

**TOWN OF MONTEAGLE, TENNESSEE**

**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2025**

**OFFICE OF  
TOWN RECORDER**

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**INTRODUCTORY SECTION**

**TOWN OF MONTEAGLE, TENNESSEE**

**Board of Mayor and Aldermen and Town Officials**

**June 30, 2025**

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**BOARD OF MAYOR AND ALDERMEN**

Mayor	Greg Maloof
Alderman	Dean Lay
Alderman	Dan Sargent
Alderman	Grant Fletcher
Alderman	Nate Wilson

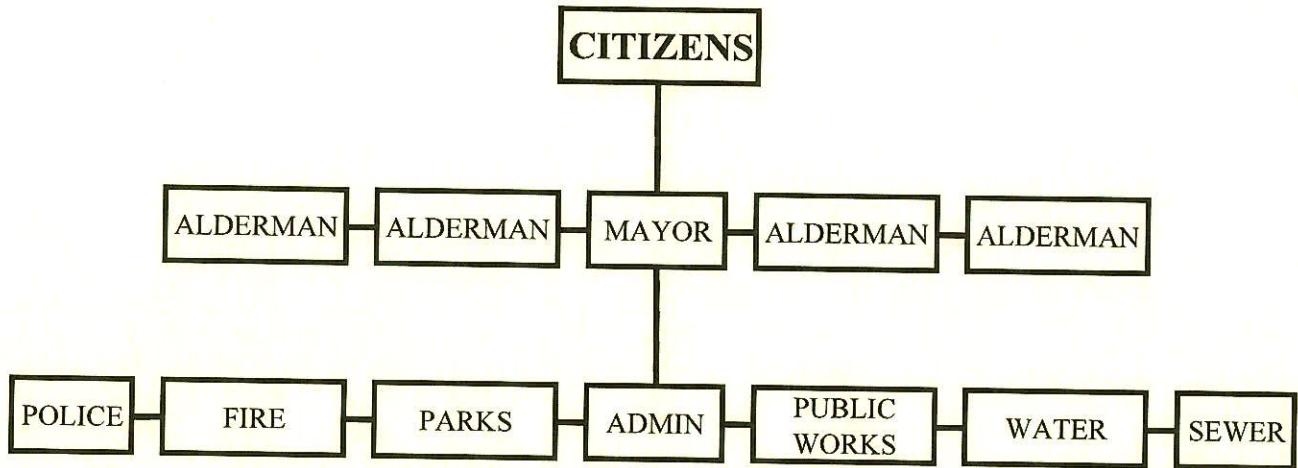
**TOWN OFFICIALS**

Town Recorder	Debbie Taylor, CMFO
Building Inspector and Fire Chief	Travis Lawyer
Police Chief	William Raline
Street Superintendent	Keith Butner
Utility Systems Supervisor	John Condra

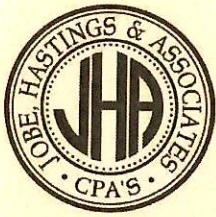
TOWN OF MONTEAGLE, TENNESSEE

ORGANIZATIONAL CHART

JUNE 30, 2025



**FINANCIAL SECTION**



# **JOB, HASTINGS & ASSOCIATES**

*Certified Public Accountants*

745 SOUTH CHURCH STREET – BELMONT PARK  
P.O. BOX 1175 MURFREESBORO, TN 37133-1175  
(615) 893-7777 FAX: (615) 896-5990  
www.jobehastings.com

James R. Jobe, CPA  
C. Jared Forrester, CPA, CSEP  
Andrew J. Nickerson, CPA

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Board of Aldermen  
Town of Monteagle, Tennessee

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Monteagle, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Monteagle, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Monteagle, Tennessee, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

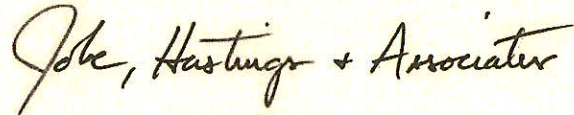
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Honorable Mayor and Board of Aldermen  
Town of Monteagle, Tennessee

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 24, 2026, on our consideration of the Town of Monteagle, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Monteagle, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Monteagle, Tennessee's internal control over financial reporting and compliance.



Certified Public Accountants

Murfreesboro, Tennessee  
March 24, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Monteagle, Tennessee, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Monteagle, Tennessee for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

### FINANCIAL HIGHLIGHTS

Management believes the Town's financial condition is strong. Performances in most areas exceed expectations. The following are key financial highlights:

- Total assets at year-end of \$20,073,039 exceeded liabilities in the amount of \$18,130,112 (i.e. net position). Of the total net position, \$6,491,656 was unrestricted and was available to support short-term operations. Total net position increased from fiscal year end 2024 for \$1,522,334.
- The Town's governmental and business-type activities reported a combined positive change in net position of \$1,522,334.
- As of the close of the current fiscal year, the Town of Monteagle, Tennessee's governmental funds reported combined ending fund balances of \$3,035,874.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,389,067, or 133.20% of General Fund expenditures. The Water and Sewer Fund unrestricted net position was \$3,393,532 or 150.46% of operating expenses.
- As of June 30, 2025, the working capital (current assets less current liabilities) for the Water and Sewer Fund was \$3,040,273.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The Town of Monteagle, Tennessee's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the Town of Monteagle, Tennessee's finances, in a manner similar to a private sector business.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The Town of Monteagle, Tennessee maintains four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, and the Capital Asset Replacement Fund, which are considered to be major funds and the State Street Aid Fund and the Drug Fund which are considered nonmajor funds.

### **Proprietary Funds**

The Town of Monteagle, Tennessee maintains one type of proprietary fund: an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Monteagle, Tennessee uses an enterprise fund to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund which is considered to be a major fund of the Town of Monteagle, Tennessee.

### **Notes to the Financial Statements**

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

### **Supplemental Information**

The budgetary comparison schedule in connection with the Capital Asset Replacement Fund, State Street Aid Fund and Drug Fund as well as other financial schedules is presented immediately following the Notes to the Financial Statements.

## Changes in Net Position

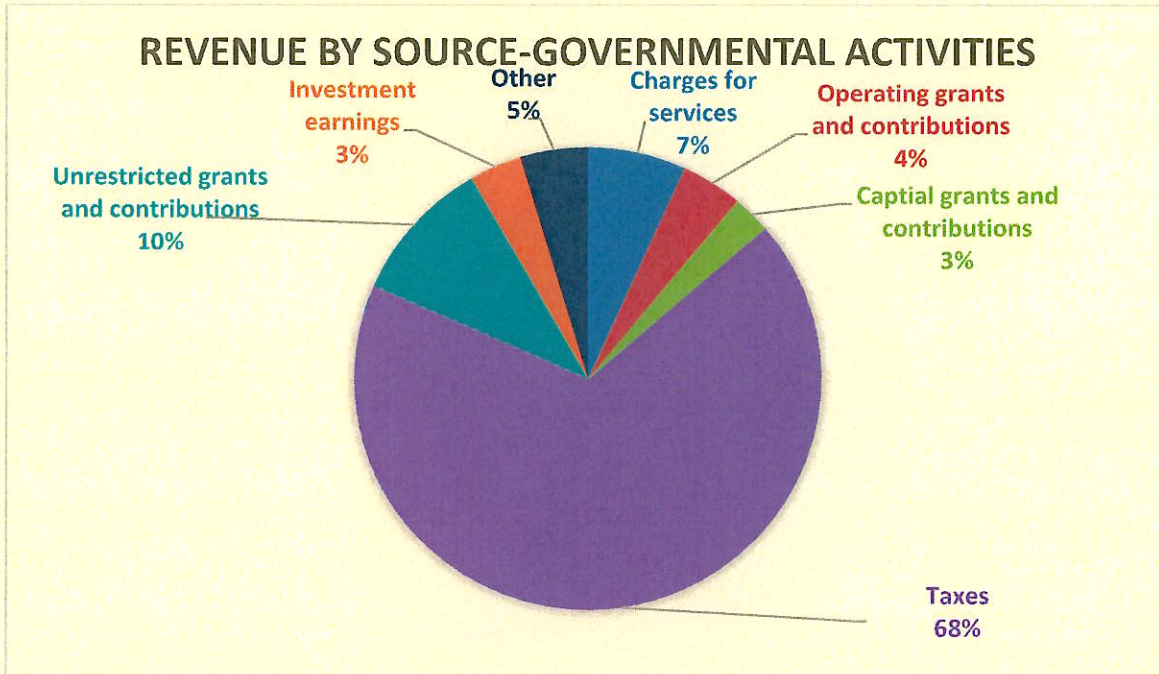
Governmental activities increased the Town of Monteagle, Tennessee's net position by \$150,134. Business-type activities increased the Town of Monteagle, Tennessee's net position by \$1,372,200. However, due to a correction an error in the prior year and change in accounting estimates a restatement of beginning net position was recorded. The following table as A-2 provides a summary of the Town's net position broken down by governmental and business-type activities.

**Table A-2**  
**Condensed Statement of Activities**

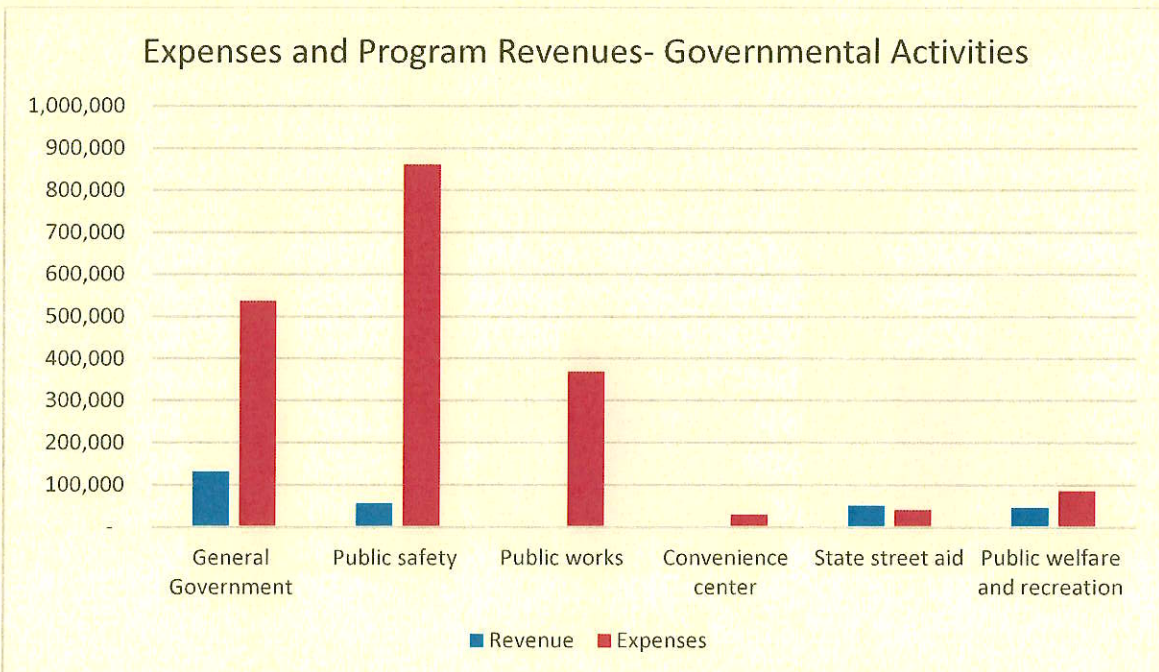
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
Program revenues:						
Charges for Services	\$ 141,207	\$ 118,313	\$ 2,019,067	\$ 1,898,111	\$ 2,160,274	\$ 2,016,424
Operating grants and Contributions	88,825	81,198	-	-	88,825	81,198
Capital grants and contributions	55,526	79,690	1,488,878	276,361	1,544,404	356,051
General revenues:						
Taxes	1,407,631	1,422,486	-	-	1,407,631	1,422,486
Unrestricted grants and contributions	209,778	204,926	-	-	209,778	204,926
Investment earnings	74,912	54,141	123,222	101,798	198,134	155,939
Gain on sale equipment	-	46,946	-	16,455	-	63,401
Other	97,947	54,150	21,374	-	119,321	54,150
<b>Total Revenue</b>	<b>\$ 2,075,826</b>	<b>\$ 2,061,850</b>	<b>\$ 3,652,541</b>	<b>\$ 2,292,725</b>	<b>\$ 5,728,367</b>	<b>\$ 4,354,575</b>
<b>Expenses</b>						
General government	\$ 536,190	\$ 481,896	\$ -	\$ -	\$ 536,190	\$ 481,896
Public Safety	860,615	757,995	-	-	860,615	757,995
Public works	369,391	372,190	-	-	369,391	372,190
Convenience centers	28,969	30,153	-	-	28,969	30,153
State street aid	40,341	39,177	-	-	40,341	39,177
Public welfare and Recreation	85,258	98,564	-	-	85,258	98,564
Interest on long-term debt	4,928	7,066	-	-	4,928	7,066
Water and sewer	-	-	2,280,341	1,860,453	2,280,341	1,860,453
<b>Total Expenses</b>	<b>\$ 1,925,692</b>	<b>\$ 1,787,041</b>	<b>\$ 2,280,341</b>	<b>\$ 1,860,453</b>	<b>\$ 4,206,033</b>	<b>\$ 3,647,494</b>
Change in net position	\$ 150,134	\$ 274,809	\$ 1,372,200	\$ 432,272	\$ 1,522,334	\$ 707,081
Net position – beginning, as previously reported	5,806,084	5,534,635	10,842,844	10,410,572	16,648,928	15,945,207
Change in accounting principle	(10,890)	(3,360)	(7,842)	-	(18,732)	(3,360)
Correction of error	17,998	-	(40,416)	-	(22,418)	-
Net position, beginning, as restated	5,813,192	5,531,275	10,794,586	10,410,572	16,607,778	15,941,847
<b>Net position – ending</b>	<b>\$ 5,963,326</b>	<b>\$ 5,806,084</b>	<b>\$ 12,166,786</b>	<b>\$ 10,842,844</b>	<b>\$ 18,130,112</b>	<b>\$ 16,648,928</b>

## Governmental Activities

Governmental activities accounted for revenues of \$2,075,826. The following graph summarizes revenue by source.



The following graph summarizes the revenue and related expense for each government program of the Town. The difference between expense and revenue is the financial burden placed on the Town for each program.



## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

### **Governmental Funds**

The focus of the Town of Monteagle, Tennessee's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Monteagle, Tennessee's financing requirements. The unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year for future unforeseen emergencies.

As of the end of the current fiscal year, the Town of Monteagle, Tennessee's governmental funds reported combined ending fund balances of \$3,035,874. Within the governmental funds, \$57,586 is restricted for street improvements in the State Street Aid Fund and \$18,830 is restricted for police activities in the Drug Fund. This amount is restricted due to its special revenue classification and appears as restricted on the governmental Balance Sheet.

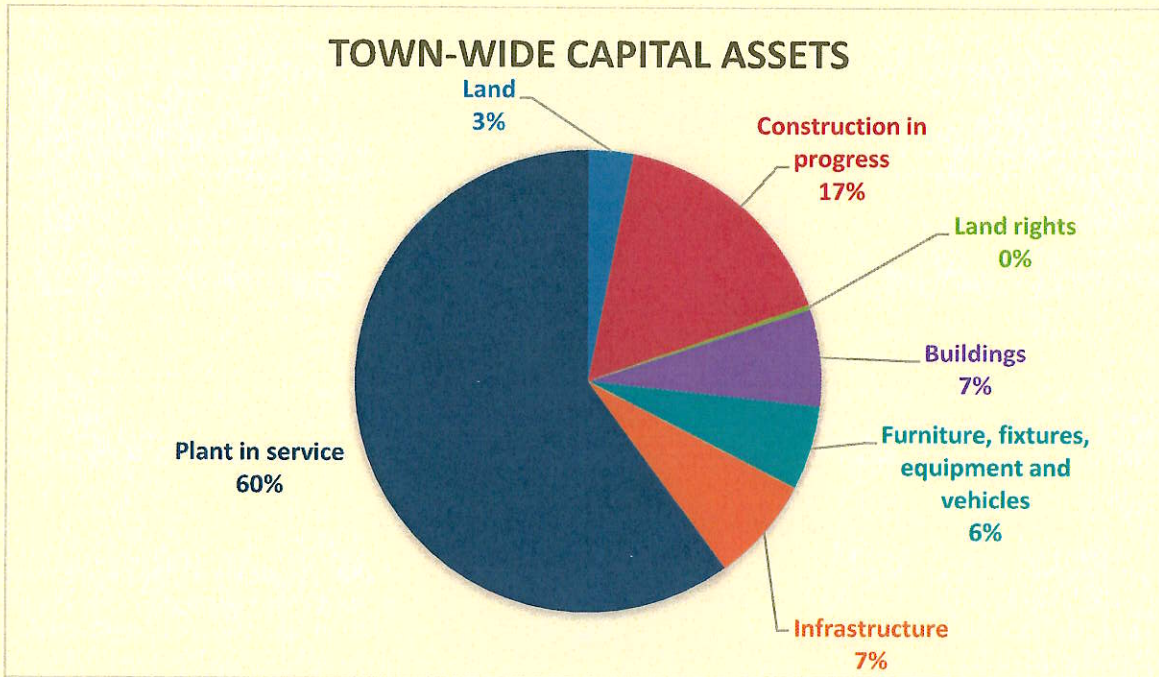
The General Fund is the chief operating fund of the Town of Monteagle, Tennessee. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,389,067. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 133.20% of total fund expenditures.

### **Proprietary Funds**

The Town of Monteagle, Tennessee's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$3,393,532 for the Water and Sewer Fund.

The following graph provides a breakdown of which assets make up the largest portion of the Town's total investment in capital assets. The graph combines assets used in both governmental and business-type activities.



During the period covered by this report the Town purchased new equipment for Public Works; purchased new equipment for Fire; purchase new vehicle for Police; major repair made to Post office; made major improvements to the water and sewer plants; purchased new software and new equipment for the water and sewer fund. Additional information on the capital assets can be found in Note G of the Notes to the Financial Statements contained in this report.

## **Economic Factors and Next Year's Budget and Rates**

The Town continues to monitor the strength of the economy. The effects of economic growth will be considered in preparing the Town's budget for the 2025-2026 fiscal year. Management is actively monitoring its financial condition, liquidity, operations, suppliers, and workforce.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Monteagle, Tennessee's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Town of Monteagle, Tennessee, P.O. Box 127, Monteagle, TN 37356.

**TOWN OF MONTEAGLE, TENNESSEE**

**Statement of Activities**

**Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities	Net Business-type Activities	
<b>Governmental activities -</b>							
General government	\$ 536,190	\$ 116,064	\$ 15,095		\$ (405,031)		\$ (405,031)
Public safety	860,615	25,143	15,545	\$ 16,312	(803,615)		(803,615)
Public works	369,391		50		(369,341)		(369,341)
Convenience centers	28,969				(28,969)		(28,969)
State street aid	40,341		51,591		11,250		11,250
Public welfare and recreation	85,258		6,544	39,214	(39,500)		(39,500)
Interest on long-term debt	4,928				(4,928)		(4,928)
Total governmental activities	\$ 1,925,692	\$ 141,207	\$ 88,825	\$ 55,526	\$ (1,640,134)		\$ (1,640,134)
<b>Business-type activities -</b>							
Water and sewer	\$ 2,280,341	\$ 2,019,067		\$ 1,488,878		\$ 1,227,604	\$ 1,227,604
Total business-type activities	\$ 2,280,341	\$ 2,019,067		\$ 1,488,878		\$ 1,227,604	\$ 1,227,604
Total primary government	\$ 4,206,033	\$ 2,160,274	\$ 88,825	\$ 1,544,404	\$ (1,640,134)	\$ 1,227,604	\$ (412,530)
<b>General Revenues -</b>							
<b>Taxes -</b>							
Sales taxes					\$ 858,485		\$ 858,485
Hotel/motel tax					314,912		314,912
Beer and liquor tax					222,406		222,406
Cable TV franchise tax					11,828		11,828
Grants and contributions not restricted to specific programs					209,778		209,778
Unrestricted investment earnings					74,912	\$ 123,222	198,134
Miscellaneous					97,947	21,374	119,321
Total general revenues and transfers					\$ 1,790,268	\$ 144,596	\$ 1,934,864
Change in net position					\$ 150,134	\$ 1,372,200	\$ 1,522,334
Net position - beginning, as previously stated					\$ 5,806,084	\$ 10,842,844	\$ 16,648,928
Change in accounting principle					(10,890)	(7,842)	(18,732)
Correction of error					17,998	(40,416)	(22,418)
Net position - beginning, as restated					\$ 5,813,192	\$ 10,794,586	\$ 16,607,778
Net position - ending					\$ 5,963,326	\$ 12,166,786	\$ 18,130,112

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities

June 30, 2025

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Total Governmental Fund Balances	\$ 3,035,874
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,888,786
Other long-term assets are not available to pay for current- period expenditures and, therefore, are deferred in the funds.	48,305
Occupancy tax and grant revenues earned but not received within 60 days of year-end are unavailable for the governmental funds statements, but are recognized as revenue for the government-wide statements.	122,156
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(131,795)
Net Position of Governmental Activities	<u>\$ 5,963,326</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2025

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Net Change in Fund Balances - Total Governmental Funds \$ 54,388

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 32,148

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to decrease net position. (5,792)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues received in the current year that were accrued in the statement of activities in prior years are reported as revenue in the funds. 77,765

The repayment of principal on a contract receivable is contract revenue in the governmental funds. This transaction, however, has no effect on net position. This is the amount of the repayments. (54,088)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt. 45,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 713

Change in Net Position of Governmental Activities \$ 150,134

See notes to financial statements.

**TOWN OF MONTEAGLE, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (continued)**

**Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures -				
General Government -				
Financial administration -				
Advertising			\$ 150	\$ (150)
Supplies			826	(826)
Total financial administration			<u>\$ 976</u>	<u>\$ (976)</u>
Board of mayor and aldermen -				
Salaries	\$ 24,000	\$ 24,000	\$ 24,000	
Payroll tax	1,836	1,836	1,836	
Professional and contract services	27,698	33,698	25,369	\$ 8,329
Supplies	6,760	6,760	2,657	4,103
Total board of mayor and aldermen	<u>\$ 60,294</u>	<u>\$ 66,294</u>	<u>\$ 53,862</u>	<u>\$ 12,432</u>
Office of mayor -				
Salaries	\$ 12,000	\$ 12,000	\$ 12,000	
Travel and training	2,558	2,558	399	\$ 2,159
Payroll tax	918	918	918	
Tourism	6,482	6,482	21,682	(15,200)
Miscellaneous	9,606	9,606	4,642	4,964
Supplies	4,044	4,044	39	4,005
Total office of mayor	<u>\$ 35,608</u>	<u>\$ 35,608</u>	<u>\$ 39,680</u>	<u>\$ (4,072)</u>
City recorder -				
Salaries	\$ 51,072	\$ 51,072	\$ 53,841	\$ (2,769)
Travel and training	4,000	4,000	1,719	2,281
Payroll tax	3,907	3,907	4,032	(125)
Insurance	22,290	22,290	19,987	2,303
Repairs and maintenance	20,922	20,922	23,398	(2,476)
Advertising	4,057	4,057	5,184	(1,127)
Professional and contract services	42,992	67,092	72,215	(5,123)
Miscellaneous	12,290	12,290	10,774	1,516
Supplies	10,250	10,250	6,934	3,316
Dues and subscriptions	13,200	13,200	1,738	11,462
Total city recorder	<u>\$ 184,980</u>	<u>\$ 209,080</u>	<u>\$ 199,822</u>	<u>\$ 9,258</u>
Planning and zoning -				
Salaries	\$ 47,886	\$ 54,236	\$ 57,076	\$ (2,840)
Travel and training	2,200	2,200		2,200
Payroll tax	3,663	4,148	3,303	845
Supplies	5,400	5,400		5,400
Planning services	14,421	89,121	45,781	43,340
Vehicle expense	1,400	1,400	2,185	(785)
Total planning and zoning	<u>\$ 74,970</u>	<u>\$ 156,505</u>	<u>\$ 108,345</u>	<u>\$ 48,160</u>
Other general government -				
Utilities and telephone	\$ 34,980	\$ 39,780	\$ 36,561	\$ 3,219
Contractual services	16,098	16,098	7,162	8,936
Vehicle expense	27	27		27
Insurance	55,218	75,218	68,285	6,933
Total other general government	<u>\$ 106,323</u>	<u>\$ 131,123</u>	<u>\$ 112,008</u>	<u>\$ 19,115</u>
Total general government	<u>\$ 462,175</u>	<u>\$ 598,610</u>	<u>\$ 514,693</u>	<u>\$ 83,917</u>

**TOWN OF MONTEAGLE, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (continued)**

**Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Welfare and Recreation -				
Parks and recreation -				
Contract services	\$ 2,313	\$ 2,313	\$ 1,820	\$ 493
Supplies	2,398	2,398	3,228	(830)
Repairs and maintenance	6,548	6,548	8,048	(1,500)
Program services	10,171	10,171	10,687	(516)
Grants	100,000	100,000		100,000
Total parks and recreation	<u>\$ 121,430</u>	<u>\$ 121,430</u>	<u>\$ 23,783</u>	<u>\$ 97,647</u>
Libraries -				
Salaries	\$ 18,502	\$ 18,502	\$ 17,826	\$ 676
Payroll tax	1,424	1,424	1,201	223
Professional and contract services	1,000	1,000	1,000	
Total libraries	<u>\$ 20,926</u>	<u>\$ 20,926</u>	<u>\$ 20,027</u>	<u>\$ 899</u>
Community center -				
Supplies	\$ 21	\$ 21	\$ 645	\$ (624)
Total community center	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 645</u>	<u>\$ (624)</u>
Total public welfare and recreation	<u>\$ 142,377</u>	<u>\$ 142,377</u>	<u>\$ 44,455</u>	<u>\$ 97,922</u>
Capital outlay -				
General government	\$ 1,456	\$ 1,456		\$ 1,456
Public safety	26,000	26,000	\$ 38,473	(12,473)
Public works	3,500	3,500	1,903	1,597
Parks and recreation		55,000	41,084	13,916
Total capital outlay	<u>\$ 30,956</u>	<u>\$ 85,956</u>	<u>\$ 81,460</u>	<u>\$ 4,496</u>
Debt service -				
Principal paid	\$ 45,000	\$ 45,000	\$ 45,000	
Interest	5,819	5,819	5,819	
Total debt service	<u>\$ 50,819</u>	<u>\$ 50,819</u>	<u>\$ 50,819</u>	
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,917,104</u>	<u>\$ 2,149,844</u>	<u>\$ 1,793,603</u>	<u>\$ 356,241</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 250,096</u>	<u>\$ 132,356</u>	<u>\$ 190,409</u>	<u>\$ 58,053</u>
Other Financing Sources and (Uses) -				
Transfer out	\$ (240,000)	\$ (240,000)	\$ (240,000)	
Total Other Financing Sources and (Uses)	<u>\$ (240,000)</u>	<u>\$ (240,000)</u>	<u>\$ (240,000)</u>	
Net change in fund balance	<u>\$ 10,096</u>	<u>\$ (107,644)</u>	<u>\$ (49,591)</u>	<u>\$ 58,053</u>
Fund Balance at beginning of year			\$ 2,426,322	
Correction of error			17,007	
Fund Balance at beginning of year, as restated			<u>\$ 2,443,329</u>	
Fund Balance at end of year			<u>\$ 2,393,738</u>	

See notes to financial statements.

**TOWN OF MONTEAGLE, TENNESSEE**

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**

**Year Ended June 30, 2025**

	<b><u>Enterprise</u></b> <b><u>Water</u></b> <b><u>and Sewer</u></b> <b><u>Fund</u></b>
Operating Revenues -	
Water sales and sewer charges	\$ 1,955,695
Connection fees	63,372
Total operating revenue	<u>\$ 2,019,067</u>
Operating Expenses -	
Water transmission and treatment	\$ 373,537
Sewer treatment	419,751
Water maintenance	115,711
Sewer maintenance	172,698
Administration	732,314
Depreciation	441,388
Total operating expenses	<u>\$ 2,255,399</u>
Operating Income (Loss)	<u>\$ (236,332)</u>
Non-operating Revenues (Expenses) -	
Interest revenue	\$ 123,222
Grant revenue	1,488,878
Project reimbursements	21,374
Interest expense	(24,942)
Total non-operating revenues (expenses)	<u>\$ 1,608,532</u>
Change in Net Position	<u>\$ 1,372,200</u>
Net Position at beginning of year, as previously stated	\$ 10,842,844
Correction of error	(40,416)
Change in accounting principle	(7,842)
Net Position at beginning of year, as restated	<u>\$ 10,794,586</u>
Net Position at end of year	<u>\$ 12,166,786</u>

See notes to financial statements.

**TOWN OF MONTEAGLE, TENNESSEE**

**Notes to Financial Statements**

**June 30, 2025**

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**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Monteagle, Tennessee (the "Town") operates under a Mayor and Board of Aldermen form of government. The Town's major operations include the following departments: general government, public safety, public works, state street aid, and public welfare and recreation. In addition, the Town owns and operates a water and sewer system.

The accounting and reporting policies of the Town relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The GASB periodically updates its codification of the existing Governmental Accounting Standards, which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting policies of the Town are described below.

**Reporting Entity**

The Town, for financial purposes, includes all the funds relevant to the operations of the Town of Monteagle, Tennessee (the primary government). The Town is also required to include in its financial statements those separately administered organizations (component units) with which the Town has significant operational or financial relationships. The criteria for including organizations as component units within the Town's reporting entity include whether the organization is legally separate and whether the Town holds the corporate powers, whether the Town appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the Town. Based on the foregoing criteria, the Town of Monteagle has no component units.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *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 activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

**TOWN OF MONTEAGLE, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2025**

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital Assets and Depreciation (continued) - Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets received in a service concession arrangement are reported at acquisition value. The Town currently has no service concession arrangements.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	5-40 years
Furniture, fixtures, equipment and vehicles	3-15 years
Infrastructure	5-25 years
Land rights	39 years
Plant in service	5-50 years

Compensated Absences - Town employees are paid for vacation and absence due to sickness by prescribed formulas based on length of service. Vacation and sick leave for employees of governmental funds are recorded as expenditures in the period they are used and considered payable from current financial resources. Sick leave does not vest for Town employees. Vacation leave is based on employment date, and up to 160 hours of unused vacation leave can carryover beyond the end of the fiscal year-end. The value of accumulated benefits earned by employees, that is more likely than not to be used or paid out in cash, is recorded as a long-term obligation in the Department's financial statements. Compensated absences are accrued in the government-wide and proprietary fund financial statements.

Long-term Debt and Other Long-Term Obligations - In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond and loan issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows of Resources - In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The outstanding balance of the contract receivable is reported as deferred inflows of resources. Another item arises only under a modified accrual basis of accounting and represents unavailable revenue for occupancy taxes that were not collected within the Town's period of availability.

Fund balance - Governmental funds utilize a fund balance presentation of equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in a spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance includes amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed fund balance classification includes amounts that can be used only for specific purposes imposed by a formal action of the government's highest level of decision-making authority. The Board of Aldermen is the highest level of decision making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.

**TOWN OF MONTEAGLE, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2025**

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**Note B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide financial statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period". The details of this \$32,148 difference are as follows:

Capital outlay	\$ 239,916
Depreciation expense	<u>(207,768)</u>
	<u>\$ 32,148</u>

Another element of that reconciliation states that, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$713 difference are as follows:

Change in compensated absences	\$ (178)
Change in accrued interest on long-term debt	<u>891</u>
	<u>\$ 713</u>

**Note C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgets and Budgetary Accounting - General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements, which govern the Town's operations.

Each year during April and May, budget requests from departments are submitted to the Town Recorder. Budget items submitted are discussed at these regularly scheduled meetings and in special work session meetings in June.

Subsequently the budget is enacted through vote of the Aldermen with an operative date of July 1. Budgets, as adopted and amended, are adopted for the General Fund, Special Revenue Funds, and Capital Project Fund on a basis consistent with generally accepted accounting principles. These formal budgets are adopted on a departmental basis. The Town Mayor is authorized to transfer budgeted amounts between departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations that are not expended lapse at year end. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

**Note D - DEPOSITS AND INVESTMENTS**

Credit Risk - The Town has adopted a policy to minimize the risk of loss due to the failure of the security issuer or backer by: limiting investments to the safest types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Town of Monteagle will do business; diversifying the investment portfolio so that potential losses on individual securities will be minimized.

Interest rate risk - The Town has adopted a policy to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rate by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools. At June 30, 2025, the Town has elected to invest only in certificates of deposit.

**TOWN OF MONTEAGLE, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2025**

**Note G - CAPITAL ASSETS**

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

	Balance			Balance
	June 30, 2024	Increases	Decreases	June 30, 2025
<b><u>Governmental activities -</u></b>				
Capital assets not being depreciation -				
Land	\$ 407,444			\$ 407,444
Construction in progress	16,620	\$ 56,974		73,594
Subtotal	<u>\$ 424,064</u>	<u>\$ 56,974</u>		<u>\$ 481,038</u>
Capital assets being depreciation -				
Buildings	\$ 1,737,418	\$ 5,380		\$ 1,742,798
Furniture, fixtures, equipment, and vehicles	1,766,540	177,562	\$ (6,950)	1,937,152
Infrastructure	1,905,566			1,905,566
Subtotal	<u>\$ 5,409,524</u>	<u>\$ 182,942</u>	<u>\$ (6,950)</u>	<u>\$ 5,585,516</u>
Less accumulated depreciation for:				
Buildings	\$ (809,493)	\$ (42,375)		\$ (851,868)
Furniture, fixtures, equipment, and vehicles	(1,314,197)	(71,151)	\$ 1,158	(1,384,190)
Infrastructure	(847,468)	(94,242)		(941,710)
Subtotal	<u>\$ (2,971,158)</u>	<u>\$ (207,768)</u>	<u>\$ 1,158</u>	<u>\$ (3,177,768)</u>
Capital assets, being depreciated, net	<u>\$ 2,438,366</u>	<u>\$ (24,826)</u>	<u>\$ (5,792)</u>	<u>\$ 2,407,748</u>
Capital assets, net	<u>\$ 2,862,430</u>	<u>\$ 32,148</u>	<u>\$ (5,792)</u>	<u>\$ 2,888,786</u>

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

General government	\$ 26,699
Public safety	57,738
Public works	82,528
Public welfare and recreation	40,803
Total governmental activities depreciation expense	<u>\$ 207,768</u>

Capital asset activity for the year ended June 30, 2025, was as follows (continued):

	Balance *		Adjustments	Balance
	June 30, 2024	Increases	Decreases	June 30, 2025
<b><u>Business-type activities -</u></b>				
Capital assets not being depreciation -				
Construction in progress	\$ 224,250	\$ 2,016,181	\$ (143,909)	\$ 2,096,522
Subtotal	<u>\$ 224,250</u>	<u>\$ 2,016,181</u>	<u>\$ (143,909)</u>	<u>\$ 2,096,522</u>
Capital assets being depreciation -				
Land rights	\$ 122,082			\$ 122,082
Plant in service	15,508,655	\$ 376,227		15,884,882
Equipment	700,522	22,099		722,621
Subtotal	<u>\$ 16,331,259</u>	<u>\$ 398,326</u>		<u>\$ 16,729,585</u>
Less accumulated depreciation for:				
Land rights	\$ (75,858)	\$ (3,131)		\$ (78,989)
Plant in service	(7,585,195)	(394,013)		(7,979,208)
Equipment	(456,173)	(44,244)		(500,417)
Subtotal	<u>\$ (8,117,226)</u>	<u>\$ (441,388)</u>		<u>\$ (8,558,614)</u>
Capital assets, being depreciated, net	<u>\$ 8,214,033</u>	<u>\$ (43,062)</u>		<u>\$ 8,170,971</u>
Capital assets, net	<u>\$ 8,438,283</u>	<u>\$ 1,973,119</u>	<u>\$ (143,909)</u>	<u>\$ 10,267,493</u>

\*Beginning balances restated for correction of an error.

**TOWN OF MONTEAGLE, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2025**

**Note H - LONG-TERM OBLIGATIONS (continued)**

Governmental activities debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2026	\$ 50,000	\$ 3,562	\$ 53,562
2027	50,000	1,187	51,187
	<u>\$ 100,000</u>	<u>\$ 4,749</u>	<u>\$ 104,749</u>

**Business-Type Activities**

**State of Tennessee Public Health Loan** - The Water and Sewer Fund has a state revolving fund (SRF) loan (CWA 2009-226) to fund the Wastewater Facilities Project. The total approved amount of the loan was \$6,200,000. This amount was divided into three parts; SRF Loan of \$3,100,000, American Recovery and Reinvestment (ARRA) SRF loan of \$620,000 and ARRA funded debt forgiveness of \$2,480,000. The loan has an interest rate of 1.79%, and matures in fiscal year ending June 30, 2032. The Town began making monthly principal and interest payments of \$18,451 in November 2011. The Town has pledged users' fees and charges and/or ad valorem taxes as needed to pay the monthly installments due. Monteagle covenants to establish and collect such fees and taxes and to make such adjustments to raise funds sufficient to pay such monthly payments and costs but to create only a minimum excess. As further security the Town pledges and assigns its unobligated state-shared taxes in an amount equal to the maximum annual debt service requirements.

A summary of changes in business-type long-term obligations for the year ended June 30, 2025, are as follows:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
<b>Debt</b>					
Note SRF CWA 2009-226	\$ 1,520,592	\$ -	\$ (195,796)	\$ 1,324,796	\$ 199,330
Total debt	<u>\$ 1,520,592</u>	<u>\$ -</u>	<u>\$ (195,796)</u>	<u>\$ 1,324,796</u>	<u>\$ 199,330</u>
	Balance *	Net		Balance	Due Within
	June 30, 2024	Increase		June 30, 2025	One Year
<b>Other long-term obligations</b>					
Compensated absences	\$ 21,166	\$ 8,113		\$ 29,279	\$ 24,887
Total other long-term obligations	<u>\$ 21,166</u>	<u>\$ 8,113</u>		<u>\$ 29,279</u>	<u>\$ 24,887</u>
Total business-type activities long-term obligations	<u>\$ 1,541,758</u>	<u>\$ 8,113</u>	<u>\$ (195,796)</u>	<u>\$ 1,354,075</u>	<u>\$ 224,217</u>

\* Beginning balance restated for change in accounting principle for implementation of GASB 101.

Interest incurred and charged to expense during the year ended June 30, 2025, on water and sewer long-term debt was \$24,942.

Business-type debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2026	\$ 199,330	\$ 22,084	\$ 221,414
2027	202,927	18,486	221,413
2028	206,590	14,824	221,414
2029	210,318	11,095	221,413
2030	214,114	7,300	221,414
2031 - 2032	291,517	3,708	295,225
	<u>\$ 1,324,796</u>	<u>\$ 77,497</u>	<u>\$ 1,402,293</u>

**TOWN OF MONTEAGLE, TENNESSEE**

**Notes to Financial Statements (continued)**

**June 30, 2025**

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**Note K - RISK MANAGEMENT (continued)**

Property and Crime Coverage - The blanket limit for each occurrence under this policy is \$24,367,197. The policy has a limit of coverage of \$150,000 for employee dishonesty and \$150,000 for forgery or alteration, theft, disappearance or destruction, or computer fraud.

Workers' Compensation Coverage - The policy has liability limits of \$1,000,000 per individual per accident or disease with a \$1,000,000 policy limit. This policy is a retrospectively rated policy and premiums are accrued based on the ultimate cost of the experience to date of a group of entities.

The responsibilities of PEP are as follows:

PEP will defend any suit against the Town or covered party seeking damages even if any of the allegations of the suit are groundless, false, or fraudulent.

PEP's duty to pay on behalf of or to indemnify a covered party other than the Town does not apply to any act, error or omission:

- (1) That constitutes malfeasance in office;
- (2) That constitutes willful and wanton neglect of duty;
- (3) That constitutes dishonesty on the part of a covered party; or
- (4) That constitutes the willful violation of a statute or ordinance by any official, employee, or agent of the municipality.

The responsibilities of the Town are as follows:

To pay all contributions or other sums due to PEP at such times and in such amounts as shall be established by PEP.

To allow PEP and its agents reasonable access to all facilities of the Town and all records, including but not limited to financial records, which relate to the purposes of PEP during the coverage period and up to (3) three years afterward.

To allow attorneys appointed by PEP to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town within the scope of loss protection furnished by PEP.

To assist and cooperate in the defense and settlement of claims against the Town.

To furnish full cooperation to PEP's attorneys, claims adjusters, and any agent, employee, officer or independent contractor of PEP relating to the purposes of PEP.

To follow all loss reduction and prevention procedures established by PEP where possible.

To furnish to PEP such operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any conditions issued, all incidents which could result in PEP being required to pay a claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection in which the Town participates.

To allow PEP to inspect and appraise any damaged property before its repair or disposition.

The Town must cooperate with the pool in any dispute resolutions with other insurance companies.

The Town is not aware of any claims which the Town is liable for (up to the applicable deductible) which were outstanding and unpaid at June 30, 2025. No provision has been made in the financial statements for the year ended June 30, 2025, for any estimate of potential unpaid claims. Settled claims have not exceeded coverage in any of the past three fiscal years.

**COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES**

**NONMAJOR GOVERNMENTAL FUNDS**

Special revenue funds are used to account for the proceeds of specific revenues that are legally restricted to finance specific functions or activities of government and which, therefore, cannot be diverted to other uses.

*Drug Fund* is used to account for investigation of violations of controlled substance laws and is funded primarily by the state statute from the receipt of fines and costs related to drug enforcement cases.

*State Street Aid Fund* is used to account for maintenance of all non-state streets in the Town. Revenues are provided from a portion of the State of Tennessee gasoline and motor fuels tax.

TOWN OF MONTEAGLE, TENNESSEE

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2025

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Fund</u>	<u>State Street Aid Fund</u>	
<u>ASSETS</u>			
Cash	\$ 18,830	\$ 56,399	\$ 75,229
Due from other governments		4,545	4,545
Total Assets	\$ <u>18,830</u>	\$ <u>60,944</u>	\$ <u>79,774</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable		\$ <u>3,358</u>	\$ <u>3,358</u>
Total Liabilities		\$ <u>3,358</u>	\$ <u>3,358</u>
Fund Balance -			
Restricted for:			
Police activities	\$ 18,830		\$ 18,830
Street improvements		\$ 57,586	\$ 57,586
Total Fund Balances	\$ <u>18,830</u>	\$ <u>57,586</u>	\$ <u>76,416</u>
Total Liabilities and Fund Balances	\$ <u>18,830</u>	\$ <u>60,944</u>	\$ <u>79,774</u>

TOWN OF MONTEAGLE, TENNESSEE

Drug Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual

Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Fines and forfeitures				
City court fines and costs			\$ 1,463	\$ 1,463
Drug fines	\$ 4,000	\$ 4,000	500	(3,500)
Other -				
Interest	350	350	438	88
Total Revenues	<u>\$ 4,350</u>	<u>\$ 4,350</u>	<u>\$ 2,401</u>	<u>\$ (1,949)</u>
Expenditures -				
Current expenditures				
Public safety				
Supplies	\$ 600	\$ 900	\$ 880	\$ 20
Total Expenditures	<u>\$ 600</u>	<u>\$ 900</u>	<u>\$ 880</u>	<u>\$ 20</u>
Excess (deficiency) of Revenues				
Over (Under) Expenditures	<u>\$ 3,750</u>	<u>\$ 3,450</u>	<u>\$ 1,521</u>	<u>\$ (1,929)</u>
Fund Balance at beginning of year, as previously stated			\$ 16,318	
Correction of error			991	
Fund Balance at beginning of year, as restated			<u>\$ 17,309</u>	
Fund Balance at end of year			<u>\$ 18,830</u>	

**MAJOR CAPITAL PROJECTS FUND**

*Capital Asset Replacement Fund* is used to account for the acquisition or construction of general government capital assets such as buildings, vehicles, equipment and infrastructure.

TOWN OF MONTEAGLE, TENNESSEE

Capital Asset Replacement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual

Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Other -				
Interest	\$ 9,171	\$ 9,171	\$ 13,426	\$ 4,255
Total Revenues	\$ 9,171	\$ 9,171	\$ 13,426	\$ 4,255
Expenditures -				
Capital outlay	\$ 240,000	\$ 240,000	\$ 162,937	\$ 77,063
Total Expenditures	\$ 240,000	\$ 240,000	\$ 162,937	\$ 77,063
Excess (deficiency) of Revenues Over (Under) Expenditures	\$ (230,829)	\$ (230,829)	\$ (149,511)	\$ 81,318
Other Financing Sources and (Uses) -				
Transfer in	\$ 240,000	\$ 240,000	\$ 240,000	
Total Other Financing Sources and (Uses)	\$ 240,000	\$ 240,000	\$ 240,000	
Net change in fund balance	\$ 9,171	\$ 9,171	\$ 90,489	\$ 81,318
Fund Balance at beginning of year			475,231	
Fund Balance at end of year			\$ 565,720	

**FINANCIAL SCHEDULES**

Financial Schedules are presented to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements, and present other information deemed useful.

**TOWN OF MONTEAGLE, TENNESSEE**

**Schedule of Debt Service Requirements by Fiscal Year**

**June 30, 2025**

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Issue</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Principal and</u> <u>Interest</u>
<b><u>General Long-Term Debt -</u></b>					
<b><u>Notes from direct borrowings and direct placements</u></b>					
2026	Refunding Bond, Series 2011B	4.750 %	\$ 50,000	\$ 3,562	\$ 53,562
2027			50,000	1,187	51,187
<b>Total General Long-Term Debt</b>			<b>\$ 100,000</b>	<b>\$ 4,749</b>	<b>\$ 104,749</b>
<b><u>Water and Sewer Long-Term Debt -</u></b>					
<b><u>Notes from direct borrowings and direct placements</u></b>					
2026	State Revolving Loan CWA 2009-226	1.790 %	\$ 199,330	\$ 22,084	\$ 221,414
2027			202,927	18,486	221,413
2028			206,590	14,824	221,414
2029			210,318	11,095	221,413
2030			214,114	7,300	221,414
2031			217,977	3,436	221,413
2032			73,540	271	73,811
<b>Total Water and Sewer Long-Term Debt</b>			<b>\$ 1,324,796</b>	<b>\$ 77,496</b>	<b>\$ 1,402,292</b>
<b>Total Indebtedness</b>			<b>\$ 1,424,796</b>	<b>\$ 82,245</b>	<b>\$ 1,507,041</b>

**TOWN OF MONTEAGLE, TENNESSEE**

**Schedule of Municipal Utility Rates and Number of Customers**

**June 30, 2025**

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As of June 30, 2025, the Town of Monteagle serves approximately 1,228 water customers and 300 sewer customers.

**WATERWORKS**

	<u>Residential Inside Town</u>	<u>Residential Outside Town</u>
0 - 1,999 gallons (minimum bill)	\$ 20.10	\$ 25.72
2000 - 98,000 gallons	\$ 11.47 per/1,000	\$ 12.80 per/1,000
Over - 98,000 gallons	\$ 11.64 per/1,000	\$ 13.97 per/1,000

**SEWER SYSTEM**

	<u>Residential Inside Town</u>	<u>Residential Outside Town</u>
0 - 1,999 gallons (minimum bill)	\$ 25.14	\$ 38.41
2000 - 98,000 gallons	\$ 14.41 per/1,000	\$ 17.22 per/1,000
Over - 98,000 gallons	\$ 14.55 per/1,000	\$ 14.67 per/1,000

**SINGLE AUDIT SECTION**

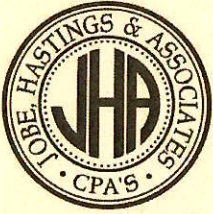
TOWN OF MONTEAGLE, TENNESSEE

Schedule of Expenditures of Federal Awards

June 30, 2025

<u>Federal Agency/Pass-Through Agency or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Pass-through to Subrecipients</u>	<u>Expenditures</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> Passed through the Tennessee Department of Economic and Community Development Community Development Block Grant (CDBG)	14.228	16063		\$ 16,312 \$ 16,312
<i>Total FAL 14.228</i>				
<b>DEPARTMENT OF THE TREASURY</b> Passed through the Tennessee Department of Environment and Conservation Coronavirus State and Local Fiscal Recovery Funds	21.027	75541		\$ 963,087 \$ 963,087
<i>Total FAL 21.027</i>				
<b>APPALACHIAN REGIONAL COMMISSION</b> Passed through the Tennessee Department of Economic and Community Development Appalachian Area Development	23.002	TN-20326-2021		\$ 409,319 \$ 409,319
<i>Total FAL 23.002</i>				
<b>ENVIRONMENTAL PROTECTION AGENCY</b> Passed through the Tennessee Department of Environment and Conservation Drinking Water State Revolving Fund	66.468	82474		\$ 116,472 \$ 116,472
<i>Total FAL 66.468</i>				
<b>TOTAL FEDERAL AWARDS</b>				\$ 1,505,190

Note 1 - The accompanying schedule of expenditures of federal awards includes the grant activity of the Town of Monteagle, Tennessee. Federal awards represent current period expenses charged to the grant as well as current period revenues recognized from the grant, recorded on the accrual basis of accounting. The Town of Monteagle, Tennessee will use the 10% de minimis indirect cost rate, when applicable.



# JOB, HASTINGS & ASSOCIATES

*Certified Public Accountants*

745 SOUTH CHURCH STREET – BELMONT PARK  
P.O. BOX 1175 MURFREESBORO, TN 37133-1175  
(615) 893-7777 FAX: (615) 896-5990  
www.jobehastings.com

James R. Jobe, CPA  
C. Jared Forrester, CPA, CSEP  
Andrew J. Nickerson, CPA

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

Honorable Mayor and Board of Aldermen  
Town of Monteagle, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Monteagle, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Monteagle, Tennessee's basic financial statements and have issued our report thereon dated March 24, 2026.

### **Report on Internal Control Over Financial Reporting**

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

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

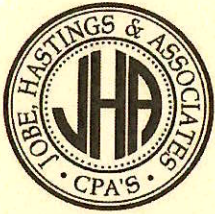
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Monteagle, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-001.

### **Town of Monteagle, Tennessee's Response to Findings**

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



# **JOB, HASTINGS & ASSOCIATES**

*Certified Public Accountants*

745 SOUTH CHURCH STREET – BELMONT PARK  
P.O. BOX 1175 MURFREESBORO, TN 37133-1175  
(615) 893-7777 FAX: (615) 896-5990  
www.jobehastings.com

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

Honorable Mayor and Board of Aldermen  
Town of Monteagle, Tennessee

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Town of Monteagle, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town of Monteagle, Tennessee's major federal program for the year ended June 30, 2025. Town of Monteagle, Tennessee's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Monteagle, Tennessee complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

#### ***Basis for Opinion on the Major Federal Program***

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

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

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

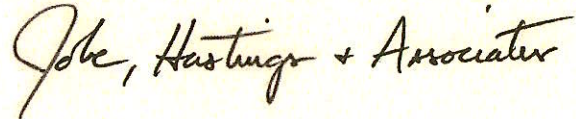
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to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

#### ***Auditor's Responsibilities for the Audit of Compliance***

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

Honorable Mayor and Board of Aldermen  
Town of Monteagle, Tennessee

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



Certified Public Accountants

Murfreesboro, Tennessee  
March 24, 2026

**TOWN OF MONTEAGLE, TENNESSEE**

**Schedule of Findings and Questioned Costs**

**June 30, 2025**

**A - SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Town of Monteagle, Tennessee were prepared in accordance with GAAP.
2. Two material weaknesses relating to the audit of the financial statements are reported in the *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*.
3. One instance of noncompliance material to the financial statements of the Town of Monteagle, Tennessee, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies and one material weakness relating to the audit of major federal award programs is reported in the *Independent Auditor's Report On Compliance For Each Major Program and On Internal Control Over Compliance Required By The Uniform Guidance*.
5. The auditor's report on compliance for the major federal award programs for the Town of Monteagle, Tennessee expresses an unmodified opinion on the major federal programs.
6. One audit finding that is required to be reported in accordance with 2 CFR section 200.516(a) is reported in this Schedule.
7. The programs tested as major programs include:

<u>Federal Program Name</u>	<u>FAL Number</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold used for distinguishing between Types A and B programs as defined by the Uniform Guidance was \$750,000.
9. The Town of Monteagle, Tennessee did not qualify as a low-risk auditee.

**B - FINDINGS - FINANCIAL STATEMENT AUDIT**

**2025-001 Bid and Competitive Bid Procedures (Repeat Prior Year Finding 2024-001; Originally Reported as Finding 2020-002)**

*Condition:* We noted purchases totaling \$27,890 that were made by the Town without obtaining competitive bids (three written quotes) as required by the Town's purchasing policies.

*Criteria:* The Town's purchasing policies require sealed bids for purchases and contracts estimated to be in excess of \$25,000, or competitive bidding (three written quotes) for purchases and contracts between \$10,500 to \$25,000, except as otherwise provided within the purchasing policy. The policy's definition of a contract includes an agreement for use of real property.

*Cause of Condition:* The purchases were made without obtaining three written quotes.

*Effect:* Purchases could be made without authorization and inconsistent with the Town's policies. In addition, the Town was not in compliance with TCA §6-56-301 Municipal Purchasing Law.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Findings and Questioned Costs

June 30, 2025

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**C - FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT (continued)**

**2025-003 Written Policies and Procedures Related to Federal Awards (continued)**

*Effect:* Without written policies, the Town cannot ensure that costs are consistently treated as allowable, reasonable, and allocable in accordance with federal requirements, potentially leading to questioned costs or disallowance.

*Recommendation:* The Town should develop and formally adopt comprehensive, written, and up-to-date policies and procedures that explicitly address 2 CFR 200 requirements for procurement, allowable costs, and financial reporting.

*Views of Responsible Officials and Planned Corrective Actions:* We will reach out to MTAS to help the Town write and implement a policy for the Federal Award Program.



**TOWN OF MONTEAGLE  
P.O. 127  
116 DIXIE AVE.  
MONTEAGLE, TN 37356  
Management's Corrective Action Plan  
For the Fiscal Year Ended June 30, 2025**

**FINDING 2025-001: Bid and Competitive Bid Procedures**

**Response and Corrective Action Prepared by:** Financial Department, Town of Monteagle

**Person Responsible for Implementing the Corrective Action:** Debbie Taylor

**Anticipation Completion Date of Corrective Action:** June 30, 2026

**Planned Corrective Action:** We will review and revise current purchasing policies for approval by the Mayor and Board of Aldermen. In addition, we will ensure that all purchases requiring Board action are approved and the appropriate documentation is retained.

**FINDING 2025-002: Material Adjustments**

**Response and Corrective Action Prepared by:** Financial Department, Town of Monteagle

**Person Responsible for Implementing the Corrective Action:** Debbie Taylor

**Anticipation Completion Date of Corrective Action:** June 30, 2026

**Planned Corrective Action:** Due to a software conversion, we had to close the year earlier than the scheduled August 31st date. As a result, some necessary documents were not available, and we had to rely on estimates. Moving forward, we will plan a more successful process to ensure there are no material adjustments in the future.