayor
Isaac Collins, Vice-Mayor
Jennipher Ford, Commissioner
Tim Young, Commissioner
Conner Chesney, Commissioner
Ty Blakely, City Manager
Gina Singletary, City Recorder, CMFO

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and Board of Commissioners
City of Maynardville, Tennessee
Maynardville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Maynardville, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Maynardville, Tennessee's basic financial statements, and have issued our report thereon dated January 20, 2026

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Maynardville, 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Maynardville, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Maynardville, 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 City of Maynardville, Tennessee's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Maynardville, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The script is cursive and fluid, with the ampersand clearly visible between the two names.

January 20, 2026

CITY OF MAYNARDVILLE, TENNESSEE

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2025

There were no findings reported in the prior year.