CITY OF ALGOOD, TENNESSEE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CITY OF ALGOOD, TENNESSEE
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FOR THE YEAR ENDED JUNE 30, 2025

City of Algood, Tennessee
Roster of City Officials
For the Year Ended June 30, 2025

Elected Officials

Lisa Chapman-Fowler	Mayor
Luke Hill	Council Member Vice-Mayor
Ruby Hawkins	Council Member
Bill Bilbrey	Council Member
Roger Williams	Council Member

Appointed Officials

Keith Morrison, CMFO	City Administrator
Anna Walker	City Recorder

FINANCIAL SECTION

M G Group, Inc.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
Tullahoma, Tennessee

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Algood, 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, each major fund, and the aggregate remaining fund information of the City of Algood, Tennessee as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Algood, 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, each major fund, and the aggregate remaining fund information of the City of Algood, Tennessee, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material

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misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information section as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026, on our consideration of the City of Algood, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Algood, 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 Algood, Tennessee's internal control over financial reporting and compliance.

M G Group, Inc.

A Division of Strategic Vision Advisory Group, PLLC
Tullahoma, Tennessee
January 9, 2026

City of Algood, Tennessee
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

As management of the City of Algood, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. The analysis focuses on significant financial position, budget changes, variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The assets and deferred outflows of the City of Algood exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $29,339,072 (net position). Of this amount, $8,605,242 (governmental unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $1,010,064 compared to prior year.
- As of the close of the current fiscal year, the City of Algood's governmental funds reported combined ending fund balances of $9,566,565 an increase of $1,050,413 in comparison with the prior year. Approximately 91% of this total amount, $8,691,654 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $8,691,654, or 213% of the fiscal year 2025 final general fund expenditures including transfers. This demonstrates the City's fiscal discipline and places the City in a strong financial position to meet unexpected emergencies, uncertainties at the State level, or a slow down in the economy.
- The City of Algood's total long term debt principal decreased by $158,596 during the fiscal year. This net decrease was due to scheduled debt service principal payments. No new debt was issued for fiscal year ended June 30, 2025.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Algood's basic financial statements. The City's basic financial statements comprise three components: (I) 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.

Governmental-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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Algood include general government, personnel, finance, parks, planning, police, fire, disposal service, streets and public works.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The City of Algood, 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 funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the funds all of which are considered to be major funds. The City of Algood adopts an annual appropriated budget for its general fund and other funds. Budgetary comparison statements have been provided for the general fund and non-major special revenue funds that have adopted budgets to demonstrate compliance with these budgets. The comparison statements report the original fiscal year budget as well as any subsequent budget amendments. Amendments to the General Fund budget were minimal, resulting in only a slight change to the net revenues/expenditures. Sales tax revenues were higher than budget by $544,513 as a result of increased consumer spending in the City. Actual expenditures excluding capital outlay were under budget by approximately $98,252 and capital outlay expenditures were $28,397 under budget because of asset purchases that were budgeted but not expensed. In total, revenues were $1,048,762 over budget and expenditures were $424,350 under budget. The basic financial statements can be found on pages 10-20 of this report.

Proprietary Fund

The City has a utility fund to account for the activities of water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund is considered a major fund of the City and its basic financial statements can be found on pages 18-20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-39 of this report.

Other Information

Included in Required Supplementary Information, the City's progress in funding its obligation to provide pension benefits to its employees is presented, which can be found on pages 40-42 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, as well as budgetary information for State Street Aid, Cemetery, and Drug Fund, are presented immediately following the required supplementary information on pensions. Combining and individual fund statements can be found on pages 43-47 of this report.

Government-Wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows exceeded liabilities and deferred inflows by $29,339,073 as of June 30, 2025.

City of Algood, Tennessee's Net Position-Amounts expressed in thousands

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 10,298	$ 9,481	$ 4,661	$ 4,100	$ 14,959	$ 13,581
Capital assets	10,854	11,377	7,528	7,843	18,382	19,220
Deferred outflows	255	267	55	41	310	308
Total Assets and Deferred Outflows	$ 21,407	$ 21,125	$ 12,244	$ 11,984	$ 33,651	$ 33,109
Current liabilities	$ 269	$ 549	$ 382	$ 404	$ 651	$ 953
Other liabilities and deferred inflows	861	944	2,800	2,884	3,661	3,828
Total Liabilities and Deferred Inflows	$ 1,130	$ 1,493	$ 3,182	$ 3,288	$ 4,312	$ 4,781
Net Position:						
Net Investment in Capital Assets	$ 10,797	$ 11,215	$ 4,644	$ 4,800	$ 15,441	$ 16,015
Restricted	875	861	-	-	875	861
Unrestricted	8,605	7,556	4,418	3,897	13,023	11,453
Total Net Position, as restated	$ 20,277	$ 19,632	$ 9,062	$ 8,697	$ 29,339	$ 28,329

City of Algood, Tennessee's Changes in Net Positions-amounts expressed in thousands

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	$ 274	$ 301	$ 3,012	$ 2,601	$ 3,286	$ 2,902
Operating grants and contributions	148	-	-	-	148	-
Capital grants and contributions	39	758	102	-	141	758
General revenues:						
Property taxes	454	437	-	-	454	437
Other taxes	3,673	3,536	-	-	3,673	3,536
Unrestricted Grants	-	-	-	-	-	-
Other sources	653	544	84	180	737	724
Total revenues	$ 5,241	$ 5,576	$ 3,198	$ 2,781	$ 8,439	$ 8,357
Governmental Activities:						
General Government	$ 1,128	$ 1,241	$ -	$ -	$ 1,128	$ 1,241
Public Safety	1,776	1,846	-	-	1,776	1,846
Public works	858	768	-	-	858	768
Community center and parks	312	249	-	-	312	249
Cemetery and maintenance	14	12	-	-	14	12
Sanitation	365	284	-	-	365	284
Streets	143	96	-	-	143	96
Water and sewer system	-	-	2,833	2,427	2,833	2,427
Total Expenses	$ 4,596	$ 4,496	$ 2,833	$ 2,427	$ 7,429	$ 6,923
Change in net position	645	1,080	365	354	1,010	1,434
Net Position, beginning, as restated	19,632	18,552	8,697	8,343	28,329	26,895
Net position, ending	$ 20,277	$ 19,632	$ 9,062	$ 8,697	$ 29,339	$ 28,329

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Based on the statements, the overall financial position of the City has improved during the current period. The general fund is the primary operating fund of the City with about 97% of the City's annual governmental revenues and expenditures. At the end of the current fiscal year, the entirety of the fund balance was unassigned in the general fund and totaled $8,691,654. The total fund balance of the general fund increased by $1,036,986 during the year.

Proprietary Funds

Proprietary funds are considered business-type activities and are operated similarly. Net position of the City's utility fund increased by $364,734 in the current fiscal year to an ending balance of $9,061,690. The unrestricted portion of the utility fund net position increased by $520,945 to a balance of $4,417,875.

Capital Assets

The City's net investment in capital assets from its governmental activities at June 30, 2025 amounts to $10,797,231 (net of accumulated depreciation and related debt) and its business-type activities amounts to $4,643,815 (net of accumulated depreciation and related debt). This investment in capital assets is in land, buildings, improvements, machinery, equipment, and construction in progress. The total net decrease in the City's investment in governmental capital assets for the current fiscal year was $417,469. The total depreciation and amortization expense in the governmental activities was $745,381 and accumulated depreciation and amortization totaled $7,330,264 at the end of the year. The total depreciation expense in the business-type activities was $347,623 and accumulated depreciation in the City's investment in business-type capital assets totaled $5,983,664 at the end of the current fiscal year. Additional information on the City's capital assets can be found in the notes to the basic financial statements.

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

- Public Works Salt Shed
- Multiple Infrastructure upgrades including paving of Mirandy Road
- Police Mobile Workstations
- Fire Rescue Equipment
- Upgrades to Utility Station Remote Monitoring
- Other acquisitions of new equipment

City of Algood, Tennessee's Capital Assets

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 1,584,501	$ 1,584,501	$ 15,000	$ 15,000	$ 1,599,501	$ 1,599,501
Buildings and improvements	5,189,693	5,164,472	-	-	5,189,693	5,164,472
Infrastructure / Utility System	7,097,028	7,001,645	12,997,813	12,980,625	20,094,841	19,982,270
Equipment	4,210,786	4,100,814	492,916	483,285	4,703,702	4,584,099
Construction in progress	-	7,950	5,996	-	5,996	7,950
Intangible right to use asset	102,074	102,074	-	-	102,074	102,074
Less: Accumulated depreciation and Amortization	(7,330,264)	(6,699,303)	(5,983,663)	(5,636,040)	(13,313,927)	(12,335,343)
Total capital assets	$ 10,853,818	$ 11,262,153	$ 7,528,062	$ 7,842,870	$ 18,381,880	$ 19,105,023

Long-term Debt

The City has utility debt of $2,884,247, which was used to finance improvements to the utility system, and includes $2,191,000 from a bond that was used to complete the Old Walton Road sewer line extension in fiscal year 2024. Additional information on long-term debt can be found in the notes to the basic financial statements.

Currently Known Facts, Conditions, Economic Factors and Next Year's Budget and Rates

In the 2025-2026 budget, general fund revenues show an increase of 12% compared with the fiscal year 2024-2025 budget primarily due to steady growth in the local economy. The City's budget has benefited from an expanding commercial and retail base in recent years, producing increases in local sales tax receipts. The City continues to study infrastructure projects and acquisitions to improve current status and prepare for continued future growth.

City of Algood, Tennessee's Long-Term Debt

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation, Revenue and Tax Bonds	$ -	$ -	$ 2,191,000	$ 2,247,000	$ 2,191,000	$ 2,247,000
State Revolving Loan Funds	-	-	693,247	795,843	693,247	795,843
Compensated Absences	289,054	252,361	90,208	82,329	379,262	334,690
Pension Liability	48,655	42,138	10,596	9,357	59,251	51,495
Lease Obligations	56,588	78,159	-	-	56,588	78,159
Total long-term debt	$ 394,297	$ 372,658	$ 2,985,051	$ 3,134,529	$ 3,379,348	$ 3,507,187

Request for Information

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

Keith Morrison, City Administrator
City of Algood, Tennessee
PO Box 49215, 215 West Main Street
Algood, Tennessee 38506

BASIC FINANCIAL STATEMENTS

City of Algood, Tennessee
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 8,164,940.80	$ 4,317,397.54	$ 12,482,338.34
Certificate of deposits	724,225.77	-	724,225.77
Receivables, net			
Property taxes	464,664.03	-	464,664.03
Customer accounts receivable	38,812.44	297,585.87	336,398.31
Interest receivable	8,697.95	-	8,697.95
Lease receivable	197,172.13	-	197,172.13
Due from other governments	699,779.74	5,996.00	705,775.74
Prepaid expenses	-	1,500.00	1,500.00
Inventory	-	38,796.82	38,796.82
Total current assets	10,298,292.86	4,661,276.23	14,959,569.09
Capital assets:			
Capital assets, not being depreciated	1,584,501.00	20,996.00	1,605,497.00
Capital assets, being depreciated	16,599,581.38	13,490,729.01	30,090,310.39
Less: accumulated depreciation	(7,330,264.00)	(5,983,663.79)	(13,313,927.79)
Total capital assets	10,853,818.38	7,528,061.22	18,381,879.60
Total Assets	21,152,111.24	12,189,337.45	33,341,448.69
Deferred Outflow of Resources:			
Deferred outflows - pension	255,563.95	54,453.14	310,017.09
Total deferred outflows of resources	255,563.95	54,453.14	310,017.09
Liabilities:			
Current liabilities:			
Accounts payable	29,776.90	185,693.09	215,469.99
Accrued payroll	71,551.60	10,350.16	81,901.76
Long-term obligations, due within one year:			
Compensated absences	145,427.87	23,192.52	168,620.39
Lease liabilities	22,218.06	-	22,218.06
Notes payable	-	162,814.00	162,814.00
Total current liabilities	268,974.43	382,049.77	651,024.20
Long-term obligations, due in more than one year:			
Net pension liability	48,654.95	10,596.05	59,251.00
Compensated absences	143,627.06	67,015.17	210,642.23
Lease liabilities	34,369.54	-	34,369.54
Notes payable	-	2,721,432.40	2,721,432.40
Total long- term liabilities	226,651.55	2,799,043.62	3,025,695.17
Total Liabilities	495,625.98	3,181,093.39	3,676,719.37
Deferred Inflows of Resources			
Deferred inflow - property tax	445,537.00	-	445,537.00
Deferred inflow - pension	4,266.30	1,007.70	5,274.00
Deferred inflow - lease receivable	184,862.70	-	184,862.70
Total deferred inflows of resources	634,666.00	1,007.70	635,673.70
NET POSITION			
Net investment in capital assets	10,797,230.78	4,643,814.82	15,441,045.60
Restricted for:			
State Street Aid	388,433.24	-	388,433.24
Cemetery	470,302.77	-	470,302.77
Drug fund	16,174.45	-	16,174.45
Unrestricted	8,605,241.97	4,417,874.68	13,023,116.65
Total net position	$ 20,277,383.21	$ 9,061,689.50	$ 29,339,072.71

The accompanying notes are in integral part of these financial statements

City of Algood, Tennessee
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Business-type Activities	Total
Primary Government:							
General government	$ 1,284,721.48	$ -	$ -	$ 38,878.43	$ (1,245,843.05)	$ -	$ (1,245,843.05)
Public safety	1,773,700.98	18,929.55	-	-	(1,754,771.43)	-	(1,754,771.43)
Public Works	858,440.42	-	147,707.03	-	(710,733.39)	-	(710,733.39)
Parks and recreation	311,849.85	-	-	-	(311,849.85)	-	(311,849.85)
Sanitation	364,634.48	254,750.40	-	-	(109,884.08)	-	(109,884.08)
Interest on long-term debt	2,344.76				(2,344.76)	-	(2,344.76)
Total Governmental Activities	4,595,691.97	273,679.95	147,707.03	38,878.43	(4,135,426.56)	-	(4,135,426.56)
Business-Type Activities:							
Water and Sewer	2,832,700.12	3,011,885.09	-	101,994.86	-	281,179.83	281,179.83
Total Business-Type Activities	2,832,700.12	3,011,885.09	-	101,994.86	-	281,179.83	281,179.83
Total Primary Government	$ 7,428,392.09	$ 3,285,565.04	$ 147,707.03	$ 140,873.29	(4,135,426.56)	281,179.83	(3,854,246.73)
General revenues:							
Property taxes					453,519.80	-	453,519.80
Sales taxes					2,844,513.31	-	2,844,513.31
Wholesale beer tax					110,773.92	-	110,773.92
Wholesale liquor tax					3,526.94	-	3,526.94
Business tax					151,679.44	-	151,679.44
Franchise fees and other locally assessed tax					29,209.51	-	29,209.51
T.V.A. in lieu of taxes					48,145.60	-	48,145.60
State sales tax					501,597.24	-	501,597.24
State telecommunications tax					10,646.22	-	10,646.22
State beer tax					1,667.84	-	1,667.84
State excise tax					19,398.60	-	19,398.60
Interest income					225,359.19	83,554.37	308,913.56
Miscellaneous					380,719.15	-	380,719.15
Total general revenues					4,780,756.76	83,554.37	4,864,311.13
Change in net position					645,330.20	364,734.20	1,010,064.40
Net position - beginning, as restated					19,632,052.56	8,696,955.30	28,329,007.86
Net position - ending					$ 20,277,382.76	$ 9,061,689.50	$ 29,339,072.26

City of Algood, Tennessee
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Non Major Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	$ 8,043,520.19	$ 121,420.61	$ 8,164,940.80
Certificate of deposits	-	724,225.77	724,225.77
Accounts receivable			
Property tax	464,664.03	-	464,664.03
Customer receivable	38,812.44	-	38,812.44
Interest receivable	-	8,697.95	8,697.95
Lease receivable	197,172.13	-	197,172.13
Due from other governments	674,345.61	25,434.13	699,779.74
Total Assets	9,418,514.40	879,778.46	10,298,292.86
Liabilities:			
Accounts payable	24,908.90	4,868.00	29,776.90
Accrued payroll and payroll liabilities	71,551.60	-	71,551.60
Total Liabilities	96,460.50	4,868.00	101,328.50
Deferred Inflows of Resources:			
Deferred inflow - property tax	445,537.00	-	445,537.00
Deferred inflow - lease receivable	184,862.70	-	184,862.70
Total Deferred Inflows of Resources	630,399.70	-	630,399.70
Fund Balances:			
Unassigned	8,691,654.20	-	8,691,654.20
Restricted for:			
State Street Aid	-	388,433.24	388,433.24
Cemetery	-	470,302.77	470,302.77
Drug fund	-	16,174.45	16,174.45
Total Fund Balances	8,691,654.20	874,910.46	9,566,564.66
Total liabilities, deferred inflows of resources and fund balances	$ 9,418,514.40	$ 879,778.46	$ 10,298,292.86

City of Algood, Tennessee
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2025

Total fund balances, governmental funds	$ 9,566,564.66
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,853,818.38
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds. Balances at year-end are:	
Compensated absences	(289,054.93)
Lease Liability	(56,587.60)
Net Pension Liability	(48,654.95)
Deferred Pension - Outflow	255,563.95
Deferred Pension - Inflow	(4,266.30)
Net position of governmental activities	$ 20,277,383.21

The accompanying notes are in integral part of these financial statements

City of Algood, Tennessee
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 3,643,101.39	$ -	$ 3,643,101.39
Licenses and permits	121,618.38	-	121,618.38
Intergovernmental	620,333.93	147,707.03	768,040.96
Fines and fees	-	1,387.15	1,387.15
Charges for services	272,292.80	-	272,292.80
Miscellaneous	413,003.43	21,578.06	434,581.49
Total revenues	5,070,349.93	170,672.24	5,241,022.17
Expenditures:			
General government	1,186,511.47	-	1,186,511.47
Public safety	1,574,636.74	175.00	1,574,811.74
Public works	393,590.24	94,789.68	488,379.92
Sanitation	302,380.90	-	302,380.90
Parks and recreation	303,726.70	-	303,726.70
Cemetery	-	13,795.04	13,795.04
Capital Outlay	248,602.55	48,485.00	297,087.55
Debt Service			
Principal	21,570.93	-	21,570.93
Interest	2,344.76	-	2,344.76
Total expenditures	4,033,364.29	157,244.72	4,190,609.01
Net change in fund balances	1,036,985.64	13,427.52	1,050,413.16
Fund Balances - Beginning	7,654,668.56	861,482.94	8,516,151.50
Fund Balances - Ending	$ 8,691,654.20	$ 874,910.46	$ 9,566,564.66

City of Algood, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net changes in fund balance - total governmental funds	$ 1,050,413.16
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays which include principal and interest payments on capital leases as expenditures. However, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense for governmental activities	
Acquisition of Capital Assets	297,088.00
Depreciation and Amortization Expense	(745,381.02)
Principal paid on debt is reported as an expenditure on the governmental funds but not on the government-wide statement of activities	
Principal paid on leases	21,570.93
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.	
Change in pension related deferred outflows	69,115.93
Change in pension related deferred inflows	(4,266.30)
Change in net pension liability	(6,516.59)
Change in compensated absences accrual	(36,693.93)
Change in net position of governmental activities	$ 645,330.18

City of Algood, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Positive (Negative) Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes:				
Property and utility tax	$ 433,200.00	$ 433,200.00	$ 450,103.78	$ 16,903.78
Tax penalties and interest	1,850.00	1,850.00	3,416.02	1,566.02
Local option sales tax	2,300,000.00	2,300,000.00	2,844,513.31	544,513.31
Wholesale beer tax	115,000.00	115,000.00	110,773.92	(4,226.08)
Business tax	135,000.00	135,000.00	151,679.44	16,679.44
City Court	40,000.00	40,000.00	49,878.47	9,878.47
State Shared Liquor	3,000.00	3,000.00	3,526.94	526.94
Cable TV franchise tax	39,000.00	39,000.00	29,209.51	(9,790.49)
Total Taxes	3,067,050.00	3,067,050.00	3,643,101.39	576,051.39
Licenses and Permits:				
Building permits	35,000.00	90,000.00	119,435.07	29,435.07
Beer permits	800.00	800.00	808.31	8.31
Other permits	-	-	1,375.00	1,375.00
Total Licenses and Permits	35,800.00	90,800.00	121,618.38	30,818.38
Intergovernmental:				
Beer tax	2,200.00	2,200.00	1,667.84	(532.16)
Sales tax	325,000.00	325,000.00	501,597.24	176,597.24
TVA in lieu of tax	40,000.00	40,000.00	48,145.60	8,145.60
Corporate excise tax	3,200.00	3,200.00	19,398.60	16,198.60
State telecommunications tax	-	-	10,646.22	10,646.22
Federal and state grants	24,000.00	51,000.00	38,878.43	(12,121.57)
Total Intergovernmental	394,400.00	421,400.00	620,333.93	198,933.93
Charges for Services				
Solid Waste	140,000.00	140,000.00	254,750.40	114,750.40
Fees and commissions	16,025.00	16,025.00	17,542.40	1,517.40
Total Charges for Services	156,025.00	156,025.00	272,292.80	116,267.80
Miscellaneous Revenues:				
Interest income	18,000.00	123,000.00	225,359.19	102,359.19
Contributions and donations	37,100.00	47,500.00	31,700.00	(15,800.00)
Rental	78,213.00	78,213.00	128,451.43	50,238.43
Other miscellaneous revenue	37,600.00	37,600.00	27,492.81	(10,107.19)
Total Miscellaneous Revenues	170,913.00	286,313.00	413,003.43	126,690.43
Total Revenues	3,824,188.00	4,021,588.00	5,070,349.93	1,048,761.93
Expenditures:				
General Government:				
Salaries and wages	267,678.00	267,678.00	270,004.64	(2,326.64)
Employee benefits	515,819.00	598,219.00	551,609.97	46,609.03
Contractual services	83,200.00	83,200.00	76,255.83	6,944.17
Supplies and materials	18,700.00	18,700.00	14,932.44	3,767.56
Insurance	16,000.00	16,000.00	16,348.36	(348.36)
Other expenses	232,700.00	297,700.00	257,360.23	40,339.77
Capital Outlay	-	-	6,003.50	(6,003.50)
Total Administrative	$ 1,134,097.00	$ 1,281,497.00	$ 1,192,514.97	$ 88,982.03

City of Algood, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Positive (Negative) Variance With
	Original	**Final**	**Actual**	**Final Budget**
Public Safety				
Police Department:				
Salaries and wages	$ 1,015,977.00	$ 1,037,377.00	$ 966,365.54	$ 71,011.46
Employee benefits	271,129.00	298,129.00	251,680.86	46,448.14
Operating Supplies	107,500.00	97,500.00	71,931.62	25,568.38
Insurance	32,000.00	32,000.00	32,696.72	(696.72)
Other expenses	66,400.00	60,400.00	34,693.41	25,706.59
Capital Outlay	40,000.00	40,000.00	33,825.28	6,174.72
Debt Service				
Principal	-	-	21,570.93	(21,570.93)
Interest	-	-	2,344.76	(2,344.76)
Total Police Department	1,533,006.00	1,565,406.00	1,415,109.12	150,296.88
Fire Department:				
Volunteer firemen	87,400.00	87,400.00	85,232.00	2,168.00
Employee benefits	20,029.00	22,229.00	22,556.93	(327.93)
Supplies	16,500.00	16,500.00	43,481.28	(26,981.28)
Insurance	14,000.00	14,000.00	14,304.82	(304.82)
Other expenses	62,200.00	62,200.00	51,693.56	10,506.44
Capital Outlay	55,000.00	82,000.00	42,047.00	39,953.00
Total Fire Department	255,129.00	284,329.00	259,315.59	25,013.41
Total Public Safety	1,788,135.00	1,849,735.00	1,674,424.71	175,310.29
Public Works				
Salaries and wages	271,547.00	271,547.00	243,038.09	28,508.91
Employee benefits	37,736.00	42,036.00	37,853.71	4,182.29
Supplies	60,235.00	60,235.00	55,810.90	4,424.10
Insurance	8,700.00	8,700.00	8,889.42	(189.42)
Other expenses	85,900.00	85,900.00	47,998.12	37,901.88
Capital outlay	140,000.00	140,000.00	144,130.57	(4,130.57)
Total Public Works	604,118.00	608,418.00	537,720.81	70,697.19
Sanitation				
Salaries and wages	117,014.00	117,014.00	92,437.94	24,576.06
Employee benefits	16,229.00	19,029.00	14,021.04	5,007.96
Supplies	49,500.00	49,500.00	31,931.64	17,568.36
Insurance	7,000.00	7,000.00	7,152.41	(152.41)
Other expenses	112,500.00	162,500.00	156,837.87	5,662.13
Capital outlay	-	-	11,567.00	(11,567.00)
Total Sanitation	302,243.00	355,043.00	313,947.90	41,095.10
Parks and Recreation				
Salaries and wages	187,911.00	195,911.00	170,684.97	25,226.03
Employee benefits	18,110.00	22,310.00	18,632.47	3,677.53
Supplies	20,500.00	20,500.00	13,971.29	6,528.71
Insurance	7,800.00	7,800.00	7,969.82	(169.82)
Other expenses	81,500.00	101,500.00	92,468.15	9,031.85
Capital outlay	15,000.00	15,000.00	11,029.20	3,970.80
Total Parks and Recreation	330,821.00	363,021.00	314,755.90	48,265.10
Total expenditures	4,159,414.00	4,457,714.00	4,033,364.29	424,349.71
Net change in fund balances	(335,226.00)	(436,126.00)	1,036,985.64	1,473,111.64
Fund balances - beginning	7,654,668.56	7,654,668.56	7,654,668.56	-
Fund balances - ending	$ 7,319,442.56	$ 7,218,542.56	$ 8,691,654.20	$ 1,473,111.64

City of Algood, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2025

	Water and Sewer System
Assets:	
Current assets:	
Cash and cash equivalents	$ 4,317,397.54
Customer accounts receivable	354,063.53
Less: Allowance for doubtful accounts	(56,477.66)
Due from other governments	5,996.00
Prepaid expenses	1,500.00
Inventory	38,796.82
Total current assets	4,661,276.23
Capital assets:	
Capital assets, not being depreciated	20,996.00
Capital assets, being depreciated	13,490,729.01
Less: accumulated depreciation	(5,983,663.79)
Total capital assets	7,528,061.22
Total Assets	12,189,337.45
Deferred outflow of resources:	
Deferred outflow - pension	54,453.14
Total deferred outflows of resources	54,453.14
Liabilities:	
Current liabilities:	
Accounts payable	185,693.09
Accrued expenses	10,350.16
Compensated absences	23,192.52
Current portion - long-term debt	162,814.00
Total current liabilities	382,049.77
Noncurrent Liabilities:	
Long-term debt, net of current portion	2,721,432.40
Long-term compensated absences	67,015.17
Net pension liability	10,596.05
Total noncurrent liabilities	2,799,043.62
Total liabilities	3,181,093.39
Deferred inflow of resources:	
Deferred inflow - pension	1,007.70
Total deferred inflows of resources	1,007.70
Net Position:	
Net investment in capital assets	4,643,814.82
Unrestricted	4,417,874.68
Total net position	$ 9,061,689.50

The accompanying notes are in integral part of these financial statements

City of Algood, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2025

Operating Revenues:	
Metered water sales	$ 2,122,180.09
Sewer charges	820,636.33
Connection fees	23,790.00
Other	45,278.67
Total operating revenues	3,011,885.09
Operating Expenses:	
Depreciation	347,623.43
Employee benefits	121,851.34
Insurance	93,094.90
Materials	1,571,770.00
Miscellaneous	47,821.29
Postage	30,272.10
Professional services	53,479.45
Repairs and maintenance	43,446.01
Salaries and Wages	338,381.12
Supplies	30,757.66
Utilities	49,490.96
Total operating expenses	2,727,988.26
Operating income (loss)	283,896.83
Nonoperating Revenues (Expenses):	
Interest income	83,554.37
Tap fees	95,998.86
Interest expense	(104,711.86)
Total nonoperating revenues (expenses)	74,841.37
Income before contributions	358,738.20
Capital Contribution	5,996.00
Change in net position	364,734.20
Net Position - Beginning	8,696,955.30
Net Position - Ending	$ 9,061,689.50

The accompanying notes are in integral part of these financial statements

City of Algood, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025

Cash Flows from Operating Activities:		
Cash received from customers	$	4,126,949.22
Cash paid to suppliers		(1,920,063.64)
Cash paid to employees		(460,232.46)
Net cash provided by operating activities		1,746,653.12
Cash Flows from Capital and Related Financing Activities		
Tap fees		95,998.86
Acquisition of plant and equipment		(32,815.34)
Interest paid		(104,711.86)
Principal payments on debt		(158,607.00)
Capital contributions - grants		5,996.00
Net cash used by capital and related financing activities		(194,139.34)
Cash Flows from Investing Activities		
Interest received		83,554.37
Net cash provided by investing activities		83,554.37
Net increase in cash and cash equivalents		1,636,068.15
Cash - beginning of year		2,681,329.39
Cash - ending of year	$	4,317,397.54
Reconciliation of Operating Income to Net Cash Provided by Operations		
Operating Income	$	283,896.83
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		347,623.43
Changes in operating assets and liabilities:		
Accounts receivable		(34,839.87)
Other Receivables		1,077,693.00
Due from other funds		78,207.00
Due from other governments		(5,996.00)
Inventory		(38,796.82)
Prepaid		(1,184.00)
Deferred outflows related to TCRS		(13,053.14)
Accounts payable		42,015.09
Accrued expenses		962.16
Net pension liabilities		1,239.05
Compensated absences		7,878.69
Deferred inflows		1,007.70
Net cash provided by operating activities	$	1,746,653.12

The accompanying notes are in integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The City of Algood, Tennessee (the "City") was incorporated in 1968, and adopted its first charter on March 7, 1968, under section 6-101 through 6-134, Tennessee Code Annotated.

Reporting Entity

The City operates under a Mayor-City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), water and sewer, streets, recreation, public improvements, planning and zoning, and general administrative services. In evaluating the City as a reporting entity, management has considered all potential component units (traditionally, separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements in accordance with *Section 2100 – Defining the Financial Reporting Entity of the Governmental Accounting Standards* Board (GASB) Codification. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City had no component units for the fiscal year ended June 30, 2025.

The more significant of the government's accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the non-fiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction and improvement of those assets. Debt that was issued for capital purposes is not a part of the calculation of net investment in capital assets, until the proceeds have been used to acquire capital assets.

- *Restricted net position* results from restriction placed on net position by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* consists of net position which does not meet the definition of the two proceeding categories.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items that are not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provision. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

The City reports the following major governmental fund:

- The General Fund is the City's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

- The Water and Sewer Fund accounts for the activities of providing water and sewer services to the customers of the system.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes and most governmental revenues as available if received within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund (Water and Sewer Fund) are charges to customers for sales and services. The Water and Sewer Fund charges a fee for new taps installed, new service fees, and reconnection or turn-on fees. Tap fees are considered revenue and the related installation costs are expensed.

Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenue Recognition

Taxes are levied on October 1 each year and are due and payable on or before February 28 of the following calendar yar. All unpaid taxes become delinquent March 1 of the following year. The City bills and collects its own property taxes. City property tax revenues are recognized when levied. Other material revenues which are not both available and measurable and thus not susceptible to accrual include franchise taxes and business licenses.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits with financial institutions. In addition, certificates of deposit or direct obligations of the Federal government or its agencies that are owned by a specific fund of the City having a maturity of three months or less when purchased are considered to be cash equivalents. Amounts held by the State Local Government Investment Pool are also included in this total.

Capital Contributions

Capital contributions represent capital grants received from outside agencies for the purpose of utility plant and line improvements.

Supply Inventory

Inventory items are considered expenditures/expenses when used (consumption method). Inventories are valued as follows:

> Enterprise (Water and Sewer) Fund – Inventory, primarily materials, supplies and replacement parts, is valued at the lower of cost (first-in, first-out) or net realizable value.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet and are eliminated on the government-wide statements. Transfers of monies between funds generally arise as a result of budget appropriations authorizing funds to be transferred from one fund to another.

Compensated Absences

The City provides compensated absences to eligible employees in the form of vacation leave, sick leave, and compensatory time.

A liability for compensated absences is reported when leave is attributable to services already rendered and it is more likely than not that the leave will be settled through payment, use of leave, or conversion to other benefits. Compensated absences liabilities are reported in the governmental activities and business-type activities, as applicable.

Under the City’s policy, unused vacation and compensatory time may be accumulated and are payable upon termination or retirement, subject to policy limitations. A liability is recognized for earned but unused vacation leave and compensatory time, as these amounts are more likely than not to be settled.

Under the City’s policy, sick leave may be accumulated; however, accrued sick leave is not paid upon termination. Certain employees are eligible for partial payment of accrued sick leave upon retirement, subject to hire-date eligibility requirements, service and age requirements, and policy-defined limits.

The City recognizes a liability for accrued sick leave that is more likely than not to be settled, either through payout upon retirement or through use of leave prior to separation by employees who have met, or are expected to meet, the applicable eligibility requirements. Sick leave that is not expected to be paid or used is not reported as a liability.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premium and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds and are presented in the accompanying financial statements as other assets.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense or expenditure) until those future periods. The City reports deferred outflows related to its participation in the Tennessee Consolidated Retirement System (TCRS) pension plan.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until those periods.

The City reports three primary types as deferred inflows of resources in the government-wide statements:

1. Property taxes assessed prior to fiscal year end but levied in the subsequent fiscal year
2. Lease-related amounts, representing future inflows associated with the lease of City owned property, including the recognition of the related lease receivable in accordance with applicable leasing standards.
3. Pension-related deferrals under TCRS, which arise from certain differences between projected and actual results and differences between projected and actual investment earnings.

Tennessee Consolidated Retirement System

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, 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 Employees 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 Employees Retirement Plan of TCRS. Investments are reported at fair value.

Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets, sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government system-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than $5,000 and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

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

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

Assets	Years
Infrastructure (roads, bridges)	50 years
Buildings	25 - 50 years
Distribution systems	10 - 50 years
Equipment	5 - 15 years
Trucks	5 - 10 years

Estimates

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

Fund Balances

The City implemented Governmental Accounting Standard Board (GASB) Statement 54 for its governmental funds. As a result, fund balance is reported in the fund financial statements under the following categories.

- *Nonspendable fund balance* – represents amounts that are required to be maintained intact, such as inventories and prepaid expenses.
- *Restricted fund balance* – fund balances that can be spent only for specific purposes stipulated by external parties, constitutional provisions, or enabling legislation.
- *Committed fund balance* – amounts that can be used only for specific purposes determined by a formal action of the City's Board.

- *Assigned fund balance* – amounts the City intends to use for a specific purpose, but do not meet the definition of being restricted or committed. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned fund balance* – represents the residual classification and includes all spendable amounts not included in other classifications within the General Fund that are available for any purpose.

Only by Board approval can fund balance amounts be classified as committed or assigned. Board approval is required to establish, modify or rescind a fund balance requirement.

Property Tax

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

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

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

Taxes were levied at a rate of $0.3623 per $100 of assessed valuation for the fiscal year ended June 30, 2025.

Payments may be submitted beginning October 1, and taxes are considered delinquent if not paid by March 1 of each tax year. Current tax collections of $430,224 for the fiscal year ended June 30, 2025 were approximately 98 percent of the tax levy.

Delinquent taxes are turned over to the Clerk and Master of the Putnam County Chancery Court each year for collection.

Budgets and Budgetary Accounting

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

- The City Administrator and Department Heads submit to the City Council the proposed operating budget for the fiscal year. The operating budgets for the General and Special Revenue Funds include proposed expenditures and the means of financing them. All appropriations in the current operating budget lapse into fund balance of the respective funds at the end of the fiscal year.
- The budgets passed on the first reading and each of the following readings, and was adopted by ordinance on the second reading. In no event shall total appropriations for any fund exceed the estimated revenues and fund balance.

- The amounts in the adopted budgets for each fund constitute its total annual appropriation and no expenditure may be made which will result in the annual appropriation for the fund being exceeded, unless any additional appropriation is made.
- The Mayor may transfer appropriations between line items in each department; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. Budgetary control is considered established at the department level.
- Budgeted amounts shown are those originally adopted and amended by the Mayor and City Council. All balances of appropriations in the current operating budgets lapse into the fund balance of the fund which appropriations were made at the end of the fiscal year.
- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Leases

The City follows GASB No. 87, Leases, to address the accounting treatment and financial reporting of leases. Leases that are not classified as short-term leases or contracts that transfer ownership are required to recognize a right to use asset and a related lease liability. Right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. Right to use leased assets are amortized on a straight-line basis over the life of the related lease.

Subscription IT Arrangements

The City follows GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA), to address the accounting treatment and financial reporting for these agreements. The SBITA asset is measured as the initial value of the subscription liability plus payments made to the vendor at the commencement of the subscription term, plus capitalizable initial implementation costs, and less any vendor incentives received at the commencement of the subscription term. The City will amortize the SBITA asset in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying asset. Currently, the City does not have any subscription IT arrangements.

Adoption of New Accounting Standards

The City adopted the provisions of GASB Statement No. 101, Compensated Absences, during the 2025 fiscal year. This statement established updated recognition and measurement guidance for liabilities related to compensated absences. Under GASB Statement No. 101, liabilities for compensated absences are recognized when leave is attributable to services already rendered, payment is probable, and the amount can be reasonably estimated. This included both accumulated leave expected to be used in future periods and leave payable upon an employee’s separation from service. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

The City is authorized to invest funds in financial institutions and direct obligations of the Federal Government. The City has deposit policies to minimize custodial credit risks.

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession in an outside party. The City's policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregated balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Deposits were collateralized in accordance with City policy and the requirements of Tennessee State Statutes of June 30, 2025.

Investments

State of Tennessee statutes authorize the City to invest in 1) short-term investments secured by FDIC in certificates of deposit, 2) short-term investments in treasury bills and treasury certificates, including security repurchase agreements at mutually agreeable interest rates for large sums available for very short-term investments, 3) short-term or long-term investments, which mature in two years or less, in TVA obligations, 4) long-term investments, which mature in two years or less, in housing authority bonds and in state, county, and city bonds, and 5) deposits in the Tennessee Local Government Investment Pool. Investments are stated at cost. At June 30, 2025, the City investments consisted of certificates of deposit totaling $724,255.77 with an average original maturity date of greater than one year. There is no material difference in cost and market value of the certificates of deposit.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy provides that to the extent practicable; investments are matched with anticipated cash flows.

City of Algood, Tennessee
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 3 – CAPITAL ASSETS

Governmental Activities

A summary of changes in governmental activities capital assets for the year ended June 30, 2025 is as follows:

Governmental Activities		Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets, not being depreciated					
Land and land improvements		$ 1,584,501.00	$ -	$ -	$ 1,584,501.00
Construction in progress		7,950.00	-	(7,950.00)	-
Subtotal		1,592,451.00	-	(7,950.00)	1,584,501.00
Capital assets, being depreciated					
Equipment	**	4,100,814.00	109,972.00	-	4,210,786.00
Building and improvements		5,164,472.00	25,221.00	-	5,189,693.00
Infrastructure	**	7,001,645.00	169,845.30	(74,462.00)	7,097,028.30
Right to use asset - Equipment	**	102,074.18	-	-	102,074.18
Subtotal		16,369,005.18	305,038.30	(74,462.00)	16,599,581.48
Accumulated depreciation		(6,673,785.00)	(719,862.00)	114,420.00	(7,279,227.00)
Accumulated amortization	**	(25,518.55)	(25,518.55)	-	(51,037.10)
Capital assets, being depreciated, net		9,669,701.63	(440,342.25)	39,958.00	9,269,317.38
Capital assets, net		$ 11,262,152.63	$ (440,342.25)	$ 32,008.00	$ 10,853,818.38

** Beginning balances were adjusted with error correction, see Note 10

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

Depreciation expense	
General Government	$ 106,054.55
Public Safety	173,370.69
Parks	8,123.15
Sanitation	62,253.58
Streets	370,060.50
Total depreciation expense	$ 719,862.47
Amortization expense	
Public safety:	
Police	$ 25,518.55
Total amortization expense	$ 25,518.55

Business – Type Activities

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

Business Type Activities	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets, not being depreciated				
Land	$ 15,000.00	$ -	$ -	$ 15,000.00
Construction in progress	-	5,996.00	-	5,996.00
Subtotal	15,000.00	5,996.00	-	20,996.00
Capital assets, being depreciated				
Equipment	483,285.00	9,631.59	-	492,916.59
Utility System	12,980,625.27	17,187.75	-	12,997,813.02
Subtotal	13,463,910.27	26,819.34	-	13,490,729.61
Accumulated depreciation	(5,636,040.00)	(347,623.43)	-	(5,983,663.43)
Capital assets, being depreciated, net	7,827,870.27	(320,804.09)	-	7,507,066.18
Capital assets, net	$ 7,842,870.27	$ (314,808.09)	$ -	$ 7,528,062.18

Depreciation expense amounted to $347,623.43 for the year ended June 30, 2025.

NOTE 5 – LONG-TERM OBLIGATIONS

The following schedules reflects the changes in long-term obligations during the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 252,361.47	$ 36,693.00	$ -	$ 289,054.47	$ 145,427.87
Net Pension Liability	42,138.36	6,516.59	-	48,654.95	-
Lease Liabilities	78,158.53	-	(21,570.93)	56,587.60	22,218.06
Total Governmental Activities Long-term Liabilities	$ 372,658.36	$ 43,209.59	$ (21,570.93)	$ 394,297.02	$ 167,645.93

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Business-Type Activities:					
Local Government Loan Program, Bond Series 2023	$2,247,000.00	$ -	$ (56,000.00)	$2,191,000.00	$ 58,000.00
State Revolving Loan	795,843.00	-	(102,596.00)	693,247.00	104,814.00
	3,042,843.00	-	(158,596.00)	2,884,247.00	162,814.00
Compensated absences	82,329.00	7,879.00	-	90,208.00	23,192.52
Net pension liability	9,357.00	1,239.00	-	10,596.00	-
Total Business-Type Activities Long-term Liabilities	$3,134,529.00	$ 9,118.00	$ (158,596.00)	$2,985,051.00	$ 186,006.52

Debt service requirements to maturity for the notes payable as of June 30, 2025, are as follows:

Year Ended June 30,	Business Type Activities Principal	Business Type Activities Interest
2026	$ 162,814	$ 106,800
2027	167,078	102,075
2028	172,393	97,213
2029	177,757	92,176
2030	183,173	86,959
2031-2035	534,032	368,436
2036-2040	480,000	276,497
2041-2045	590,000	165,728
2046-2048	417,000	35,904
Total	$ 2,884,247	$ 1,331,788

Debt Default Provisions

Any failure of the City to pay all or any portion of the required payments may cause balances of the remaining term to be due immediately and an interest penalty to apply to each late monthly payment.

NOTE 6 – LEASES

The City follows GASB No. 87, *Leases,* to address the accounting treatment and financial reporting of leases. Leases that are not classified as short-term leases or contracts that transfer ownership are required to recognize a right to use asset and a related lease liability. Right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. Right to use leased assets are amortized on a straight-line basis over the life of the related lease.

Lease – City as a Lessor

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value; (2) lease term; and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Governmental Activities
Future Lease Receipts

Year Ending	RAE		LBJ&C		Milo and Lucy		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 5,975.97	$ 1,224.03	$ 45,357.50	$ 5,242.50	$ 11,120.42	$ 879.58	$ 62,453.89	$ 7,346.11
2027	-	-	51,756.77	3,443.23	12,851.14	648.86	64,607.91	4,092.09
2028	-	-	45,024.41	975.59	16,138.19	361.81	61,162.60	1,337.40
2029	-	-	-	-	8,947.73	52.27	8,947.73	52.27
	$ 5,975.97	$ 1,224.03	$ 142,138.68	$ 9,661.32	$ 49,057.48	$ 1,942.52	$ 197,172.13	$ 12,827.87

<u>Lease – City as a Lessee</u>

At the commencement of the lease, the City initially measures the lease payable at the present value of payments expected to be paid during the lease term. Subsequently, the lease payable is reduced by the principal portion of lease payments paid. The deferred outflow of resources is initially measured as the initial amount of lease payable, adjusted for lease payments paid at or before the lease commencement date. Subsequently, the deferred outflow of resources is recognized as expense over the life of the lease term.

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value; (2) lease term; and (3) lease payments.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease payable is composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease payable and deferred outflow of resources if certain changes occur that are expected to significantly affect the amount of the lease payable.

Governmental Activities

Description	Date of Issue	Date of Maturity	Payment Terms	Payment Amount	Interest Rate	Original Lease Liability	Balance 6/30/2025
Body Cameras	1/1/2024	1/1/2027	48 Months	12,086	3.00%	46,273	$ 23,126.60
Tasers	7/1/2023	7/1/2028	60 months	11,829	3.00%	66,005	33,461.00
Total Governmental Activities Lease Obligations							$ 56,587.60

Governmental Activities
Furture Lease Payments

Year Ending	Body Cameras		Tasers		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 11,392.41	$ 693.80	$ 10,825.65	$ 1,003.83	$ 22,218.06	$ 1,697.63
2027	11,734.19	352.03	11,150.42	679.06	22,884.61	1,031.09
2028	-	-	11,484.93	344.55	11,484.93	344.55
	$ 23,126.60	$ 1,045.83	$ 33,461.00	$ 2,027.44	$ 56,587.60	$ 3,073.27

Lease Default Provisions

Any failure of the City to pay all or any portion of the required payments may cause balances of the remaining term to be due immediately and an interest penalty to apply to each late monthly payment.

NOTE 7 – RETIREMENT PLAN

General Information about the 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 publicly 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 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

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

Inactive employees or beneficiaries currently Receiving benefits	-
Inactive employees entitled to but not yet Receiving benefits	13
Active employees	31
Total Employees	44

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 2.5 percent of salary *(alternatively-Employees are non-contribution)*. City of Algood makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, the employer contributions for the City of Algood were $143,956 based on a rate of 10.33% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City of Algood'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)

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

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

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

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

The actuarial assumptions used in the June 30, 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.

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.58%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2023	$ 236,062	$ 184,567	$ 51,495
Changes for the year:			
Service cost	144,280	-	144,280
Interest	25,673	-	25,673
Differences between expected and actual experience	17,619	-	17,619
Contributions-employer	-	143,718	(143,718)
Contributions-employees	-	12,679	(12,679)
Net investment income	-	25,547	(25,547)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(2,128)	2,128
Net changes	187,572	179,816	7,756
Balance at June 30, 2024	$ 423,634	$ 364,383	$ 59,251

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	$ 163,551	$ 59,251	$ (21,246)

Pension expense (negative pension expense) and deferred outflows of resources and deferred inflows of resources related to pensions

Pension Expense (negative pension expense) - For the year ended June 30, 2025, the City recognized pension expense of $149,004.

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
Difference between expected and actual experience	$ 91,636	$ -
Net difference between projected and actual earnings on pension plan investments	-	5,274
Changes in assumptions	-	-
Contributions subsequent to the measurement date of June 30, 2024	218,381	(not applicable)
Total	$ 310,017	$ 5,274

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.

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

Year Ended June 30:	
2025	$ 7,267
2026	7,267
2027	6,760
2028	6,754
2029	8,330
Thereafer	49,980

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 of Algood reported a payable of $7,756 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Litigation

The City, from time to time, is involved in various lawsuits. Although the ultimate outcome of these lawsuits is not presently determinable, the City's attorney is of the opinion that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants

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

NOTE 9 – RISK MANAGEMENT AND UNCERTAINTIES

The City is exposed to various risks to general liability and property and casualty losses. The City deemed it was more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage.

NOTE 10 – CORRECTION OF ERRORS

During the current year, the following error correction were made to restate governmental activities June 30, 2024 net assets:

- Assets and liabilities related to a lease payable were corrected, resulting in net assets being overstated by $78,894.05
- Long-term liabilities were overstated by $162,572
- Capital Assets were overstated by $74,425

The net effect of the error corrections is summarized below:

	Governmental Activities
June 30, 2024, as previously reported	$ 19,622,799.56
Error Correction - Lease Payable	(78,894.00)
Error Correction - Long-term Liabilities	162,572.00
Error Correction - Capital Assets	(74,425.00)
June 30, 2024, as restated	$ 19,632,052.56

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 9, 2026, which is the date the financial statements were available to be issued. The City is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

City of Algood, Tennessee
Schedules of Changes in the Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of TCRS
For the Fiscal Year Ended June 30, 2025

	2022	2023	2024
Total Pension Liability (Asset)			
Service Cost	$ -	$ 81,818	$ 144,280
Interest	-	9,286	25,673
Changes in benefit terms	55,749	-	-
Differences between actual and expected experience	-	89,209	17,619
Change of assumptions	-	-	-
Benefit payments, including refund of employee contributions	-	-	-
Net change in total pension liability	55,749	180,313	187,572
Total Pension Liability - Beginning	-	55,749	236,062
Total Pension Liability - Ending (a)	55,749	236,062	423,634
Plan fiduciary net position			
Contributions - employer	49,285	127,251	143,718
Contributions - employee	-	4,379	12,679
Net Investment Income	(917)	7,530	25,547
Benefit payments, including refunds of employee contributions	-	-	-
Administrative Expense	(1,377)	(1,584)	(2,128)
Other	-	-	-
Net change in plan fiduciary net position	46,991	137,576	179,816
Plan fiduciary net position - Beginning	-	46,991	184,567
Plan fiduciary net position - Ending (b)	46,991	184,567	364,383
Net Pension Liability - ending (a) - (b)	$ 8,758	$ 51,495	$ 59,251
Plan fiducary net postion as a percentage of total pension liability	84.29%	78.19%	86.01%
Covered Payroll	$ 440,042	$ 1,173,702	$ 1,393,868
Net pension liabilty (asset) as a percentage of covered payroll	1.99%	4.39%	4.25%

Notes to Schedule:

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

City of Algood, Tennessee
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS
For the Fiscal Year Ended June 30, 2025

	2023	2024	2025
Actuarially determined contribution	$ 127,251	$ 143,956	$ 219,713
Contributions in relation to the actuarially determine contribution	127,251	143,718	218,381
Contribution Deficiency (Excess)	-	-	1,332
Covered Payroll	$ 1,173,702	$ 1,393,868	$ 1,667,401
Contributions as a percentage of covered payroll	10.84%	10.31%	13.10%

** GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. The City of Algood did not participate in the Public Employee Pension Plan of the TCRS prior to January 1, 2022. Data will be displayed as it becomes available.

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

Methods and assumptions used to determine contribution rates:

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

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

SUPPLEMENTARY INFORMATION

City of Algood, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			Total Nonmajor
	State Street Aid Fund	Cemetery Fund	Drug Fund	Governmental Funds
Assets:				
Cash and cash equivalents	$ 62,033.81	$ 43,212.35	$ 16,174.45	$ 121,420.61
Certificate of deposits	300,000.00	424,225.77	-	724,225.77
Accounts receivable:				
Due from other governments	25,434.13	-	-	25,434.13
Interest receivable	5,798.63	2,899.32	-	8,697.95
Total Assets	393,266.57	470,337.44	16,174.45	879,778.46
Liabilities:				
Accounts payable	4,833.33	34.67	-	4,868.00
Total Liabilities	4,833.33	34.67	-	4,868.00
Fund Balances:				
Restricted for:				
State Street Aid Fund	388,433.24	-	-	388,433.24
Drug Fund	-	-	16,174.45	16,174.45
Cemetery Fund	-	470,302.77	-	470,302.77
Total Fund Balances	388,433.24	470,302.77	16,174.45	874,910.46
Total Liabilities and Fund Balances	$ 393,266.57	$ 470,337.44	$ 16,174.45	$ 879,778.46

City of Algood, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			Total Nonmajor
	State Street Aid Fund	Cemetery Fund	Drug Fund	Governmental Funds
Revenues				
Taxes:				
Intergovernmental:				
Gas 3 cent tax	$ 71,109.79	$ -	$ -	$ 71,109.79
Gas 1989	11,139.93	-	-	11,139.93
State gasoline and motor fuel	7,234.06	-	-	7,234.06
State special petroleum tax	58,223.25	-	-	58,223.25
Fines and forfeitures:				
Drug related fines	-	-	1,387.15	1,387.15
Miscellaneous:				
Charges for services	-	5,000.00	-	5,000.00
Donation from public	-	5,395.06	-	5,395.06
Interest income	5,823.60	5,357.85	1.55	11,183.00
Total revenues	153,530.63	15,752.91	1,388.70	170,672.24
Expenditures				
State street aid fund	94,789.68	-	-	94,789.68
Cemetery	-	13,795.04	-	13,795.04
Drug	-	-	175.00	175.00
Capital Outlay	48,485.00	-	-	48,485.00
Total expenditures	143,274.68	13,795.04	175.00	157,244.72
Excess (deficiency) of revenues over (under) expenditures	10,255.95	1,957.87	1,213.70	13,427.52
Fund balance - beginning	378,177.29	468,344.90	14,960.75	861,482.94
Fund balance - ending	$ 388,433.24	$ 470,302.77	$ 16,174.45	$ 874,910.46

See Independent Auditor's Report

City of Algood, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
State Street Aid Fund
For the Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	With Final Budget
Revenues:				
Intergovernmental:				
Gas 3 cent tax	$ 63,000.00	$ 63,000.00	$ 71,109.79	$ 8,109.79
Gas 1989	41,000.00	41,000.00	11,139.93	(29,860.07)
State gasoline and motor fuel	7,000.00	7,000.00	7,234.06	234.06
State special petroleum tax	20,000.00	35,000.00	58,223.25	23,223.25
Total intergovernmental	131,000.00	146,000.00	147,707.03	1,707.03
Miscellaneous:				
Interest income	100.00	100.00	5,823.60	5,723.60
Total revenues	131,100.00	146,100.00	153,530.63	7,430.63
Expenditures:				
Street lights and repairs	71,000.00	86,000.00	94,789.68	(8,789.68)
Capital outlay	60,100.00	60,100.00	48,485.00	11,615.00
Total expenditures	131,100.00	146,100.00	143,274.68	2,825.32
Excess (deficiency) of revenues over (under) expenditures	-	-	10,255.95	10,255.95
Fund balances - beginning	378,177.29	378,177.29	378,177.29	-
Fund balances - ending	$ 378,177.29	$ 378,177.29	$ 388,433.24	$ 10,255.95

City of Algood, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Cemetery Fund
For the Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	With Final Budget
Revenues:				
Charges for services	$ 13,000.00	$ 13,000.00	$ 5,000.00	$ (8,000.00)
Donation from public	5,200.00	5,200.00	5,395.06	195.06
Interest income	275.00	275.00	5,357.85	5,082.85
Total revenues	18,475.00	18,475.00	15,752.91	(2,722.09)
Expenditures:				
Utility services	350.00	350.00	413.04	(63.04)
Maintenance	8,625.00	8,625.00	11,337.00	(2,712.00)
Miscellaneous	9,500.00	9,500.00	2,045.00	7,455.00
Total expenditures	18,475.00	18,475.00	13,795.04	4,679.96
Excess (deficiency) of revenues over (under) expenditures	-	-	1,957.87	1,957.87
Fund balances - beginning	468,344.90	468,344.90	468,344.90	-
Fund balances - ending	$ 468,344.90	$ 468,344.90	$ 470,302.77	$ 1,957.87

City of Algood, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Drug Fund
For the Year Ended June 30, 2025

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues:				
Drug-related fines	$ 31,985.00	$ 31,985.00	$ 1,387.15	$ (30,597.85)
Interest income	15.00	15.00	1.55	(13.45)
Total revenues	32,000.00	32,000.00	1,388.70	(30,611.30)
Expenditures:				
Operating supplies	35,000.00	35,000.00	175.00	34,825.00
Total expenditures	35,000.00	35,000.00	175.00	34,825.00
Excess (deficiency) of revenues over (under) expenditures	(3,000.00)	(3,000.00)	1,213.70	4,213.70
Fund balances - beginning	14,960.75	14,960.75	14,960.75	-
Fund balances - ending	$ 11,960.75	$ 11,960.75	$ 16,174.45	$ 4,213.70

City of Algood, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2025

The City of Algood did not make any transfers for the year ended June 30, 2025.

City of Algood, Tennessee
Schedule of Internal Receivables and Payables
For the Year Ended June 30, 2025

The City of Algood did not have any internal receivables or payables as of June 30, 2025.

City of Algood, Tennessee
Schedule of Changes in Property Taxes Receivable
For the Year Ended June 30, 2025

Tax Year	Beginning Balance	Anticipated Levy	Adjustments	Collections and Changes	Ending Balance
2025	$ -	$ 445,537	$ -	$ -	$ 445,537
2024	421,531	-	23,011	(430,224)	14,318
2023	15,010	-	(139)	(12,843)	2,028
2022	1,359	-	(39)	(419)	901
2021	789	-	-	(219)	570
2020	371	-	-	(183)	188
2019	516	-	-	(183)	333
2018	527	-	-	(203)	324
2017	350	-	-	(205)	145
2016	420	-	-	(213)	207
2015	92	-	-	-	92
2014	79	-	-	-	79
	$ 441,044	$ 445,537	$ 22,833	$ (444,692)	$ 464,722

All uncollected delinquent taxes have been filed with the clerk and master.

City of Algood, Tennessee
Schedule of Property Tax Rates and Assessments
Ten Year Summary

	Tax Year	Property Tax Rate*		Assessed Value of Taxable Property
	2025	$	0.3623	122,967,845
	2024	$	0.3623	116,338,528
	2023	$	0.3623	110,792,161
	2022	$	0.3623	182,016,282
**	2021	$	0.3623	180,311,661
	2020	$	0.4407	176,338,849
	2019	$	0.4407	176,801,089
	2018	$	0.4887	150,930,918
	2017	$	0.5123	153,220,652
**	2016	$	0.5123	153,342,381

* Per $100 of assessed value
** Reappraisal year

City of Algood, Tennessee
Schedule of Changes in Long-Term Debt by Individual Issue
For the Year Ended June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Business-Type Activities:									
Notes from direct borrowings and direct placements									
State Revolving Loan	$ 1,829,054	2.14%	8/1/2011	9/30/2031	$ 795,843.30	$ -	$ 102,596.40	$ -	$ 693,246.90
Local Government Loan Program Bond, Series 2023 (City of Algood Sewer System Loan)	2,300,000	4.24%	3/29/2023	4/1/2048	2,247,000.00	-	56,000.00	-	2,191,000.00
Total Notes Payable					3,042,843.30	-	158,596.40	-	2,884,246.90
Total Business-Type Activities					$ 3,042,843.30	$ -	$ 158,596.40	$ -	$ 2,884,246.90

City of Algood, Tennessee
Schedule of Long-Term Debt Principal and Interest Requirements by Fiscal Year
For the Year Ended June 30, 2025

	Business-Type Activities (Water and Sewer Fund)					
For the Year	State Revolving Loan		Local Government Loan Program Bond, Series 2023		Total	
Ended June 30	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 104,814	$ 13,814	$ 58,000	$ 46,493	$ 162,814	$ 60,307
2027	107,078	11,551	60,000	45,262	167,078	56,813
2028	109,393	9,235	63,000	43,989	172,393	53,224
2029	111,757	6,870	66,000	42,652	177,757	49,522
2030	114,173	4,456	69,000	41,252	183,173	45,708
2031	116,640	1,988	71,000	39,788	187,640	41,776
2032	29,392	105	74,000	38,281	103,392	38,386
2033	-	-	78,000	36,711	78,000	36,711
2034	-	-	81,000	35,055	81,000	35,055
2035	-	-	84,000	33,337	84,000	33,337
2036	-	-	88,000	31,554	88,000	31,554
2037	-	-	92,000	29,687	92,000	29,687
2038	-	-	96,000	27,735	96,000	27,735
2039	-	-	100,000	25,697	100,000	25,697
2040	-	-	104,000	23,575	104,000	23,575
2041	-	-	108,000	21,369	108,000	21,369
2042	-	-	113,000	19,077	113,000	19,077
2043	-	-	118,000	16,679	118,000	16,679
2044	-	-	123,000	14,175	123,000	14,175
2045	-	-	128,000	11,565	128,000	11,565
2046	-	-	133,000	8,849	133,000	8,849
2047	-	-	139,000	6,026	139,000	6,026
2048	-	-	145,000	3,077	145,000	3,077
	$ 693,247	$ 48,019	$ 2,191,000	$ 641,885	$ 2,884,247	$ 689,904

City of Algood, Tennessee
Schedule of Changes in Lease Obligations
For the Year Ended June 30, 2025

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/24	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/25
Governmental Activities:								
Leases Payable:								
Body Cameras	$ 46,273	3.0%	1/1/2024	1/1/2027	$ 34,187.19	$ -	$ (11,060.59)	$ 23,126.60
Tasers	66,005	3.0%	7/1/2023	7/1/2028	43,971.34 *	-	(10,510.34)	33,461.00
					$ 78,158.53	$ -	$ (21,570.93)	$ 56,587.60

* Leases were restated, See Note 10

City of Algood, Tennessee
Schedule of Lease Requirements by Fiscal Year
For the Year Ended June 30, 2025

Fiscal Year Ending	Leases Payable Principal	Leases Payable Interest	Leases Payable Total
2026	$ 22,218.06	$ 1,697.63	$ 23,915.69
2027	22,884.61	1,031.09	23,915.70
2028	11,484.93	344.55	11,829.48
	$ 56,587.60	$ 3,073.27	$ 59,660.87

City of Algood, Tennessee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor	Program	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Federal Awards				
U.S. Department of the Treasury				
Pass-through funding:				
State of Tennessee Department of Environment and Conservatio	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	32701-04941	$ 5,996
National Highway Safety Administration				
Pass-through funding:				
State of Tennessee Department of Safety	State and Community Highway Safety	20.600	Z24THS004	1,500
	State and Community Highway Safety	20.600	Z25THS004	12,171
Total National Highway Safety Administration				13,671
Total Expenditures of Federal Awards				19,667
State Awards				
State of Tennessee Department of Commerce and Insurance	Volunteer Firefighter Equipment and Training Grant Program		33501-2425402	25,207
Total Expenditures of State Financial Assistance				25,207
Total Expenditures of Federal Awards and State Financial Assistance				$ 44,874

Notes

Note 1 - Basis of Presentation

This schedule of expenditures of federal awards and state financial assistance summarizes the expenditures of the City under programs of the federal and state governments for the year ended June 30, 2025. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City. Expenditures reported on the schedule are reported on the accrual basis of accounting.

Note 2 - Indirect Cost Rate

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

OTHER INFORMATION SECTION

City of Algood, Tennessee
Schedule of Insurance Coverage
For the Year Ended June 30, 2025

	Coverage
General Liability	
Per person bodily for personal injury	$ 300,000
Per occurrence for personal injury	$ 700,000
Per occurrence property damage	$ 100,000
Per occurrence each other loss	$ 700,000
Per occurrence for catastrophic medical expense excess of bodily injury	$ 1,000,000
Per accident for medical payments	$ 10,000
Per occurrence for medical payments	$ 100,000
Per occurrence for impounded property damage or commandeered property damage	$ 100,000
Per occurrence for non-monetary defense costs	$ 100,000
Errors and omissions liability	$ 700,000
Automobiles	
General Liability	$ 700,000
Uninsured motorist	$ 300,000
Worker's Compensation	Statutory
Volunteer Fire Fighters Accident	
Aggregate per accident	$ 1,000,000

City of Algood, Tennessee
Schedule of Bonds - Principal Officials
For the Year Ended June 30, 2025

Official	Title	Bond Amount	
Lisa Chapman-Fowler	Mayor	$	50,000
Anna Walker	City Recorder	$	50,000
Luke Hill	Council Member	$	50,000
Bill Bilbrey	Council Member		None
Ruby Hawkins	Council Member		None
Roger Williams	Council Member		None

City of Algood, Tennessee
Schedule of Utility Information
For the Year Ended June 30, 2025

	Rate	
Inside City limits		
Minimum (0 - 2,000 gallons)	$ 16.65	Minimum bill
2,001 - 10,000 gallons	7.50	Per 1,000 gal
Over 10,000 gallons	8.06	Per 1,000 gal
Outside City limits		
Minimum (0 - 2,000 gallons)	22.00	Minimum bill
2,001 - 10,000 gallons	9.66	Per 1,000 gal
Over 10,000 gallons	10.20	Per 1,000 gal
Sewer (based on water use)		
Minimum (0 - 2,000 gallons)	20.82	Minimum bill
2,001 - 10,000 gallons	9.38	Per 1,000 gal
Over 10,000 gallons	10.07	Per 1,000 gal

The City of Algood has approximately 3,492 customers at fiscal year-end.

INTERNAL CONTROL AND COMPLIANCE SECTION

M G Group, Inc.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
Tullahoma, Tennessee

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

To the Honorable Mayor and City Council
City of Algood, 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, each major fund, and the aggregate remaining fund information of City of Algood, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Algood, Tennessee's basic financial statements, and have issued our report thereon dated January 9, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Algood, 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*.

515 NW Atlantic Street, Tullahoma, Tennessee 37388
Phone (931) 393-3307 Fax (931) 563-5585

Purpose of This Report

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

M G Group, Inc

A Division of Strategic Vision Advisory Group, PLLC
Tullahoma, Tennessee
January 9, 2026

City of Algood, Tennessee
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2025

Prior-year Financial Statement Findings

Finding Number	Finding Title	Status/Current Year Finding Number
2024-001	Accounting System and Accounting Discipline	Resolved