

Board of Education Regular Meeting

May 19, 2026 5:00 PM

Central Office

I. Call to Order

II. Pledge of Allegiance

III. Roll Call

IV. Approval of Agenda

V. Special Items

1. Individuals to Address the Board
2. Sportsmen and Businessmen's Charitable Organization (SBCO) Check Presentation
3. Coordinated School Health Update
4. Support Staff Member of the Year

VI. Consent Agenda

1. Approval of Minutes
2. 2026-2027 Consolidated Application for Federal Funding
3. Surplus
4. 200 Day Accountability
5. Band Booster Supplemental Pay
6. Softball Booster Supplemental Pay
7. Wrestling Supplemental Pay
8. Basketball Booster Supplemental Pay
9. Kool Kids FY 26-27 Budget
10. Nutrition FY 26-27 Budget
11. Holland Scholarship
12. Surety Bonds

VII. Unfinished Business

1. Policy Update

VIII. New Business

1. FY26 Audit Contract
2. FY25 Audit

IX. District Report

1. Superintendent's Report
2. Board Chairman's Report
3. City Board Liaison Report
4. Personnel
5. Monthly Financial Report

X. Adjournment

Board of Education Regular Meeting

Tuesday, April 14, 2026 5:00 PM

Tulahoma High School

I. Call to Order

Chairman Uselton

II. Pledge of Allegiance

Broc Compton

III. Roll Call

Chairman Uselton

IV. Approval of Agenda

Chairman Uselton

Chairman Uselton asked to amend the agenda by removing the item Approval of Director of Schools Contract.

Recommendation is to approve the amended agenda as presented (with the removal of Approval of Director of Schools Contract).

Motion: Mrs. Kim Uselton

Second: Mrs. Rosie Graham

Result: Passed

Mr. Broc Compton: Absent, Mrs. Rosie Graham: Yea, Mrs. Teresa Lawson: Yea, Mrs. Gigi Robison: Yea, Mrs. Kim Uselton: Yea, Mr. Pat Welsh: Yea, Mr. Andy Whitt: Yea
Yea: 6, Nay: 0, Absent: 1

V. Special Items

Chairman Uselton

V.1. Individuals to Address the Board

Chairman Uselton

V.2. Student Celebrations

Dr. Catherine Stephens

V.3. Volunteer Appreciation

Dr. Catherine Stephens

V.4. Academic Update

Dr. Kristina Boone

VI. Consent Agenda

Chairman Uselton

To accept the consent agenda as presented.

Motion: Mr. Pat Welsh

Second: Mr. Andy Whitt

Result: Passed

Mr. Broc Compton: Yea, Mrs. Rosie Graham: Yea, Mrs. Teresa Lawson: Yea, Mrs. Gigi Robison: Yea, Mrs. Kim Uselton: Yea, Mr. Pat Welsh: Yea, Mr. Andy Whitt: Yea
Yea: 7, Nay: 0

VI.1. Approval of Minutes

Chairman Uselton

VI.2. Holland Scholarship

Dr. Catherine Stephens

VI.3. Band Booster Supplemental Pay

VI.4. THS Basketball Booster Supplemental Pay

VI.5. Surplus

VII. Unfinished Business

Chairman Uselton

VII.1. Building and Grounds

VII.1.a. Building and Grounds Report

Teresa Lawson

VII.2. Legislative Update

Gigi Robinson

VII.3. Policy Update

Gigi Robinson

The policy committee recommends adopting Policy 1.404 (Appeals to and Appearances Before the Board), 2.400 (Revenues), 2.702 (Inventories) and 6.411 (Student Wellness) on a first and final reading to better align with state law and board rules.

Motion: Mrs. Teresa Lawson

Second: Mrs. Rosie Graham

Result: Passed

Mr. Broc Compton: Yea, Mrs. Rosie Graham: Yea, Mrs. Teresa Lawson: Yea, Mrs. Gigi Robison: Yea, Mrs. Kim Uselton: Yea, Mr. Pat Welsh: Yea, Mr. Andy Whitt: Yea
Yea: 7, Nay: 0

VII.4. Approval of Director of Schools Contract
(Removed as agenda was updated at beginning of meeting.)

Kim Uselton

VIII. New Business

Chairman Uselton

VIII.1. EMS Gym Floor

Hank Jordan

To accept the bid from Praters to renovate the gym floor at East Middle School in the amount of \$27,870.

Motion: Mrs. Gigi Robison

Second: Mr. Broc Compton

Result: Passed

Mr. Broc Compton: Yea, Mrs. Rosie Graham: Yea, Mrs. Teresa Lawson: Yea, Mrs. Gigi Robison: Yea, Mrs. Kim Uselton: Yea, Mr. Pat Welsh: Yea, Mr. Andy Whitt: Yea
Yea: 7, Nay: 0

VIII.2. Textbook Adoption

Dr. Kristina Boone

To accept the selected PE/ Health Wellness textbook and CTE Information Technology and Advanced Manufacturing textbook recommendations as presented.

Motion: Mrs. Rosie Graham

Second: Mrs. Gigi Robison

Result: Passed

Mr. Broc Compton: Yea, Mrs. Rosie Graham: Yea, Mrs. Teresa Lawson: Yea, Mrs. Gigi Robison: Yea, Mrs. Kim Uselton: Yea, Mr. Pat Welsh: Yea, Mr. Andy Whitt: Yea
Yea: 7, Nay: 0

IX. District Report

Chairman Uselton

IX.1. Superintendent's Report

Dr. Catherine Stephens

IX.2. Board Chairman's Report

Chairman Uselton

IX.3. City Board Liaison Report

The City Board Liaison will be given an opportunity to address the Board.

IX.4. Personnel

IX.5. Monthly Financial Report

X. Adjournment

To adjourn at 6:15 PM.

Motion: Mr. Pat Welsh

Second: Mrs. Teresa Lawson

Result: Passed

Dr. Catherine Stephens

Hank Jordan

Chairman Uselton

Mr. Broc Compton: Yea, Mrs. Rosie Graham: Yea, Mrs.

Teresa Lawson: Yea, Mrs. Gigi Robison: Yea, Mrs. Kim

Uselton: Yea, Mr. Pat Welsh: Yea, Mr. Andy Whitt: Yea

Yea: 7, Nay: 0


Chairperson
Superintendent

Consolidated Funding Application 2027
Tulahoma City Schools
\$2,436,313.36

Title I
\$1,099,747.32

(Bel-Aire, Jack T. Farrar, East Lincoln and Robert E. Lee Elementary)

Category	Amount
Teachers - Salary (4 full-time interventionists)	\$313,197.00
Educational Assistants - Salary (3 full-time and 4 part-time)	\$150,606.70
Benefits for Teachers and Educational Assistants	\$141,344.61
Instructional Behavior Coach for East Lincoln (1 full-time)	\$63,000.00
Instructional Coach for East Lincoln (1 full-time)	\$63,000.00
Instructional Coach for Robert E Lee (1 full-time)	\$77,272.00
District Title I Instructional Coach (1 full-time)	\$75,000.00
Benefits for Instructional Behavior & Instructional Coaches	\$87,111.34
Title I and Family Engagement School Coordinator Stipend (4)	\$5,000.00
Benefits for Title I and Family Engagement School Coordinator Stipends	\$700.00
Family Engagement Committee Contracted Services (2)	\$3,000.00
Supplies and Materials	\$41,788.91
Parent and Family Engagement	\$10,997.47
Homeless Students - Supplies and Materials	\$1,000.00
Foster Care and Homeless Student - Transportation	\$2,000.00
Reserves	\$64,729.29

Title II
\$191,392.31

Category	Amount
K-8 Math Instructional Coach Salary (1 full-time)	\$84,229.00
Benefits for K-8 Math Instructional Coach	\$23,263.33
Mentor Stipends (15)	\$7,500.00
Benefits for Mentors	\$1,136.25
RTI Leader Stipend (1)	\$1,500.00
Benefits for RTI Leader Stipend	\$210.00
Certified & Non-Certified Substitutes	\$24,000.00
Benefits for Certified & Non-Certified Substitutes	\$1,836.00
Materials and Supplies for PD	\$5,000.00
PD for Certified Personnel	\$42,717.73

Title III
\$10,443.54

Category	Amount
Instructional Supplies & Materials	\$3,943.65
Community Liaison Stipend (1)	\$1,200.00
Benefits for Community Liaison Stipend	\$312.80
Family Engagement Contracted Service (1 contract)	\$1,200.00
PD for ESL Certified Personnel (ex. conferences)	\$3,787.09

Title IV
\$29,999.00

Category	Amount
Raptor Emergency Responder Management System Software Renewal	\$20,000.00
Raptor Badges	\$9,999.00

Title V
\$124,755.19

***Title V funds will shadow Title I & Title II**

Category	Amount
K-8 ELA Instructional Coach Salary (1 full-time)	\$64,975.00
Benefits for K-8 ELA Instructional Coach	\$26,531.78
Stipends for K-8 ELA & K-8 Math Instructional Coaches for Serving 6-8 (2)	\$7,000.00
Benefits for Instructional Coach Stipends	\$980.00
PD for Certified Personnel	\$22,268.32
PreACT Assessment	\$3,000.00
Tutoring (Before & After School)	\$0.09

IDEA (Sped)
\$935,981.00

Category	Amount
Speech Pathologist (3% of salary)	\$4,648.91
Educational Assistants (24 full-time)	\$544,519.73
Benefits for Speech Pathologist & Educational Assistants	\$169,042.97
School Psychologist (1 full-time)	\$72,680.39
Benefits for School Psychologist	\$13,525.00
CEIS	\$131,564.00

IDEA Preschool
\$43,995.00

Category	Amount
CDC PreK Teacher (part of salary & benefits)	\$43,995.00

Tullahoma High School Equipment

May 2025

School/Building/Dept	Qty	Name/Manufacturer	Description	Reason	Estimated Value	Serial #	Tag #
THS Welding	1	Weldcote	Welding Helmet	Broken	\$20		788
THS Welding	1	Lincoln	Welding Helmet	Broken	\$1		991
THS Welding	1	Lincoln	Welding Helmet	Broken	\$1		2082
THS Welding	1	Weldcote	Welding Helmet	Broken	\$1		789
THS Welding	1	Weldcote	Welding Helmet	Broken	\$1		790
THS Welding	1	Lincoln	Welding Helmet	Broken	\$1		987
THS Welding	1	Weldcote	Welding Helmet	Broken	\$25		816
THS Welding	1	Weldcote	Welding Helmet	Broken	\$25		787
THS Welding	1	Weldcote	Welding Helmet	Broken	\$25		791
THS Welding	1	Jackson	Welding Helmet	Broken	\$10		N/A
THS Welding	1	Jackson	Welding Helmet	Broken	\$10		N/A
THS Welding	1	Jackson	Welding Helmet	Broken	\$10		N/A
THS Welding	1	Morsafe	Welding Helmet	Broken	\$1		N/A
THS Welding	1	Morsafe	Welding Helmet	Broken	\$1		N/A
THS Welding	1	Lincoln	Welding Helmet	Broken	\$1		N/A
THS Welding	1	Lincoln	Welding Helmet	Broken	\$1		N/A
THS Marketing	1	Vevor	Heat Press	Broken	\$20		872
THS CAD	1	Mayline	Flat Filing Cabinet	Outdated	\$25		M-4323
THS CAD	1	Mayline	Flat Filing Cabinet	Outdated	\$25		M-4325
THS CAD	1	Unknown	Flat Filing Cabinet	Outdated	\$25		1154

Tullahoma High School requests to surplus the following copier:

1. Copystar 406 ci - not operational or repairable

If approved, the unit will be recycled.

Required Event Code Setup

District Event Code Setup

Save

Back

School Year: 2026-27

Calendar: 000

☒ Day Count Override

Stockpile Inclement Weather Days:

03

Stockpile Professional Development Days:

10

In Service Days:

05.00

Optional In Service Days:

00.00

Parent Teacher Conference Days:

2

Teacher Vacation Days:

10

Abbreviated Days:

3

Discretionary Teacher Vacation Days:

00.00

Discretionary In Service Days:

00.00

Discretionary Administrative Days:

00.00

Discretionary Instructional Days:

00.00

Discretionary Other Days:

03.00

Instructional Days:

180

Memo

To: Board Members

From: Hank Jordan

Date: 5/11/2026

Subject: Band Booster supplemental pay request

Per legal guidance and the Tennessee Department of Education, any booster, club, or support organization that desires to provide supplemental pay to a school employee must be approved by the board of education and paid through the normal payroll process.

The THS band boosters desire to pay a supplement to Doug Clark for scholarship private band lessons to THS band students in March, April, and May 2026 in the gross amount of \$480. The Central office has requested the associated reimbursement check, including FICA and Medicare taxes.

We appreciate the band boosters for their support of TCS students and for their cooperation in submitting this request.

Thank you.



Memo

To: Board Members

From: Hank Jordan

Date: 5/19/26

Subject: THS Softball Booster supplemental pay request

Per legal guidance and Tennessee Department of Education guidance, any booster, club, or support organization desiring to provide supplemental pay to a school employee is required to be approved by the board of education and paid through the normal payroll process.

The THS Softball boosters desire to pay a \$2,000 supplement to Erica Duke-Robinson for assisting the team for the 2026 season. The associated reimbursement check, including FICA taxes, Medicare taxes, and retirement has been requested by the Central office.

We appreciate the Softball Boosters and their support of TCS students, and we appreciate their cooperation in the submission of this request.

Thank you.

Memo

To: Board Members

From: Hank Jordan

Date: 5/11/2026

Subject: THS & TMS Wrestling Booster supplemental pay request

Per legal guidance and the Tennessee Department of Education, any booster, club, or support organization that desires to provide supplemental pay to a school employee must be approved by the board of education and paid through the normal payroll process.

The THS & TMS Wrestling Booster Club wishes to pay a supplement to the following coaches for their assistance with the teams during the 2025/26 season.

THS

- Robert Callison - \$2,000
- Jeff Lester - \$500
- Jane Allen - \$800
- Haley Roberts - \$1,000

TMS

- Ian Duncan - \$1,500
- Dillon Crouch - \$1,500

The associated reimbursement check, including FICA and Medicare taxes and retirement contributions, has been received by the Finance Department.

We appreciate the booster club and their support of TCS students, as well as their cooperation in submitting this request.

Thank you.

Here is a list of coaches and the amount we are paying them before the taxes come out.

Robert Callison \$2000.00

Jeff Lester \$500.00

Jane Allen \$800.00

Haley Roberts \$1000.00

Ian Duncan \$1500.00

Dillon Crouch \$1500.00

If there is anything else you need please let me know.

Thank you,

Shauna Perry

Tullahoma Wrestling Booster club

(931) 409-1545

Memo

To: Board Members

From: Hank Jordan

Date: 5/11/2026

Subject: THS Basketball Booster supplemental pay request

Per legal guidance and the Tennessee Department of Education, any booster, club, or support organization that desires to provide supplemental pay to a school employee must be approved by the board of education and paid through the normal payroll process.

The THS Basketball Booster Club desires to pay a supplement to Grant King for assisting with the THS basketball teams in the 2025/26 season. The requested net payment is approximately \$1000. The associated reimbursement check, including FICA taxes and Medicare taxes, has been requested by the Finance Department.

We appreciate the booster club and their support of TCS students, as well as their cooperation in submitting this request.

Thank you.

TULLAHOMA CITY SCHOOLS
KOOL KIDS PROGRAM
Proposed Budget 2026-2027

PROJECTED REVENUE 2026 - 2027

Tuition Fees	\$240,000.00
Registrations	<u>2,500.00</u>

TOTAL PROJECTED REVENUES 2026-2027 **\$242,500.00**

PROJECTED EXPENDITURES 2026 - 2027

Personnel Costs	
Salaries	\$186,000.00
Employee Benefits	\$32,000.00

Total Personnel Costs **\$218,000.00**

Non-personnel Costs	
Snacks	\$ 16,000.00
Consumable Supplies	6,000.00
Office Supplies (includes new software program)	1,500.00
Training Expense	500.00
Field Trip Expense	<u>500.00</u>

Total Non-personnel Costs **\$ 24,500.00**

TOTAL PROJECTED EXPENSES 2026 - 2027 **\$242,500.00**

***Registration/Tuition fees will not vary from the 2025-2026 term**

***There are NO proposed increases in tuition or registration fees.**

***TCS employees receive a discount on 1:00 dismissal days.**

***TCS employees do not pay a registration fee.**

***This budget has expenses for pay increases built in.**

TULLAHOMA CITY SCHOOLS NUTRITION DEPARTMENT					BUDGET
REVENUE					
ACCOUNT					
NUMBER					26-27
43520	EARNINGS FROM TEMP. INVESTMENT				\$8,000.00
43521	RECEIPTS--STUDENT LUNCH				\$0.00
43522	RECEIPTS--ADULTS				\$35,000.00
43523	RECEIPTS--BREAKFAST				\$0.00
43525	A LA CARTE				\$90,000.00
44499	OTHER LOCAL REVENUES				
	TOTAL LOCAL INCOME				\$133,000.00
46520	STATE MATCHING FUNDS				\$25,000.00
	TOTAL STATE MATCHING				\$25,000.00
47111	USDA--LUNCH				\$2,200,000.00
47113	USDA--BREAKFAST				\$1,000,000.00
47112	USDA COMMODITY REIMBURSEMENT				\$236,039.00
47114	OTHER				\$0.00
	RECEIVED THROUGH STATE				\$3,436,039.00
	GRAND TOTAL				\$3,594,039.00
EXPENDITURES					
ACCOUNT					
NUMBER					
73105 105	SUPERVISOR				\$132,000.00
73100 165	CAFETERIA PERSONNEL				\$1,100,000.00
73100 201	SOCIAL SECURITY				\$70,000.00
73100 212	MEDICARE				\$15,000.00
73100-204	NEW RETIREMENT				\$55,000.00
73100-205	HSA FRINGE				\$1,050.00
73100 211	RETIREMENT				\$7,000.00
73100 207	HEALTH INSURANCE				\$220,000.00
73100 208	DENTAL INSURANCE				\$7,000.00
73100 206	LIFE INSURANCE				\$2,500.00
73100 299	VISION INSURANCE				\$2,500.00
73100 210	UNEMPLOYMENT				\$0.00
73100 217	STABLIZATION RESERVE				\$5,500.00
73100 336	REPAIR OF EQUIPMENT				\$19,000.00
73100 354	TRANSPORTATION OF FOOD				\$12,000.00
73100 355	TRAVEL--PERSONNEL				\$30,000.00
73100 399	OTHER CONTRACTED SERVICES				\$30,000.00
73100 422	FOOD				\$1,470,000.00
73100 469	COMMODITIES				\$236,029.00
73100 499	OTHER MATERIALS AND SUPPLIES				\$130,000.00
73100 710	EQUIPMENT				\$49,460.00
	TOTAL EXPENDITURES				\$3,594,039.00

**John I. Holland Scholarship
Awards Listed Yearly**

<u>Year</u>	<u>Amount</u>	<u>Total</u>
1978	\$ 8,400	\$8,400
1979	14,600	\$23,000
1980	21,400	\$44,400
1981	30,000	\$74,400
1982	32,700	\$107,100
1983	33,500	\$140,600
1984	32,200	\$172,800
1985	31,500	\$204,300
1986	31,300	\$235,600
1987	36,200	\$271,800
1988	39,600	\$311,400
1989	40,200	\$351,600
1990	30,100	\$381,700
1991	38,500	\$420,200
1992	35,300	\$455,500
1993	26,100	\$481,600
1994	24,700	\$506,300
1995	25,900	\$532,200
1996	27,600	\$559,800
1997	25,400	\$585,200
1998	39,600	\$624,800
1999	40,500	\$665,300

2000		34,400	\$699,700
2001		36,550	\$736,250
2002		34,400	\$770,650
2003		25,150	\$795,800
2004		25,400	\$821,200
2005		25,425	\$846,625
2006		25,000	\$871,625
2007		25,850	\$897,475
2008		24,100	\$921,575
2009		None	
2010		None	
2011	\$932,575	11,000	
2012		15,050	\$947,625
2013		26,000	\$973,625
2014		23,925	\$997,550
2015		26,750	\$1,024,300
2016		24,750	\$1,049,050
2017		25,000	\$1,074,050
2018		22,750	\$1,096,800
2019		2,250	\$1,119,050
2020		16,750	\$1,135,800
2021		24,000	\$1,159,800
2022		22,550	\$1,182,350
2023		19,000	\$1,201,350
2024		19,000	\$1,220,350

2025	19,000	\$1,239,350
2026	20,000	\$1,259,350



Memo

To: Board Members

From: Hank Jordan

Date: 5/14/26

Subject: Renewal of Surety Bond for Dr. Stephens / Request for new Surety Bond for Dr. Norris

It is recommended to renew the Surety Bond of Dr. Stephens through 6/30/26 with Travelers Casualty & Surety Company. The annual premium of \$2,479 will be paid, however a pro-rated refund will be issued when the bond is canceled on 6/30/26.

It is recommended to secure a Surety Bond for Dr. Norris for 12 months through Travelers Casualty & Surety Company for the premium cost of \$2,479. This bond will be issued on 7/1/26.

Surety Bonds are required for leaders of LEA's in the State of Tennessee.

Tullahoma City Schools

Monitoring:

Review: Annually, in
November

Descriptor Term:

Use of Artificial Intelligence Programs

Descriptor Code:

4.214

Issued Date:

05/19/26

Rescinds:

4.214

Issued:

08/20/24

General

Artificial Intelligence (AI) programs as defined by state law may be used by staff and students in the district.¹

The Director of Technology/designee is tasked with overseeing the implementation of AI programs. These staff members will review artificial intelligence programs to ensure compliance with district policies as well as state and federal student data privacy laws and present recommendations to the Director of Schools for approval. Any approved programs shall be accessible to all staff.

Employees shall not place personally identifiable information, financial information, intellectual property, or other confidential information into an AI system.

The Director of Schools shall incorporate training programs on AI into professional development for district staff. This training shall focus on responsible use of AI and best practices for use in school settings and include instruction regarding personally identifiable information and the need to comply with state and federal data privacy laws. Emphasis shall be placed on the importance of securing and properly storing any data that is collected by the district in compliance with state and federal law.

STAFF USE

Staff may use AI in the completion of their own work. This may include, but not be limited to, drafting communications, notes, images, and the development of content for instructional or administrative purposes, as well as analyzing data and information. The following requirements shall be adhered to when using AI in the completion of work:

1. Employees shall disclose their use of a generative AI tool if failure to do so would:
 - a. Violate the terms of the use of the AI tool;
 - b. Would mislead a supervisor or others as to the nature of the work; or
 - c. Would be inconsistent with the teacher code of ethic;²
2. Employees shall take all reasonable precautions to ensure the security of private student data when utilizing AI programs;
3. Outputs from AI programs shall be verified by reliable sources and reviewed prior to use in order to reduce the risk of errors and inaccuracies;
4. Outputs shall not be incorporated into proprietary content or works.

STUDENT USE

Grades K-8: Generative AI programs may not be accessed by students.

Grades 9 - 12: Teachers may allow students to use approved AI programs, for instructional purposes. These programs are approved through the Director of Technology. Any such use shall align with approved instructional standards and curriculum. Prior to using AI, teachers shall ensure students are provided with appropriate instruction on the responsible use of AI.

ACADEMIC INTEGRITY

Students shall be instructed on responsible use standards, including but not limited to the following:

1. Effective use of generative AI;
2. When it is appropriate to use AI in assignments;
3. How to determine whether AI responses are accurate;
4. Responsible and ethical use of AI; and
5. Understand the difference between seeking support and cheating.

NOTICE TO PARENTS

The Director of Schools/Designee shall provide notice to parent(s)/guardian(s) about the use of AI programs in the district. An approved list of AI programs will be provided by inclusion in the student handbook.

REPORTING

The Director of Schools shall submit a report to the Board of Education each June on how this policy will be enforced in the upcoming school year. The Board shall approve the report and the Director shall submit it to the Department of Education by July 1st.

Legal References

1. Public Acts of 2024, Chapter No. 550
2. TCA 49-5-1001

Cross References

Use of the Internet 4.406

Tullahoma City Schools



To: Board Members

From: Hank Jordan

Date: 5/12/2026

Subject: FY26 Independent Audit Contract

In 2024, the City of Tullahoma solicited proposals for audit services for itself and its related units, including Tullahoma City Schools. Wickberg Accounting, PLLC, of Lewisburg, was awarded the contract with a proposal of \$76,000, of which \$30,000 is the fee for Tullahoma City Schools. There is an additional fee of \$4,000 for the State Comptroller mandated municipal crosswalk. Wickberg has agreed to maintain the same fee schedule for the FY26 audit.

Staff recommends approval of the FY26 audit contract with Wickberg Accounting, PLLC.



WICKBERG ACCOUNTING, PLLC

111 E. Commerce Street
Lewisburg, Tennessee 37091
Office: 931-422-7122

April 27, 2026

Tullahoma Board of Education
Tullahoma City School System
Tullahoma, TN 37388

We are pleased to confirm our understanding of the services we are to provide for the Tullahoma City School System for the year ended June 30, 2026.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities and each major fund and the disclosures, which collectively comprise the basic financial statements, of the Tullahoma City School System as of and for the year ended June 30, 2026. We will not audit the financial statements of Tullahoma City Schools – Internal School Funds (special revenue funds). Those statements will be audited by other auditors whose reports will be furnished to us. This engagement does not include an audit of compliance with major federal award programs in accordance with 2 CFR Part 200 Subpart F (Uniform Guidance). We understand that the federal expenditures of the School System will be included in the City of Tullahoma, Tennessee's City-wide Single Audit. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the School System's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards System 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. As part of our engagement, we will apply certain limited procedures to the School System's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) GASB supplementary pension and OPEB information
- 3) Budget Comparison and Notes

We have also been engaged to report on supplementary information other than RSI that accompanies the School System's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a separate written report accompanying our auditor's report on the financial statements OR in a report combined with our auditor's report on the financial statements.

- 1) Schedules of Changes in Lease Obligations
- 2) Schedule of Lease Obligations. Principal and Interest Requirements
- 3) Schedule of Public Officials and Bonds

In connection with our audit of the basic financial statements, we will read the following 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.

1) Introductory Section

The objectives of our audit 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 issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records of Tullahoma City School System and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning.

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks. Note that planning has not concluded and modifications may be made.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the School System's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Other Services

We will also assist in preparing the financial statements and related notes of The Tullahoma City School System in conformity with accounting principles generally accepted in the United States of America, based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Tullahoma City School System; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Wickberg Accounting, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of Tennessee, Department of Local Government or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Wickberg Accounting, PLLC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State of Tennessee Department of Local Government Audit. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation. Mitzi Wickberg is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit approximately in the late spring of 2026.

Our contract fee for these services will be \$30,000 for Tullahoma City School System. Additional fees will be assessed at our standard hourly rate of \$150/hour for municipal crosswalk not to exceed \$4,000. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly.

Reporting

We will issue a written report upon completion of our audit of Tullahoma City School System's financial statements. Our report will be addressed to the Tullahoma Board of Education of Tullahoma City School System. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our

audit we become aware that Tullahoma City School System is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to Tullahoma City School System and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

A handwritten signature in black ink, appearing to read "Wickberg Accounting, PLLC". The signature is fluid and cursive, with a large initial "W".

RESPONSE:

This letter correctly sets forth the understanding of The Tullahoma City School System.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



To: Board Members

From: Hank Jordan

Date: 5/12/2026

Subject: FY25 Independent Audit results

As annually required, TCS submits to an independent, outside financial audit. As a municipal school system, the results of our audit are included as part of the City's annual audit. For FY25, July 1, 2024 through June 30, 2025, the City contracted with Wickberg Accounting, PLLC, to perform the audit for all City entities, including TCS.

The results of this audit and the management letter are provided for your review. The summary of the auditor's results is included on page 68 and positively reflects that there were no deficiencies in internal control that were considered to be material weaknesses. This summary notes findings, however, of Misclassified transactions, Excess Expenditures vs. Approved Budget Appropriations for the Nutrition Dept., Reconciliation of accounts, and untimely closure of the year end.

We will continue to work to improve our responsibility of ensuring we meet and exceed the requirements of the State and independent auditors. I would like to take this opportunity to thank the Accounting staff and all the members of the Finance Department for their diligent work with our audit partners to complete this audit.

TULLAHOMA CITY SCHOOL SYSTEM
FINANCIAL REPORT
JUNE 30, 2025

TULLAHOMA CITY SCHOOL SYSTEM

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**TULLAHOMA CITY SCHOOL SYSTEM
PUBLIC OFFICIALS
JUNE 30, 2025**

<u>Name</u>	<u>Title</u>
Kim C. Uselton	Chairman
Teresa A. Lawson	Vice-Chairman / Secretary
Gigi Robison	Member
Andy Whitt	Member
J. Patrick Welsh	Member
Broc Compton	Member
Rosie Graham	Member
Dr. Catherine Stephens	Director of Schools



INDEPENDENT AUDITOR'S REPORT

Board of Education
Tullahoma City School System
Tullahoma, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tullahoma City School System, (the System) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System'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 and each major fund of the System, as of June 30, 2025, and the respective changes in financial position, and the respective budgetary comparison for the General Purpose School Fund, the School Federal and State Projects, the School Capital Projects, School Food Service, Extended School Program and Debt Service 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 System 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the System and are not intended to present fairly the financial position of the City of Tullahoma, Tennessee, as of June 30, 2025, the changes in its financial position or, where applicable, its cash flows for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 System'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 required supplementary information be presented to supplement the basic financial statements. Required supplementary information is included as pages 54 – 64. 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.

Tulahoma City School System has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supplementary information, pages 65 – 67, 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 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 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 March 31, 2026, on our consideration of the Tullahoma City School System'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 System'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 System's internal control over financial reporting and compliance.

Wickberg Accounting, LLC

Lewisburg, Tennessee
March 31, 2026

TULLAHOMA CITY SCHOOL SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 15,433,198	\$ 15,433,198
Investments	1,652,703	1,652,703
Receivables	22,288	22,288
Allowance for doubtful accounts	-	-
Accrued interest receivable	2,701	2,701
Due from other governments	2,639,558	2,639,558
Due from other funds	248,479	248,479
Grants receivable	482,388	482,388
Inventory	90,519	90,519
Prepaid assets	24,001	24,001
Restricted assets:		
Cash and cash equivalents	-	-
TCRS stabilization fund	1,075,762	1,075,762
Net pension asset	7,904,259	7,904,259
Capital assets:		
Capital assets not being depreciated	22,277,191	22,277,191
Capital assets being depreciated, net	29,684,375	29,684,375
Intangible right-to-use assets, net	345	345
Total assets	<u>81,537,767</u>	<u>81,537,767</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	4,806,739	4,806,739
Deferred outflows related to OPEB	1,780,843	1,780,843
Total deferred outflows of resources	<u>6,587,582</u>	<u>6,587,582</u>
LIABILITIES		
Accounts payable	683,003	683,003
Overdrawn cash accounts	540,569	540,569
Accrued liabilities	952,352	952,352
Accrued payroll	1,717,066	1,717,066
Unearned revenue - charges	4,200	4,200
Current portion of compensated absences	11,336	11,336
Noncurrent liabilities:		
Compensated absences	121,043	121,043
OPEB liability	5,757,278	5,757,278
Net pension liability	2,804,370	2,804,370
Due within one year - lease payable	359	359
Due in more than one year - lease payable	-	-
Total liabilities	<u>12,591,576</u>	<u>12,591,576</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	2,242,737	2,242,737
Deferred inflows related to OPEB	939,642	939,642
Total deferred inflows of resources	<u>3,182,379</u>	<u>3,182,379</u>
NET POSITION		
Net investment in capital assets	51,961,911	51,961,911
Restricted:		
Net pension asset	7,904,259	7,904,259
Debt service	2,440,537	2,440,537
TCRS Stabilization Fund	1,075,762	1,075,762
Capital improvements	822,538	822,538
Extended school	596,787	596,787
Unrestricted	7,549,600	7,549,600
Total net position	<u>\$ 72,351,394</u>	<u>\$ 72,351,394</u>

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

**TULLAHOMA CITY SCHOOL SYSTEM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Revenues				Net (Expense) Revenue and Changes in Net Pension		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary government:							
Government activities:							
Education							
Administration	\$ 7,016,515	\$ -	\$ -	\$ -	\$ (7,016,515)	\$ -	\$ (7,016,515)
Regular education	25,734,176	258,543	27,925,315	15,104	2,464,786	-	2,464,786
Special education	6,462,425	-	1,684,879	43,986	(4,733,560)	-	(4,733,560)
Vocational education	1,522,260	-	212,783	74,652	(1,234,825)	-	(1,234,825)
Attendance	197,337	-	-	-	(197,337)	-	(197,337)
Health services	776,952	-	-	-	(776,952)	-	(776,952)
Other student support	1,053,823	-	-	-	(1,053,823)	-	(1,053,823)
Instructional staff	1,445,272	-	-	-	(1,445,272)	-	(1,445,272)
Extended school	499,548	478,108	-	-	(21,440)	-	(21,440)
Plant operations	3,430,727	-	-	-	(3,430,727)	-	(3,430,727)
Plant maintenance	1,467,079	-	-	60,903	(1,406,176)	-	(1,406,176)
Transportation	592,063	-	-	-	(592,063)	-	(592,063)
Food service	3,351,014	160,932	3,043,337	-	(146,745)	-	(146,745)
Total governmental activities	53,549,191	897,583	32,866,314	194,645	(19,590,649)	-	(19,590,649)
Total governmental activities	53,549,191	897,583	32,866,314	194,645	(19,590,649)	-	(19,590,649)
Total	\$ 53,549,191	\$ 897,583	\$ 32,866,314	\$ 194,645	(19,590,649)	-	(19,590,649)
General revenues:							
Taxes:							
Sales					7,285,905	-	7,285,905
Other revenues					241,974	-	241,974
Unrestricted investment earnings					492,188	-	492,188
Gain (loss) on sale of property					9,738	-	9,738
Transfers					16,945,325	-	16,945,325
Total general revenues and transfers					24,975,130	-	24,975,130
Change in net position					5,384,481	-	5,384,481
Net position, beginning					66,916,595	-	66,916,595
Error correction - grant expenditures					(33,750)	-	(33,750)
Error correction - accounts receivable					(9,393)	-	(9,393)
Error correction - inventory					93,461	-	93,461
Net position, beginning					66,966,913	-	66,966,913
Net position, ending					\$ 72,351,394	\$ -	\$ 72,351,394

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

**TULLAHOMA CITY SCHOOL SYSTEM
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Purpose School	School Federal and State Projects	School Capital Projects	School Food Service	Extended School Program	Debt Service	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	\$ 11,793,425	\$ -	\$ 1,409,092	\$ 870,695	\$ 599,615	\$ 760,371	\$ 15,433,198
Investments	-	-	-	203,608	20,109	1,428,986	1,652,703
Grants receivable	-	-	-	482,388	-	-	482,388
Receivables	20,594	-	-	-	1,694	248,479	270,767
Accrued interest receivable	-	-	-	-	-	2,701	2,701
Due from other governments	2,351,096	288,462	-	-	-	-	2,639,558
Due from other funds	119,777	-	-	-	-	-	119,777
Inventory	-	-	-	90,519	-	-	90,519
Prepaid assets	24,001	-	-	-	-	-	24,001
Restricted assets:							
Cash and cash equivalents unspent proceeds	-	-	-	-	-	-	-
TCRS stabilization fund	1,026,318	-	-	43,591	5,853	-	1,075,762
Total assets	<u>\$ 15,335,211</u>	<u>\$ 288,462</u>	<u>\$ 1,409,092</u>	<u>\$ 1,690,801</u>	<u>\$ 627,271</u>	<u>\$ 2,440,537</u>	<u>\$ 21,791,374</u>
LIABILITIES:							
Accounts payable	\$ 99,742	\$ 9,078	\$ 555,054	\$ 18,991	\$ 138	\$ -	\$ 683,003
Overdrawn cash accounts	447,637	92,932	-	-	-	-	540,569
Accrued liabilities	886,580	65,776	-	-	-	-	952,356
Accrued payroll	1,586,013	116,982	-	14,071	-	-	1,717,066
Unearned revenue - grants	31,789	12,417	-	-	-	-	44,206
Unearned revenue - charges	-	-	-	-	4,200	-	4,200
Due to other funds	-	-	31,500	67,984	20,293	-	119,777
Total liabilities	<u>3,051,761</u>	<u>297,185</u>	<u>586,554</u>	<u>101,046</u>	<u>24,631</u>	<u>-</u>	<u>4,061,177</u>
FUND BALANCES:							
Nonspendable							
Prepaid expenses	24,001	-	-	-	-	-	24,001
Inventory	-	-	-	90,519	-	-	90,519
Restricted for:							
Capital improvements	-	-	822,538	-	-	-	822,538
Debt service	-	-	-	-	-	2,440,537	2,440,537
School operations	-	-	-	-	-	-	-
Extended school	-	-	-	-	596,787	-	596,787
TCRS Stabilization Fund	1,026,318	-	-	43,591	5,853	-	1,075,762
Assigned	286,736	(8,723)	-	-	-	-	278,013
Unassigned	10,946,395	-	-	1,455,645	-	-	12,402,040
Total fund balances	<u>12,283,450</u>	<u>(8,723)</u>	<u>822,538</u>	<u>1,589,755</u>	<u>602,640</u>	<u>2,440,537</u>	<u>17,730,197</u>
Total liabilities, deferred inflows of resources and funds balances	<u>\$ 15,335,211</u>	<u>\$ 288,462</u>	<u>\$ 1,409,092</u>	<u>\$ 1,690,801</u>	<u>\$ 627,271</u>	<u>\$ 2,440,537</u>	<u>\$ 21,791,374</u>

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

TULLAHOMA CITY SCHOOL SYSTEM
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
JUNE 30, 2025

Total fund balance - total governmental funds	\$ 17,730,197
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	51,961,911
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Net pension assets are not current financial resources and therefore are not reported in the governmental funds balance sheet.	7,904,259
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Deferred outflows are not current financial resources and therefore are not reported in the governmental funds balance sheet.	6,587,582
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Amounts recognized as deferred revenues on the governmental balance sheet are not deferred on the government wide statement of net position.	44,209
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Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.

Lease payable	(358)
Net pension liability	(2,804,370)
OPEB liability	(5,757,278)
Compensated absences	(132,379)

Deferred inflows of resources are not due and payable in the current period and therefore, they are not included in the governmental funds balance sheet.	(3,182,379)
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Net position of governmental activities	<u><u>\$ 72,351,394</u></u>
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The accompanying notes are an integral part of these financial statements.

TULLAHOMA CITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Purpose School	School Federal and State Projects	School Capital Projects	School Food Service	Extended School Program	Debt Service	Total Governmental Funds
Revenues							
Taxes	\$ 7,285,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,285,905
Intergovernmental revenues	26,937,714	3,035,699	-	3,043,337	-	-	33,016,750
Charges of services	258,543	-	-	160,932	478,108	-	897,583
Interest income	398,843	-	7,910	15,943	12,521	56,971	492,188
Other revenues	233,212	-	-	-	8,762	-	241,974
Total revenues	35,114,217	3,035,699	7,910	3,220,212	499,391	56,971	41,934,400
Expenditures							
Administration	6,567,610	-	-	-	-	-	6,567,610
Regular education	22,599,525	1,122,387	-	-	-	-	23,721,912
Special education	5,310,471	1,090,244	-	-	-	-	6,400,715
Vocational education	1,393,219	114,007	-	-	-	-	1,507,226
Attendance	194,988	-	-	-	-	-	194,988
Health services	745,533	21,797	-	-	-	-	767,330
Other student support	1,033,703	27,357	-	-	-	-	1,061,060
Instructional staff	1,050,804	382,367	-	-	-	-	1,433,171
Extended school	-	12,000	-	-	-	-	12,000
Plant operations	3,362,999	-	-	-	-	-	3,362,999
Plant maintenance	1,415,836	-	21,804	-	-	-	1,437,640
Transportation	537,241	3,535	-	-	-	-	540,776
Program costs	-	-	-	3,315,430	477,811	-	3,793,241
Capital outlay	1,506,685	105,436	15,284,923	78,776	-	-	16,975,820
Total expenditures	45,718,614	2,879,130	15,306,727	3,394,206	477,811	-	67,776,488
Excess (deficiency) of revenues over expenditures	(10,604,397)	156,569	(15,298,817)	(173,994)	21,580	56,971	(25,842,088)
Other financing sources (uses)							
Sale of capital assets	9,738	-	-	-	-	-	9,738
Debt fees	-	-	(36,000)	-	-	-	(36,000)
Transfers in	11,276,634	-	6,000,000	-	-	2,986,202	20,262,836
Transfers out	-	(172,424)	-	-	-	(3,145,087)	(3,317,511)
Total other financing sources (uses)	11,286,372	(172,424)	5,964,000	-	-	(158,885)	16,919,063
Excess (deficiency) of revenues and other sources over expenditures and other uses	681,975	(15,855)	(9,334,817)	(173,994)	21,580	(101,914)	(8,923,025)
FUND BALANCES AT BEGINNING OF YEAR, as originally stated	11,635,225	7,132	10,157,355	1,670,288	590,453	2,542,451	26,602,904
Error correction - grant expenditures	(33,750)	-	-	-	-	-	(33,750)
Error correction - accounts receivable	-	-	-	-	(9,393)	-	(9,393)
Error correction - inventory	-	-	-	93,461	-	-	93,461
FUND BALANCES AT BEGINNING OF YEAR, as restated	11,601,475	7,132	10,157,355	1,763,749	581,060	2,542,451	26,653,222
FUND BALANCES AT END OF YEAR	\$ 12,283,450	\$ (8,723)	\$ 822,538	\$ 1,589,755	\$ 602,640	\$ 2,440,537	\$ 17,730,197

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

TULLAHOMA CITY SCHOOL SYSTEM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2025

Net change in fund balances - total governmental funds	\$ (8,923,025)
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Amounts reported for governmental activities in the Statement of Net Position are different from amounts reported for governmental funds in balance sheet because:

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

Acquisition of capital assets	16,975,820
Depreciation and amortization expense	(2,125,143)

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

SBITA payments	4,243
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Change in revenues due to amounts deferred on the governmental funds statements. These items are recognized as income on the government wide statement of activities	44,209
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Some expenses reported on the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the government funds.

Change in compensated absences	(13,579)
Change pension accounts	(959,605)
Changes in OPEB accounts	381,561

Change in net position of governmental activities	\$ 5,384,481
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The accompanying notes are an integral part of these financial statements.

TULLAHOMA CITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
GENERAL PURPOSE SCHOOL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts Original Budget	Budgeted Amounts Final Budget	Variance from Final Budget Positive (Negative)
Revenues						
Intergovernmental:						
Local shared taxes	\$ 7,285,905	\$ -	\$ 7,285,905	\$ 6,773,021	\$ 6,896,300	\$ 389,605
Federal and state	26,937,714	31,789	26,969,503	26,934,833	27,320,565	(351,062)
Charges for services	258,543	-	258,543	201,500	248,000	10,543
Interest income	398,843	-	398,843	120,000	200,000	198,843
Other income	233,212	-	233,212	88,000	256,000	(22,788)
Total revenues	<u>35,114,217</u>	<u>31,789</u>	<u>35,146,006</u>	<u>34,117,354</u>	<u>34,920,865</u>	<u>225,141</u>
Expenditures						
Administration						
Salaries	3,676,570	-	3,676,570	3,566,775	3,681,924	5,354
Payroll taxes	267,963	-	267,963	272,859	273,249	5,286
Benefits	1,501,407	-	1,501,407	1,575,954	1,521,714	20,307
Contract services	131,906	-	131,906	142,500	134,700	2,794
Travel	8,705	-	8,705	13,300	10,700	1,995
Supplies	36,881	-	36,881	44,500	38,800	1,919
Communications	151,620	-	151,620	150,000	152,500	880
Postage	2,239	-	2,239	6,000	3,000	761
Staff development	47,940	-	47,940	63,000	50,150	2,210
Other	244,085	-	244,085	236,635	254,050	9,965
Insurance	498,294	-	498,294	452,235	498,600	306
Total administration	<u>6,567,610</u>	<u>-</u>	<u>6,567,610</u>	<u>6,523,758</u>	<u>6,619,387</u>	<u>51,777</u>
Regular education						
Salaries	15,841,521	-	15,841,521	16,392,216	16,048,217	206,696
Payroll taxes	1,133,486	-	1,133,486	1,250,519	1,176,443	42,957
Benefits	3,824,957	-	3,824,957	3,764,943	3,864,867	39,910
Contract services	3,696	-	3,696	-	3,700	4
Travel	-	-	-	17,500	-	-
Supplies	373,348	(20)	373,328	356,200	376,875	3,547
Books	384,044	(708)	383,336	400,000	387,000	3,664
Staff development	1,959	-	1,959	10,000	2,500	541
Other	224,582	-	224,582	148,846	239,390	14,808
Instructional equipment	811,932	(14,376)	797,556	813,428	824,528	26,972
Capital outlay	15,104	-	15,104	-	-	(15,104)
Total regular education	<u>22,614,629</u>	<u>(15,104)</u>	<u>22,599,525</u>	<u>23,153,652</u>	<u>22,923,520</u>	<u>323,995</u>
Special education						
Salaries	3,628,433	-	3,628,433	3,557,934	3,636,329	7,896
Payroll taxes	259,128	-	259,128	270,761	255,644	(3,484)
Benefits	1,109,098	-	1,109,098	995,699	1,122,244	13,146
Contract services	173,794	365	174,159	125,000	185,000	10,841
Travel	4,066	-	4,066	3,000	4,200	134
Supplies	40,300	-	40,300	105,000	43,500	3,200
Staff development	44,867	-	44,867	37,500	46,500	1,633
Other	30,045	1	30,046	26,500	31,501	1,455
Special education equipment	20,740	19,923	40,663	93,833	103,833	63,170
Capital outlay	43,988	-	43,988	93,833	103,833	59,845
Total special education	<u>5,354,459</u>	<u>20,289</u>	<u>5,374,748</u>	<u>5,309,060</u>	<u>5,532,584</u>	<u>157,836</u>
Vocational education						
Salaries	837,545	-	837,545	860,977	942,596	105,051
Payroll taxes	59,444	-	59,444	65,865	73,581	14,137
Benefits	220,033	-	220,033	198,478	250,607	30,574
Travel	-	-	-	12,000	-	-
Supplies	40,955	-	40,955	54,580	99,668	58,713
Books	-	-	-	-	5,250	5,250
Tuition	-	-	-	2,000	2,000	2,000
Staff development	4,500	-	4,500	-	7,500	3,000
Other	5,000	-	5,000	258,573	5,000	-
Vocational equipment	225,742	-	225,742	441,994	482,366	256,624
Capital outlay	64,167	-	64,167	-	-	(64,167)
Total vocational education	<u>1,457,386</u>	<u>-</u>	<u>1,457,386</u>	<u>1,894,467</u>	<u>1,868,568</u>	<u>411,182</u>
Attendance						
Salaries	141,125	-	141,125	141,292	142,339	1,214
Payroll taxes	10,113	-	10,113	10,809	10,300	187
Benefits	32,631	-	32,631	26,564	32,850	219
Travel	1,261	-	1,261	750	1,275	14
Other	9,858	-	9,858	7,250	10,100	242
Total attendance	<u>194,988</u>	<u>-</u>	<u>194,988</u>	<u>186,665</u>	<u>196,864</u>	<u>1,876</u>

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

TULLAHOMA CITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
BUDGETARY BASIS (NON-GAAP)
GENERAL PURPOSE SCHOOL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts Original Budget	Final Budget	Variance from Final Budget Positive (Negative)
Expenditures(continued)						
Health services						
Salaries	516,477	-	516,477	509,930	517,730	1,253
Payroll taxes	36,282	-	36,282	39,010	39,010	2,728
Benefits	143,297	-	143,297	147,161	143,866	569
Travel	1,005	-	1,005	300	1,050	45
Supplies	20,038	-	20,038	44,500	22,200	2,162
Staff development	9,551	-	9,551	5,200	10,000	449
Other	18,883	826	19,709	-	22,000	2,291
Total health services	745,533	826	746,359	746,101	755,856	9,497
Other student support						
Salaries	715,983	-	715,983	732,856	717,214	1,231
Payroll taxes	50,501	-	50,501	56,063	51,000	499
Benefits	167,131	-	167,131	164,760	169,169	2,038
Contract services	79,574	-	79,574	79,545	79,650	76
Food service	20,247	-	20,247	26,370	30,370	10,123
Other	267	-	267	15,340	840	573
Total student support	1,033,703	-	1,033,703	1,074,934	1,048,243	14,540
Instructional staff						
Salaries	714,343	-	714,343	662,123	717,784	3,441
Payroll taxes	47,927	-	47,927	50,653	57,066	9,139
Benefits	130,019	-	130,019	108,131	142,338	12,319
Books	48,304	-	48,304	50,000	48,500	196
Travel	26,120	-	26,120	500	28,500	2,380
Supplies	6,508	-	6,508	-	13,416	6,908
Staff development	77,399	-	77,399	7,000	77,404	5
Other	184	-	184	500	500	316
Total instructional staff	1,050,804	-	1,050,804	878,907	1,085,508	34,704
Plant operations						
Salaries	862,400	-	862,400	838,713	821,000	(41,400)
Payroll taxes	62,970	-	62,970	64,161	60,650	(2,320)
Benefits	263,408	-	263,408	249,245	262,754	(654)
Contract services	718,609	(3,428)	715,181	850,000	910,000	194,819
Supplies	211,943	1,035	212,978	158,000	214,600	1,622
Utilities	1,233,929	-	1,233,929	1,207,000	1,236,000	2,071
Other	385	-	385	6,500	400	15
Small equipment	9,355	-	9,355	-	-	(9,355)
Capital outlay	1,285,526	(477,873)	807,653	230,940	656,244	(151,409)
Total plant operations	4,648,525	(480,266)	4,168,259	3,604,559	4,161,648	(6,611)
Plant maintenance						
Salaries	649,900	-	649,900	645,393	625,941	(23,959)
Payroll taxes	48,434	-	48,434	49,372	47,558	(876)
Benefits	139,959	-	139,959	128,477	139,483	(476)
Supplies	28,332	-	28,332	10,000	29,000	668
Fuel	15,886	-	15,886	16,000	16,000	114
Repair and maintenance	529,276	(18,575)	510,701	622,500	562,500	51,799
Other	1,546	-	1,546	-	1,575	29
Staff development	512	-	512	-	512	-
Maintenance equipment	1,991	-	1,991	15,000	2,500	509
Capital outlay	97,900	-	97,900	50,000	50,000	(47,900)
Total plant maintenance	1,513,736	(18,575)	1,495,161	1,536,742	1,475,069	(20,092)
Transportation						
Salaries	392,940	-	392,940	356,120	413,955	21,015
Payroll taxes	29,552	-	29,552	27,158	31,192	1,640
Benefits	16,963	-	16,963	16,262	17,922	959
Contract services	24,235	-	24,235	6,500	32,320	8,085
Repair and maintenance	28,104	-	28,104	35,000	28,500	396
Fuel	31,799	-	31,799	38,858	34,858	3,059
Staff development	867	-	867	-	900	33
Other	12,781	-	12,781	61,089	45,235	32,454
Maintenance equipment	-	-	-	145,000	-	-
Total transportation	537,241	-	537,241	685,987	604,882	67,641
Total expenditures	45,718,614	(492,830)	45,225,784	45,594,832	46,272,129	1,046,345
Excess revenues over (under) expenditures	(10,604,397)	524,619	(10,079,778)	(11,477,478)	(11,351,264)	1,271,486
Other Financing Sources (Uses)						
Sale of capital assets	9,738	-	9,738	-	9,000	738
Transfer from City of Tullahoma	11,104,210	-	11,104,210	11,003,968	11,104,167	43
Transfer from other funds	172,424	-	172,424	-	172,423	1
Total other financing sources (uses)	11,286,372	-	11,286,372	11,003,968	11,285,590	782
Net change in fund balance	681,975	524,619	1,206,594	(473,510)	(65,674)	1,272,268
Fund balance, beginning of year - as originally stated	11,635,225	(514,980)	11,120,245	11,120,245	11,120,245	-
Error correction - grant expenditures	(33,750)	33,750	-	(33,370)	(33,750)	33,750
Fund balance, beginning of year - as restated	11,601,475	(481,230)	11,120,245	11,086,875	11,086,495	33,750
Fund balance, end of year	\$ 12,283,450	\$ 43,389	\$ 12,326,839	\$ 10,646,735	\$ 11,054,571	\$ 1,272,268

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

TULLAHOMA CITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
SCHOOL FEDERAL AND STATE PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts Original Budget	Budgeted Amounts Final Budget	Variance from Final Budget Positive (Negative)
Revenues						
Intergovernmental:						
Federal and state	\$ 3,035,699	\$ 12,417	\$ 3,048,116	\$ 2,936,878	\$ 3,308,912	\$ (260,796)
Total revenues	<u>3,035,699</u>	<u>12,417</u>	<u>3,048,116</u>	<u>2,936,878</u>	<u>3,308,912</u>	<u>(260,796)</u>
Expenditures						
Regular education						
Salaries	793,452	-	793,452	841,631	894,983	101,531
Payroll taxes and benefits	208,591	-	208,591	139,331	219,831	11,240
Supplies	105,619	(6,544)	99,075	50,589	163,953	64,878
Staff development	-	-	-	-	-	-
Instructional equipment	14,725	-	14,725	-	14,725	-
Total regular education	<u>1,122,387</u>	<u>(6,544)</u>	<u>1,115,843</u>	<u>1,031,551</u>	<u>1,293,492</u>	<u>177,649</u>
Special education						
Salaries	714,127	-	714,127	703,519	715,326	1,199
Payroll taxes and benefits	190,568	-	190,568	195,282	189,996	(572)
Contract services	51,601	-	51,601	51,505	51,505	(96)
Supplies	109,901	(151)	109,750	111,771	106,358	(3,392)
Staff development	1,473	-	1,473	1,124	1,726	253
Other charges	2,008	-	2,008	180	1,890	(118)
Special education equipment	20,566	3,257	23,823	17,000	26,550	2,727
Total special education	<u>1,090,244</u>	<u>3,106</u>	<u>1,093,350</u>	<u>1,080,381</u>	<u>1,093,351</u>	<u>1</u>
Vocational education						
Repair and maintenance	1,204	-	1,204	1,500	1,204	-
Supplies	46,315	-	46,315	43,089	46,315	-
Other charges	13,029	-	13,029	10,438	13,029	-
Staff development	24,403	-	24,403	6,000	24,403	-
Vocational equipment	29,056	-	29,056	41,248	39,541	10,485
Capital outlay	10,485	-	10,485	-	-	(10,485)
Total vocational education	<u>124,492</u>	<u>-</u>	<u>124,492</u>	<u>102,275</u>	<u>124,492</u>	<u>-</u>
Extended School						
Salaries	12,000	-	12,000	12,000	12,000	-
Total extended school	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Health services						
Contract services	21,797	-	21,797	-	29,999	8,202
Total health services	<u>21,797</u>	<u>-</u>	<u>21,797</u>	<u>-</u>	<u>29,999</u>	<u>8,202</u>
Other student support						
Salaries	500	-	500	1,250	500	-
Payroll taxes and benefits	74	-	74	225	74	-
Supplies	3,954	-	3,954	9,838	9,838	5,884
Other charges	9,459	-	9,459	11,500	61,601	52,142
Staff development	13,370	-	13,370	8,970	13,370	-
Total student support	<u>27,357</u>	<u>-</u>	<u>27,357</u>	<u>31,783</u>	<u>85,383</u>	<u>58,026</u>
Instructional staff						
Salaries	171,107	-	171,107	158,208	174,507	3,400
Payroll taxes and benefits	50,105	-	50,105	49,109	52,312	2,207
Supplies	1,529	-	1,529	5,000	5,000	3,471
Other charges	-	-	-	5,000	-	-
Consultants	114,245	-	114,245	84,000	143,200	28,955
Staff development	45,381	-	45,381	129,739	125,188	79,807
Total instructional staff	<u>382,367</u>	<u>-</u>	<u>382,367</u>	<u>431,056</u>	<u>500,207</u>	<u>117,840</u>
Transportation						
Salaries	3,502	-	3,502	2,000	3,502	-
Payroll taxes and benefits	33	-	33	90	33	-
Staff development	-	-	-	2,000	2,000	2,000
Total transportation	<u>3,535</u>	<u>-</u>	<u>3,535</u>	<u>4,090</u>	<u>5,535</u>	<u>2,000</u>
Plant operations						
Capital outlay	34,952	-	34,952	-	34,952	-
Total plant operations	<u>34,952</u>	<u>-</u>	<u>34,952</u>	<u>-</u>	<u>34,952</u>	<u>-</u>
Plant maintenance						
Repair and maintenance	-	-	-	59,999	59,999	59,999
Capital outlay	59,999	-	59,999	-	-	(59,999)
Total plant maintenance	<u>59,999</u>	<u>-</u>	<u>59,999</u>	<u>59,999</u>	<u>59,999</u>	<u>-</u>
Total expenditures	<u>2,879,130</u>	<u>(3,438)</u>	<u>2,875,692</u>	<u>2,753,135</u>	<u>3,239,410</u>	<u>363,718</u>
Excess revenues over (under) expenditures	156,569	15,855	172,424	183,743	69,502	102,922
Other Financing Sources (Uses)						
Transfer to other funds	(172,424)	-	(172,424)	(183,743)	(186,032)	13,608
Total other financing sources (uses)	<u>(172,424)</u>	<u>-</u>	<u>(172,424)</u>	<u>(183,743)</u>	<u>(186,032)</u>	<u>13,608</u>
Net change in fund balance	(15,855)	15,855	-	-	(116,530)	116,530
Fund balance, beginning of year	<u>7,132</u>	<u>(7,132)</u>	<u>-</u>	<u>7,132</u>	<u>7,132</u>	<u>(7,132)</u>
Fund balance, end of year	<u>\$ (8,723)</u>	<u>\$ 8,723</u>	<u>\$ -</u>	<u>\$ 7,132</u>	<u>\$ (109,398)</u>	<u>\$ 109,398</u>

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

TULLAHOMA CITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
SCHOOL CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2025

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts Original Budget	Budgeted Amounts Final Budget	Variance from Final Budget Positive (Negative)
Revenues						
Interest income	\$ 7,910	\$ -	\$ 7,910	\$ -	\$ -	\$ 7,910
Other income	-	-	-	-	-	-
Total revenues	<u>7,910</u>	<u>-</u>	<u>7,910</u>	<u>-</u>	<u>-</u>	<u>7,910</u>
Expenditures						
Other costs	21,804	-	21,804	-	-	(21,804)
Capital outlay	<u>15,284,923</u>	<u>-</u>	<u>15,284,923</u>	<u>15,795,000</u>	<u>15,795,000</u>	<u>510,077</u>
Total expenditures	<u>15,306,727</u>	<u>-</u>	<u>15,306,727</u>	<u>15,795,000</u>	<u>15,795,000</u>	<u>488,273</u>
Excess revenues over (under) expenditures	<u>(15,298,817)</u>	<u>-</u>	<u>(15,298,817)</u>	<u>(15,795,000)</u>	<u>(15,795,000)</u>	<u>496,183</u>
Other Financing Sources (Uses)						
Debt fees	(36,000)	-	(36,000)	-	-	(36,000)
Transfer in	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>
Total other financing sources (uses)	<u>5,964,000</u>	<u>-</u>	<u>5,964,000</u>	<u>-</u>	<u>-</u>	<u>5,964,000</u>
Net change in fund balance	(9,334,817)	-	(9,334,817)	(15,795,000)	(15,795,000)	6,460,183
Fund balance, beginning of year	<u>10,157,355</u>	<u>-</u>	<u>10,157,355</u>	<u>10,157,355</u>	<u>10,157,355</u>	<u>-</u>
Fund balance, end of year	<u>\$ 822,538</u>	<u>\$ -</u>	<u>\$ 822,538</u>	<u>\$ (5,637,645)</u>	<u>\$ (5,637,645)</u>	<u>\$ 6,460,183</u>

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

TULLAHOMA CITY SHOOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
SCHOOL FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Intergovernmental						
State and federal	\$ 3,043,337	\$ -	\$ 3,043,337	\$ 2,447,534	\$ 3,047,200	\$ (3,863)
Charges for services	160,932	-	160,932	680,000	201,005	(40,073)
Donations	-	-	-	-	-	-
Interest income	15,943	-	15,943	3,000	12,750	3,193
Total revenues	3,220,212	-	3,220,212	3,130,534	3,260,955	(40,743)
Expenditures						
Salaries	1,122,478	-	1,122,478	991,500	1,093,579	(28,899)
Payroll taxes	82,534	-	82,534	61,000	83,560	1,026
Benefits	282,992	-	282,992	225,034	286,878	3,886
Contracted services	51,829	-	51,829	50,000	52,289	460
Maintenance and repairs	21,951	-	21,951	20,000	21,985	34
Travel	21,798	-	21,798	50,000	15,500	(6,298)
Supplies	1,690,891	-	1,690,891	1,650,000	1,587,325	(103,566)
Other	6,306	-	6,306	8,000	6,409	103
Small items of equipment	34,651	-	34,651	75,000	113,430	78,779
Capital outlay	78,776	-	78,776	-	-	(78,776)
Total expenditures	3,394,206	-	3,394,206	3,130,534	3,260,955	(133,251)
Excess (deficiency) of revenues over (under) expenditures	(173,994)	-	(173,994)	-	-	(173,994)
Other financing sources (uses)						
Transfer from other fund	-	-	-	-	-	-
Transfer to other fund	-	-	-	-	-	-
Total Other financing sources (uses)	-	-	-	-	-	-
Net Change In Fund Balance	(173,994)	-	(173,994)	-	-	(173,994)
Fund balance, beginning of year - as originally stated	1,670,288	-	1,670,288	1,670,288	1,670,288	-
Error correction - inventory	93,461	-	93,461	93,461	93,461	-
Fund Balance at Beginning of Year, as restated	1,763,749	-	1,763,749	1,763,749	1,763,749	-
Fund Balance at End of Year	\$ 1,589,755	\$ -	\$ 1,589,755	\$ 1,763,749	\$ 1,763,749	\$ (173,994)

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

TULLAHOMA CITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
EXTENDED SCHOOL PROGRAM FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts		Variance from Final Budget Positive (Negative)
				Original Budget	Final Budget	
Revenues						
Intergovernmental						
State and federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	478,108	-	478,108	413,315	453,336	24,772
Interest income	12,521	-	12,521	-	10,000	2,521
Other income	8,762	-	8,762	29,797	8,700	62
Total revenues	499,391	-	499,391	443,112	472,036	27,355
Expenditures						
Extended school program:						
Salaries	185,529	-	185,529	167,500	188,053	2,524
Payroll taxes	14,192	-	14,192	12,814	14,650	458
Benefits	12,644	-	12,644	14,186	12,950	306
Supplies	4,938	-	4,938	12,500	6,618	1,680
Travel	481	-	481	-	482	1
Other	2,020	-	2,020	1,000	2,025	5
Total extended school program	219,804	-	219,804	208,000	224,778	4,974
Daycare program:						
Salaries	209,472	-	209,472	188,124	211,725	2,253
Payroll taxes	15,627	-	15,627	14,392	16,200	573
Benefits	16,923	-	16,923	19,848	17,710	787
Supplies	15,279	-	15,279	10,861	15,650	371
Other	706	-	706	10,000	750	44
Total daycare program	258,007	-	258,007	243,225	262,035	4,028
Total program cost	477,811	-	477,811	451,225	486,813	9,002
Capital outlay	-	-	-	-	-	-
Total expenditures	477,811	-	477,811	451,225	486,813	9,002
Excess (deficiency) of revenues over (under) expenditures	21,580	-	21,580	(8,113)	(14,777)	36,357
Other financing sources (uses)						
Transfer from other fund	-	-	-	-	-	-
Transfer to other fund	-	-	-	-	-	-
Total Other financing sources (uses)	-	-	-	-	-	-
Net Change In Fund Balance	21,580	-	21,580	(8,113)	(14,777)	36,357
Fund balance, beginning of year - as originally stated	590,453	-	590,453	590,453	590,453	-
Error correction - accounts receivable	(9,393)	-	(9,393)	(9,393)	(9,393)	-
Fund Balance at Beginning of Year, as restated	581,060	-	581,060	581,060	581,060	-
Fund Balance at End of Year	\$ 602,640	\$ -	\$ 602,640	\$ 572,947	\$ 566,283	\$ 36,357

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

TULLAHOMA CITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
EDUCATION DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Actual GAAP Basis	Adjustment to Budgetary Basis	Actual/Revenues Expenditures (Budgetary Basis)	Budgeted Amounts Original Budget	Final Budget	Variance from Final Budget Positive (Negative)
Revenues						
Interest income	\$ 56,971	\$ -	\$ 56,971	\$ 80,000	\$ 80,000	\$ (23,029)
Total revenues	56,971	-	56,971	80,000	80,000	(23,029)
Expenditures						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Fiscal charges	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	56,971	-	56,971	80,000	80,000	(23,029)
Other financing sources (uses)						
Transfer from other fund	2,986,202	-	2,986,202	2,986,700	2,986,700	(498)
Transfer to other fund	(3,145,087)	-	(3,145,087)	(3,145,200)	(3,145,200)	(113)
Total Other financing sources (uses)	(158,885)	-	(158,885)	(158,500)	(158,500)	(611)
Net Change In Fund Balance	(101,914)	-	(101,914)	(78,500)	(78,500)	(23,640)
Fund Balance at Beginning of Year	2,542,451	-	2,542,451	2,542,451	2,542,451	-
Fund Balance at End of Year	\$ 2,440,537	\$ -	\$ 2,440,537	\$ 2,463,951	\$ 2,463,951	\$ (23,414)

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

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of the Tullahoma City School System (the System), a part of the reporting entity of the City of Tullahoma, Tennessee (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America as applied the governmental units. The accompanying statements include all assets, deferred outflow of resources, liabilities, deferred inflow of resources, revenues, expenditures, and fund balances of the Tullahoma City School System, except General Obligation Bonds, which are presented in the financial statements of the City of Tullahoma, Tennessee. General Obligation Bonds are secured by the city, which is obligated to levy taxes to the extent necessary to serve this debt.

The financial statements of all entities over which the System exercises oversight responsibility and which are within its scope of public service are included in the financial statements. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Financial statements of those entities in which oversight responsibility is exercised by other government agencies of parties are excluded from the financial statements.

The individual schools operate Internal School Funds, which are under the supervision of the principals of each school and are not included in this report. The System provides public schools to the Tullahoma City area for grades kindergarten through twelfth, as well as an extended school program.

Governmental-Wide and Fund Financial Statements

The government-wide financial statements (i.e. Statement of Position and Statement of Activities) report information on all activities of the System. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

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

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

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

Unrestricted net position consists of net position, which does not meet the definition of the two preceding categories.

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Expenses reported by function include **direct expenses** that are specifically associated with a service or program and are clearly identifiable to a particular program. Some functions, such as general government and fiscal administration, include expenses that are in essence **indirect expenses** of other functions. The System has elected not to charge these indirect expenses to other functions.

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

The Tullahoma City School System reports the following six major governmental funds:

The **General Purpose School Fund** is used to account for the receipt and disbursement of federal, state, and local funds for education purposes, except those required to be accounted for in another fund.

The **School Federal and State Projects** accounts for funds generated through federal and state grants which support various educational programs.

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

The **School Capital Projects Fund** is used to account for the use of the bond proceeds for the construction and equipping of various school facilities.

The **School Food Service Fund** accounts for funds generated through the food service operations of the school system, and also includes funds received through federal and state grants for free and reduced meal program.

The **Extended School Program Fund** accounts for the program revenues and expenses related to the System's extended school program which provides child care services before and after school.

The **Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the debt of schools.

Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position or Equity

Cash and cash equivalents – Cash and cash equivalents include amounts in demand deposits and highly liquid short-term investments with maturity dates within three months of the date of acquisition. Investment income earned on funds invested in pooled accounts is allocated to the respective funds on the basis of relative balances.

Investments – Investments consist of certificates of deposit with maturity dates more than three months.

Inventories – Material and supply inventories are valued at cost with cost being determined on an average cost basis. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased (consumption method).

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

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

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

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

TULLAHOMA CITY SCHOOL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment are depreciated using the straight-line method over the following useful lives. Right-to-use assets are amortized over the shorter of the lease term or useful life.

Building and improvements	3-39 years
Improvements other than buildings	20-30 years
Furniture, machinery, and equipment	5-15 years

Compensated Absences – The liability for compensated absences is recorded when future payments for such absences have been earned by employees. Vacation time must be used in each fiscal year and cannot be carried forward to subsequent fiscal years; therefore, no adjustments have been made for vacation time. For sick time, non-certified personnel, after a minimum of ten years of service with Tullahoma City School System, will be paid \$25 for each unused accumulated sick day upon termination of employment by resignation or retirement. Sick time for certified personnel is rolled into their retirement time.

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows for resources related to pension, and pension expense, information about the fiduciary net position of the System Pension Plans and additions to/deductions from the plan fiduciary net positions have been determined on the same basis as they as they are reported by the plans.

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

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

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

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

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

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Committed fund balance – Amounts constrained for specific purposes as determined by formal action of the System. Amounts classified as committed are not subject to legal enforceability; however, they cannot be used for any other purpose unless the System removes or changes the commitment by the same highest level of action.

Assigned fund balance – Amounts are intended to be used by the System but do not meet the criteria of restricted or committed. Intent can be expressed by the governing body or by management which has been designated this authority by the System. Appropriations of fund balance to eliminate budgetary deficits in subsequent year's budget are presented as assigned.

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

Deferred outflows of resources – The System reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The System has the following items that qualify for reporting in this category: deferred outflows of resources relating to pensions and other postretirement benefits may result from differences between the pension plan, certain changes in actuarial assumptions, and amounts of employer contributions to the plans made subsequent to the measurement date. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources – The System's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to the future period(s). The System has the following types of deferred inflows of resources: pension and other postretirement benefits related deferred inflows of resources may result from actuarial gains related to the difference between expected and actual earnings on plan investments. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Revenues, Expenditures and Expenses

Grants – The System receives grant revenues from various federal, state and local, and non-profit agencies. In the Statement of Revenues, Expenditures, and Changes in Fund Balances, grants are reported as intergovernmental revenues. In the Statement of Activities, capital grants and contributions are presented as program revenues.

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

Recent Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101 - Compensated Absences, effective for financial statements for periods beginning after December 15, 2023. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Additionally, that objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previous required disclosures. The adoption of this Statement is reflected in the System's financial statements.

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Date of Management's Subsequent Review

Management has evaluated subsequent events through **May 19, 2025**, which is the date the financial statements were available to be issued.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

Management believes that the System has no material violations of finance related legal and contractual provisions as of June 30, 2025.

B. Budgets and Budgetary Accounting

The System's procedures in establishing the budget as reflected in the basic financial statements are as follows:

1. The Business Manager annually obtains information from all departments of the System for which appropriations are made and/or revenues are collected and compiles the annual operating budget for the ensuing fiscal year beginning July 1. The compiled information, including various expenditure options and means of financing them, is submitted to the Director of Schools for review.
2. Budgets are then sent to the Board of Education for approval. After approval by the board of Education, the budgets are then forwarded to the City of Tullahoma Board of Mayor and Alderman for inclusion with the city of budget process.

The System is legally required to prepare, and the Board of Directors is required to approve the annual budgets of all funds, except the Education Capital Projects funds which are adopted on a project-length basis. In preparing the budgets, the System utilizes the encumbrances method of accounting whereby encumbrances are treated as expenditures in the year of incurrence of the commitment to purchase. The adjustments for the General Purpose Fund necessary to convert budget basis excess revenues over is given to prior year encumbrances liquidated during the current year. Budgeted amounts reflected in the accompanying budget and actual comparisons are as originally adopted and amended by the board. Individual amendments are not material in relation to the original appropriations. The Education Capital Projects Fund adopts its budgets on a project length basis; therefore, budgetary comparison statements on an annual basis would not provide meaningful information and are not presented.

All appropriations which are not expended or encumbered lapse at year-end.

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

For the year ended June 30, 2025, the School Food Service Fund had total expenditures exceeding total appropriations. These over expenditures were funded by available fund balances.

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

C. Fund Equity Restrictions

Tennessee Statutes prohibit the creation of a deficit fund balance in any individual fund. The System's School Federal and State Projects Fund had a deficit fund balance on June 30, 2025.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The System is authorized to invest funds in financial institutions and direct obligations of the Federal Government. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and deposited in an escrow account or in a second bank for benefit of the Tullahoma City School System and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

Bank Overdrafts: The reported overdrawn cash account for School Federal and State Projects is not a reflection of a liquidity issue, but instead a timing issue for reimbursements due to the fund from state or federal sources. Similarly, the reported overdraw cash account for the General Purpose School is a timing issue with the transfer of funds between the cash account and an investment sweep account. The investment sweep account is a separate general ledger account that holds available checking account funds in an interest-bearing account overnight and transfers them to the cash account as needed to cover posting transactions.

Custodial credit risk is the risk that in the event of bank failure, the System's deposit will not be returned to it. As of June 30, 2025, all deposits were fully collateralized or insured.

Investments

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

Interest Rate Risk: Investments held for longer periods are subject to increased risk for adverse interest rate changes. The system policy provides that to the extent practicable, investments are matched with anticipated cash flows. Typically certificates of deposit are issued for periods less than one year.

NOTE 4 – TCRS STABILIZATION RESERVE TRUST

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

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

Teacher Retirement Plan

At June 30, 2025, the System had the following investments held by the trust on its behalf related to its TCRS Teacher Retirement Plan.

Investment	Percentage Target Allocation	Stabilization Trust Allocation
U.S. Equity	31%	\$ 214,774
Developed Market International Equity	14%	96,995
Emerging Market International Equity	4%	27,713
Private Equity and Strategic Lending	20%	138,564
U.S. Fixed Income	20%	138,564
Real Estate	10%	69,282
Short-term Securities	1%	6,928
Total	100%	\$ 692,820

Retirement Hybrid Plan with Cost Controls

At June 30, 2025, the System had the following investments held by the trust on its behalf related to its TCRS Retirement Hybrid Plan with Cost Controls.

Investment	Percentage Target Allocation	Stabilization Trust Allocation
U.S. Equity	31%	\$ 118,712
Developed Market International Equity	14%	53,612
Emerging Market International Equity	4%	15,318
Private Equity and Strategic Lending	20%	76,588
U.S. Fixed Income	20%	76,588
Real Estate	10%	38,294
Short-term Securities	1%	3,829
Total	100%	\$ 382,942

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

For Further Information concerning the Systems' investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <http://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2021/ag20045.pdf>

NOTE 5 – CAPITAL ASSETS

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

	Balance July 1, 2024	Increase	Decrease	Balance June 30, 2025
Capital assets, not being depreciated				
Land	\$ 2,082,767	\$ -	\$ -	\$ 2,082,767
Construction in progress	7,585,978	15,284,923	2,676,477	20,194,424
Total capital assets, not being depreciated	9,668,745	15,284,923	2,676,477	22,277,191
Capital assets, being depreciated				
Buildings and improvements	61,023,920	4,081,612	-	65,105,532
Furniture, machinery, and equipment	5,348,181	285,762	53,954	5,579,989
Total capital assets, being depreciated	66,372,101	4,367,374	53,954	70,685,521
Less accumulated depreciation:				
Buildings and improvements	(34,984,709)	(1,711,224)	-	(36,695,933)
Furniture, machinery, and equipment	(3,949,393)	(409,774)	(53,954)	(4,305,213)
Total accumulated depreciation	(38,934,102)	(2,120,998)	(53,954)	(41,001,146)
Total capital assets being depreciated, net	27,437,999	2,246,376	-	29,684,375
Intangible right-to-use assets:				
Leased vehicle	12,431	-	-	12,431
Total intangible right-to-use assets	12,431	-	-	12,431
Less accumulated amortization:				
Leased vehicle	(7,941)	(4,145)	-	(12,086)
Total accumulated amortization	(7,941)	(4,145)	-	(12,086)
Net intangible right-to-use assets	4,490	(4,145)	-	345
Governmental activities capital assets net	\$ 37,111,234	\$ 17,527,154	\$ 2,676,477	\$ 51,961,911

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Depreciation and amortization expenses for the year ended June 30, 2025, were charged to the following functions:

Education administration	\$ 343,792
Regular education	1,716,936
Plant maintenance	19,150
Transportation	45,265
	<u>\$ 2,125,143</u>

Net Investment in Capital Assets, as presented in the Statement of Net Position is calculated as follows:

Capital assets (both tangible and intangible)	\$ 51,961,911
Lease/SBITA liability	(345)
Net investment in capital assets	<u>\$ 51,961,566</u>

NOTE 6 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities during the 2025 fiscal year:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 118,800	\$ 13,579	\$ -	\$ 132,379	\$ 11,336
Lease pay able	4,602	-	(4,243)	359	359
OPEB Liability	6,154,955	-	(397,677)	5,757,278	-
Net pension liability TCSDBP	3,050,159	-	(256,747)	2,793,412	-
Net pension liability (asset)					
Legacy pension plan of TCRS	(5,024,896)	(2,668,202)		(7,693,098)	-
Retirement plan of TCRS	(122,294)	(88,867)	-	(211,161)	-
Retirement plan with Cost Control of TCRS	24,167		(13,209)	10,958	-
Long-term liabilities, net	4,205,493	(2,743,490)	(671,876)	790,127	11,695
Total net pension asset	5,147,190	-	-	7,904,259	-
Total Governmental Activities Long-term Liabilities	<u>\$ 9,352,683</u>	<u>\$ (2,743,490)</u>	<u>\$ (671,876)</u>	<u>\$ 8,694,386</u>	<u>\$ 11,695</u>

The net pension obligation is generally liquidated from the fund incurring the related employee's compensation. See Note 9 for further pension disclosures.

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7 – INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2025, consist of the following:

Transfer to:	Transfer from:			Total
	City of Tullahoma General Fund	School Federal and State Projects	School Debt Service	
General Purpose School Fund	\$ 11,104,210	\$ 172,424	\$ -	\$ 11,276,634
School Capital Projects	6,000,000	-	-	6,000,000
School Debt Service	2,986,202	-	-	2,986,202
City of Tullahoma Debt Service	-	-	3,145,087	3,145,087
	<u>\$ 20,090,412</u>	<u>\$ 172,424</u>	<u>\$ 3,145,087</u>	<u>\$ 23,407,923</u>

Interfund receivables and payables at June 30, 2025 are attributable to unsettled balances at year-end primarily for charges and transfers between funds. The System intends to repay all interfund liabilities within the next fiscal year. Balances at June 30, 2025 are as follows:

Due to	Due From Non-major Governmental Funds			Total
	School Food Service	Extended School Program	Capital Projects Fund	
General Purpose School Fund	\$ 67,984	\$ 20,293	\$ 31,500	\$ 119,777

NOTE 8 – RISK MANAGEMENT

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the System. Annual reviews of the various exposures are made to keep coverage up to date. Settled claims have not exceeded this commercial coverage in any of the previous three fiscal years.

NOTE 9 – PENSION PLANS

The System provides retirement benefits through one single-employer defined benefit pension plan: Tullahoma City Schools Defined Benefit Plan, two cost sharing multiple-employer plans: Teacher Legacy Pension Plan of TCRS and Teacher Retirement Plan of TCRS, and one agent multiple-employer plan: Employee Retirement Plan Retirement Hybrid Plan with Cost Controls of TCRS.

The following is a summary of each of these plans.

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

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

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

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

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

Plan Administration

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

Plan membership

At the measurement date of December 31, 2024, the following employees were covered by the benefit terms:

Measurement date	12/31/2024
Fiscal year end	06/30/2025
Active plan members	42
Inactive plan members entitled to but not yet receiving benefits	30
Disabled plan members entitled to benefits	0
Retired plan members or beneficiaries currently receiving benefits	<u>25</u>
Total	<u>97</u>

The active, deferred vested and retiree census is as of 12/31/24.

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

Benefits provided

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

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

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

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

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

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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The amount of disability benefits is defined as a monthly pension payable at normal retirement equal to the participant's accrued monthly pension. A participant must have completed 10 years of service at the date of disability in order to be eligible for disability benefits.

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

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

There have been no changes in plan provisions between the 12/31/24 measurement date and the signature date of the report.

Contributions

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

The actuarially determined employer contribution for the measurement period ending 12/31/2024 is \$650,734 and the expected employee contributions are \$56,989.

The actuarially determined employer contribution for the upcoming measurement period ending 12/31/25 is \$618,367 and the expected employee contributions are \$54,407.

The actuarially determined employer contributions for the fiscal year ending 6/30/2024 is \$674,502 and the expected employee contributions are \$56,802.

As of 09/23/2025, \$279,413 in employer contributions and \$48,582 in employee contributions have been received by the plan for the upcoming measurement period.

Long-Term Rate of Return

The expected long-term rate of return assumption as of the end of the period is 5.75%. This is a geometric mean return using the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2023. The actual weighted average asset allocation for the four quarterly dates from 3/31/2024 to 12/31/2024 is used as an approximation of the plan's target allocation over the upcoming period, and is shown below.

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Asset Class	Expected Arithmetic Return	Expected Geometric Return	Target Allocation%
U.S. Equity - Large Cap	7.80%	6.35%	21.71%
U.S. Equity - Mid Cap	8.35%	6.35%	5.61%
U.S. Equity - Small Cap	8.70%	6.35%	3.06%
Non-U.S. Equity	8.00%	6.35%	12.97%
U.S. Private Real Estate	6.85%	6.20%	7.12%
High Yield Bond	6.30%	5.85%	4.10%
Core Bond	4.40%	4.30%	45.42%
			<u>100.00%</u>
Exp LTROA (arithmetic mean)			6.21%
Portfolio standard deviation			9.07%
40th percentile			5.19%
45th percentile			5.51%
Expected Compound Return			5.83%
55th percentile			6.14%
60th percentile			6.46%
Equity/Fixed Income/Other			43%/50%/7%

Net Pension Liability (Asset)

Cost Method

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

Projected benefits are based on projected salary and projected service.

Measurement date

A measurement period of 01/01/2024 to 12/31/2024 has been used for the plan year ending 12/31/2024 for GASB 67 reporting and for the fiscal year ending 06/30/2025 for GASB 68 reporting.

The net pension liability reported for Tullahoma City School's fiscal year end of 06/30/2025 was measured as of 12/31/2024, using the total pension liability that was determined by an actuarial valuation as of 12/31/2024.

**TULLAHOMA CITY SCHOOL SYSTEM
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	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance, beginning of period	\$ 11,259,395	\$ 8,209,236	\$ 3,050,159
Changes for the year:			
Service cost	280,132	-	280,132
Interest	651,443	-	651,443
Benefit payments	(447,992)	(447,992)	-
Differences between expected and actual experience	115,995	-	115,995
Changes in assumptions	-	-	-
Contributions - employees	-	86,892	(86,892)
Contributions - employers	-	686,927	(686,927)
Net investment income	-	572,503	(572,503)
Administrative expense	-	(42,005)	42,005
Net changes	599,578	856,325	(256,747)
Balance, end of period	<u>\$ 11,858,973</u>	<u>\$ 9,065,561</u>	<u>\$ 2,793,412</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Tullahoma City Schools calculated using the discount rate of 5.75 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 (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
City School's net pension liability (asset)	\$ 3,332,079	\$ 2,793,412	\$ 2,290,639

Fiduciary net position for fiscal year ended June 30, 2025 is \$9,065,561, and \$8,209,236 for fiscal year ended June 30, 2024.

Actuarial Assumptions

Inflation	2.40% increase per year
Wage Base Increases	3.50% per year Real wage growth combined with inflation assumption indicates an economic assumption of social security national wage growth in pension plan valuations. Based on historical real growth in National Average Wages (from 1951) and Social Security estimate of around 1%, our best estimate places this assumption in the range

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

of 0.75% to 1.25% above inflation.

Long-Term Rate of Return on Plan Assets	5.75% The interest rate is developed as a long-term expected geometric return on plan assets. Arithmetic expected return is calculated as the weighted average of board asset classes' arithmetic returns of the plan's target asset allocation, and then converted to the geometric under lognormal distribution assumption.
Municipal Bond Rate and Basis	4.08% Bloomberg Barclays Municipal GO Long Term (17+Y)
Index	Rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as of the measurement date.
Cost Method	Entry age normal cost method, level percent of pay. Attribution is made on an individual basis, beginning with the first period in which the employee's service accrues pension benefit through all assumed exit ages, through retirement.
Participant Group	The active, deferred vested and retiree census is as of 12/31/2024.
Mortality	Based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 Mortality improvement scale.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 106,904	\$ (25,140)
Changes in assumptions	-	(53,385)
Net difference between projected and actual earnings on pension plan investments	346,273	-
LEA's contributions subsequent to the measurement date of June 30, 2024	709,964	(not applicable)
	<u>\$ 1,163,141</u>	<u>\$ (78,525)</u>

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

TULLAHOMA CITY SCHOOL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

Fiscal Year	
Ending 6/30:	
2026	\$ 206,248
2027	283,900
2028	(96,904)
2029	(18,772)
2030	-
Thereafter	-

Payable to Pension Plan

At June 30, 2025, Tullahoma City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

(2) Teacher Legacy Pension Plan of TCRS

General Information about the Pension Plan

Plan description. The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the Tullahoma City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. As of June 30, 2025, 131 employees were members of this plan.

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

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

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

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one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Tullahoma City Schools for the year ended June 30, 2025 to the Teacher Legacy Pension Plan were \$907,373 which is 6.36 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability

Pension liabilities (assets). At June 30, 2025, Tullahoma City Schools reported a liability (asset) of (\$7,693,099) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the date. Tullahoma City School's proportion of the net pension liability was based on Tullahoma City School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2024 the School's proportion was 0.446530 percent. The proportion measured as of June 30, 2023 was 0.426209 percent.

Pension expense. For the year ended June 30, 2025, Tullahoma City Schools recognized pension expense (negative pension expense) of \$1,361,141.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,051,545	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,498,303)
Changes in proportion of Net Pension Liability (Asset)	-	(531,832)
LEA's contributions subsequent to the measurement date of June 30, 2024	907,373	(not applicable)
	<u>\$ 2,958,918</u>	<u>\$ (2,030,135)</u>

Tullahoma City Schools employer contributions of \$906,339, reported as pension related deferred outflows of resources subsequent to measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30:	
2026	(\$1,132,131)
2027	2,724,117
2028	(781,711)
2029	(788,866)
2030	-
Thereafter	-

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

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

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

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

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

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

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

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City School's net pension liability (asset)	\$ 9,772,902	\$ (7,693,099)	\$ (22,178,764)

Payable to the Pension Plan. At June 30, 2025, Tullahoma City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

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(3) Teacher Retirement Plan of TCRS (Hybrid)

General Information about the Pension Plan

Plan description. The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

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

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

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a proactive basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4% except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Tullahoma City Schools for the year ended June 30, 2025 to the Teacher Retirement Plan were \$239,302 which is 3 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability

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Pension liabilities (assets). At June 30, 2025, Tullahoma City Schools reported a liability (asset) of (\$211,161) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the date. Tullahoma City School's proportion of the net pension liability was based on Tullahoma City School's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2024 the School's proportion was 0.296321 percent. The proportion measured as of June 30, 2023 was 0.288408 percent.

Pension expense. For the year ended June 30, 2025, Tullahoma City Schools recognized pension expense (negative pension expense) of \$176,349.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,443	\$ (64,874)
Changes in assumptions	83,911	-
Net difference between projected and actual earnings on pension plan investments	-	(35,620)
Changes in proportion of Net Pension Liability (Asset)	19,472	(18,872)
LEA's contributions subsequent to the measurement date of June 30, 2024	239,302	(not applicable)
	<u>\$ 360,128</u>	<u>\$ (119,366)</u>

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

Tullahoma City Schools employer contributions of \$567,325, reported as pension related deferred outflows of resources subsequent to measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2025	(\$ 20,724)
2026	28,557
2027	(13,225)
2028	(13,030)
2029	4,024
Thereafter	15,859

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

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

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

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

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

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

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

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City School's net pension liability (asset)	\$ 556,899	\$ (211,161)	\$ (782,758)

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

Payable to the Pension Plan. At June 30, 2025, Tullahoma City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

(4) Retirement Hybrid Plan with Cost Controls of TCRS

General Information about the Pension Plan

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

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

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

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

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	92
Active employees	<u>129</u>
Total employees	<u><u>222</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. Tullahoma Board of Education Hybrid W CC makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4% except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Tullahoma Board of Education Hybrid W CC are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Tullahoma City Schools for the year ended June 30, 2025 to the Tullahoma Board of Education Hybrid W CC were \$151,025 which is 2.94 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension liabilities (assets). Tullahoma Board of Education Hybrid W CC's net pension liability (asset) was measured as of June 30, 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 in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Tullahoma Board of Education Hybrid W CC 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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2023	\$ 1,055,820	\$ 1,031,653	\$ 24,167
Changes for the year:			
Service cost	287,594		287,594
Interest	90,191		90,191
Differences between expected and actual experience	69,484		69,484
Contributions - employer	-	127,420	(127,420)
Contributions - employees	-	225,867	(225,867)
Net investment income	-	116,783	(116,783)
Benefit payments, including refunds of employee contribution:	(14,502)	(14,502)	-
Administrative expense	-	(9,592)	9,592
Net changes	432,767	445,976	(13,209)
Balance at 6/30/23	<u>\$ 1,488,587</u>	<u>\$ 1,477,629</u>	<u>\$ 10,958</u>

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Tullahoma Board of Education Hybrid W CC's net pension liability	\$ 298,453	\$ 10,958	\$ (209,013)

Pension expense(negative pension expense). For the year ended June 30, 2024, Tullahoma Board of Education Hybrid W CC recognized pension expense (negative pension expense) of \$101,099.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,310	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(14,711)
Changes in Assumptions	27,217	-
Contributions subsequent to the measurement date of June 30, 2024	151,025	n/a
Total	<u>\$ 324,552</u>	<u>\$ (14,711)</u>

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

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

Year Ended June 30:	
2026	\$19,432
2027	32,897
2028	19,176
2029	19,128
2030	26,335
Thereafter	41,840

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

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Payable to the Pension Plan. At June 30, 2025, Tullahoma Board of Education Hybrid W CC reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

(5) State of Tennessee Defined Contribution Plan

All teachers hired on or after July 1, 2014 are required to participate in a separately managed defined contribution plan referred to as the State of Tennessee 401(k) Deferred Compensation Program in addition to the multiple-employer defined benefit pension plans administered by TCRS. This plan is administered by Great West Life and Annuity Insurance Company. Investment decisions on contributions to the plan are controlled by the teacher participant. Teachers are immediately 100% vested in the plan. An employer contribution equal to 5% of the teacher's compensation is made by Tullahoma City Schools. Teachers are automatically enrolled in the plan when hired with an employee contribution rate of 2%. Teachers may make voluntary contributions to the plan up to the Internal Revenue Service code annual maximum. For the year ended June 30, 2025, Tullahoma City Schools contributions to the plan totaled \$651,649 and employee contributions totaled \$518,865.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS OPEB

(1) Closed Teacher Group OPEB Plan

General information about the plan

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

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

TULLAHOMA CITY SCHOOL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Employees covered by benefit terms – At July 1, 2024, the following employees of Tullahoma City Schools were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	26
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>276</u>
	<u>304</u>

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

Total OPEB Liability

Actuarial Assumptions – The following outlines the assumptions and methods used in determining the GASB expense calculations for the plan for the fiscal year ending June 30, 2025:

Inflation	2.25%
Salary Increases including	Graded salary ranges from 3.44% to 8.72% based on age, inflation, averaging 4%
Healthcare Claims	10.68% for pre-65 in 2024, decreasing annually over an 13 year Period to an ultimate rate of 4.5%. 13.44% for post-65 in 2024, decreasing annually over an 12 year period to an ultimate rate of 4.5%
Retiree's Share of Benefit-Related Costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2024, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-weighted Teach Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Discount Rate – The discount rate used to measure the total OPEB liability was 3.93%. This rate reflects the interest rate derived from yields on 20-year, tax exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes to the Collective Total OPEB Liability

TGOP	Total OPEB Liability
Total OPEB liability - 6/30/2024	\$ 8,681,094
Changes for the year:	
Service cost	428,767
Interest	325,304
Changes in benefit terms	(1,155,416)
Differences between expected and actual experience	448,471
Change in assumptions	140,719
Benefit payments	(398,414)
Total changes for the year	(210,569)
Total OPEB liability - 6/30/2025	\$ 8,470,525

Non-employer contributing entities proportionate share of the collective total OPEB liability is \$2,713,247.

Employer's proportionate share of the collective total OPEB liability is \$5,757,278.

Employer's proportion of the collective total OPEB liability is 67.97%.

Tullahoma City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Tullahoma City Schools' proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed -2.93% from the prior measurement date. Tullahoma City Schools recognized \$45,180 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Tullahoma City Schools retirees.

Changes in assumptions. The discount rate was changed from 3.65% as of the beginning of the measurement period to 3.93% as of June 30, 2024. This change of assumption decreased the total OPEB liability.

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

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 6,186,406	\$ 5,757,278	\$ 5,350,295

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

	1% Decrease (9.68%/12.44% decreasing to 3.5%)	Healthcare Cost Trend Rates (10.68%/13.44% decreasing to 4.5%)	1% Increase (11.68%/14.44% decreasing to 5.5%)
Total OPEB liability	\$ 5,173,015	\$ 5,757,278	\$ 6,433,891

OPEB Expense – For the fiscal year ended June 30, 2025, Tullahoma City Schools recognized OPEB expense of (\$132,862).

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2025, Tullahoma City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 634,359	\$ (23,965)
Changes in assumptions	622,599	(498,324)
Changes in proportion and differences between amounts paid as benefits came due and the proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due	275,186	(417,353)
Employer payments subsequent to measurement date	248,699	n/a
	<u>\$ 1,780,843</u>	<u>\$ (939,642)</u>

Amounts recognized in the deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year End June 30:

2026	\$ 223,302
2027	241,716
2028	236,327
2029	109,827
2030	147,286
Total thereafter	122,442

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(2) Closed Tennessee Plan (TNP)

General information about the OPEB Plan

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

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

Employees covered by benefit terms – At July 1, 2024, the following employees of Tullahoma City Schools were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	135
Inactive employees entitled to but not yet receiving benefits	32
Active employees	<u>216</u>
	<u>383</u>

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

TULLAHOMA CITY SCHOOL SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Total OPEB Liability

Actuarial assumptions – The collective total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2024, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-weighted Teach Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.93%. This rate reflects the interest rate derived from yields on 20-year, tax exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes to the Collective Total OPEB Liability

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

TNP

	Total OPEB Liability
Total OPEB liability - 6/30/2024	\$ 1,089,449
Changes for the year:	
Service cost	13,116
Interest	39,047
Changes in benefit terms	-
Differences between expected and actual experience	27,782
Change in assumptions	(33,895)
Benefit payments	(66,159)
Total changes for the year	(20,109)
Total OPEB liability - 6/30/2025	<u>\$ 1,069,340</u>

Changes in assumptions. The discount rate was changed from 3.65% as of the beginning of the measurement period to 3.93% as of June 30, 2023. This change of assumption decreased the total OPEB liability.

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

Employers Share	1% Decrease (2.65%)	Discount Rate (2.65%)	1% Increase (4.65%)
Total OPEB liability	\$ -	\$ -	\$ -

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

Employers Share	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$ -	\$ -	\$ -

OPEB Expense – For the fiscal year ended June 30, 2025, Tullahoma City Schools recognized OPEB expense of \$44,250.

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2025, Tullahoma City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TNP from the following sources:

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

NOTE 11 – CONTINGENT LIABILITIES AND COMMITMENTS

A. Federal and State Financial Assistance

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

B. Other Commitments

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

NOTE 12 – LEASES

In July 2022, the System entered into a 36 month agreement as the lessee for the use of one vehicle. An initial lease liability was recorded in the amount of \$12,431 during the 2023 fiscal year. The System is required to make monthly principal and interest payments of \$360. The lease liability is \$360. The leased vehicle and accumulated amortization of the right-to-use asset is outlined in note 6.

The annual principal and interest expected to maturity as of June 30, 2025 for governmental activities are as follows: June 30, 2026 principal of \$359 and interest of \$1.

For a summary of lease activity during the year ended June 30, 2025, see the schedule of changes in lease obligation.

**TULLAHOMA CITY SCHOOL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 13 – ERROR CORRECTIONS

Grant Expenditures (Column A)

The City School System had not correctly allocated the IDEA, Part B Expenses as of June 30, 2024. An adjustment was needed to decrease fund balance for as expenditure adjustment on the IDEA grant in the amount of \$33,750.

Accounts Receivable (Column B)

The City School System realized that they had overstated Accounts Receivable at June 30, 2024. This accounts receivable consisted of very old balances that were not deemed collectible and should have been written off as bad debt. They had to decrease accounts receivable and decrease the fund balance for the bad debts that should have recognized in the amount of \$9,393.

Inventory (Column C)

The City School Food Service had not booked inventory at June 30, 2024. They made an adjustment to increase inventory and increase fund balance for the overstatement of food expenditures in the amount of \$93,461.

	Fund Balance 6/30/2024 as previously reported	Error Correction			Fund Balance 6/30/2024 as Restated
		(A) Grant Expenditure	(B) Accounts Receivable	(C) Inventory	
Government-Wide					
Governmental Activities	\$ 66,916,595	\$ (33,750)	\$ (9,393)	\$ 93,461	\$ 66,966,913
Total Government-Wide	<u>\$ 66,916,595</u>	<u>\$ (33,750)</u>	<u>\$ (9,393)</u>	<u>\$ 93,461</u>	<u>\$ 66,966,913</u>
Governmental Funds					
Major Funds:					
General Purpose School	\$ 11,635,225	\$ (33,750)	\$ -	\$ -	\$ 11,601,475
School Food Service	1,670,288	-	-	93,461	1,763,749
Extended School Program	590,453	-	(9,393)	-	581,060
Total Governmental Funds	<u>\$ 13,895,966</u>	<u>\$ (33,750)</u>	<u>\$ (9,393)</u>	<u>\$ 93,461</u>	<u>\$ 13,946,284</u>

TULLAHOMA CITY SCHOOL SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
Tulahoma City School Defined Benefit Plan (TCSDBP)
JUNE 30

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability										
Service cost	\$ 350,647	\$ 280,858	\$ 290,221	\$ 266,264	\$ 282,487	\$ 346,119	\$ 309,037	\$ 319,801	\$ 281,037	\$ 280,132
Interest	620,656	556,830	557,487	549,733	597,748	644,341	589,012	606,374	618,677	651,443
Differences between actual and expected experience	(158,673)	256,050	21,701	498,976	(370,759)	(434,718)	466,197	(496,518)	116,137	115,995
Change in assumptions	(17,880)	65,717	(35,045)	285,144	1,758,158	129,119	97,745	(257,176)	(130,064)	-
Change in benefit terms	(1,049,740)	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(557,590)	(708,979)	(707,210)	(862,254)	(429,318)	(909,258)	(1,038,146)	(1,397,551)	(292,198)	(447,992)
Net change in total pension liability	(812,580)	450,476	127,154	737,863	1,838,316	(224,397)	423,845	(1,225,070)	593,589	599,578
Total pension liability, beginning	9,350,199	8,537,619	8,988,095	9,115,249	9,853,112	11,691,428	11,467,031	11,890,876	10,665,806	11,259,395
Total pension liability, ending (a)	\$ 8,537,619	\$ 8,988,095	\$ 9,115,249	\$ 9,853,112	\$ 11,691,428	\$ 11,467,031	\$ 11,890,876	\$ 10,665,806	\$ 11,259,395	\$ 11,858,973
Plan fiduciary net position										
Contributions - employer	\$ 81,523	\$ 85,936	\$ 84,209	\$ 78,925	\$ 73,052	\$ 70,229	\$ 70,603	\$ 64,904	\$ 71,940	\$ 86,892
Contributions - employee	801,523	765,935	1,109,208	1,028,925	723,294	820,229	570,603	813,333	702,050	686,927
Net investment income	(54,575)	310,101	734,984	(277,220)	1,089,856	927,776	711,711	(1,324,978)	795,609	572,503
Benefit payments, including refunds of employee contributions	(557,590)	(708,979)	(707,210)	(862,254)	(429,318)	(909,258)	(1,038,146)	(1,397,551)	(292,198)	(447,992)
Administrative expense	(39,181)	(35,950)	(41,110)	(46,530)	(40,940)	(40,990)	(40,990)	(41,090)	(47,005)	(42,005)
Net change in plan fiduciary net position	231,700	417,043	1,180,081	(78,154)	1,415,944	867,986	273,781	(1,885,382)	1,230,396	856,325
Plan fiduciary net position - beginning	4,555,841	4,787,541	5,204,584	6,384,665	6,306,511	7,722,455	8,590,441	8,864,222	6,978,840	8,209,236
Plan fiduciary net position - ending (b)	\$ 4,787,541	\$ 5,204,584	\$ 6,384,665	\$ 6,306,511	\$ 7,722,455	\$ 8,590,441	\$ 8,864,222	\$ 6,978,840	\$ 8,209,236	\$ 9,065,561
Net pension liability (asset) - ending (a) - (b)	\$ 3,750,078	\$ 3,783,511	\$ 2,730,584	\$ 3,546,601	\$ 3,968,973	\$ 2,876,590	\$ 3,026,654	\$ 3,686,966	\$ 3,050,159	\$ 2,793,412
Plan fiduciary net position as a percentage of total pension liability	56.08%	57.91%	70.04%	64.01%	66.05%	74.91%	74.55%	65.43%	72.91%	76.44%
Covered-employee payroll	\$ 2,639,666	\$ 2,770,106	\$ 2,668,123	\$ 2,568,586	\$ 2,360,047	\$ 2,182,317	\$ 2,227,084	\$ 1,967,214	\$ 2,062,926	\$ 1,954,897
Net pension liability (asset) as a percentage of covered-employee payroll	142.07%	136.58%	102.34%	138.08%	168.17%	131.81%	135.90%	187.42%	147.86%	142.89%

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

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

TULLAHOMA CITY SCHOOL SYSTEM
SCHEDULE OF CONTRIBUTIONS
Tulahoma City School Defined Benefit Plan (TCSDBP)
FISCAL YEAR ENDING JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contribution	\$ 674,190	\$ 682,760	\$ 606,122	\$ 554,896	\$ 554,027	\$ 670,705	\$ 666,616	\$ 618,828	\$ 667,356	\$ 674,502
Contributions in relation to the actuarially determined contribution	<u>(554,818)</u>	<u>(803,290)</u>	<u>(664,946)</u>	<u>(1,764,296)</u>	<u>(470,479)</u>	<u>(820,697)</u>	<u>(571,779)</u>	<u>(715,831)</u>	<u>(651,255)</u>	<u>(713,064)</u>
Contribution deficiency (excess)	<u>\$ 119,372</u>	<u>\$ (120,530)</u>	<u>\$ (58,824)</u>	<u>\$ (1,209,400)</u>	<u>\$ 83,548</u>	<u>\$ (149,992)</u>	<u>\$ 94,837</u>	<u>\$ (97,003)</u>	<u>\$ 16,101</u>	<u>\$ (38,562)</u>
Covered-employee payroll	\$ 2,639,666	\$ 2,770,106	\$ 2,668,123	\$ 2,568,586	\$ 2,360,047	\$ 2,182,317	\$ 2,227,084	\$ 1,967,214	\$ 2,062,926	\$ 1,954,897
Contributions as a percentage to covered-employee payroll	21.02%	29.00%	24.92%	68.69%	19.94%	37.61%	25.67%	36.39%	31.57%	36.48%

Notes to schedule:

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

**TULLAHOMA CITY SCHOOL SYSTEM
SCHEDULE OF INVESTMENT RETURNS
Tulahoma City Schools Defined Benefit Plan (TCSDBP)
FISCAL YEAR ENDING JUNE 30**

Fiscal Year Ending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual money-weighted rate of return, net of investment expense	-1.13%	6.28%	13.55%	-4.29%	16.65%	11.93%	8.50%	-15.47%	11.30%	6.88%

Notes to schedule:

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be retroactively prior to the implementation date.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Proportion of the net pension liability (asset)	0.354096%	0.353380%	0.364519%	0.384313%	0.387077%	0.401662%	0.379942%	0.398581%	0.4013120%	0.4262090%	0.4465300%
Proportionate share of the net pension liability(asset)	\$ (57,539)	\$ 144,756	\$ 2,278,043	\$ (125,740)	\$ (1,362,090)	\$ (4,129,806)	\$ (2,897,337)	\$ (17,191,749)	\$ (4,921,707)	\$ (5,024,896)	\$ (7,693,099)
Covered Payroll	\$ 13,898,232	\$ 13,228,797	\$ 13,158,438	\$ 13,585,286	\$ 13,554,152	\$ 13,468,277	\$ 12,645,411	\$ 13,073,949	\$ 13,206,926	\$ 13,818,328	\$ 14,605,604
Proportionate share fo the net pension liability (asset) as a percentage of its covered payroll	-0.41%	1.09%	17.31%	-0.93%	-10.05%	-30.66%	-22.91%	-131.50%	-37.27%	-36.39%	-52.67%
Plan fiduciary net postion as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%	105.76%

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

TULLAHOMA CITY SCHOOL SYSTEM
SCHEDULE OF CONTRIBUTIONS
Teacher Legacy Pension Plan of TCRS
FISCAL YEAR ENDING JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially determined contribution	\$ 1,195,881	\$ 1,189,250	\$ 1,228,108	\$ 1,230,718	\$ 1,408,784	\$ 1,344,211	\$ 1,342,695	\$ 1,360,312	\$ 1,200,811	\$ 994,234	\$ 907,009
Contributions in relation to the actuarially determined contribution	<u>(1,195,881)</u>	<u>(1,189,250)</u>	<u>(1,228,108)</u>	<u>(1,230,718)</u>	<u>(1,408,784)</u>	<u>(1,344,211)</u>	<u>(1,342,695)</u>	<u>(1,360,312)</u>	<u>(1,200,811)</u>	<u>(994,234)</u>	<u>(907,009)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 13,228,797	\$ 13,158,438	\$ 13,585,286	\$ 13,554,152	\$ 13,468,277	\$ 12,645,441	\$ 13,073,949	\$ 13,206,926	\$ 13,818,328	\$ 14,605,604	\$ 14,261,151
Contributions as a percentage to covered-employee payroll	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%	6.81%	6.36%

Notes to schedule:

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

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Proportion of the net pension liability (asset)	0.425648%	0.302149%	0.279194%	0.273215%	0.276019%	0.307679%	0.321698%	0.2988690%	0.288408%	0.296322%
Proportionate share of the net pension liability(asset)	\$ (17,124)	\$ (31,455)	\$ (73,659)	\$ (123,911)	\$ (155,809)	\$ (174,959)	\$ (348,467)	\$ (90,535)	\$ (122,295)	\$ (211,161)
Covered Payroll	\$ 884,387	\$ 1,329,474	\$ 1,832,449	\$ 2,837,572	\$ 2,920,839	\$ 3,882,669	\$ 4,642,822	\$ 5,103,809	\$ 5,736,561	\$ 6,960,510
Proportionate share fo the net pension liability (asset) as a percentage of its covered payroll	-1.94%	-2.37%	-4.02%	-4.37%	-5.33%	-4.51%	-7.51%	-1.77%	-2.13%	-3.03%
Plan fiduciary net postion as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%	104.97%	106.49%

Notes to schedule:

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of
GASB 68. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially determined contribution	\$ 33,279	\$ 67,655	\$ 38,935	\$ 56,664	\$ 78,818	\$ 93,936	\$ 102,586	\$ 164,640	\$ 205,351	\$ 239,302
Contributions in relation to the actuarially determined contribution	<u>(53,179)</u>	<u>(67,655)</u>	<u>(95,503)</u>	<u>(56,664)</u>	<u>(78,818)</u>	<u>(93,936)</u>	<u>(102,586)</u>	<u>(164,460)</u>	<u>(205,351)</u>	<u>(239,302)</u>
Contribution deficiency (excess)	<u>\$ (19,900)</u>	<u>\$ -</u>	<u>\$ (56,568)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,329,474	\$ 1,691,378	\$ 2,387,572	\$ 2,920,839	\$ 3,882,669	\$ 4,650,331	\$ 5,103,809	\$ 5,736,561	\$ 6,960,510	\$ 7,976,699
Contributions as a percentage to covered-employee payroll	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%	2.87%	2.95%	3.00%

Notes to schedule:

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

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

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

2019: Pension - 1.94%, SRT - 2.06%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

2022: Pension - 2.01%, SRT - 1.99%

2023: Pension - 2.87%, SRT - 1.13%

2024: Pension - 2.95%, SRT - 1.05%

2025: Pension - 3.00%, SRT - 1.00%

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

	2018	2019	2020	2021	2022	2023	2024
Total pension liability							
Service cost	\$ -	\$ 61,102	\$ 100,372	\$ 141,527	\$ 204,546	\$ 254,638	\$ 287,594
Interest	19,794	5,864	15,774	29,455	48,546	67,184	90,191
Differences between actual and expected experience	-	-	-	-	-	18,276	69,484
Change in assumptions	-	31,673	36,855	49,059	9,132	-	-
Change in benefit terms	-	-	-	45,361	-	-	-
Benefit payments, including refunds of employee contributions	-	(33)	(2,393)	(8,517)	(22,468)	(49,927)	(14,502)
Net change in total pension liability	19,794	98,606	150,608	256,885	239,756	290,171	432,767
Total pension liability, beginning	-	19,794	118,400	269,008	525,893	765,649	1,055,820
Total pension liability, ending (a)	<u>\$ 19,794</u>	<u>\$ 118,400</u>	<u>\$ 269,008</u>	<u>\$ 525,893</u>	<u>\$ 765,649</u>	<u>\$ 1,055,820</u>	<u>\$ 1,488,587</u>
Plan fiduciary net position							
Contributions - employer	\$ 16,178	\$ 23,321	\$ 39,521	\$ 59,631	\$ 73,447	\$ 108,808	\$ 127,420
Contributions - employee	20,222	70,243	101,858	136,768	163,945	197,116	225,867
Net investment income	1,442	5,993	9,774	93,645	(24,817)	57,153	116,783
Benefit payments, including refunds of employee contributions	-	(33)	(2,393)	(8,517)	(22,468)	(49,927)	(14,502)
Administrative expense	(1,654)	(4,936)	(6,452)	(8,030)	(10,672)	(7,513)	(9,592)
Net change in plan fiduciary net position	36,188	94,588	142,308	273,497	179,435	305,637	445,976
Plan fiduciary net position - beginning	-	36,188	130,776	273,084	546,581	726,016	1,031,653
Plan fiduciary net position - ending (b)	<u>\$ 36,188</u>	<u>\$ 130,776</u>	<u>\$ 273,084</u>	<u>\$ 546,581</u>	<u>\$ 726,016</u>	<u>\$ 1,031,653</u>	<u>\$ 1,477,629</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (16,394)</u>	<u>\$ (12,376)</u>	<u>\$ (4,076)</u>	<u>\$ (20,688)</u>	<u>\$ 39,633</u>	<u>\$ 24,167</u>	<u>\$ 10,958</u>
Plan fiduciary net position as a percentage of total pension liability	182.82%	110.45%	101.52%	103.93%	94.82%	97.71%	99.26%
Covered-employee payroll	\$ 404,437	\$ 1,404,862	\$ 2,037,174	\$ 2,735,346	\$ 3,278,893	\$ 3,942,305	\$ 4,517,322
Net pension liability (asset) as a percentage of covered-employee payroll	-4.05%	-0.88%	-0.20%	-0.76%	1.21%	0.61%	0.24%

Notes to schedule:

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

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

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially determined contribution	\$ 5,217	\$ 23,321	\$ 39,521	\$ 59,631	\$ 73,447	\$ 108,808	\$ 127,420	\$ 151,024
Contributions in relation to the actuarially determined contribution	<u>(16,178)</u>	<u>(23,321)</u>	<u>(39,521)</u>	<u>(59,631)</u>	<u>(73,447)</u>	<u>(108,808)</u>	<u>(127,420)</u>	<u>(151,024)</u>
Contribution deficiency (excess)	<u>\$ (10,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 404,437	\$ 1,404,862	\$ 2,037,174	\$ 2,735,346	\$ 3,278,893	\$ 3,942,305	\$ 4,517,322	\$ 5,136,900
Contributions as a percentage to covered-employee payroll	4.00%	1.66%	1.94%	2.18%	2.24%	2.76%	2.82%	2.94%

Notes to schedule:

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

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

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

2019: Pension - 1.66%, SRT - 2.34%

2020: Pension - 1.94%, SRT - 2.06%

2021: Pension - 2.18%, SRT - 1.82%

2022: Pension - 2.24%, SRT - 1.76%

2023: Pension - 2.76%, SRT - 1.24%

2024: Pension - 2.95%, SRT - 1.05%

2025: Pension - 2.94%, SRT - 1.06%

TULLAHOMA CITY SCHOOL SYSTEM
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
Closed Teacher Group OPEB Plan - TGOP
JUNE 30, 2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	\$ 435,113	\$ 405,490	\$ 399,501	\$ 327,814	\$ 419,841	\$ 425,296	\$ 377,414	\$ 428,767
Interest	205,084	248,059	233,139	206,813	157,251	150,455	279,128	325,304
Change in benefit terms	-	(1,297,870)	(812,720)	-	-	1,222,201	-	(1,155,416)
Differences between actual and expected experience	-	350,776	466,009	286,501	(70,083)	273,716	50,500	448,471
Change in assumptions	(288,506)	148,524	(430,400)	646,006	(286,526)	(693,024)	687,823	140,719
Benefit payments, including refunds of employee contributions	(357,291)	(397,801)	(358,621)	(304,909)	(366,148)	(385,580)	(438,828)	(398,414)
Net change in total OBEF liability	(5,600)	(542,822)	(503,092)	1,162,225	(145,665)	993,064	956,037	(210,569)
Total OPEB liability, beginning	6,766,947	6,761,347	6,218,525	5,715,433	6,877,658	6,731,993	7,725,057	8,681,094
Total OPEB liability, ending	\$ 6,761,347	\$ 6,218,525	\$ 5,715,433	\$ 6,877,658	\$ 6,731,993	\$ 7,725,057	\$ 8,681,094	\$ 8,470,525
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,088,370	\$ 1,303,931	\$ 1,537,366	\$ 1,804,527	\$ 1,977,026	\$ 2,130,920	\$ 2,526,139	\$ 2,713,247
Employer's proportionate share of the collective total OPEB liability	\$ 4,672,977	\$ 4,914,954	\$ 4,178,067	\$ 5,073,131	\$ 4,754,967	\$ 5,594,137	\$ 6,154,955	\$ 5,757,278
Covered-employee Payroll	\$ 18,631,009	\$ 14,667,839	\$ 21,958,818	\$ 12,549,264	\$ 14,132,205	\$ 12,164,071	\$ 11,219,668	\$ 11,219,668
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	25.08%	33.51%	19.03%	40.43%	33.65%	45.99%	54.86%	51.31%

Note 1: There are no assets accumulating in trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Note 2: Changes in assumptions:

(a) The following are discount rates used in each period:

2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16%
2022	3.54%
2023	3.65%
2024	3.93%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

For the 2020 plan year - from 6.75% to 6.03%
For the 2021 plan year - from 6.03% to 9.02%
For the 2022 plan year - from 9.02% to 7.36%
For the 2023 plan year - from 7.36% to 8.37%
For the 2024 plan year - from 8.37% to 10.31%
For the 2025 plan year - from 10.31% to 10.68%

Note 3: Ten years of data will be presented when available.

TULLAHOMA CITY SCHOOL SYSTEM
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS
Closed Teacher Group OPEB Plan - TNP
JUNE 30, 2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	\$ 21,001	\$ 17,151	\$ 14,755	\$ 16,799	\$ 24,833	\$ 19,435	\$ 12,425	\$ 13,116
Interest	38,375	42,993	39,192	41,619	32,981	27,548	36,257	39,047
Change in benefit terms	-	-	-	-	-	-	-	-
Differences between actual and expected experience	-	(112,716)	91,182	73,413	988	(41,479)	71,382	27,782
Change in assumptions	(99,374)	(7,503)	18,913	231,738	(203,165)	(183,816)	(10,068)	(33,895)
Benefit payments, including refunds of employee contributions	(62,550)	(62,855)	(62,796)	(63,175)	(66,648)	(67,787)	(64,087)	(66,159)
Net change in total OPEB liability	(102,548)	(122,930)	101,246	300,394	(211,011)	(246,099)	45,909	(20,109)
Total OPEB liability, beginning	1,324,488	1,221,940	1,099,010	1,200,256	1,500,650	1,289,639	1,043,540	1,089,449
Total OPEB liability, ending	\$ 1,221,940	\$ 1,099,010	\$ 1,200,256	\$ 1,500,650	\$ 1,289,639	\$ 1,043,540	\$ 1,089,449	\$ 1,069,340
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 1,221,940	 \$ 1,099,010	 \$ 1,200,256	 \$ 1,500,650	 \$ 1,289,639	 \$ 1,043,590	 \$ 1,089,449	 \$ 1,069,340
 Employer's proportionate share of the collective total OPEB liability	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
 Covered payroll	 \$ 18,631,009	 \$ 14,667,839	 \$ 21,958,818	 \$ 12,549,264	 \$ 14,132,205	 \$ 12,164,071	 \$ 8,598,349	 \$ 8,637,200
 Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%

Note 1: There are no assets accumulating in trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Note 2: Changes in assumptions:

(a) The following are discount rates used in each period:

2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16%
2022	3.54%
2023	3.65%
2024	3.93%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

For the 2020 plan year - from 6.75% to 6.03%
For the 2021 plan year - from 6.03% to 9.02%
For the 2022 plan year - from 9.02% to 7.36%
For the 2023 plan year - from 7.36% to 8.37%
For the 2024 plan year - from 8.37% to 10.31%
For the 2025 plan year - from 10.31% to 10.68%

Note 3: Ten years of data will be presented when available.

TULLAHOMA CITY SCHOOL SYSTEM
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
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	Refunding During Period	Outstanding 6/30/2025
Governmental Activities									
Leases payable									
Payable through General Purpose School Fund									
Leased Vehicle	\$ 12,431	1.88%	July 27, 2022	July 27, 2026	\$ 4,602	\$ -	\$ 4,243	\$ -	\$ 359
Total leases payable through General Purpose School Fund	<u>\$ 12,431</u>				<u>\$ 4,602</u>	<u>\$ -</u>	<u>\$ 4,243</u>	<u>\$ -</u>	<u>\$ 359</u>

See Independent Auditor's Report.

TULLAHOMA CITY SCHOOL SYSTEM
SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2025

Fiscal Year	Lease Vehicle (7/27/22)	
	Principal	Interest
<u>2026</u>	<u>\$ 359</u>	<u>\$ 1</u>
	<u>\$ 359</u>	<u>\$ 1</u>

See Independent Auditor's Report.

**TULLAHOMA CITY SCHOOL SYSTEM
SCHEDULE OF PUBLIC OFFICIALS AND BONDS
JUNE 30, 2025**

<u>Official</u>	<u>Name</u>	<u>Bond Amount</u>
All Board Members	Each Occurrence with \$2,500 retention	\$ 100,000
Director of Schools	Dr. Catherine Stephens	\$ 874,295
All employees - Employee Wright Specialty	Each and every loss with \$500 deductible	\$ 150,000

See Independent Auditor's Report.



**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**

Board of Education
Tullahoma City School System
Tullahoma, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Tullahoma City School System as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Tullahoma City School System's basic financial statements and have issued our report thereon dated March 31, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tullahoma City School System'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 Tullahoma City School System's internal control. Accordingly, we do not express an opinion on the effectiveness of Tullahoma City School System's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as items 2025 – 001 and 2025-002 that we consider to be material weaknesses.

2025 – 001 Financial Statements Materially Misstated Before Audit Adjustments (Material Weakness)

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

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

Cause: Oversight.

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

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

Management's Response: Management agrees. See corrective action plan for response.

2025 – 002 Reconciliation of Accounts (Material Weakness)

Condition: The Tullahoma City School System failed to reconcile various general ledger accounts to supporting documentation. Some of these accounts included accounts receivable, inventory, accounts payable, due to other funds, interest earnings and food commodities.

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

Cause: Oversight.

Effect: The monthly financial statements were materially misstated throughout the year.

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

Management's Response: Management agrees. See corrective action plan for response.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tullahoma City School System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below as items 2025 – 003. And 2025 – 004.

2025 – 003 Expenditures Exceed Budgeted Appropriations

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

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

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

Effect: The Tullahoma City School System violated TCA 6-56-203.

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

Management's Response: Management agrees. See corrective action plan for response.

2025 – 004 Untimely Closing of Accounting Records (Noncompliance)

Condition: The Tullahoma City School System did not close its accounting records within two months of the end of the fiscal year.

Criteria: Section 9-2-102, Tennessee Code Annotated was amended to require all local governments to close their official accounting records and to have those records available for audit no later than two months after the close of their fiscal year.

Cause: Oversight.

Effect: Non-compliance with TCA.

Recommendation: The Tullahoma City School System should take steps to close the accounting records within two months of the end of the fiscal year.

Management's Response: Management agrees. See corrective action plan for response.

Tullahoma City School System's Response to Findings

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

Purpose of This Report

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

Wickberg Accounting, LLC.

Lewisburg, Tennessee
March 31, 2026

**TULLAHOMA CITY SCHOOL SYSTEM
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2024-001	Expenditures Exceed Budgeted Appropriations (Original Finding 2023-001	Repeated/2025-003



MANAGEMENT'S CORRECTIVE ACTION PLAN

Dr. Catherine Stephens
Director of Schools

Board of Education

Kim Uselton
Chairman

Teresa Lawson
Vice-Chairman

Broc Compton

Rosie Graham

Gigi Robison

J. Patrick Welsh

Andy Whitt

Tullahoma City Schools respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

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

Responsible officials for corrective action:

Hank Jordan
Director of Business
Tullahoma Board of Education

Signed: Hank Jordan

Audit Period:
June 30, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT

2025 – 001 Financial Statements Materially Misstated Before Audit Adjustments

Corrective action planned

Tullahoma City Schools' finance staff will take steps to ensure the general ledger balances are properly stated before closing the books. These steps include monthly multi-level review of the financial statements and training on the state of Tennessee's chart of accounts.

Anticipated completion date

By June 30, 2026

2025 – 002 Reconciliation of Accounts

Corrective action planned

Tullahoma City Schools' finance staff will take steps to ensure the general ledger accounts are reconciled to supporting documentation. These steps include more timely multi-level review of the financial statements to ensure proper journal entries are recorded.

Anticipated completion date

By June 30, 2026

2025 – 003 Expenditures Exceed Budgeted AppropriationsCorrective action planned

The budget will be amended as needed.

Anticipated completion date

We anticipate having this finding corrected by June 30, 2026.

2025 – 004 Untimely Closing of Accounting RecordsCorrective action planned

Management will take steps to close the accounting records within two months of the fiscal year end.

Anticipated completion date

By June 30, 2026

May 2026

Hires

Caryss Conner	BAE	3rd Grade ELA Teacher	07/24/2026
Olivia Hogan	BAE	Behavior Mod. Teacher	07/24/2026
Matthew Valentine	BAE	Custodian	06/01/2026
Brooklyn Kugal	CSS	Part-Time Daycare Worker	05/01/2026
Sarah Boone	ELE	Art Teacher	07/24/2026
Amber Gilliam	ELE	School Counselor	07/24/2026
Alexander Nesbitt	ELE	EA/Pre K 619	07/24/2026
Steve Berry	EMS	Football Coach	04/16/2026
Cody McMurtry	EMS	Girls Basketball Coach	07/24/2026
Julia McCalip	REL	Art Teacher	07/24/2026
Christopher Kittel	THS	JROTC Teacher	07/24/2026
Chasity Burks	WMS/EMS	Librarian	07/24/2026
Jordan Hice	WMS	Athletic Director	07/24/2026
Duane Whatley	WMS	Custodian	04/21/2026

Resignations

Caitlin Curlee	BAE	1st Grade Teacher	05/22/2206
Heather Love-Fleck	BAE	3rd Grade Teacher	05/22/2026
Monica Graves	ELE	PT RTI/EA	05/22/2026
Jill Kimzey	ELE	Assistant Principal	06/30/2026
Erin Clements	JTF	5th Grade ELA	05/22/2026
Maggie Mirtes	JTF	RTI EA	05/22/2026
Angela Tinnon	EMS	Head Girls Basketball Coach	04/06/2026
Laura Pullum	REL	Art Teacher	05/22/2026
Katie Gagnier	THS	Math Teacher	05/22/2026
Rachel Hinson	THS	Counseling Secretary	05/29/2026
Katlyn Brown	WMS	Special Education Teacher	05/22/2026

Retirements

Catherine Stephens	ADMIN	Director of Schools	06/30/2026
Sandie Goodman	BAE	School Secretary	05/29/2026
Sunday Perkins	EMS	Art Teacher	05/22/2026

Holly Callatrello	REL	4th Grade Teacher	05/22/2026
Cindy Herrera	WMS	Principal	06/30/2026
Shari Smiley-Cox	WMS	Guidance Counselor	05/22/2026

Transfers

Allison Vincent	BAE-BAE	3rd Grade ELA-1st Grade	07/24/2026
Cherry Nunez	THS-REL/ELE	Sped Teacher-Librarian	07/24/2026
Katie Sarver	ELE-EMS	Art Teacher-Art Teacher	07/24/2026
Tiffany Richards	ELE-BAE	3rd ELA- 3rd Science	07/24/2026
Ashley Arp	THS-THS	EA/RTI-Guidance Secretary	07/24/2026
Josh Harris	WMS-WMS	Behavior Mod Teacher-Sped Inclusion	07/24/2026
Beth Rhea	BAE-BAE	RTI Title 1 Teacher-1st Grade Teacher	07/24/2026
Lea Hibdon	ELE-WMS	School Counselor-School Counselor	07/24/2026
Sharon Zebick	REL-REL	Library EA- 3rd Grade Teacher	07/24/2026
Tim Behrendorff	WMS-THS	8th Grade Math- 9-12 Math Teacher	07/24/2026

	FY26	FY26	FY26
ACCOUNT NUMBER	Budget - Amended 1/20/2026	Actuals Through April	Projected Year End
UNDESIGNATED FUND BALANCE	3,874,898	0	3,874,898
40100 COUNTY TAXES			
40110 CURRENT PROPERTY TAX-COFFEE CO.	6,406,835	6,734,573	6,750,000
40111 CURRENT PROPERTY TAX -FRANKLIN C	215,000	330,329	330,329
40120 TRUSTEE'S COLLECTION-PRIOR YEAR	150,000	107,629	105,000
40130 CIRCUIT CLERK/C&M-PRIOR YEAR	27,500	38,308	38,000
40140 INTEREST & PENALTY	42,000	33,404	40,085
40161 PAYMENTS IN LIEU-TVA	100,000	122,671	118,000
TOTALS ACCOUNT NUMBER 40100	6,941,335	7,366,914	7,381,414
40600 CITY SCHOOL DISTRICT REVENUES			0
40710 LOCAL OPTION SALES TAX	6,839,479	4,769,640	6,839,479
TOTALS ACCOUNT NUMBERS 40600/40700	6,839,479	4,769,640	6,839,479
41000 LICENSES & PERMITS			0
41110 MARRIAGE LICENSES	1,350	1,022	1,226
TOTALS ACCOUNT NUMBER 41000	1,350	1,022	1,226
43000 CHARGES FOR SERVICES			0
43511 TUITION-REGULAR DAY STUDENTS	196,500	218,837	196,500
43570 RECEIPTS FROM INDIVIDUAL SCHOOLS	5,000	7,989	5,000
43990 OTHER CHARGES FOR SERVICES			0
TOTALS ACCOUNT NUMBER 43000	201,500	226,826	201,500
44000 OTHER LOCAL REVENUE			
44110 INTEREST EARNED	280,000	213,838	256,606
44170 OTHER REVENUE	20,000	64,231	65,000
44300 NURSING REIMBURSEMENT	13,000	63,898	63,898
44520 INSURANCE RECOVERY	0	8,942	8,942
44530 SALE OF EQUIPMENT	0	4,304	4,304
44560 DAMAGES RECOVERED FROM INDIVIDU	0	788	788
44570 CONTRIBUTIONS & GIFTS	10,000	21,600	21,600
44570 CONTRIBUTIONS & GIFTS - TEF	0	0	0
44900 CITY LIQUOR TAX	79,000	38,269	45,923
TOTALS ACCOUNT NUMBER 44000	402,000	415,870	467,060
46500 STATE EDUCATION FUNDS			0
46510 TENNESSEE INVESTMENT IN STUDENT	26,616,508	23,988,414	26,616,508
46515 PRE-K	379,675	347,982	379,675
46590 OTHER STATE EDUCATION FUNDS-	627,089	627,089	627,089
46590 (ISM Grant)	464,866	351,722	464,866
46592 INTERNET CONNECTIVITY	0	0	0
46595 STUDENT MANAGEMENT SYSTEM	0	0	0
46596 Paid Parental Leave	100,000	89,142	89,142
46610 CAREER LADDER	40,000	32,003	42,671
46790 - INNOVATIVE SCHOOLS MODEL GRANT	0	0	0
TOTALS ACCOUNT NUMBER 46500	28,228,138	25,436,352	28,219,951

46800 OTHER STATE REVENUES			
46840 STATE "DICKEL" TAX	2,100	1,741	2,321
46982 SCHOOL SAFETY	72,429	0	72,429
46983 TDOT AVIATION GRANT	0	8,370	8,370
TOTALS ACCOUNT NUMBER 46800	74,529	10,111	74,750
47100 FEDERAL FUNDS through STATE			
47143 IDEA PART-B HIGH COST	78,780	0	0
47210 JTPA/LITERACY PROGRAM	160,468	152,372	160,468
47590 OTHER FEDERAL THRU STATE	0		0
TOTALS ACCOUNT NUMBER 47100	239,248	152,372	160,468
49000 OTHER SOURCES /NON-REVENUE			
49200 NOTE PROCEEDS			0
49810 CITY GENERAL FUND TRANSFERS	4,085,489	1,500,000	4,085,489
Solid Waste Transfer	102,500	0	102,500
TOTALS ACCOUNT NUMBER 49000	4,187,989	1,500,000	4,187,989
TOTALS FOR GENERAL PURPOSE FUND	50,990,466	39,879,107	51,408,736
EXPENDITURES	FY27	FY26	FY26
ACCOUNT NUMBER	Budget- Amended 1/20/26	Actuals Through April	Projected Year End
71100 REGULAR EDUCATIONAL PROGRAM			
116 TEACHERS	14,373,404	10,614,647	14,152,863
117 CAREER LADDER	30,000	13,834	18,445
163 EDUCATIONAL ASSISTANTS	1,349,143	1,060,465	1,413,953
195 SUBSTITUTE TEACHERS	330,000	287,136	382,847
201 SOCIAL SECURITY	997,118	690,681	920,908
204 STATE RETIREMENT	1,154,727	830,072	1,106,763
206 LIFE INSURANCE	26,543	19,691	26,255
207 MEDICAL INSURANCE	2,700,198	2,020,420	2,693,893
208 DENTAL INSURANCE	66,323	48,809	65,079
211 Local Retirement			
212 MEDICARE	233,197	164,264	219,019
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	24,391	17,751	23,668
355 TRAVEL	0	0	0
429 INSTRUCTIONAL SUPPLIES & MATERIALS	354,000	299,134	354,000
449 TEXTBOOKS	400,000	250,260	400,000
499 - Other Supplies & Materials	20,000	33,795	40,554
524 STAFF DEVELOPMENT	10,000	9,126	10,951
599 OTHER CHARGES	125,680	89,913	107,896
722 REGULAR INSTRUCTIONAL EQUIPMENT	863,785	738,137	850,000
722 REGULAR INSTRUCTIONAL EQP.(ISM)	220	4,585	6,113
TOTAL 71100 ACCOUNT	23,058,729	17,192,720	22,793,208

71200 SPECIAL EDUCATION PROGRAM			0
116 TEACHERS	2,152,099	1,546,212	2,061,616
117 CAREER LADDER	4,000	2,250	3,000
162 CLERICAL PERSONNEL			0
163 EDUCATIONAL ASSISTANTS	998,251	707,861	943,815
171 SPEECH PATHOLOGISTS	123,900	0	0
189 OTHER SALARIES	0	230	307
195 SUBSTITUTE TEACHERS	70,000	101,290	135,053
201 SOCIAL SECURITY	207,591	135,914	181,219
204 STATE RETIREMENT	235,378	163,806	218,408
206 LIFE INSURANCE	6,915	5,138	6,851
207 MEDICAL INSURANCE	682,513	512,760	683,680
208 DENTAL INSURANCE	17,220	13,024	17,365
211 Local Retirement			
212 MEDICARE	48,550	32,064	42,752
217 Hybrid Stabilization			
299 VISION INSURANCE	6,354	4,633	6,177
312 CONTRACTS WITH PRIVATE AGENCIES	50,000	324,679	432,905
429 INSTRUCTIONAL SUPPLIES & MATERIALS	50,000	25,394	30,473
499 OTHER INSTRUCTIONAL SUPPLIES	32,500	25,113	30,136
599 OTHER CHARGES	0	11	13
725 SPECIAL EDUCATION EQUIPMENT	10,000	21,534	25,841
790 EQUIPMENT (SEP)	0	20,382	
APPROX AMOUNT FROM SPED TRANSFER			0
TOTAL 71200 ACCOUNT	4,695,271	3,642,295	4,819,610
71300 VOCATIONAL EDUCATION PROGRAM			
105 SUPERVISOR/DIRECTOR	117,058	97,923	117,508
116 TEACHERS	600,899	502,724	670,299
117 CAREER LADDER	0		0
201 SOCIAL SECURITY	44,513	34,688	46,251
204 STATE RETIREMENT	52,731	43,487	57,983
206 LIFE INSURANCE	1,079	920	1,227
207 MEDICAL INSURANCE	133,045	113,790	151,720
208 DENTAL INSURANCE	2,890	2,334	3,113
212 MEDICARE	10,410	8,113	10,817
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	1,018	815	1,087
312 (FLY GRANT)	0	15,247	20,329
355 TRAVEL	12,000	12,000	12,000
429 INSTRUCTIONAL SUPPLIES AND MATERIA	15,000	15,000	15,000
599 OTHER CHARGES	5,000	5,000	6,000
730 VOC EQUIPMENT	0		0
ISM GRANT EXP	315,132	302,050	315,132
TOTAL 71300 ACCOUNT	1,310,775	1,154,091	1,428,464
72110 ATTENDANCE			
105 SUPERVISOR/DIRECTOR	109,988	82,490	109,987
162 CLERICAL PERSONNEL	0	0	0
201 SOCIAL SECURITY	6,819	5,098	6,797
204 STATE RETIREMENT	7,897	4,898	6,530

206 LIFE INSURANCE	215	80	107
207 MEDICAL INSURANCE	24,731	6,090	8,120
208 DENTAL INSURANCE	558	201	268
212 MEDICARE	1,595	1,192	1,589
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	197	70	93
355 TRAVEL	750	655	786
499 OTHER SUPPLIES AND MATERIALS	750	585	702
524 STAFF DEVELOPMENT	3,500	560	672
599 OTHER CHARGES	5,000	2,881	3,457
TOTAL 72110 ACCOUNT	162,001	104,800	139,109
72120 HEALTH SERVICES			
105 SUPERVISOR/DIRECTOR	78,958	59,219	78,959
131 NURSES	450,210	340,837	454,449
201 SOCIAL SECURITY	32,808	22,974	30,632
204 STATE RETIREMENT	35,602	28,512	38,015
206 LIFE INSURANCE	871	634	845
207 MEDICAL INSURANCE	111,687	78,524	104,699
208 DENTAL INSURANCE	2,257	1,608	2,145
211 Local Retirement			
212 MEDICARE	7,673	5,373	7,164
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	794	562	749
355 TRAVEL	650	541	649
413 DRUGS AND MEDICAL SUPPLIES	18,500	2,477	2,972
499 OTHER CHARGES	17,000	14,898	17,878
524 STAFF DEVELOPMENT	8,000	4,464	5,357
TOTAL 72120 ACCOUNT	765,010	560,623	744,513
72130 OTHER STUDENT SUPPORT			
117 CAREER LADDER	1,000	0	0
123 GUIDANCE PERSONNEL	709,604	473,453	631,271
161 SECRETARY	32,373	24,280	32,373
201 SOCIAL SECURITY	46,065	28,563	38,084
204 STATE RETIREMENT	49,996	31,317	41,756
206 LIFE INSURANCE	1,079	713	951
207 MEDICAL INSURANCE	121,008	80,245	106,993
208 DENTAL INSURANCE	2,652	1,810	2,413
212 MEDICARE	10,773	6,680	8,907
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	982	632	843
312 CONTRACTS W/PRIVATE AGENCIES	84,352	68,573	91,431
322 EVALUATION AND TESTING	12,500	0	0
524 STAFF DEVELOPMENT	350	1,054	1,405
TOTAL 72130 ACCOUNT	1,072,733	717,320	956,427
72210 INSTRUCTIONAL STAFF/ REG. INST. PROG.			
105 SUPERVISOR/DIRECTOR	278,886	232,405	278,886
117 CAREER LADDER	1,000	2,250	3,000
129 LIBRARIANS	275,178	201,846	269,128
161 SECRETARY	73,202	61,001	73,201
189 Other Salaries (CEI)	0	51,519	68,692

201 SOCIAL SECURITY	38,952	32,514	41,070
204 STATE RETIREMENT	39,562	31,880	40,269
206 LIFE INSURANCE	659	585	739
207 MEDICAL INSURANCE	74,723	58,858	74,347
208 DENTAL INSURANCE	1,750	1,374	1,736
211 Local Retirement			
212 MEDICARE	9,110	7,615	9,619
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	1,700	519	656
355 TRAVEL	14,000	8,787	10,544
429 Instructional Supplies (CEI)	0	39,419	39,419
432 LIBRARY BOOKS	50,000	49,999	50,000
524 STAFF DEVELOPMENT	7,000	12,226	14,671
524 STAFF DEVELOPMENT (CEI)	0	31,993	38,392
599 OTHER CHARGES	800	5,968	7,162
TOTAL 72210 ACCOUNT	866,522	830,758	1,021,531
72220 SPECIAL EDUCATION PROGRAM			
105 SUPERVISOR/DIRECTOR	121,220	101,017	121,220
117 CAREER LADDER	0		0
124 PSYCHOLOGIST	82,822	62,117	82,823
162 CLERICAL PERSONNEL	103,218	82,181	98,617
189 OTHER SALARIES	354,158	259,044	345,392
201 SOCIAL SECURITY	41,008	29,913	39,884
204 STATE RETIREMENT	40,346	28,671	38,227
206 LIFE INSURANCE	857	706	941
207 MEDICAL INSURANCE	81,950	68,602	91,469
208 DENTAL INSURANCE	2,218	1,702	2,270
211 Local Retirement	0		
212 MEDICARE	9,591	6,996	9,328
217 Hybrid Stabilization Reserve			
299 VISION INSURANCE	781	626	835
355 TRAVEL	3,000	4,032	4,838
399 OTHER CONTRACTED SERVICES	85,000	68,969	82,763
499 OTHER SUPPLIES & MATERIALS	22,500	11,009	13,211
524 STAFF DEVELOPMENT	37,500	8,967	10,760
599 OTHER CHARGES	26,500	43,354	52,025
TOTAL 72220 ACCOUNT	1,012,670	777,906	994,604
72230 VOCATIONAL SUPPORT			
524 (ISM) STAFF DEVELOPMENT	3,000	1,090	3,000
790 (ISM) EQUIPMENT	79,942	65,794	79,942
TOTAL 72220 ACCOUNT	82,942	66,884	82,942
72250 TECHNOLOGY			
105 SUPERVISOR/DIRECTOR	138,090	115,650	138,780
117 CAREER LADDER			0
163 EDUCATIONAL ASSISTANTS	468,629	386,512	463,814
201 SOCIAL SECURITY	37,617	29,473	35,368
204 STATE RETIREMENT	41,775	41,323	49,588
206 LIFE INSURANCE	752	704	845
207 MEDICAL INSURANCE	62,216	65,650	78,780
208 DENTAL INSURANCE	1,793	1,653	1,984
212 MEDICARE	8,797	6,893	8,272
217 Hybrid Retirement Stabilization			

299 VISION INSURANCE	685	624	749
355 TRAVEL	4,000	3,935	4,722
435 OFFICE SUPPLIES	1,000	0	0
524 STAFF DEVELOPMENT	7,000	11,861	14,233
599 OTHER CHARGES	8,000	3,118	3,742
TOTAL 72250 ACCOUNT	780,354	667,396	800,875
72310 GENERAL ADMIN/BD OF EDUCATION			
191 DIRECTOR'S FEE	10,500	8,750	10,500
118 SECRETARY TO BOARD	0	0	0
188 Bonus (1-time teacher bonus/TEFA)	720,360	720,949	720,949
189 Other Salaries	35,090	33,519	40,223
201 SOCIAL SECURITY	47,452	46,841	56,210
204 State Retirement	48,881	47,210	56,652
205 HSA FRINGE	60,000	0	0
206 LIFE INSURANCE	0	1,882	2,258
207 MEDICAL INSURANCE	155,384	127,732	153,278
208 DENTAL INSURANCE	9,687	7,241	9,655
299 VISION INSURANCE	2,554	2,088	2,784
210 UNEMPLOYMENT COMPENSATION	10,000	2,743	3,292
211 LOCAL RETIREMENT	663,458	650,362	659,000
212 MEDICARE	11,106	11,049	14,732
217 HYBRID RETIREMENT STABILIZATION	0	3,531	4,708
305 AUDIT SERVICES	48,500	41,700	48,500
320 DUES AND MEMBERSHIP	19,500	21,712	26,054
331 LEGAL SERVICES	27,000	20,250	24,300
355 TRAVEL	4,000	3,230	3,876
506 LIABILITY INSURANCE	398,117	398,117	398,117
508 PREMIUM ON CORP. SURETY BONDS	2,500	0	2,500
510 TRUSTEE COMMISSION	150,000	140,481	168,577
513 WORKMEN'S COMPENSATION	180,902	180,902	180,902
524 STAFF DEVELOPMENT	30,000	22,704	27,245
599 OTHER CHARGES	25,000	18,253	21,904
TOTAL 72310 ACCOUNT	2,659,991	2,511,246	2,636,215
72320 OFFICE OF THE SUPERINTENDENT			
101 ADMINISTRATIVE OFFICER	196,797	163,998	196,798
117 CAREER LADDER	0	0	0
161 SECRETARY	79,990	66,658	79,990
201 SOCIAL SECURITY	17,161	13,051	15,661
204 STATE RETIREMENT	19,453	15,513	18,616
206 LIFE INSURANCE	217	176	211
207 MEDICAL INSURANCE	8,100	6,752	8,102
208 DENTAL INSURANCE	281	313	376
212 MEDICARE	4,013	3,339	4,007
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	1,997	156	187
307 COMMUNICATIONS	150,000	90,478	108,574
348 POSTAL CHARGES	6,000	791	949
355 TRAVEL	3,500	2,460	2,952
435 OFFICE SUPPLIES	9,000	5,738	6,886
524 STAFF DEVELOPMENT	18,000	5,604	6,725
599 OTHER CHARGES	18,000	7,273	8,728

TOTAL 72320 ACCOUNT	532,509	382,300	458,760
72410 OFFICE OF THE PRINCIPAL			
103 ASSISTANT PRINCIPALS	830,830	626,217	834,956
104 PRINCIPALS	887,592	737,995	885,594
117 CAREER LADDER	3,000	2,157	2,725
161 SECRETARIES	379,842	238,643	318,191
201 SOCIAL SECURITY	130,278	94,544	119,424
204 STATE RETIREMENT	147,210	100,397	126,818
206 LIFE INSURANCE	2,754	1,851	2,338
207 MEDICAL INSURANCE	301,994	203,826	257,464
208 DENTAL INSURANCE	7,274	4,848	6,124
211 Local Retirement			
212 MEDICARE	30,468	22,111	27,930
217 Hybrid Stabilization			
299 VISION INSURANCE	2,305	1,693	2,139
435 OFFICE SUPPLIES	25,000	21,150	25,000
524 STAFF DEVELOPMENT	2,500	725	870
599 OTHER CHARGES	1,000	283	340
TOTAL 72410 ACCOUNT	2,752,048	2,056,440	2,609,911
72510 FISCAL SERVICES			
105 SUPERVISOR/DIRECTOR	155,423	129,520	155,424
119 BOOKKEEPERS	213,648	178,041	213,649
201 SOCIAL SECURITY	22,882	18,266	21,919
204 STATE RETIREMENT	25,134	23,810	28,572
206 LIFE INSURANCE	435	352	422
207 MEDICAL INSURANCE	43,797	36,148	43,378
208 DENTAL INSURANCE	1,127	894	1,073
211 Local Retirement			
212 MEDICARE	5,352	4,272	5,126
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	375	312	374
355 TRAVEL	300	37	44
399 OTHER CONTRACTED SERVICES	47,500	38,528	46,234
435 OFFICE SUPPLIES	3,500	3,592	4,310
524 STAFF DEVELOPMENT	1,750	1,056	1,267
599 Other	1,500	7,046	8,456
TOTAL 72510 ACCOUNT	522,724	441,874	530,249
72520 HR/PERSONNEL			
105 SUPERVISOR/DIRECTOR	165,889	138,231	165,877
162 CLERICAL PERSONNEL	176,260	150,455	180,546
201 SOCIAL SECURITY	21,213	17,554	21,065
204 STATE RETIREMENT	24,922	21,564	25,877
206 LIFE INSURANCE	435	352	422
207 MEDICAL INSURANCE	33,540	20,689	24,827
208 DENTAL INSURANCE	848	760	912
212 MEDICARE	4,961	4,105	4,926
217 Hybrid Retirement Stabilization			

299 VISION INSURANCE	398	312	374
355 TRAVEL	1,200	669	803
435 OFFICE SUPPLIES	5,000	7,466	8,959
499 OTHER SUPPLIES AND MATERIALS	1,000	47	56
524 STAFF DEVELOPMENT	6,000	7,409	8,891
599 OTHER CHARGES	32,125	36,613	43,936
TOTAL 72110 ACCOUNT	473,790	406,226	487,471
72610 OPERATION OF PLANT			
166 CUSTODIAL PERSONNEL	855,661	740,709	888,851
201 SOCIAL SECURITY	53,051	43,897	52,676
204 STATE RETIREMENT	51,521	53,232	63,878
206 LIFE INSURANCE	2,558	2,093	2,512
207 MEDICAL INSURANCE	210,138	185,342	222,410
208 DENTAL INSURANCE	5,997	5,149	6,179
211 Local Retirement			
212 MEDICARE	12,407	10,266	12,319
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	2,409	1,950	2,340
399 OTHER CONTRACTED SERVICES	1,011,503	590,481	708,577
410 CUSTODIAL SUPPLIES	150,000	103,300	123,960
415 ELECTRICITY	1,050,000	905,813	1,086,976
434 NATURAL GAS	115,000	99,854	119,825
454 WATER AND SEWER	89,000	73,363	88,036
599 OTHER CHARGES	8,000	4,220	5,064
TOTAL 72610 ACCOUNT	3,617,245	2,819,669	3,383,603
72620 MAINTENANCE OF PLANT			
189 OTHER SALARIES	655,554	525,272	630,326
201 SOCIAL SECURITY	40,644	31,538	37,846
204 STATE RETIREMENT	38,774	37,793	45,352
206 LIFE INSURANCE	1,100	942	1,130
207 MEDICAL INSURANCE	101,795	81,653	97,984
208 DENTAL INSURANCE	3,049	2,390	2,868
211 Local Retirement			
212 MEDICARE	9,506	7,376	8,851
217 Hybrid Retirement Stabilization			
299 VISION INSURANCE	1,100	835	1,002
335 MAINTENANCE AND REPAIR OF BLDGS	445,000	220,724	264,869
336 MAINTENANCE AND REPAIR OF EQUIP	150,000	145,927	175,112
338 Maintenance and Repair Vehicles	20,000	10,127	12,152
399 Other Contracted Services	90,649	0	0
425 GASOLINE	16,000	16,072	19,286
499 OTHER SUPPLIES	25,000	49,202	59,042
717 MAINTENANCE EQUIPMENT	15,000	82	98
718 MOTOR VEHICLES	0	0	0
TOTAL 72620 ACCOUNT	1,613,172	1,129,933	1,355,920
72710 TRANSPORTATION			

146 BUS DRIVERS	199,290	205,843	228,714
189 OTHER SALARIES AND WAGES	173,740	166,814	185,349
201 SOCIAL SECURITY	23,128	23,283	25,870
204 STATE RETIREMENT	8,600	9,515	10,572
206 LIFE INSURANCE	104	88	98
207 MEDICAL INSURANCE	8,069	6,752	7,502
208 DENTAL INSURANCE	400	223	248
217 Hybrid Retirement			
299 VISION INSURANCE	200	78	87
212 MEDICARE	5,409	5,445	6,050
217 Hybrid Retirement Stabilization			
338 MAINTENANCE AND REPAIR OF VEHICLES	35,000	23,608	28,330
399 Other Contracted Services	25,000	4,000	4,800
425 GASOLINE	35,000	26,752	32,102
524 Professional Development	0	390	468
599 OTHER CHARGES	10,000	7,674	9,209
717 TRANSPORTATION EQUIPMENT	152,000	151,500	152,000
ISM Grant	19,738	6,463	19,738
TOTAL 72710 ACCOUNT	695,677	638,429	711,138
73400 VOLUTARY PREK	0	372,843	
Total	0	372,843	0
76100 REGULAR CAPITAL OUTLAY			
707 BUILDING IMPROVEMENTS	319,482	62,116	85,000
711 FF&E	0	112,358	112,358
ISM GRANT	46,922	25,443	46,922
TOTAL 76100 ACCOUNT	366,404	199,917	244,280
99100 TRANSFERS OUT	3,949,898	3,915,944	3,949,898
TOTAL EXPENDITURES GENERAL PURPOSE F	50,990,466	40,589,614	50,148,728