NEW ISSUE
BOOK-ENTRY-ONLY

PRELIMINARY OFFICIAL STATEMENT

$4,300,000*
CITY OF SWEETWATER, TENNESSEE
General Obligation Bonds, Series 2026
(Bank Qualified)

OFFERED FOR SALE NOT SOONER THAN

Wednesday, August 12, 2026 at 10:15 A.M. E.D.T.
Through the Facilities of ***PARITY***®

C|S
SINCE 1931
CUMBERLAND SECURITIES
INDEPENDENT FINANCIAL ADVISOR

July 27, 2026

*Preliminary, subject to change.

This *Preliminary Official Statement* and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the *Official Statement* is delivered in final form. Under no circumstances shall this *Preliminary Official Statement* constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 27, 2026

NEW ISSUE — Rating: S&P – "A+"
BOOK-ENTRY-ONLY — (See "MISCELLANEOUS-Rating" herein)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Under existing law and subject to certain exceptions, the Bonds and the income therefrom will be exempt from state, county and municipal taxation in the State of Tennessee. See "LEGAL MATTERS - Tax Matters" herein.

$4,300,000*
CITY OF SWEETWATER, TENNESSEE
General Obligation Bonds, Series 2026

Dated: Date of delivery (assume August 28, 2026). Due: June 1, as shown below.

The $4,300,000* General Obligation Bonds, Series 2026 (the "Bonds") issued by the City of Sweetwater, Tennessee (the "City") are issuable in fully registered form in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal, and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2026 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated trust office of the Registration Agent.

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. See section entitled "SECURITIES OFFERED – Security".

The Bonds maturing June 1, 2034 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2033.

Due (June 1)	Amount*	Interest Rate	Yield	CUSIP**	Due (June 1)	Amount*	Interest Rate	Yield	CUSIP**
2029	$15,000				2043	$150,000			
2030	85,000				2044	155,000			
2031	100,000				2045	165,000			
2032	100,000				2046	170,000			
2033	100,000				2047	180,000			
2034	100,000				2048	185,000			
2035	105,000				2049	195,000			
2036	110,000				2050	200,000			
2037	115,000				2051	210,000			
2038	120,000				2052	220,000			
2039	125,000				2053	230,000			
2040	130,000				2054	240,000			
2041	140,000				2055	250,000			
2042	145,000				2056	260,000			

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Preliminary Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon by John Cleveland, Esq. counsel to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, New York, New York, on or about August __, 2026.

Cumberland Securities Company, Inc.
Municipal Advisor

August __, 2026

*Preliminary, subject to change.

This *Preliminary Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Preliminary Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Preliminary Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Preliminary Official Statement.* The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Preliminary Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Preliminary Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this *Preliminary Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Municipal Advisor or the Underwriter. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

CITY OF SWEETWATER, TENNESSEE

MAYOR AND BOARD OF COMMISSIONERS

Angie Arp Kyle, Mayor

Sam Moser, Vice Mayor

Branham L. Lovingood

Mike Martin

Alan Richeson

James Stutts

OFFICIALS

Jessica Morgan	*City Administrator*
Sonya Crush	*City Recorder*
John Cleveland	*City Attorney*

UNDERWRITER

____

____

BOND REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Knoxville, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.

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SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Preliminary Official Statement*. This Summary Statement shall not be reproduced, distributed, or otherwise used except in conjunction with the remainder of this *Preliminary Official Statement*.

The Issuer	City of Sweetwater, Tennessee (the "City" or "Issuer"). See APPENDIX B contained herein.
Securities Offered	$4,300,000* General Obligation Bonds, Series 2026 (the "Bonds") of the City, dated the date of issuance (assume August 28, 2026). The Bonds mature each June 1 beginning June 1, 2029 through June 1, 2056, inclusive. See the section entitled "SECURITIES OFFERED" herein for additional information.
Security	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.
Purpose	The Bonds are being issued for the purpose of providing funds for (i) the acquisition, construction, improvement and equipping of public facilities, including a new community center and parks and recreation facilities; (ii) the acquisition of all other property, real and personal, appurtenant to the foregoing (the "Projects"); (iii) the payment of legal, fiscal, administrative, architectural and engineering costs incident to the Projects and incident to the indebtedness described herein; (iv) the payment of capitalized interest during construction of the Projects and for up to six months thereafter; (v) the reimbursement to the City for funds previously expended for any of the foregoing; and (vi) the payment of costs incident to the issuance and sale of the Bonds.
Optional Redemption	The Bonds maturing June 1, 2034 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2033.
Tax Matters	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)
Bank Qualification	The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled "LEGAL MATTERS - Tax Matters" for additional information.
Rating	S&P: "A+". See the section entitled "MISCELLANEOUS - Rating" for more information.
Municipal Advisor	Cumberland Securities Company, Inc., See the section entitled "MISCELLANEOUS-Municipal Advisor; Related parties; Other" herein.

*Preliminary, subject to change.

Underwriter.................................. ________________.

Bond Counsel .... Bass, Berry & Sims PLC, Knoxville, Tennessee.

Book-Entry-Only.......................... The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION - Book-Entry-Only System".

Registration Agent........................ Regions Bank, Nashville, Tennessee.

General.. The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See "SECURITIES OFFERED" herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.

Disclosure .... In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the City will provide the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID"), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled "MISCELLANEOUS-Continuing Disclosure."

Other Information......................... The information in this *Preliminary Official Statement* is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omissions of certain pricing information allowed to be omitted pursuant to such Rule 15c2-12. For more information concerning the City or this *Preliminary Official Statement,* contact the City Administrator, Jessica Morgan, 203 Monroe Street, Sweetwater, Tennessee 37874, Telephone: (423) 337-6979; or the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: 800-850-7422.

GENERAL FUND BALANCES

Summary of Changes In Fund Balances

For the Fiscal Year Ended June 30

	2021	**2022**	**2023**	**2024**	**2025**
Beginning Fund Balance	$2,630,255	$4,395,241	$5,769,537	$6,517,484	$6,743,711
Revenues	8,182,245	8,368,866	8,936,347	11,105,582	9,464,698
Expenditures	6,852,258	7,114,570	7,697,105	10,429,360	8,790,040
Other Financing Sources:					
Transfers In	-	-	-	-	-
Note Proceeds	500,000	191,000	-	-	4,997,010
Transfers Out	(65,000)	(71,000)	(372,410)	(410,575)	(192,660)
Excess of Revenues Over (Under) Expenditures	1,764,987	1,374,296	866,832	265,647	481,998
Prior Period Adjustment	-	-	(118,885)	(39,420)	153,511
Ending Fund Balance	**$4,395,241**	**$5,769,537**	**$6,517,484**	**$6,743,711**	**$7,379,220**

Source: Annual Comprehensive Financial Reports of the City of Sweetwater, Tennessee.

SUMMARY NOTICE OF SALE

$4,300,000*

CITY OF SWEETWATER, TENNESSEE
General Obligation Bonds, Series 2026

NOTICE IS HEREBY GIVEN that the Mayor of the City of Sweetwater, Tennessee (the "City") will receive electronic or written bids until **10:15 a.m. E.D.T.** on **Wednesday, August 12, 2026** for the purchase of all, but not less than all, of the City's $4,300,000* General Obligation Bonds, Series 2026 (the "Bonds"). Electronic bids must be submitted through ***PARITY®*** as described in the "Detailed Notice of Sale". In case of written bids, bids will be received by the City's Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY®*** System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY®*** System.

Electronic bids must be submitted through ***PARITY®*** via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale, and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, both written and electronic, the time maintained by ***PARITY®*** shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in ***PARITY®*** conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume August 28, 2026). The Bonds will mature on June 1 in the years 2029 through 2056, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing December 1, 2026, and will be subject to optional redemption prior to maturity on June 1, 2033. **Bidders must bid not less than one hundred percent (100.00%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds**. **No rate or rates bid for the Bonds shall be less than four percent (4.00%) or exceed five percent (5.00%) per annum. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.** Unless bids are rejected, the Bonds will be awarded by the Mayor of the City on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds and complies with all of the bid parameters outlined in this Summary Notice of Sale and the Detailed Notice of Sale. The approving opinion for the Bonds will be furnished at the expense of the City by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the City will require bidders to comply with the "hold-the-offering-price rule" or the "10% Test" for purposes of determining the issue price of the Bonds as described in the Detailed Notice of Sale. Bids will not be subject to cancellation in the event that the competitive sale requirements of applicable Treasury Regulations are not satisfied.

Additional information, including the *Preliminary Official Statement* in near final form and the Detailed Notice of Sale, may be obtained through www.prospectushub.com or from the City's Municipal Advisor, Cumberland Securities Company, Inc., (865) 988-2663. Further information regarding ***PARITY®*** may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Angie Arp Kyle
Mayor

*Preliminary, subject to change.

DETAILED NOTICE OF SALE

$4,300,000*

CITY OF SWEETWATER, TENNESSEE
General Obligation Bonds, Series 2026

NOTICE IS HEREBY GIVEN that the Mayor of City of Sweetwater, Tennessee (the "City") will receive electronic or written bids until **10:15 a.m. E.D.T.** on **Wednesday, August 12, 2026** for the purchase of all, but not less than all, of the City's $4,300,000* General Obligation Bonds, Series 2026 (the "Bonds"). Electronic bids must be submitted through *PARITY*® as described in this "Detailed Notice of Sale." In case of written bids, bids will be received by the City's Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY***® System not later than 9:45 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY***® System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance (assume August __, 2026), bear interest payable each June 1 and December 1, commencing December 1, 2026 be issued, or reissued upon transfer, in $5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature and be payable as follows:

YEAR (JUNE 1)	AMOUNT*	YEAR (JUNE 1)	AMOUNT*
2029	$15,000	2043	$150,000
2030	85,000	2044	155,000
2031	100,000	2045	165,000
2032	100,000	2046	170,000
2033	100,000	2047	180,000
2034	100,000	2048	185,000
2035	105,000	2049	195,000
2036	110,000	2050	200,000
2037	115,000	2051	210,000
2038	120,000	2052	220,000
2039	125,000	2053	230,000
2040	130,000	2054	240,000
2041	140,000	2055	250,000
2042	145,000	2056	260,000

*Preliminary, subject to change.

Bank Qualification. The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended.

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the "Book-Entry-Only System").

One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only System will evidence beneficial ownership interests of the Bonds in the principal amount of $5,000 for the Bonds and any integral multiple of $5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The City will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the successful bidder for the Bonds certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use the Book-Entry-Only System is not required.

In the event that the Book-Entry-Only System for the Bonds is discontinued and a successor securities depository is not appointed by the City, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of $5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) and the City and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Security Pledged. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

Municipal Bond Insurance. The City has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder or bidders for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder or bidders does so at its own risk and expense and the obligation of the successful bidder to pay for such series Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The City will cooperate with the successful bidder(s) in obtaining such insurance, but the City will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder(s) will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, and excluding only the fees of S&P that will be paid by the City.

Purpose. The Bonds are being issued for the purpose of providing funds for (i) the acquisition, construction, improvement and equipping of public facilities, including a new community center and parks and recreation facilities; (ii) the acquisition of all other property, real and personal, appurtenant to the foregoing (the "Projects"); (iii) the payment of legal, fiscal, administrative, architectural and engineering costs incident to the Projects and incident to the indebtedness described herein; (iv) the payment of capitalized interest during construction of the Projects and for up to six months thereafter; (v) the reimbursement to the City for funds previously expended for any of the foregoing; and (vi) the payment of costs incident to the issuance and sale of the Bonds.

Optional Redemption. The Bonds maturing on June 1, 2034 and thereafter are subject to optional redemption prior to maturity at the option of the City on or after June 1, 2033, at any time at the redemption price of par plus accrued interest.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds ("Term Bonds") bearing a single interest rate. If a successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the bid of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date.

Bidding Instructions. The City will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. **Bidders for the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall not be less than four percent (4.00%) or be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than one hundred percent (100.00%) of par or no more than one hundred and twenty-five percent (125%) of par. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.**

Electronic bids must be submitted through ***PARITY®*** via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by ***PARITY®*** shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in ***PARITY®*** conflict with the terms of this Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of ***PARITY®*** shall be deemed an offer to purchase in response to this Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by ***PARITY®***. The use of ***PARITY®*** facilities are at the sole risk of the prospective bidders.

For further information regarding ***PARITY®***, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY, 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the City's Municipal Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The City and the Municipal Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Any written bids should be submitted by facsimile to the City's Municipal Advisor at 865-988-1863. Written bids must be submitted on the Bid Forms included with the *Preliminary Official Statement.*

The City reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted.

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the Mayor to the bidder whose bid complies with this Detailed Notice of Sale and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the City reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Bidder Certification Regarding Non-Engagement in a Boycott of Israel. By submitting a bid, each bidder shall be deemed to have certified to the Issuer that, to the extent that the award of the Bonds would constitute a "contract with a company to acquire or dispose of service", as described by Tenn. Code Ann. Section 12-4-119, neither the bidder, nor any of its wholly owned subsidiaries, majority-owned subsidiaries, parent companies or affiliates, are currently engaged in nor will they engage in a boycott of Israel through the issue date of the Bonds, as described by Section 12-4-119. For purposes of Section 12-4-119, "boycott of Israel" shall mean engaging in refusals to deal, terminating business activities, or other commercial actions that are intended to limit commercial relations with Israel, or companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel to do business, or persons or entities doing business in Israel, when such actions are taken (i) in compliance with, or adherence to, calls for a boycott of Israel, or (ii) in a manner that discriminates on the basis of nationality, national origin, religion, or other unreasonable basis, and is not based on a valid business reason. The winning bidder shall be required to include a written certification to such effect as a condition to the issuance of the Bonds. The provisions of this paragraph shall not apply, and a bidder shall not be required to provide a written certification as provided above, if the bidder's compensation as a result of the purchase of a series of the Bonds is less than $250,000.

Bidder Certification Regarding Compliance with Iran Divestment Act. Pursuant to Tennessee Code Annotated Section 12-12-111 and to the extent applicable to the activities contemplated herein, by submission of a bid for the Bonds, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to Tennessee Code Annotated Section 12-12-106 (the "Iran Divestment Act List"). Such Iran Divestment Act List (i) provides a listing of persons determined to be engaging in investment activities in Iran, as described in Tennessee Code Section 12-12-105, and (ii) can be found online on the State's website: https://www.tn.gov/content/dam/tn/generalservices/documents/cpo/library/2026/List_of_persons_pursuant_to_Tenn._Code_Ann._12-12-106_Iran_Divestment_Act_02-20-2026.pdf.

Tennessee Code Annotated Section 12-12-105 provides that "a person engages in investment activities in Iran if: (1) [t]he person provides goods or services of twenty million dollars ($20,000,000) or more in the energy sector of Iran, including a person that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran; or (2) [t]he person is a financial institution that extends twenty million dollars ($20,000,000) or more in credit to another person, for forty-five (45) days or more, if that person will use the credit to provide goods or services in the energy sector in Iran and is identified on a list, created pursuant to Tennessee Code Annotated Section 12-12-106, as a person engaging in investment activities in Iran as described in this section."

If in any case the bidder cannot make the foregoing certification, in accordance with Tennessee Code Annotated Section 12-12-111 and to the extent applicable to the activities herein, the bidder shall so state and shall furnish with the bid a signed statement which sets forth in detail the reasons therefor. The City may award the bid to a bidder who cannot make the certification above, on a case-by-case basis, if: (1) the investment activities in Iran were made before July 1, 2016, the investment activities in Iran have not been expanded or renewed on or after July 1, 2016, and the person has adopted, publicized, and is implementing a formal plan to cease the investment activities in Iran and to refrain from engaging in any new investments in Iran; or (2) the City makes a determination that the goods or services are necessary for the City to perform its functions and that, absent such an exemption, the City would be unable to obtain the goods or services for which the contract is offered. Such determination shall be made in writing and shall be a public document.

Adjustment and/or Revision. While it is the City's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds or if the refundings fail to save the City the funds necessary to complete the refundings. Accordingly, the Mayor reserves the right, in his sole discretion, to adjust down the original par amount of the Bonds by up to twenty-five percent (25%). The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the City. Additionally, the Mayor reserves the right to change the dated date of the Bonds.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Standard Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the City's Municipal Advisor (by wire transfer) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A wire transfer must be received by the City's Municipal Advisor no later than the close of business on the day following the competitive sale. The wire instructions will be sent to the winning bidder after all bids are received.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the City as liquidated damages.

In the event of the failure of the City to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

Undertakings of the Successful Bidder. The successful bidder for the Bonds shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the City in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the City within 24 hours after award, furnish the following information to the City to complete the *Official Statement* in final form, as described below:

A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).
B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
C. Any other material information that the City determines is necessary to complete the *Official Statement* in final form.

After the award of the Bonds, the City will prepare copies of the final *Official Statement* and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the City will not include in the final *Official Statement* a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all aspects for the accuracy and completeness of information provided by such successful bidders with respect to such reoffering.

The City expects the successful bidder to deliver copies of such *Official Statement* in final form (the "Final Official Statement") to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board ("MSRB") via the MSRB's Electronic Municipal Market Access System ("EMMA"). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that each has made delivery of the Final Official Statement to the MSRB, to acknowledge that the City expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

<u>Establishment of Issue Price</u>

a. The successful bidder shall assist the City in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the City under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Municipal Advisor, and any notice or report to be provided to the City may be provided to the Municipal Advisor.

b. The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

    1. the City shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

    2. all bidders shall have an equal opportunity to bid;

    3. the City expects to receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

    4. the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale.

Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

c. In the event that the Competitive Sale Requirements are not satisfied as to the Bonds, the City shall so advise the successful bidder. In such event, the City intends to treat the (i) the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "Hold-the-Offering-Price Rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City promptly after the award of the Bonds if any maturities of the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The Hold-the-Offering-Price Rule shall apply to all maturities that do not satisfy the 10% Test as of the sale date. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

d. By submitting a bid, in the event of application of the Hold-the-Offering-Price Rule, the successful bidder for the Bonds shall deemed to have (i) confirmed that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or
2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

In the event of application of the Hold-the-Offering-Price Rule to any maturity of the Bonds, any successful bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

e. By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (1) to report the prices at which it sells to the public any unsold Bonds of each maturity allocated to it to which the Hold-the-Offering-Price Rule applies until the close of the fifth (5th) business day after the sale date and (2) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder and as set forth in the related pricing wires,

(B) to promptly notify the successful bidder of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity to which the Hold-the-Offering-Price Rule applies allocated to it until the close of the fifth (5^{th}) business day after the sale date and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires.

f. The City acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds.

g. Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:

1. "public" means any person other than an underwriter or a related party;

2. "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

3. a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

4. “sale date” means the date that the Bonds are awarded by the City to the successful bidder.

Issue Price Certificate. The winning bidder will be required to provide the City, at closing, with an issue price certificate consistent with the foregoing and meeting the requirements of bond counsel. The form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Competitive Sale Requirements are met, and the form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit B if the Competitive Sale Requirements are not met.

Legal Opinion. The approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the City. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds will be excluded from gross income for federal income tax purposes; is not an item of tax preference for purposes of the federal law alternative minimum tax. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. Reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after each of the City's fiscal years (the “Annual Report”), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal Market Access system (the “EMMA”) and any State Information Depository established in the State of Tennessee (the “SID”). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events are summarized in the *Preliminary Official Statement*.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days’ notice will be given to the successful bidder of such delivery. Delivery will be made in book-entry-only form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the City. The City will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The City has deemed the *Preliminary Official Statement* to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the “SEC”) except for the omission of certain pricing and other information. The City will furnish the successful bidder at the expense of the City a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom each such bidder and members of its bidding group initially sell the Bonds within seven (7) business days. Acceptance of a bid of the Bonds will constitute a contract between the City and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, this Detailed Notice of Sale and the Official Bid Form, may be obtained from the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding ***PARITY***® may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York, 10018, Telephone: 212-849-5000.

/s/ Angie Arp Kyle, Mayor

EXHIBIT A

CITY OF SWEETWATER, TENNESSEE
[$__________ GENERAL OBLIGATION BONDS, SERIES 2026]

ISSUE PRICE CERTIFICATE
(if Competitive Sale Requirements are met)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the City of Sweetwater, Tennessee (the "Issuer").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(c) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 12, 2026.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: ____________________

[NAME OF UNDERWRITER]

By: ______________________________

Name: ____________________________

Title: _____________________________

EXHIBIT B

CITY OF SWEETWATER, TENNESSEE
[$__________ GENERAL OBLIGATION BONDS, SERIES 2026]

ISSUE PRICE CERTIFICATE
(if Competitive Sale Requirements are not met)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]") [and the other members of the underwriting syndicate (together, the "Underwriting Group")], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the City of Sweetwater, Tennessee (the "Issuer").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

   (a) [SHORT NAME OF UNDERWRITER] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

   (b) As set forth in the [Detailed Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

   (a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

   (b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the "Hold-the-Offering-Price Maturities."

   (c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(f) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 12, 2026.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated:____________________

[NAME OF UNDERWRITER]

By:__________________________________

BID FORM

Honorable Angie Arp Kyle, Mayor
203 Monroe Street
Sweetwater, TN 37874

August 12, 2026

Dear Mayor Kyle:

For your legally issued, properly executed $4,300,000* General Obligation Bonds, Series 2026 (the "Bonds") of the City of Sweetwater, Tennessee, in all respects as more fully outlined in your Detailed Notice of Sale, which by reference are made a part hereof, we will pay you a sum of _____________________ ($_______________).

The Bonds shall be dated the date of issuance (assume August 12, 2026) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on June 1 and bear interest at the following rates:

Maturity (June 1)	Amount*	Rate	Maturity (June 1)	Amount*	Rate
2029	$15,000	___	2043	$150,000	___
2030	85,000	___	2044	155,000	___
2031	100,000	___	2045	165,000	___
2032	100,000	___	2046	170,000	___
2033	100,000	___	2047	180,000	___
2034	100,000	___	2048	185,000	___
2035	105,000	___	2049	195,000	___
2036	110,000	___	2050	200,000	___
2037	115,000	___	2051	210,000	___
2038	120,000	___	2052	220,000	___
2039	125,000	___	2053	230,000	___
2040	130,000	___	2054	240,000	___
2041	140,000	___	2055	250,000	___
2042	145,000	___	2056	260,000	___

We have elected the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

Term Bond 1: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 2: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 3: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 4: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 5: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 6: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.

It is our understanding that the Bonds are offered for sale as "qualified tax-exempt obligations" subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the City without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for up to 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the
City of Sweetwater, Tennessee, this
12th day of August 2026

____
Angie Arp Kyle, Mayor

Respectfully submitted,

____

Total interest cost from
August 28, 2026 to final maturity $____________________
Less: Premium /plus discount, if any $__________
Net Interest Cost $________________________________
True Interest Rate __%

The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.

*Preliminary, subject to change.

$4,300,000*
CITY OF SWEETWATER, TENNESSEE
General Obligation Bonds, Series 2026

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This *Preliminary Official Statement* which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by the City of Sweetwater, Tennessee (the "City") of $4,300,000* General Obligation Bonds, Series 2026 (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated,* as amended, and other applicable provisions of the law and pursuant to resolutions adopted by the Mayor and Board of Commissioners (the "City Commission"). The detailed bond resolution (the "Resolution") authorizing the issuance of the Bonds was adopted by the City Commission on July 6, 2026 (the "Resolution").

The Bonds are being issued for the purpose of providing funds for (i) the acquisition, construction, improvement and equipping of public facilities, including a new community center and parks and recreation facilities; (ii) the acquisition of all other property, real and personal, appurtenant to the foregoing (the "Projects"); (iii) the payment of legal, fiscal, administrative, architectural and engineering costs incident to the Projects and incident to the indebtedness described herein; (iv) the payment of capitalized interest during construction of the Projects and for up to six months thereafter; (v) the reimbursement to the City for funds previously expended for any of the foregoing; and (vi) the payment of costs incident to the issuance and sale of the Bonds.

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from their date of issuance and delivery (assume August 28, 2026). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2026. The Bonds are issuable in book-entry-only form in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the City Recorder. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

SECURITY

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of the principal of,

*Preliminary, subject to change.

premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

The City, through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The taxes may be reduced to the extent of other available funds for the payment of debt service on the Bonds.

The Bonds are not obligations of the State of Tennessee (the "State") or any political subdivision thereof other than the City.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Under the Internal Revenue Code of 1986, as amended (the "Code"), in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations," as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

OPTIONAL REDEMPTION OF THE BONDS

Bonds maturing June 1, 2034, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on June 1, 2033 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of the City, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry-Only System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry-Only System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

MANDATORY REDEMPTION

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing June 1, 20__, and June 1, 20__ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within a maturity shall be selected in the manner described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the City may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The City shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) described above are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

NOTICE OF REDEMPTION

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date

("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

PAYMENT OF BONDS

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Registration Agent to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designed trust office of the Registration Agent.

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows. However, if the winning bidder certifies to the City that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry-Only System is not required.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

DTC and its Participants. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-

U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized Book-Entry-Only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

Payments of Principal and Interest. Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds f or their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

Transfers of Bonds. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

None of the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the City will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the City believes to be reliable, but the City, the Bond Counsel, the Registration Agent and the Municipal Advisor do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent or the Municipal Advisor will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

DISPOSITION OF BOND PROCEEDS

The proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the 2026 Construction Fund (the "Construction Fund"), or such other designation as shall be determined by the Mayor to be kept separate and apart from all other funds of the City. The City shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Municipal Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the City for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law.

DISCHARGE AND SATISFACTION OF BONDS

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

3. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise described below, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes described above, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

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REMEDIES OF BONDHOLDERS

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

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LEGAL MATTERS

LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds.

TAX MATTERS

Federal

General. Bass, Berry & Sims PLC, Knoxville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and

- is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations..

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the

Bonds or affect the market price of the Bonds. See also section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Qualified Tax-Exempt Obligations. Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds, upon issuance, will be "qualified tax-exempt obligations" within the meaning of the Code.

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement,* in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Recorder acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel. Bond Counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled "LEGAL MATTERS - Tax Matters." The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled "MISCELLANEOUS – "Competitive Public Sale", "Additional Information" and "Continuing Disclosure."

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MISCELLANEOUS

RATING

S&P Global Ratings ("S&P") has given the Bonds the rating of "A+".

There is no assurance that such rating will continue for any given period of time or that the ratings may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on August 12, 2026. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that is dated July 27, 2026.

The successful bidder for the Bonds was an account led by __________________, _______, _______ (the "Underwriter") who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of $__________ (consisting of the par amount of the Bonds, plus net original issue discount, and less an underwriter's discount of $_________) or ____% of par.

MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

Municipal Advisor. Cumberland Securities Company, Inc., has served as Municipal Advisor (the "Municipal Advisor") to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the City to compile, create, or interpret any information in the *Preliminary Official Statement* and *Official Statement* relating to the City, including without limitation any of the City's financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the City, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to review or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

Regions Bank. Regions Bank (the "Bank") is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the City in other normal commercial banking capacities, it will be compensated separately for such services.

Official Statement. Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement,* in final form, and the *Official Statement*, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

Bond Counsel. Bond Counsel's fee for services rendered to the City with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the City and may do so again in the future.

Other. Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company's role as serving as the City's Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. including Dissemination Agent and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

ADDITIONAL DEBT

The City has not authorized any additional debt. However, the City has various capital projects which may or may not be funded in future years and may require the issuance of additional debt.

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DEBT LIMITATIONS

Pursuant to Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the City uses the statutory authority granted therein to issue bonds. (see "DEBT STRUCTURE - Indebtedness and Debt Ratios" for additional information.)

DEBT RECORD

There is no record of a default on principal and interest payments by the City from information available. Additionally, no agreements or legal proceedings of the City relating to securities have been declared invalid or unenforceable.

CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2026 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The issuer will provide notice in a timely manner to the MSRB of a failure by the City to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

Five-Year History of Filing. For the past five years, the City is unaware of any instances in which it has not complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. Summary of Bonded Indebtedness as of the end of such fiscal year;

2. The Indebtedness and Debt Ratios as of the end of such fiscal year, together with information about the property tax base;

3. Information about the Bonded Debt Service Requirements as of the end of such fiscal year;

4. Information about the Bonded Debt Service Requirements – Water and Sewer Fund as of the end of such fiscal year;

5. Information about the Bonded Debt Service Requirements – Electric Fund as of the end of such fiscal year;

6. The Fund Balances, Net Assets and Retained Earnings for the fiscal year;

7. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year;

8. The estimated assessed value of property in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year;

9. Property Tax Rates and Collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year; and

10. The Ten Largest Taxpayers.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the City or related public entities, which have been submitted to the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events. The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.

3. The following are the Listed Events:

   a. Principal and interest payment delinquencies;

   b. Non-payment related defaults, if material;

   c. Unscheduled draws on debt service reserves reflecting financial difficulties;

   d. Unscheduled draws on credit enhancements reflecting financial difficulties;

   e. Substitution of credit or liquidity providers, or their failure to perform;

   f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

   g. Modifications to rights of Bondholders, if material;

   h. Bond calls, if material, and tender offers;

   i. Defeasances;

   j. Release, substitution, or sale of property securing repayment of the securities, if material;

   k. Rating changes;

   l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

   m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

   n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

   o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the City, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms as of a financial obligation of the City, any of which affect security holders, if material; and

p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the City, any of which reflect financial difficulties.

Termination of Reporting Obligation. The City's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default. In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

BONDHOLDER RISK

GENERAL. The purchase of the Bonds is subject to a number of investment considerations. The following is a discussion of certain investment considerations, which, among others, could affect the ability of the City to pay the principal of and interest and premium, if any, on the Bonds and which could also affect the marketability of, or the market price for, the Bonds. Such discussion is not, and is not intended to be, a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement, including the Appendices attached hereto. Each prospective purchaser of any Bond should read this Official Statement, including the Appendices attached hereto, in its entirety and consult such prospective purchaser's own investment or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Bonds.

CLIMATE CHANGE AND ADVERSE WEATHER EVENTS. Planning for climate change in the State and its impact on the City's operations is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts of climate change include changes in the length, intensity, and frequency of droughts and floods. Additionally, severe weather and natural disasters, generally, including tornadoes and other storm events, can affect the City and its residents in a number of ways, including by damaging City property, causing the temporary or permanent displacement of City residents and interrupting City services. The City cannot predict the impact of climate change or the timing, extent or severity of any adverse weather event or natural disaster and any potential effect on the City's operations or finances.

CYBER-SECURITY. Computer networks and data transmission and collection are vital to the efficient operations of the City. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the City, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the City's operations, which could materially affect the City and its operations. Attempted cyber security attacks against organizations or entities similar to the City are increasingly common. In January 2024, the Federal Bureau of Investigation issued a specific warning that internation hackers are working to attack governmental infrastructure in the United States. To mitigate against such risks, the City has instituted various policies and procedures to protect its network infrastructure. The City maintains insurance to mitigate any potential financial losses from cyber-security threats, though such insurance may not be sufficient to cover all losses incurred by the City as a result of any cyberattack or breach.

FUTURE LEGISLATION. From time to time, the Tennessee General Assembly considers bills purporting to limit the amount by which Tennessee local governments may increase ad valorem tax levies for purposes other than the payment of general obligation debt service without first obtaining voter approval by referendum. If enacted into law, such bills would have no impact on the security for the payment of the Bonds. However, such laws could impact the City's ability to raise revenue for other governmental operating and capital requirements. See also "LEGAL MATTERS – Tax Matters – Changes in Federal and State Tax Law" for the potential impact of changes in tax law on the Bonds.

ENFORCEABILITY OF REMEDIES. The remedies available to the holders or beneficial owners of the Bonds upon any event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The enforceability of remedies or rights with respect to the Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Under existing law, municipalities must obtain the consent of state governments in order to avail themselves of federal bankruptcy protection under Title 11 of the United States Code. There is currently no law in the State granting such consent. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting the rights of creditors generally or as to the availability of any particular remedy.

SECONDARY MARKET PRICES. No assurance can be given that a secondary market for any of the Bonds will be available and no assurance can be given that the initial offering prices for the Bonds will continue for any period of time.

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event a holder or beneficial owner thereof determines to solicit purchasers of the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current holder or beneficial owner of the Bonds, depending on existing market conditions and other factors.

FORWARD LOOKING STATEMENTS

The statements contained in the *Preliminary Official Statement* and *Official Statement*, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in the *Preliminary Official Statement* and *Official Statement* are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in the *Preliminary Official Statement* and *Official Statement* would prove to be accurate.

ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in this *Preliminary Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this *Preliminary Official Statement* involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this *Preliminary Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or the *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this *Preliminary Official Statement* as “final” as of its date within the meaning of Rule 15c2-12 except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

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CERTIFICATION OF THE CITY

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ ______________________________
Mayor

ATTEST:

/s/ ______________________________
City Recorder

APPENDIX A

LEGAL OPINION

LAW OFFICES OF
BASS, BERRY & SIMS PLC
900 SOUTH GAY STREET, SUITE 1700
KNOXVILLE, TENNESSEE 37902

Ladies and Gentlemen:

We have acted as bond counsel to the City of Sweetwater, Tennessee (the "Issuer") in connection with the issuance of $____________ General Obligation Bonds, Series 2026 (the "Bonds") dated _________________, 2026. We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the Board of Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer.

3. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Issuer have been irrevocably pledged.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements could cause interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing

business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

6. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

The rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equity principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

The City of Sweetwater (the "City") is located in Southeast Tennessee in both Monroe and McMinn Counties, with the vast majority of the City in Monroe County. Monroe County (the "County") is located in the southeastern portion of Tennessee. The County is bounded on the north by Tellico Lake (Loudon County) and Blount County. Polk County and the state of North Carolina make up the County's southern border. North Carolina also provides the County's eastern border with McMinn County to the west.

GENERAL

The City of Sweetwater is the largest town in Monroe County, with a 2020 Census population of 5,132 and is located about 45 miles south of Knoxville and 65 miles north of Chattanooga. Monroe County has an approximate land area of 635 square miles or 425,600 acres. According to the 2020 Census, the County has a population of 46,250. The City of Madisonville, the County seat, is about 35 miles southwest of Knoxville. Other incorporated towns within the County are Tellico Plains and Vonore (which a portion of also lies in Blount County).

The City of Athens is the McMinn County seat and is the largest city in McMinn County at a population of 14,196. McMinn County has a population of 53,276 according to the 2020 Census. Athens was designated a Micropolitan Statistical Area (the "mSA"). The Athens mSA is also part of the Chattanooga-Cleveland-Athens, TN-GA Combined Statistical Area (the "CSA") of southeast Tennessee and northeast Georgia. The CSA includes McMinn, Hamilton, Marion and Sequatchie Counties in Tennessee. The City of Chattanooga is the largest city in the CSA with a population of 181,099 according to the 2020 Census.

TRANSPORTATION

Monroe County

The County is served by the Norfolk Southern and CSX Railroads. These two lines provide daily direct freight and inter-modal service to the Eastern United States, with connections to other carriers to the Southwest and west of the Mississippi River. Highway transportation is provided by U.S. Highway 11 and 411 and State Highways 360, 322, 165, 72, 68, and 39. Interstate 75 is easily accessible, lying only two miles from County line, with Interstate 40 within a 30-minute drive.

The Monroe County Airport provides small flight service, with an asphalt runway of 3,600 feet. The nearest commercial service is at McGhee Tyson Airport in Knoxville, a half hour's drive from the County.

The County nearest port facility is in the city of Vonore on the Little Tennessee River that flows into Tellico Lake. The waterway is eleven feet deep and six miles long. Channelization of the Tennessee River to a 9-foot minimum navigable depth from its junction with the Ohio River at Paducah, Kentucky to Knoxville, Tennessee gives the County the benefits of year round, low cost water transportation and a port on the nation's 10,000 mile-inland waterway system. This system formed largely by the Mississippi River and its tributaries, effectively links the County with the Great Lakes to the north and the Gulf of Mexico to the south.

McMinn County

McMinn County has I-75 access located in Athens and has US Highway 411 and State Highway 30 going through Etowah. Other highways in McMinn County are US 11 and State Highways 39, 305 and 309. Rail transportation is provided by CSX Transportation and Norfolk-Southern Railroad. The nearest port is in Chattanooga on the Hiwassee about 50 miles to the south. McMinn County Airport is the local airport with a 5,500-foot runway. The nearest commercial airports are the McGhee Tyson Airport in Knoxville and the Chattanooga Metro Airport both about 50 miles to the north and south, respectively.

EDUCATION

Monroe County

The *Monroe County School System* serves the County's citizens with thirteen schools for grades K through 12. The *Sweetwater City School System* has two elementary and two middle/junior high schools located in the city.

Source: Tennessee Department of Education.

Cleveland State Community College is a comprehensive two-year community college that operates within the governance of the Tennessee Board of Regents. The college is located in Cleveland, Tennessee, just 30 miles northeast of Chattanooga. The college has offices and classrooms in Athens and Vonore. Cleveland State’s service area includes Bradley, Meigs, McMinn, Monroe, and Polk Counties.

Source: Cleveland State Community College.

The Tennessee Technology Center at Athens. The Tennessee Technology Center at Athens is part of a statewide system of vocational-technical schools. The Tennessee Technology Center meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution’s primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The Technology Center at Athens serves the southeast region of the state including McMinn, Monroe, Bradley, Meigs, and Polk Counties. The Technology Center at Athens began operations in 1963, and the main campus is located in McMinn County.

Source: Tennessee Technology Center at Athens.

The University of Tennessee about 35 miles away in Knox County.

McMinn County

The *McMinn County School System* operates nine schools. The McMinn County also has a vocational high school. There are a total of 3 schools within the city limits of Etowah: two elementary schools, one City operated and one McMinn County operated, and one McMinn County operated high school. The *City of Athens School System* operates five schools. The *City of Etowah School System* operates a single elementary school.

Source: Tennessee Department of Education.

Cleveland State Community College is a comprehensive two-year community college that operates within the governance of the Tennessee Board of Regents. The college is located in Cleveland, Tennessee, just 30 miles northeast of Chattanooga. The college has offices and classrooms in Athens and Vonore. Cleveland State's service area includes Bradley, Meigs, McMinn, Monroe, and Polk Counties.

Source: Cleveland State Community College and TN Higher Education Commission.

Tennessee Wesleyan University is a private, four-year liberal arts university located in Athens (McMinn County) and is affiliated with the Holston Conference of the United Methodist Church. The University offers baccalaureate programs in fine arts, humanities, natural and social sciences as well as business, nursing, other career-related areas, and teacher certification. The University was founded in 1857 and one of the original buildings on the forty-acre campus is Old College Hall, which is listed on the National Register of Historic Places. A sister school, Nagasaki Wesleyan, is located in Isahaya, Japan. Each year, several Nagasaki Wesleyan students transfer to TWC to complete their degrees.

Source: Tennessee Wesleyan College.

The Tennessee College of Applied Technology at Athens. The Tennessee College of Applied Technology at Athens (the "TCAT-A") is part of a statewide system of vocational-technical schools. The TCAT-A meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-A serves the southeast region of the state including McMinn, Monroe, Bradley, Meigs, and Polk Counties. The TCAT-A began operations in 1963, and the main campus is located in McMinn County.

Source: Tennessee Technology Center at Athens and TN Higher Education Commission.

HEALTHCARE

Monroe County

Sweetwater Hospital is the County's only hospital with about 59 beds. It originally opened in the early 1960's. The hospital is located in the Monroe County portion of Sweetwater.

Starr Regional Medical Center – Starr Regional Medical Center (the "SRMC") has approximately 118 beds as an acute care facility that serves the area of McMinn, Monroe, and Meigs County. It is located in nearby McMinn County. This facility is part of LifePoint Hospital, Inc. based in Brentwood, Tennessee.

Source: LifePoint Hospitals, Inc.

McMinn County

Etowah Campus - Starr Regional Medical Center, located in Etowah, is a part of the Star Regional Medical Center.

Source: LifePoint Hospitals, Inc.

LEISURE BOAT MANUFACTURES

Leisure Boat Manufacturing. Due to the Tennessee Valley Authority (the "TVA") system of lakes and rivers, East Tennessee is an excellent place to test boats without worrying about hurricanes while being near the Interstate crossroads. Channelization of the Tennessee

River to a 9-foot minimum navigable depth from its junction with the Ohio River at Paducah, Kentucky to the City gives the surrounding communities the benefits of year-round, low-cost water transportation and a port on the nation's 10,000-mile-inland waterway system. It takes a week to deliver the yachts too large for the interstate from the reservoir down the series of locks on the Tennessee River, along the Tennessee-Tombigbee Waterway, then on to the Gulf of Mexico and beyond. This system, formed largely by the Mississippi River and its tributaries, effectively links the River with the Great Lakes to the north and the Gulf of Mexico to the south.

Brunswick Boat Group, with $2.8 billion in revenue in recent years, moved its corporate headquarters to Knoxville from Chicago in 2002. The company, which owns more than two dozen boat brands, is the largest boat builder in the region. The aim is to improve quality and serviceability with a new closed-mold production method and acquisition of companies that will allow it to service boats faster, control quality better and make owning a boat as easy as owning a car.

The Yamaha jet boat plant located in Monroe County is one of the largest manufacturers of sporting boats in the world. In early 2015, a $17.7 million expansion was begun which added 150 new jobs over time to the current work force of 348 employees. The Japanese-based company has had record profits since production increased 200 percent in 2012.

Source: News Sentinel.

Boat manufacturers in the area listed by county are below:

Knox County:	Bullet Boats, and Sailabration Houseboats
Monroe County:	Sea Ray Boats, Mastercraft Boats, Yamaha-TWI and Revel Boats
Blount County:	Skier's Choice, Allison and Stroker Boats
Loudon County:	Malibu Boats
Cumberland County:	Leisure Kraft Pontoons
Campbell County:	Norris Craft Boat Company

MANUFACTURING AND COMMERCE

Monroe County

The local economy is well-diversified as a result of the County's close proximity to both Knoxville and Chattanooga and the rest of the highly industrialized East Tennessee area. The County's employment lies primarily in manufacturing, with over 50 industries producing over 200 different products. Principal products are apparel, fabricated metals, furniture, lumber and wood products. There are also four industrial parks conveniently located in the County which serve several businesses and industries and have space available for additional development.

Niles Ferry Industrial Park is located in Vonore with 676 total acres in the park. It is owned by the Monroe County. The site is readily accessible to major highway, rail, air and water transportation services. As a planned industrial environment, the park's facilities and functions are being integrated with the land and water resources of Tellico Lake.

The *Madisonville Industrial Park* is publicly owned by the City of Madisonville, Tennessee with about 70 acres. *Sweetwater Industrial Park* is adjacent to Norfolk-Southern

Railway in Sweetwater. Out of the total 110 acres in the park, only 10 acres left for development.

Tellico West Industrial is publicly owned by Tellico Reservoir Development Agency. The site is located in Vonore on State Route 72 and the CSX Transportation Railroad. There are 965 acres out of 1,500 available in the park. The Grand Vista Hotel is located in the Tellico West Industrial Park in Vonore and has fifty rooms and suites.

Tennessee Downtowns. The Cities of Madisonville, Sweetwater and Tellico Plains have historically significant downtowns that have been improved through the Tennessee Downtowns program. Tennessee Downtowns is an affiliated program of Tennessee Main Street designed to help rural communities to revitalize their downtown areas. The Tennessee Downtowns program helps local communities revitalize traditional commercial districts, enhance community livability, spur job creation and maintain the historic character of downtown districts. The two-year program coaches selected communities and their steering committees through the steps of launching effective renewal efforts. Tennessee Downtowns includes community training in the Main Street America program and a $15,000 grant for a downtown improvement project.

The selected communities all have downtown commercial districts established at least 50 years ago and have demonstrated their readiness to organize efforts for downtown revitalization according to Main Street America principles. The highly competitive selection process was based on historic commercial resources, economic and physical need, demonstrated local effort, overall presentation and probability of success. Tennessee Downtown communities that complete the program are eligible for additional Downtown Improvement Grants as well as Main Street designation.

Source: Tennessee Department of Economic and Community Development.

McMinn County

DENSO Tennessee. The automotive parts plant DENSO has three locations in the state – Maryville, Athens and Jackson – and employs over 5,000 people in Tennessee. DENSO's Athens facility manufactures fuel injectors, fuel pumps, oxygen sensors, ignition coils, monolithic carriers and spark plugs. DENSO has invested approximately $3 billion in Tennessee. DENSO is a leading global automotive supplier of advanced technology, systems and components in the areas of thermal, powertrain control, electronics and information and safety. The company provides parts for 20 automakers, including Toyota, Honda, Daimler Chrysler, General Motors, Ford and Subaru.

Industrial Parks. Athens/McMinn Interstate Industrial Park (350 acres) and the Mt. Verd Interchange Industrial Park (233 acres) are both located in Athens.

Select Tennessee Certified Sites. The North Etowah Industrial Park (271 acres) and the 75 Regional Commerce Park (149 acres) are both certified as Select Tennessee Certified Sites. The Select Tennessee Certified Sites Program has helped communities prepare industrial sites for private investment and job creation since 2012. The certification process ensures that each certified site meets high quality standards and are primed for development. Certified sites must have documented environmental conditions and geotechnical analysis, existing onsite utilities or a formal plan to extend utilities to the site, and truck-quality road access. The program's goal is to give companies detailed and reliable information during the site selection process and markets the sites to a targeted group of site selection consultants and business leaders in Tennessee’s key industry clusters.

Source: Tennessee Department of Economic and Community Development.

Tennessee Downtowns. The cities of Athens and Etowah both have a historically significant downtown that has improved through the Tennessee Downtowns program. Tennessee Downtowns is an affiliated program of Tennessee Main Street designed to help rural communities to revitalize their downtown areas. The Tennessee Downtowns program helps local communities revitalize traditional commercial districts, enhance community livability, spur job creation and maintain the historic character of downtown districts. The two-year program coaches selected communities and their steering committees through the steps of launching effective renewal efforts. Tennessee Downtowns includes community training in the Main Street America program and a $15,000 grant for a downtown improvement project.

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The following table lists the major industrial employers in the County:

Major Employers in Monroe County

Company	Product	Employees
JTEKT Automotive TN	Automotive Steering Systems	1,251
Monroe County Schools	Education	785
Mastercraft	Pleasure and Ski Boats	785
Yamaha-TWI	Sport Boats	700
DHL Supply Chain	Transportation	602
Sea Ray Boats, Inc	Boat Manufacturing	559
Sweetwater Hospital	Hospital	500
Carlex Glass Company	Automotive Glass Sets	500
National Seating Co.	Seat Systems	500
Havco Wood Products	Manufacturing	420
Monroe County Government	Government	381
Carlex Glass Company	Glass	300

Source: TN Department of Economic and Community Development - 2024.

ECONOMIC DATA

Per Capita Personal Income

	2020	2021	2022	2023	2024
National	$59,151	$64,692	$66,298	$70,002	$73,204
Tennessee	$51,977	$57,715	$59,107	$63,479	$66,504
Monroe County	**$38,462**	**$42,349**	**$42,458**	**$45,460**	**$47,859**
Index vs. National	65	65	64	65	65
Index vs. State	72	69	69	72	72

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Social and Economic Characteristics

	National	Tennessee	Monroe County	Sweetwater
Median Value Owner Occupied Housing	$332,700	$286,700	$227,500	$178,400
% High School Graduates or Higher Persons 25 Years Old and Older	89.60%	90.00%	85.6%	85.9%
% Persons with Income Below Poverty Level	10.60%	13.50%	12.6%	14.6%
Median Household Income	$80,734	$69,595	$56,895	$45,451

Source: U.S. Census Bureau State & County QuickFacts – 2024.

TOURISM AND RECREATION

Appalachian National Scenic Trail (the "AT"). The Appalachian Trail is a 2,175-mile long footpath stretching through 14 eastern states from Maine to Georgia. It can be accessed in nearby Blount County though the Great Smokey Mountain National Park in Townsend. Conceived in 1921 and first completed in 1937, it traverses the wild, scenic, wooded, pastoral, and culturally significant lands of the Appalachian Mountains. The AT is enjoyed by an estimated 4 million people each year.

Source: National Park Service.

Cherohala Skyway. The Cherohala Skyway was completed in the fall of 1996 after being under construction for some thirty-four years. It is North Carolina's most expensive highway carrying a pricetag of $100,000,000. Winding up and over 6,000 foot mountains for 15 miles in North Carolina and descending another 21 miles into the deeply forested backcountry of Tennessee. The road crosses through the Cherokee and Nantahala National Forests thus the name "Chero...hala". The Skyway is becoming well known for its natural beauty and scenic vistas.

This road connects Robbinsville, North Carolina, with Tellico Plains, Tennessee in Monroe County. It can be desolate at night and extremely dangerous in the winter months. There are no facilities other than restrooms for the entire 36 miles. There is little evidence of civilization from views that rival or surpass any from the Blue Ridge Parkway. Sightseers, motorcyclists, and sports car enthusiasts all come to enjoy this scenic highway. Many just drive to the top to cool off in the summer months. There is usually a ten-degree difference in temperatures from the lower elevations.

The Cherohala Skyway Visitor Center in Tellico Plains, Tennessee, is a product of a grant from the National Scenic Byway program. The visitor center was opened in September 2003 and is owned by Monroe County, Tennessee. Management of the visitor center is in partnership with the US Forest Service, Monroe County, Tellico Plains, and the Cradle of Forestry Interpretive Association. The gift shop in the visitor center is a "not-for-profit" gift shop.

Source: Cherohala Skyway.

Cherokee National Forest (the "CNF"). The Cherokee National Forest is located in Eastern Tennessee and stretches from Polk, Monroe, Cocke, Greene, Unicoi, Carter and Johnson Counites along the North Carolina border. The 640,000-acre forest is the largest tract of public land in Tennessee. About 145,000 of those acres make up one third of Monroe County. It lies in the heart of the Southern Appalachian mountain range, one of the world's most diverse areas. These mountains are home to more than 20,000 species of plants and animals. Also popular are the 650 miles of hiking trails and the 500 miles of streams for fishing. Each year millions of people visit Tennessee's Cherokee National Forest. The area is the former homeland of the Cherokee Indians and is Tennessee's only National Forest. National forests are lands of many uses. The original purpose for their creation was to protect water quality and provide a continuous supply of timber. Today the national forest mission includes outdoor recreation, wildlife and fish habitat, wilderness, water quality, minerals, wood products, and much more.

Also located in the Cherokee National Forest at Deals Gap (the border of Blount and Monroe Counties) is the Tail of the Dragon. A section of US Highway 129 winds its way through the National Forest to such a degree that it has become famous for driving the curves. The section's 318 curves in 11 miles have made it America's number one motorcycle and sports car road. Drivers from all over the country come to ride the Tail of the Dragon.

Source: USDA Forest Service.

Fort Loudoun State Historic Park. Fort Loudoun State Park is located in Vonore (in Monroe County) on TVA's Tellico Reservoir. This 1,200-acre site is the location of one of the earliest British fortifications on the western frontier, built in 1756. Nearby were the principal towns of the Cherokee Nation including Tenase, namesake of the state, and Tuskegee, birthplace of the genius Sequoyah, commemorated by the Cherokee Nation's Museum. Today the fort and the 1794 Tellico Blockhouse overlook the Tellico Reservoir and the Appalachian Mountains. Much of the park's 1,200-acres lie on an island on Tellico Lake. The park has a Visitor Center/Museum that offers information on the area's history and artifacts that were excavated prior to the Fort's reconstruction. The largest event of each year is an18th Century Trade Faire that showcases many aspects of that century. British soldiers, civilians, ladies and small children come together with traders, French soldiers, Creek and Cherokee Indians.

Source: Tennessee State Parks.

Great Smoky Mountains National Park (the "Park"). The Great Smoky Mountains National Park straddles the border between North Carolina and Tennessee in Blount and Sevier Counties and the southern part of Cocke County. Monroe County is located southwest of the Park. Over 500,000 acres were set aside in 1934 to form the Park. It includes 97 historic and 342 modern structures that are maintained by the Park. The Park is a hiker's paradise with over 800 miles of maintained trails, including the Appalachian Trail. The Smoky Mountains have the most biological diversity of any area in the world's temperate zone. The Park is a sanctuary for a magnificent array of animal and plant life, all of which is protected for future generations to enjoy. Located in the center of the eastern half of the United States, the Park is readily accessible to 70% of the country's population. Each year it draws the largest attendance of any of the National Parks in the United States.

The Lost Sea. Home of America's largest underground lake, The Lost Sea is open year-round for tours of its caverns. This US Registered National Landmark has many interesting rooms, some of which are among the widest, highest and largest rooms of any caverns in the Southeast. The easy walk down the cavern is rewarded with glass-bottom boat ride on the lake.

Tellico Dam and Reservoir. Tennessee Valley Authority's ("TVA") Tellico Dam is located in Lenoir City on the Little Tennessee River very close to the Fort Loudoun Dam. Construction of Tellico Dam began in 1967 and was completed in 1979. Tellico Dam is 129 feet high and reaches 3,238 feet across the Little Tennessee River. Water from Tellico helps drive the four generating units at Fort Loudoun Dam, which has a generating capacity of 145,000 kilowatts of electricity.

Tellico Reservoir stretches 33 miles into the mountains of east Tennessee through Loudon and Monroe Counties. Tellico Reservoir was planned as an extension of nearby Fort Loudoun Reservoir and has 373 miles of shoreline. Tellico Dam serves to divert water through a short canal into Fort Loudoun, linking the two reservoirs in their joint functions of flood control, power production, and improved navigation. They help regulate flooding downstream, especially at Chattanooga. The canal also allows barges to enter the Little Tennessee River without a lock, thus significantly increasing commercial barge operations in the Valley. Several recreation areas with boat ramps, day-use areas, fishing areas, and campgrounds, are available at Tellico.

Source: Tennessee Valley Authority.

RECENT DEVELOPMENTS

New Industrial Park. The City in 2026 zoned and approved a site plan for a private industrial park with up to 8 buildings off Pleasant Grove Road near I-75 in McMinn County. This site is still under development and is in the initial construction phase.

Source: The City.

CITY OF SWEETWATER, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS
As of June 30, 2026 (Unaudited)

PURPOSE	DUE DATE	TYPE	General Fund	Water/Sewer [2]	Electric [3]	DEBT OUTSTANDING
$6,000,000 General Obligation TMBF Loan, Series 2002	2030	Variable [4]	$ 1,231,000	$ -	$ -	$ 1,231,000
$2,600,000 General Obligation TMBF Loan, Series 2017	2042	Variable [4]	1,809,000	-	-	1,809,000
$500,000 Capital Outlay Note, Series 2020	2027	Fixed	151,000	-	-	151,000
$2,000,000 TLDA Loan	2029	Fixed	291,433	-	-	291,433
$456,700 General Obligation TMBF Loan, Series 2026	2031	Fixed	454,100	-	-	454,100
$669,562 SRF Loan 2003-170	2026	Fixed [(2)]	-	17,045	-	17,045
$1,194,994 SRF Loan 07-177	2027	Fixed [(2)]	-	74,759	-	74,759
$6,500,000 General Obligation TMBF Loan, Series 2010	2029	Variable [2,4]	-	1,233,000	-	1,233,000
$1,833,000 SRF Loan DG3 14-148	2036	Fixed [2]	-	961,788	-	961,788
$1,400,000 General Obligation USDA Loan, Series 2017	2059	Fixed [2]	-	1,251,375	-	1,251,375
$1,040,000 Interdepartmental Loan, Series 2019 (Gas to Electric)	2038	Variable [3,4]	-		690,764	690,764
$8,100,00 General Obligation Bonds, Series 2022 (Electric System)	2045	Fixed [3]	-	-	7,485,000	7,485,000
TOTAL EXISTING DEBT			$ 3,936,533	$ 3,537,967	$ 8,175,764	$ 15,650,264
DEBT ISSUANCE POST JUNE 30, 2026						
$4,300,000 General Obligation Bonds, Series 2026	2056	Fixed	$ 4,300,000	$ -	$ -	$ 4,300,000
Less: Revenue Supported Debt			-	(3,537,967)	(8,175,764)	(11,713,731)
NET DIRECT DEBT POST ISSUANCE - Unaudited			$ 8,236,533	$ -	$ -	$ 8,236,533

Notes:

[1] The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements herein.

[2] Self-supporting debt paid by revenues of the water and sewer systems.

[3] Self-supporting debt paid by revenues of the electric systems.

[4] City accounts for variable rate risk. Debt service reflects a budget variable rate of 4% and does not assume any rate resets, where applicable.

CITY OF SWEETWATER, TENNESSEE
Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following table is based upon information derived in part from the City's Annual Financial Statements which are attached herein and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For Fiscal Year Ended June 30				Unaudited	Post Issuance
INDEBTEDNESS	**2022**	**2023**	**2024**	**2025**	**2026**	**2026**
TAX SUPPORTED						
General Obligation Bonds & Notes[1]	$ 6,594,117	$ 5,961,601	$ 5,315,385	$ 4,643,177	$ 3,936,533	$ 8,236,533
TOTAL TAX SUPPORTED	$ 6,594,117	$ 5,961,601	$ 5,315,385	$ 4,643,177	$ 3,936,533	$ 8,236,533
REVENUE SUPPORTED						
Water and Sewer Bonds and Loans	$ 5,904,392	$ 5,339,070	$ 4,757,480	$ 4,156,447	$ 3,537,967	$ 3,537,967
Electric Bonds and Loans	$ 1,925,723	$ 9,363,535	$ 8,695,969	$ 8,410,069	$ 8,175,764	$ 8,175,764
TOTAL REVENUE SUPPORTED	$ 7,830,115	$ 14,702,605	$ 13,453,449	$ 12,566,516	$ 11,713,731	$ 11,713,731
TOTAL DEBT	$ 14,424,232	$ 20,664,206	$ 18,768,834	$ 17,209,693	$ 15,650,264	$ 19,950,264
Less: Revenue Supported Debt	(7,830,115)	(14,702,605)	(13,453,449)	(12,566,516)	(11,713,731)	(11,713,731)
NET DIRECT DEBT	$ 6,594,117	$ 5,961,601	$ 5,315,385	$ 4,643,177	$ 3,936,533	$ 8,236,533
OVERLAPPING DEBT[2]						
Monroe County	$ 8,624,776	$ 8,435,483	$ 8,098,242	$ 8,333,500	$ 7,959,809	$ 7,959,809
McMinn County	$ -	$ -	$ -	$ -	$ -	$ -
Total	$ 8,624,776	$ 8,435,483	$ 8,098,242	$ 8,333,500	$ 7,959,809	$ 7,959,809
NET DIRECT & OVERLAPPING DEBT	$ 15,218,893	$ 14,397,084	$ 13,413,627	$ 12,976,677	$ 11,896,342	$ 16,196,342
PROPERTY TAX BASE						
Estimated Actual Value	$ 517,357,119	$ 628,251,807	$ 754,633,998	$ 812,791,588	$ 998,661,256	$ 998,661,256
Appraised Value	$ 478,994,479	$ 487,563,145	$ 754,633,998	$ 812,791,588	$ 806,863,177	$ 806,863,177
Assessed Value	$ 145,832,738	$ 148,379,184	$ 223,736,076	$ 242,516,275	$ 241,618,582	$ 241,618,582

Source: Tax Aggregate Reports

[1] Does not include capital leases or compensated absences, if any. See the Notes to the Financial Statements attached herein for additional details.

[2] OVERLAPPING DEBT Includes the City's portion of debt of Monroe County and McMinn County. Best available information from audits.

	For Fiscal Year Ended June 30				Unaudited	Post Issuance
DEBT RATIOS	**2022**	**2023**	**2024**	**2025**	**2026**	**2026**
TOTAL DEBT to Estimated Actual Value	2.79%	3.29%	2.49%	2.12%	1.57%	2.00%
TOTAL DEBT to Appraised Value	3.01%	4.24%	2.49%	2.12%	1.94%	2.47%
TOTAL DEBT to Assessed Value	9.89%	13.93%	8.39%	7.10%	6.48%	8.26%
NET DIRECT DEBT to Estimated Actual Value	1.27%	0.95%	0.70%	0.57%	0.39%	0.82%
NET DIRECT DEBT to Appraised Value	1.38%	1.22%	0.70%	0.57%	0.49%	1.02%
NET DIRECT DEBT to Assessed Value	4.52%	4.02%	2.38%	1.91%	1.63%	3.41%
OVERLAPPING DEBT to Estimated Actual Value	1.67%	1.34%	1.07%	1.03%	0.80%	0.80%
OVERLAPPING DEBT to Appraised value	1.80%	1.73%	1.07%	1.03%	0.99%	0.99%
OVERLAPPING DEBT to Assessed Value	5.91%	5.69%	3.62%	3.44%	3.29%	3.29%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	2.94%	2.29%	1.78%	1.60%	1.19%	1.62%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	3.18%	2.95%	1.78%	1.60%	1.47%	2.01%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	10.44%	9.70%	6.00%	5.35%	4.92%	6.70%
PER CAPITA RATIOS						
POPULATION (1)	6,515	6,630	6,702	6,706	6,706	6,706
PER CAPITA PERSONAL INCOME (2)	$42,458	$45,460	$47,859	$47,859	$47,859	$47,859
Estimated Actual Value to POPULATION	$79,410	$94,759	$112,598	$121,204	$148,921	$148,921
Assessed Value to POPULATION	$22,384	$22,380	$33,383	$36,164	$36,030	$36,030
Total Debt to POPULATION	$2,214	$3,117	$2,800	$2,566	$2,334	$2,975
Net Direct Debt to POPULATION	$1,012	$899	$793	$692	$587	$1,228
Overlapping Debt to POPULATION	$1,324	$1,272	$1,208	$1,243	$1,187	$1,187
Net Direct & Overlapping Debt to POPULATION	$2,336	$2,172	$2,001	$1,935	$1,774	$2,415
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	5.21%	6.86%	5.85%	5.36%	4.88%	6.22%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.38%	1.98%	1.66%	1.45%	1.23%	2.57%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	3.12%	2.80%	2.52%	2.60%	2.48%	2.48%
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	5.50%	4.78%	4.18%	4.04%	3.71%	5.05%

(1) Per Capita computations are based upon POPULATION data according the U.S. Census data.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the Bureau of Economic Analysis for Monroe County.

CITY OF SWEETWATER, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS
Paid by City Governmental Funds
As of June 30, 2026 (Unaudited)

FY Ended	Estimated Existing Debt Service			Proposed: General Obligation Bonds, Series 2026			Estimated Total Bonded Debt Service Requirements [1]			% All Principal
6/30	Principal	Interest [1,2]	TOTAL	Principal	Interest [3]	TOTAL	Principal	Interest [1,2]	TOTAL	Repaid
2027	$ 658,672	$ 177,425	$ 836,097	$ -	$ 140,288	$ 140,288	$ 658,672	$ 317,712	$ 976,384	8.00%
2028	675,720	150,651	826,371	-	187,050	187,050	675,720	337,701	1,013,421	16.20%
2029	580,841	124,040	704,881	15,000	187,050	202,050	595,841	311,090	906,931	23.44%
2030	519,000	99,173	618,173	85,000	186,398	271,398	604,000	285,571	889,571	30.77%
2031	198,300	74,173	272,473	100,000	182,700	282,700	298,300	256,873	555,173	34.39%
2032	107,000	65,200	172,200	100,000	178,350	278,350	207,000	243,550	450,550	36.90%
2033	109,000	59,850	168,850	100,000	174,000	274,000	209,000	233,850	442,850	39.44%
2034	111,000	54,400	165,400	100,000	169,650	269,650	211,000	224,050	435,050	42.00%
2035	114,000	48,850	162,850	105,000	165,300	270,300	219,000	214,150	433,150	44.66%
2036	116,000	43,150	159,150	110,000	160,733	270,733	226,000	203,883	429,883	47.41%
2037	118,000	37,350	155,350	115,000	155,948	270,948	233,000	193,298	426,298	50.23%
2038	121,000	31,450	152,450	120,000	150,945	270,945	241,000	182,395	423,395	53.16%
2039	123,000	25,400	148,400	125,000	145,725	270,725	248,000	171,125	419,125	56.17%
2040	126,000	19,250	145,250	130,000	140,288	270,288	256,000	159,538	415,538	59.28%
2041	128,000	12,950	140,950	140,000	134,633	274,633	268,000	147,583	415,583	62.53%
2042	131,000	6,550	137,550	145,000	128,543	273,543	276,000	135,093	411,093	65.88%
2043	-	-	-	150,000	122,235	272,235	150,000	122,235	272,235	67.70%
2044	-	-	-	155,000	115,710	270,710	155,000	115,710	270,710	69.59%
2045	-	-	-	165,000	108,968	273,968	165,000	108,968	273,968	71.59%
2046	-	-	-	170,000	101,790	271,790	170,000	101,790	271,790	73.65%
2047	-	-	-	180,000	94,395	274,395	180,000	94,395	274,395	75.84%
2048	-	-	-	185,000	86,565	271,565	185,000	86,565	271,565	78.09%
2049	-	-	-	195,000	78,518	273,518	195,000	78,518	273,518	80.45%
2050	-	-	-	200,000	70,035	270,035	200,000	70,035	270,035	82.88%
2051	-	-	-	210,000	61,335	271,335	210,000	61,335	271,335	85.43%
2052	-	-	-	220,000	52,200	272,200	220,000	52,200	272,200	88.10%
2053	-	-	-	230,000	42,630	272,630	230,000	42,630	272,630	90.89%
2054	-	-	-	240,000	32,625	272,625	240,000	32,625	272,625	93.81%
2055	-	-	-	250,000	22,185	272,185	250,000	22,185	272,185	96.84%
2056	-	-	-	260,000	11,310	271,310	260,000	11,310	271,310	100.00%
	$ 3,936,533	$ 1,029,862	$ 4,966,395	$ 4,300,000	$ 3,588,098	$ 7,888,098	$ 8,236,533	$ 4,617,960	$ 12,854,493	

NOTES:

[1] May not include all capitalized leases, compensated absences or additional notes. See the Notes to the Annual Financial Report herein for additional information.

[2] City accounts for variable rate risk. Debt service reflects a budget variable rate of 4% and does not assume any rate resets, where applicable.

[3] Budgeted Interest Rate of 4.35%.

CITY OF SWEETWATER, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS
WATER & SEWER FUND

As of June 30, 2026 (Unaudited)

FY Ended 6/30	Estimated Total Bonded Debt Service Requirements[1] Principal	Interest	TOTAL	% All Principal Repaid
2027	$ 613,666	$ 73,639	$ 687,305	17.35%
2028	538,435	60,860	599,295	32.56%
2029	528,039	48,715	576,754	47.49%
2030	121,672	36,844	158,516	50.93%
2031	123,336	35,186	158,522	54.41%
2032	125,019	33,500	158,519	57.95%
2033	126,733	31,785	158,518	61.53%
2034	128,479	30,039	158,518	65.16%
2035	130,258	28,264	158,522	68.84%
2036	131,999	26,458	158,457	72.57%
2037	32,372	25,082	57,454	73.49%
2038	33,233	24,222	57,455	74.43%
2039	34,115	23,339	57,454	75.39%
2040	35,022	22,432	57,454	76.38%
2041	35,952	21,502	57,454	77.40%
2042	36,907	20,546	57,453	78.44%
2043	37,888	19,566	57,454	79.51%
2044	38,895	18,559	57,454	80.61%
2045	39,928	17,526	57,454	81.74%
2046	40,989	16,465	57,454	82.90%
2047	42,078	15,376	57,454	84.09%
2048	43,196	14,258	57,454	85.31%
2049	44,343	13,110	57,453	86.56%
2050	45,521	11,932	57,453	87.85%
2051	46,731	10,722	57,453	89.17%
2052	47,972	9,481	57,453	90.53%
2053	49,247	8,206	57,453	91.92%
2054	50,555	6,898	57,453	93.35%
2055	51,899	5,555	57,454	94.81%
2056	53,277	4,176	57,453	96.32%
2057	54,693	2,760	57,453	97.87%
2058	56,146	1,307	57,453	99.45%
2059	19,372	106	19,478	100.00%
	$ 3,537,967	$ 718,414	$ 4,256,381	

NOTES:

[1] May not include all capitalized leases, compensated absences or additional notes. See the Notes to the Annual Financial Report herein for additional information.

2 City accounts for variable rate risk.

CITY OF SWEETWATER, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - ELECTRIC FUND

As of June 30, 2026 (Unaudited)

FY Ended	Total Bonded Debt Service Requirements [1]			% All Principal
6/30	Principal	Interest	TOTAL	Repaid
2027	$ 220,276	$ 309,416	$ 529,692	2.69%
2028	226,035	301,856	527,891	
2029	236,806	294,086	530,892	
2030	242,589	285,903	528,492	
2031	253,383	277,509	530,892	
2032	259,189	268,703	527,892	17.59%
2033	270,008	259,684	529,692	
2034	275,839	250,253	526,092	
2035	286,682	240,610	527,292	
2036	297,538	230,554	528,092	
2037	308,407	220,085	528,492	35.19%
2038	319,289	209,203	528,492	
2039	304,723	197,974	502,697	
2040	280,000	187,000	467,000	
2041	295,000	175,800	470,800	
2042	305,000	164,000	469,000	53.58%
2043	315,000	151,800	466,800	
2044	330,000	139,200	469,200	
2045	340,000	126,000	466,000	
2046	355,000	112,400	467,400	
2047	370,000	98,200	468,200	74.50%
2048	385,000	83,400	468,400	
2049	400,000	68,000	468,000	
2050	415,000	52,000	467,000	
2051	435,000	35,400	470,400	
2052	450,000	18,000	468,000	100.00%
	$ 8,175,764	$ 4,757,035	$ 12,932,799	

NOTES:

[1] May not include all capitalized leases, compensated absences or additional notes. See the Notes to the Annual Financial Report herein for additional information.

FINANCIAL INFORMATION

BASIS OF ACCOUNTING AND PRESENTATION

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the City. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures, other than interest or long-term debt, are recognized when incurred and measurable.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred except for prepaid expenses, such as insurance, which are fully expended at the time of payment.

FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The following table depicts fund balances, net assets and retained earnings for the last five fiscal years ending June 30:

	For the Fiscal Year Ended June 30				
Fund Type	**2021**	**2022**	**2023**	**2024**	**2025**
Governmental Funds:					
General	$ 4,395,241	$5,650,652	$6,517,484	$6,897,222	$7,379,221
State Street Aid	389,709	466,487	416,423	209,593	182,646
Drug	72,892	87,030	80,255	76,986	62,755
Other Governmental	366,402	388,133	361,947	388,729	440,387
General Purpose School	8,082,549	9,489,584	11,984,011	15,622,645	18,781,482
School Cafeteria	223,051	550,722	431,506	323,795	346,249
School Federal Project	1,239	5,343	7,300	4,880	3,276
School Capital Project	74,567	75,699	96,140	127,220	155,756
Total	**$13,605,649**	**$16,713,917**	**$19,895,064**	**$23,651,067**	**$27,351,771**
Proprietary Funds:					
Electric Fund	$27,019,560	$28,130,933	$29,073,164	$30,802,989	$32,111,708
Natural Gas Fund	11,785,064	12,013,557	12,100,008	12,565,583	13,093,991
Water & Sewer Fund	16,744,372	17,307,619	18,109,948	19,180,895	20,058,865
Total	**$55,548,996**	**$57,452,169**	**$59,283,120**	**$62,549,467**	**$65,264,564**

Source: Annual Comprehensive Financial Report and Auditor's Report.

CITY OF SWEETWATER, TENNESSEE

Five Year Summary of Revenues, Expenditures and

Changes In Fund Balances - General Fund

For the Fiscal Year Ended June 30

		2021		2022		2023		2024		2025
Revenues:										
Local Taxes	$	6,042,894	$	6,263,039	$	6,550,526	$	6,661,901	$	7,018,618
Intergovernmental Revenues		1,305,731		1,165,829		1,325,084		3,670,916		1,847,038
Licenses and Permits		62,748		100,262		53,952		56,476		39,247
Receipts for Use of Facilities		13,800		13,800		13,800		13,800		13,800
Fines and Forfeitures		29,571		22,925		30,529		26,135		27,251
Charges for Services		598,645		575,009		702,983		238,514		129,130
Other Revenues		128,856		228,002		259,473		437,840		389,614
Total Revenues	$	8,182,245	$	8,368,866	$	8,936,347	$	11,105,582	$	9,464,698
Expenditures:										
General Government	$	1,116,666	$	1,115,010	$	1,126,296	$	1,532,616		1,681,948
Public Safety		2,572,317		2,784,092		3,297,793		3,623,360		3,930,259
Public Welfare		710,711		763,103		877,249		945,716		930,278
Highways and Streets		1,011,830		1,084,609		1,337,306		1,553,267		1,471,688
Waste Management		315,595		308,952		279,452		-		-
Education		20,524		24,872		28,586		33,443		37,042
Capital Outlay		832,612		746,173		412,616		2,403,274		401,214
Debt Service		272,004		287,759		337,807		337,684		337,611
Total Expenditures	$	6,852,258	$	7,114,570	$	7,697,105	$	10,429,360	$	8,790,040
Excess of Revenues Over (Under) Expenditures	$	1,329,987	$	1,254,296	$	1,239,242	$	676,222	$	674,658
Other Sources & Uses:										
Note / Bond Proceeds	$	500,000	$	191,000	$	-	$	-	$	-
Transfers (to) from Other Funds		(65,000)		(71,000)		(372,410)		(410,575)		(192,660)
Total Other Sources & Uses	$	435,000	$	120,000	$	(372,410)	$	(410,575)	$	(192,660)
Excess of Revenues Over (Under) Expenditures	$	1,764,987	$	1,374,296	$	866,832	$	265,647	$	481,998
Fund Balance July 1	$	2,630,255	$	4,395,241	$	5,769,537	$	6,517,484	$	6,743,711
Prior Period Adjustment		-		-		(118,885)		(39,420)		153,511
Fund Balance June 30	**$**	**4,395,241**	**$**	**5,769,537**	**$**	**6,517,484**	**$**	**6,743,711**	**$**	**7,379,220**

Source : Annual Comprehensive Financial Reports of the City of Sweetwater.

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle City operating funds is controlled by state statute and local policies and administered by the City Clerk. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. For reporting purposes, all investments are stated at cost which approximates market value.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

(a) Public Utility Property, to be assessed at 55% of its value;

(b) Industrial and Commercial Property, to be assessed at 30% of its value; and
(c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of $7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated,* the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

County Assessments; County Board of Equalization. The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January I for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

State Assessments of Public Utility Property; State Board of Equalization. The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

Periodic Reappraisal and Equalization

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an one-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

Valuation for Property Tax Purposes

County Valuation of Property. The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

State Valuation of Public Utility Property. The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole *(i.e.,* the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

Certified Tax Rate

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the *"Certified Tax Rate")* which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

Tax Freeze for the Elderly Homeowners

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is $500 for the year in which he becomes eligible, his property taxes will remain at $500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

Tax Collection and Tax Lien

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

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Assessed Valuations. According to the Tax Aggregate Report of Tennessee, property in the City reflected a ratio of appraised value to true market value of 0.8085 in Monroe County and 0.7617 in McMinn County. The following table shows pertinent data for tax year 2025[1].

Class	Assessed Valuation*	Rate	Appraised Value*
Public Utility Property	$ 1,847,277	55%	$ 4,232,021
Commercial/Industrial/Mineral	89,396,120	40%	277,092,852
Personal Tangible Property	26,626,160	30%	105,093,468
Residential, Farm and Open Space	123,749,025	25%	612,242,915
Totals	**$241,618,582**		**$998,661,256**

Source: 2025 Tax Aggregate Report of Tennessee.
[1] The tax year coincides with the calendar year, therefore, tax year 2025 is actually fiscal year 2025-2026.
* Compiled from both Counties that the City is located.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2026 (tax year 2025) is $241,618,582* compared to $242,516,275* for the fiscal year ending June 30, 2025 (tax year 2024). The estimated actual value of all taxable property for tax year 2025 is $998,661,256* compared to $812,791,588* for tax year 2024.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the City for tax years 2021 through 2025 as well as the aggregate uncollected balances for each fiscal year ending June 30.

PROPERTY TAX RATES AND COLLECTIONS				**Fiscal Yr Collections**		**Aggregate Uncollected Balance**	
Tax Year[2]	**Assessed Valuation***	**Tax Rates**	**Taxes Levied**	**Amount**	**Pct**	**as of June 30, 2025 Amount**	**Pct**
2021	$147,413,789	$1.3800	$2,034,357	$1,905,468	93.7%	$12,245	0.6%
2022	148,631,511	1.3800	2,051,146	1,952,582	95.2%	19,717	1.0%
2023	222,939,794	0.9346	2,090,235	1,963,455	93.9%	56,952	2.7%
2024	242,295,919	0.9346	2,225,944	2,121,805	95.3%	104,139	4.7%
2025	242,275,040	0.9346	2,264,308	**IN PROCESS**			

[2] The tax year coincides with the calendar year, therefore, tax year 2025 is actually fiscal year 2025-2026.
* Compiled from both Counties that the City is located.
Source: Tax Aggregate Reports of Tennessee and Annual Comprehensive Financial Report.

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Ten Largest Taxpayers. For the fiscal year ending June 30, 2026 (tax year 2025), the ten largest taxpayers in the City are as follows:

	Taxpayer	Business Type	Taxes Paid
1.	Red Stag Warehousing LLC	Distribution	$120,060
2.	Aero Flex USA Inc.	Manufacturing	51,619
3.	NGK Metals Corp.	Manufacturing	35,497
4.	Wal-Mart	Retail Estate	31,655
5.	Gemtron Corp.	Manufacturing	27,401
6.	American Self Storage	Self Storage	21,885
7.	Aero Flex USA Inc.	Manufacturing	21,881
8.	Hydra Pools	Manfacturing	20,883
9.	JDSDJ LLC	Entertainment	19,437
10.	Sweetwater Health Property	Healthcare	19,177
	TOTAL		**$369,495**

Source: The City.

PENSION PLAN

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

For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the City.

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APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

CITY OF SWEETWATER, TENNESSEE

FOR THE FISCAL YEAR ENDED

JUNE 30, 2025

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of the City of Sweetwater for the fiscal year ended June 30, 2025 which is available upon request from the City.

Financial Statements

CITY OF SWEETWATER, TENNESSEE

Year Ended June 30, 2025

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MEH MITCHELL EMERT & HILL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Qualified Opinion on the Aggregate Remaining Fund Information

In our opinion, except for the possible effects of the matter described in the "Matter Giving Rise to the Qualified Opinion on the Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of City of Sweetwater, Tennessee, as of June 30, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities and each Major Fund

In our opinion, based on our audit and the report of the other auditors, 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 of City of Sweetwater, Tennessee as of June 30, 2025, the respective changes in its financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons of the general fund, state street aid fund, drug fund, general purpose school fund, school cafeteria fund and school federal project fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the electric fund, the natural gas fund, or the water and sewer fund, which represent 100 percent of the assets, net position and revenue of the business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the proprietary fund, is based solely on the report of the other auditors.

416 Erin Drive • Knoxville, Tennessee 37919 • (865) 522-2396 • Fax (865) 523-6318

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Sweetwater, 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.

Matter Giving Rise to the Qualified Opinion on the Aggregate Remaining Fund Information

We were not engaged to and did not audit the Sweetwater Utility Board Defined Benefit Pension Plan which represents 100 percent of the fiduciary funds presented in the City of Sweetwater, Tennessee's financial statements. Those financial statements have not been audited and therefore, we do not express an opinion or provide any assurance on this information.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Sweetwater, Tennessee's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Sweetwater, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of a Matter

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

Required Supplementary Information/Management's Discussion and Analysis

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise City of Sweetwater, Tennessee's financial statements. The accompanying information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The statement of revenue, expenditures and changes in fund balance – actual and budget – school capital project fund, combining and individual nonmajor fund financial statements, schedules of investments, property taxes receivable, long-term debt requirements, changes in long-term debt by individual issue, expenditures of federal awards and state financial assistance, operations expenses – proprietary funds, and maintenance expenses – proprietary funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedules of utility rates and metered customers and principal officials but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 December 8, 2025 on our consideration of City of Sweetwater, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Sweetwater, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sweetwater, Tennessee's internal control over financial reporting and compliance.

Mitchell Emert & Hill

December 8, 2025

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

The management of City of Sweetwater, Tennessee (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025.

Consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

The following are key financial highlights:

- The net position of the City at June 30, 2025 was $116,771,124 ($110,948,061 in 2024). Of this amount, $29,985,084 may be used to meet the City's ongoing obligations to citizens and creditors ($29,548,471 in 2024).
- The City's net position increased by $5,669,552 (4.9%) during the year ended June 30, 2025 and increased by $8,616,739 (7.8%), during the year ended June 30, 2024.
- At June 30, 2025 the City's governmental funds reported combined ending fund balances of $27,351,771, an increase of $3,700,703 from June 30, 2024. Approximately 27% of this total amount ($7,315,060) is available for spending at the City's discretion. At June 30, 2024 combined ending fund balances from governmental funds was $23,497,556 an increase of $3,602,491 from June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

The governmental activities of the City include the following:

- General government
- Public safety
- Public welfare
- Streets and highways
- Education
- Waste management

The business-type activities of the City include operations of the Sweetwater Utilities Board Electric, Gas, and Water and Sewer Departments.

The government-wide financial statements can be found on pages 15 to 22 of this report.

Fund financial statements

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirement. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information present for *governmental funds* with similar information present for *governmental activities* in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven major and five non-major individual governmental funds that are used to account for expendable financial resources and related liabilities. Information is presented separately in the governmental fund balance sheets and in the governmental fund statement of revenue, expenditures and changes in fund balances for the general fund, state street aid fund, drug fund, general purpose school fund, school cafeteria fund, school capital project fund, and school federal project fund, all of which are considered to be major funds. The City also maintains five individual governmental funds that are classified as nonmajor governmental funds and are summarized under the heading "Other Governmental Funds" in the governmental fund presentation.

The City adopts annual appropriation budgets for each of its governmental funds other than the internal school fund. To demonstrate compliance with the budget, budgetary comparison statements have been provided for all of the City's major funds and are presented on pages 34 to 53 and page 174. Budget comparisons for nonmajor funds are included as supplementary information on pages 181 to 185.

Proprietary Funds - Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains its business-type activities in three major proprietary funds. The City uses this type of fund to account for its electric distribution operation, gas, and water and sewer. Proprietary funds are used to account for activities that are similar to those often found in the private sector.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution operation, gas, and water and sewer operations, all three of which are considered to be major funds of the City. The proprietary fund financial statements can be found on pages 54-65 of this report.

Fiduciary fund statements - The fiduciary fund statements provide information on the Sweetwater Utility Board Defined Benefit Pension Plan.

Notes to the financial statements - The notes provide additional information essential to the full understanding of the data provided in the government fund financial statements.

Required supplementary information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City's changes in net pension liability(asset) in funding its obligation to provide pension benefits and other post-employment benefits to its employees and information about pension contributions and other post-employment benefit contributions are included as required supplementary information on pages 148 to 173 of this report.

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

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City's net position was $116,771,124 at June 30, 2025 and $110,948,059 at June 30, 2024.

The largest portion of the City's net position (55%) reflects its investment in capital assets (e.g., land, buildings, water and sewer facilities, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens so these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($29,985,084 and $29,548,471 at June 30, 2025 and 2024, respectively) may be used to meet the City's ongoing obligations to citizens and creditors.

At June 30, 2025 and 2024 the City's statement of net position consisted of the following:

	2025	2024
ASSETS		
Current assets	$ 60,989,653	$ 55,538,932
Capital assets, net of accumulated depreciation	81,211,370	81,201,701
TOTAL ASSETS	142,201,023	136,740,633
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension and other postemployment benefits	5,107,096	6,071,029
	$ 147,308,117	$ 142,811,660
LIABILITIES		
Current liabilities	$ 8,659,742	$ 9,072,593
Noncurrent liabilities	16,285,367	17,320,170
TOTAL LIABILITIES	24,945,109	26,392,763
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	2,264,308	2,264,500
Deferred grant revenue	0	315,726
Deferred inflows related to pension and other postemployment benefits	3,327,578	2,890,612
	5,591,886	5,470,838

NET POSITION		
Net investment in capital assets	64,634,608	63,096,930
Restricted	22,151,430	18,302,658
Unrestricted	29,985,084	29,548,471
TOTAL NET POSITION	116,771,124	110,948,061
	$ 147,308,117	$ 142,811,660

At June 30, 2025 and 2024, the City reported positive balances in all categories of net position.

Following is a summary of financial activities for the City during the fiscal years ended June 30, 2025 and 2024.

	2025	2024
REVENUE		
Program Revenue:		
Fees, fines and charges for services	$ 37,671,614	$ 36,455,068
Operating grants and contributions	15,481,904	14,875,162
Capital grants and contributions	142,675	1,166,857
General Revenue:		
Taxes	10,941,377	10,416,932
Intergovernmental	1,878,174	2,667,471
Investment earnings	1,552,326	1,471,137
Insurance recovery	10,077	30,790
Sale of materials and supplies	1,300	32,952
Miscellaneous	153,929	104,224
TOTAL REVENUE	67,833,376	67,220,593
EXPENSES		
General government	1,691,288	1,715,282
Public safety	4,150,832	3,822,291
Public welfare	1,590,703	1,362,445
Streets and highways	2,124,768	1,866,754
Education	18,114,432	17,031,087
Waste management	338,472	297,375
Interest on long-term debt	34,403	50,468
Electric	28,624,551	26,937,490
Natural gas	2,150,779	2,048,894
Water and sewer	3,343,594	3,471,767
TOTAL EXPENSES	62,163,824	58,603,854

	2025	2024
INCREASE IN NET POSITION	5,669,552	8,616,739
NET POSITION AT THE BEGINNING OF THE YEAR	110,948,061	102,331,324
Restatement	153,511	0
NET POSITION AT THE END OF THE YEAR	$116,771,124	$110,948,061

Governmental activities - Governmental activities increased the City's net position during the year ended June 30, 2025 by $2,954,455. The City received increased tax revenue from local and state shared taxes due to improvements in the economy. Capital grants decreased due to use of American Rescue Plans in the prior year to purchase land for a future community center. Public safety, public welfare, highway and street, and education expense increased due to increases in salaries and related benefits and increases in operating expenses. Governmental activities increased the City's net position by $5,350,392 during the year ended June 30, 2024.

Information regarding these changes can be found on page 19 to 22 of this report.

Business-type activities - Business-type activities increased the City's net position by $2,715,097 for the year ended June 30, 2025, as compared to an increase of $3,266,347 for the year ended June 30, 2024. The electric department, gas department and water and sewer department contributed to the increase. The change in net position of the electric department was an increase of $1,308,719. The increase was primarily the result of income from charges for service. The change in net position of the gas department was $528,408, as compared to the change in net position for the year ending June 30, 2024 of $465,575. The gas department's profitability is related to its rate structure, which fluctuates with the volatile cost of cash and the department's ability to purchase and store gas when gas prices are lower. The change in net position of the water and sewer department was $877,970. The change in net position of the water and sewer department for the year ended June 30, 2025 was $1,070,947. This decrease was due primarily to a decrease in service revenue and capital contributions.

Fund Financial Statements

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

Governmental Funds – Unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. At June 30, 2025 the City's governmental funds reported combined fund balances of $27,351,771, an increase of $3,700,703 in comparison with the prior year. Approximately 27% of the fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for spending because it has already been committed to the special projects fund ($64,161), highway and street improvements fund ($182,646), drug enforcement fund ($62,755), the economic development fund ($152,488), the school general purpose fund ($15,850,035), the tourism fund ($68,128), the school cafeteria fund ($346,249), the school federal projects fund ($3,276), the school capital projects fund ($155,756), the school internal school funds ($98,741), and the library fund ($119,181).

The general fund is the chief operating fund of the City. At June 30, 2025 unassigned fund balance of the general fund was $7,315,060. As a matter of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund balance increased $481,999 during the year ended June 30, 2025.

At June 30, 2025 the City has a restricted fund balance of $19,917,527, the breakdown is as follows: general fund - $64,161; state street aid fund - $182,646; drug fund - $62,755; school federal project fund - $3,276; economic development fund - $152,488; school general purpose fund - $18,781,482; school cafeteria fund - $323,795; internal school fund - $98,741; sanitation fund - $1,846; school capital projects fund - $155,756; tourism fund - $68,128; and library fund - $119,181. The net increase in this restricted fund balance during the current year was $3,149,707. Due to GASB 54, all of the schools fund balance is reflected as restricted funds for the governmental funds of the City. The schools general ledger can provide additional information and is maintained by the school finance officer Janet Collins.

Nonmajor governmental funds had a fund balance of $440,387 at June 30, 2025, as compared to $388,729 at June 30, 2024.

Proprietary funds – The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Sweetwater Utilities Board amounted to $19,669,409 at June 30, 2025, and at June 30, 2024 amounted to $19,119,261. Sweetwater Utilities Board's general ledger can provide additional information and is maintained by finance officer Jami Kiger.

Fiduciary funds **–** The fiduciary fund statements provide information about the assets, liabilities, net position and changes in net position of the Sweetwater Utility Board Defined Benefit Pension Plan. The net position of the fiduciary fund increased $896,386 during the year ended June 30, 2025. At June 30, 2025, net position of $9,492,219 was available for pensions.

BUDGETARY HIGHLIGHTS

During the year the Mayor and Board of Commissioners approved amendments to legally adopted appropriations. Budgeted revenue of the general fund increased from originally budget revenue by approximately $900,000 due to increases in estimates for local and taxes and increases in grant funding and interest income. Budgeted expenditures of the general fund increased from originally appropriate amounts by approximately $500,000 due to increases in anticipated capital outlay as well as increases in expected repairs and maintenance and small equipment purchases.

Budgeted revenues of the state street aid funds were increased due to increased state shared taxes. There were no amendments to budgeted expenditures of the state street aid fund.

There were no changes to anticipated revenues of the drug fund, however, budgeted expenditures were increased for anticipated capital outlay expense.

Budgeted revenues of the general purpose school fund were increased to account for additional state funding and other contributions. Budgeted expenditures of the general purpose school fund were increased for additional salaries and related expenses as well as increased maintenance and repairs expense, insurance costs and capital outlay.

There were no changes to anticipated revenues or budgeted expenditures in the school cafeteria fund.

Budgeted revenues and expenditures of the school federal project fund were increased from the original budget due to increases in grant funding and the associated increases in salaries and related expenses, instructional materials and supplies and contract services.

Anticipated revenues in the sanitation fund increased for higher solid waste collection charges. Expenditures were increased from the original budgeted amount due to increased contract and land fill service fees.

Anticipated revenues in the tourism fund were increased to account for increased occupancy tax and a state tourism grant. Expenditures were increased from the original budgeted amount due to increased training and travel and subscriptions and dues.

There were no changes between anticipated revenues and appropriated expenditures for the following funds: school capital project fund, economic development fund and library fund.

The internal school fund budget is not approved by the City and a budget is maintained only at each individual school. A budget statement is not presented for the internal school fund.

CAPITAL ASSETS

The City’s investment in capital assets for its governmental and business type activities as of June 30, 2025, amounted to $81,211,370 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

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

- Equipment, vehicle, and computer upgrades in various departments
- Land for a future community center building
- Building upgrades
- Electric and gas distribution system upgrades

The City's investment in capital assets as of June 30, 2025 for governmental activities was $24,369,940 ($25,313,286 in 2024) net of accumulated depreciation.

	2025	2024
Land	$ 2,040,274	$ 2,040,274
Construction in Progress	395,128	75,309
Buildings and improvements	32,099,396	32,099,396
Vehicles and equipment	10,586,081	10,376,610
Infrastructure	6,427,298	6,427,298
Accumulated depreciation	(27,178,234)	(25,705,601)
Total Capital Assets, Net of Accumulated Depreciation	$ 24,369,940	$ 25,313,286

The City's net investment in capital assets as of June 30, 2025 for business-type activities was $56,841,428 ($55,888,415 in 2024). Additional information on the City's capital assets can be found on pages 90 to 94 of the notes to the financial statements.

DEBT

At June 30, 2025 the City's proprietary funds had outstanding debt of $12,566,516 ($13,563,355 in 2024). During the year ended June 30, 2025 the proprietary funds issued no new debt and retired $886,233 ($1,249,856 in 2024) of debt of its business-type activities. The proprietary fund debt is backed by the full faith and credit of the City.

At June 30, 2025 the City's governmental funds had outstanding debt of $4,643,177 ($5,315,385 in 2024) consisting of the following:

	2025	2024
General obligation bonds	$ 4,643,177	$ 5,315,385
Less: current portion due	(690,072)	(672,208)
Total long-term debt principal	$ 3,953,105	$ 4,643,177

During the year ended June 30, 2025 the City issued no new debt and retired $672,208 ($646,216 in 2024) of debt of its governmental funds.

The City has a bond rating of Aa3 from Moody's Investors Service and an A+ from S&P Global Ratings. The City has no legal debt limitation imposed by its charter or by state statutes. A debt policy was instituted by the City in December 2012, which has been updated annually.

Additional information on the City's long-term debt can be found in Note I of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Current electric rates are listed on pages 211-213.

The cost of natural gas remains volatile. However, with the Utility being a member of MEAC (Municipal Energy Acquisition Corporation) some natural gas can be purchased at a reduced rate. The City also is in frequent contact with their marketer, CenterPoint Energy, and has the resources to store natural gas when the price is low. Current gas rates are listed on page 214.

Current water and sewer rates are listed on page 215.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Jessica Morgan, City Recorder
City of Sweetwater, Tennessee
P.O. Box 267
Sweetwater, TN 37874
Telephone 423-337-6979
jmorgan@sweetwatertn.gov

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash	$ 26,298,857	$ 16,796,080	$ 43,094,937
Certificates of deposit	110,279	1,898,000	2,008,279
Accounts receivable, net of allowance for uncollectible accounts	14,587	2,404,251	2,418,838
Property taxes receivable	2,508,497	0	2,508,497
Taxes receivable	217,172	0	217,172
Due from other governments	1,390,582	0	1,390,582
Customer loan program, current portion	0	153,376	153,376
Interest receivable	0	33,378	33,378
Grants receivable	312,782	97,429	410,211
Other receivables	0	198,202	198,202
Inventories	0	1,056,071	1,056,071
Prepaid expenses	0	307,609	307,609
Customer loan program, long-term portion	0	973,304	973,304
Pension trust contributions	210,759	0	210,759
Net pension asset	4,269,124	333,749	4,602,873
Other postemployment benefit asset	0	353,563	353,563
Renewal and replacement fund	0	824,000	824,000
Unemployment security fund	0	8,000	8,000
Self insurance fund	0	220,000	220,000
Capital assets not being depreciated	2,435,402	2,910,474	5,345,876
Capital assets being depreciated, net of accumulated depreciation	21,934,540	53,930,954	75,865,494
	59,702,581	82,498,440	142,201,023

See the accompanying notes to the financial statements.

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Accounts payable	$ 1,042,175	$ 2,528,259	$ 3,570,434
Accrued salaries	3,859	0	3,859
Customer deposits	0	1,283,405	1,283,405
Accrued expenses	0	51,130	51,130
Net OPEB liability	1,850,119	0	1,850,119
Current portion of accrued compensated absences	157,215	275,030	432,245
Long-term portion of accrued compensated absences	0	1,202,637	1,202,637
Current portion of long-term debt	690,072	778,477	1,468,549
Long-term debt, net of current portion	3,953,105	11,129,625	15,082,730
	7,696,546	17,248,563	24,945,109
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	2,264,308	0	2,264,308
Deferred inflows related to other postemployment benefits	277,719	209,797	487,516
Deferred inflows related to pensions	804,163	2,035,899	2,840,062
	3,346,190	2,245,696	5,591,886

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION
(continued)

June 30, 2025

	Governmental Activities	Business-Type Activities	Totals
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other postemployment benefits	598,082	4,535	602,617
Deferred outflows related to pensions	2,248,631	2,255,850	4,504,481
	2,846,713	2,260,383	5,107,096
	$ 62,549,294	$ 84,758,823	$ 147,308,117

	Governmental Activities	Business-Type Activities	Totals
NET POSITION			
Net investment in capital assets	19,726,765	44,907,843	64,634,608
Restricted	21,464,118	687,312	22,151,430
Unrestricted	10,315,675	19,669,409	29,985,084
	51,506,558	65,264,564	116,771,124
	$ 62,549,294	$ 84,758,823	$ 147,308,117

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

		Program Revenue		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	$ 1,691,288	$ 92,606	$ 0	$ 0
Public safety	4,150,832	110,985	87,136	39,571
Public welfare	1,590,703	19,156	305,060	0
Streets and highways	2,124,768	21,436	504,396	0
Waste management	338,472	311,870	0	0
Education	18,114,432	336,202	14,585,311	0
Interest on long-term debt	34,403	0	0	0
Total governmental activities	28,044,900	892,254	15,481,904	39,571
Business-Type Activities:				
Electric	28,624,551	30,276,750	0	0
Natural gas	2,150,779	2,535,959	0	0
Water and sewer	3,343,594	3,966,651	0	103,104
Total business-type activities	34,118,924	36,779,360	0	103,104
	$ 62,163,824	$ 37,671,614	$ 15,481,904	$ 142,675

See the accompanying notes to the financial statements.

Net (Expense)Revenue and Changes In Net Position		
Governmental Activities	Business-Type Activities	Totals
$ (1,598,682)	$ 0	$ (1,598,682)
(3,913,140)	0	(3,913,140)
(1,266,487)		(1,266,487)
(1,598,936)	0	(1,598,936)
(26,602)		(26,602)
(3,192,919)	0	(3,192,919)
(34,403)	0	(34,403)
(11,631,171)	0	(11,631,171)
0	1,652,199	1,652,199
0	385,180	385,180
0	726,161	726,161
0	2,763,540	2,763,540
$ (11,631,171)	$ 2,763,540	$ (8,867,631)

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF ACTIVITIES
(continued)

Year Ended June 30, 2025

NET (EXPENSE)REVENUE FROM PROGRAM ACTIVITIES

General Revenue:

Taxes:

Property tax

Interest and penalty

Local sales tax

Business tax

Wholesale beer tax

Liquor tax

Occupancy tax

Franchise tax

Intergovernmental

Interest earnings

Insurance recovery

Sale of materials and supplies

Miscellaneous

Total general revenue

Transfers

Total general revenue and transfers

Net (Expense)Revenue and Changes In Net Position		
Governmental Activities	Business-Type Activities	Totals
$ (11,631,171)	$ 2,763,540	$ (8,867,631)
3,928,414	0	3,928,414
50,760	0	50,760
6,058,090	0	6,058,090
339,838	0	339,838
276,014	0	276,014
113,042	0	113,042
107,511	0	107,511
67,708	0	67,708
1,878,174	0	1,878,174
930,769	621,557	1,552,326
10,077	0	10,077
1,300	0	1,300
153,929	0	153,929
13,915,626	621,557	14,537,183
670,000	(670,000)	0
14,585,626	(48,443)	14,537,183

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF ACTIVITIES
(continued)

Year Ended June 30, 2025

CHANGES IN NET POSITION

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

Restatement

NET POSITION AT THE BEGINNING OF THE YEAR, as restated

NET POSITION AT THE END OF THE YEAR

Net (Expense)Revenue and Changes In Net Position		
Governmental Activities	Business-Type Activities	Totals
2,954,455	2,715,097	5,669,552
48,398,592	62,549,467	110,948,061
153,511	0	153,511
48,552,104	62,549,467	111,101,573
$ 51,506,558	$ 65,264,564	$ 116,771,124

CITY OF SWEETWATER, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Other Governmental Funds
ASSETS				
Cash	$ 7,070,358	$ 191,317	$ 77,470	$ 431,567
Certificates of deposit	110,279	0	0	0
Accounts receivable	959	0	0	13,628
Property taxes receivable	2,508,497	0	0	0
Other taxes receivable	217,172	0	0	0
Grant receivable	45,456	267,326	0	0
Pension trust contributions	0	0	0	0
Due from other funds	0	0	0	0
Due from other governments	174,255	18,669	0	0
	$ 10,126,976	$ 477,313	$ 77,470	$ 445,195

See the accompanying notes to the financial statements.

General Purpose School Fund	School Cafeteria Fund	School Federal Project Fund	School Capital Project Fund	Totals
$ 18,112,481	$ 259,908	$ 0	$ 155,756	$ 26,298,857
0	0	0	0	110,279
0	0	0	0	14,587
0	0	0	0	2,508,497
0	0	0	0	217,172
0	0	0	0	312,782
208,723	0	2,037	0	210,759
122,398	0	0	0	122,398
981,759	130,434	85,465	0	1,390,582
$ 19,425,360	$ 390,342	$ 87,502	$ 155,756	$ 31,185,913

CITY OF SWEETWATER, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS
(continued)

June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Other Governmental Funds
LIABILITIES				
Accounts payable	$ 82,043	$ 294,666	$ 14,715	$ 4,811
Accrued salaries	0	0	0	0
Accrued Compensated absences	157,215	0	0	0
Due to other funds	0	0	0	0
	239,258	294,666	14,715	4,811
DEFERRED INFLOWS OF RESOURCES				
Deferred tax revenue	2,508,497	0	0	0
FUND BALANCES				
Restricted	64,161	182,646	62,755	321,202
Assigned	0	0	0	119,181
Unassigned	7,315,060	0	0	0
	7,379,221	182,646	62,755	440,387
	$ 10,126,976	$ 477,313	$ 77,470	$ 445,195

General Purpose School Fund	School Cafeteria Fund	School Federal Project Fund	School Capital Project Fund	Totals
$ 642,440	$ 0	$ 3,500	$ 0	$ 1,042,175
1,438	2,422	0	0	3,859
0	0	0	0	157,215
0	41,671	80,726	0	122,398
643,878	44,093	84,226	0	1,325,647
0	0	0	0	2,508,497
18,781,482	346,249	3,276	155,756	19,917,527
0	0	0	0	119,181
0	0	0	0	7,315,060
18,781,482	346,249	3,276	155,756	27,351,771
$ 19,425,360	$ 390,342	$ 87,502	$ 155,756	$ 31,185,913

CITY OF SWEETWATER, TENNESSEE

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

June 30, 2025

Total Fund Balance - Governmental Funds	$ 27,351,771
Capital assets used in governmental activities are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	24,369,940
Net pension assets and liabilities, and the related deferred outflows and deferred inflows are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	
Net pension asset/liability	4,269,124
Deferred outflows of resources	2,248,631
Deferred inflows of resouces	(804,163)
Net other postemployment benefits assets and liabilities, and the related deferred outflows and deferred inflows are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	(1,529,756)
Long-term liabilities are not due in the current period; therefore, they are not reported in the governmental funds balance sheet.	(4,643,177)
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred revenue in the governmental funds balance sheet.	244,189
Net Position of Governmental Activities	$ 51,506,558

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Other Governmental Funds
REVENUE				
Taxes:				
Property taxes	$ 2,293,771	$ 0	$ 0	$ 0
Interest and penalty	42,222	0	0	0
Local sales tax	3,978,976	0	0	0
Business tax	268,699	0	0	0
Mixed drink tax	91,228	0	0	0
Franchise tax	67,708	0	0	0
Occupancy tax	0	0	0	107,511
Wholesale beer tax	276,014	0	0	0
Intergovernmental	1,847,038	504,396	0	10,000
Licenses and permits	39,247	0	0	0
Receipts for use of facilities	13,800	0	0	0
Fines and forfeitures	27,251	0	9,963	0
Charges for service	129,130	20,000	0	317,961
Internal school revenue	0	0	0	203,875
Other revenue	389,614	0	0	138,964
TOTAL REVENUE	9,464,699	524,396	9,963	778,311
EXPENDITURES				
Current:				
General government	1,681,948	0	0	88,108
Public safety	3,930,259	0	2,852	0
Public welfare	930,278	0	0	285,575
Highways and streets	1,471,688	522,842	0	0
Waste management	0	0	0	338,472
Education	37,042	0	0	0
Internal school expense	0	0	0	197,158

See the accompanying notes to the financial statements.

General Purpose School Fund	School Cafeteria Fund	School Federal Project Fund	School Capital Project Fund	Totals
$ 1,762,432	$ 0	$ 0	$ 0	$ 4,056,203
8,538	0	0	0	50,760
2,079,115	0	0	0	6,058,090
71,139	0	0	0	339,838
21,814	0	0	0	113,042
0	0	0	0	67,708
0	0	0	0	107,511
0	0	0	0	276,014
12,012,042	1,181,114	1,423,869	0	16,978,459
0	0	0	0	39,247
300	0	0	0	14,100
0	0	0	0	37,215
93,210	38,817	0	0	599,118
0	0	0	0	203,875
814,563	2,296	0	28,536	1,373,973
16,863,153	1,222,227	1,423,869	28,536	30,315,153
0	0	0	0	1,770,055
0	0	0	0	3,933,111
0	0	0	0	1,215,853
0	0	0	0	1,994,530
0	0	0	0	338,472
13,817,657	1,161,319	1,425,473	0	16,441,491
0	0	0	0	197,158

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Other Governmental Funds
Capital outlay	401,214	28,500	21,342	0
Debt service	337,611	0	0	0
TOTAL EXPENDITURES	8,790,040	551,342	24,194	909,313
NET CHANGES IN FUND BALANCES BEFORE OTHER FINANCING SOURCES(USES)	674,659	(26,946)	(14,231)	(131,002)
OTHER FINANCING SOURCES(USES)				
Transfers (to)from other funds	(192,660)	0	0	182,660
NET CHANGES IN FUND BALANCES	481,999	(26,946)	(14,231)	51,658
FUND BALANCES AT THE BEGINNING OF THE YEAR, as originally stated	6,743,711	209,593	76,986	388,729
Restatement	153,511	0	0	0
FUND BALANCES AT THE BEGINNING OF THE YEAR, as restated	6,897,222	209,593	76,986	388,729
FUND BALANCES AT THE END OF THE YEAR	$ 7,379,221	$ 182,646	$ 62,755	$ 440,387

General Purpose School Fund	School Cafeteria Fund	School Federal Project Fund	School Capital Project Fund	Totals
43,199	38,454	0	0	532,708
523,459	0	0	0	861,070
14,384,315	1,199,773	1,425,473	0	27,284,450
2,478,838	22,454	(1,605)	28,536	3,030,703
680,000	0	0	0	670,000
3,158,838	22,454	(1,605)	28,536	3,700,703
15,622,645	323,795	4,880	127,220	23,497,556
0	0	0	0	153,511
15,622,645	323,795	4,880	127,220	23,651,067
$ 18,781,482	$ 346,249	$ 3,276	$ 155,756	$ 27,351,771

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

Net Change in Fund Balances	$ 3,700,703
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Acquisition of capital assets	532,708
Depreciation expense	(1,494,420)
Gain on disposal of capital assets	18,367
Retirement contributions made after the actuarial measurement date are an expenditure in the governmental funds, but increase deferred outflows for governmental activities.	640,024
Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds financial statements:	
Deferred tax revenue - June 30, 2024	(371,978)
Deferred tax revenue - June 30, 2025	244,189
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Pension expense	(896,850)
Other postemployment benefits expense reported in the statement of activities does not require the use of current financial resources and, therefore, it is not reported as an expenditure in the governmental fund financial statements	(209,160)
Other postemployment benefits revenue reported in the statement of activities does not increase current financial resources and, therefore, it is not reported as a revenue in the governmental fund financial statements	118,663

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	672,208
Change in Net Position of Governmental Activities	$ 2,954,455

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
Taxes:				
Property taxes	$ 2,027,000	$ 2,293,000	$ 2,293,771	$ 771
Interest and penalty	25,000	42,000	42,222	222
Local sales tax	3,800,000	4,000,000	3,978,976	(21,024)
Business tax	230,000	265,000	268,699	3,699
Mixed drink tax	80,000	91,000	91,228	228
Franchise tax	86,900	86,900	67,708	(19,192)
Wholesale beer tax	280,000	280,000	276,014	(3,986)
	6,528,900	7,057,900	7,018,618	(39,282)
Intergovernmental:				
State income tax	1,300	1,300	0	(1,300)
State beer tax	3,000	3,000	2,656	(344)
State mixed drink tax	16,000	45,000	45,064	64
State sales tax	750,000	794,000	796,499	2,499
City streets and transportation	12,000	12,000	11,522	(478)
Sports betting tax	10,000	10,000	14,170	4,170
State police supplement	33,000	84,000	84,083	83
Corporate excise tax	25,000	25,000	21,416	(3,584)
In-lieu of tax payments	125,000	138,000	141,679	3,679
Bulletproof vest grant	500	500	632	132
FEMA grant	0	39,571	39,571	0
Violent crime intervention fund	186,634	243,634	244,384	750
School resource officer grant	300,000	300,000	300,000	0
Other state grants	500	1,426	6,927	5,501
TML safety grant	3,000	3,000	2,421	(579)

See the accompanying notes to the financial statements.

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
Local park and recreation fund	75,000	75,000	32,750	(42,250)
State tourism grant	0	25,245	25,246	1
Community development grants	150,000	150,000	78,019	(71,981)
	1,690,934	1,950,676	1,847,038	(103,638)
Licenses and permits:				
Beer licenses	4,000	4,000	3,967	(33)
Liquor licenses	1,000	1,000	0	(1,000)
Animal registration	1,000	1,000	75	(925)
Special assessments	1,500	1,500	6,100	4,600
General and special privilege	100	100	20	(80)
Building permits	40,000	40,000	29,085	(10,915)
`	47,600	47,600	39,247	(8,353)
Receipts for use of facilities:				
Medical transporation rent	13,800	13,800	13,800	0
Fines and forfeitures	32,520	32,520	27,251	(5,269)

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

Year Ended June 30, 2025

	Budget Original	Budget Final	Actual	Variance Over (Under)
Charges for service:				
Photocopies	1,000	1,000	944	(56)
Highway and street charges	30,000	30,000	1,436	(28,564)
Clerks' fee-business tax	31,000	31,000	27,574	(3,426)
City garage charges	2,000	2,000	1,293	(707)
Board of Education	10,000	10,000	9,748	(252)
Pool fees and concessions	32,000	32,000	12,690	(19,310)
Recreation program	50,500	50,500	375	(50,125)
Sale of materials and land	12,000	12,000	1,300	(10,700)
Special police service	84,000	84,000	73,770	(10,230)
	252,500	252,500	129,130	(123,370)
Other revenue:				
Contributions	11,000	34,000	82,031	48,031
Interest	135,000	272,000	280,242	8,242
Insurance recoveries	3,000	3,800	2,800	(1,000)
Miscellaneous revenue	20,000	20,000	24,541	4,541
	169,000	329,800	389,614	59,814
TOTAL REVENUE	8,735,254	9,684,796	9,464,699	(220,097)
EXPENDITURES				
Judicial:				
Salaries	2,650	2,650	2,650	0
OASDI	200	300	203	(97)
Retirement	120	120	120	0
	2,970	3,070	2,973	(97)

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
Executive:				
Salaries and wages	31,750	31,750	31,750	0
OASDI	2,400	2,400	2,429	29
Retirement	1,590	1,590	1,260	(330)
Insurance	0	0	1	1
Publicity and subscriptions	9,000	9,000	9,189	189
Travel	1,000	1,000	227	(773)
Telephone	500	500	521	21
Operating supplies	5,500	5,500	4,529	(971)
Other services	16,300	16,300	14,246	(2,054)
Community health	10,000	10,000	10,023	23
	78,040	78,040	74,174	(3,866)
Financial administration:				
Salaries	330,648	330,648	280,762	(49,886)
OASDI	24,858	24,858	20,197	(4,661)
Health insurance	50,785	50,785	41,242	(9,543)
Retirement	16,272	16,272	13,792	(2,480)
Life insurance	363	363	222	(141)
Unemployment insurance	450	450	93	(357)
Dental insurance	1,200	1,200	944	(256)
Disability insurance	685	685	628	(57)
Vision insurance	261	261	183	(78)
Telephone	5,550	5,550	4,947	(603)
Accounting	31,500	31,500	34,700	3,200
Legal	500	10,500	500	(10,000)
Consulting services	19,000	19,000	12,503	(6,497)
Office suppplies and postage	11,250	11,250	7,701	(3,549)
Surety bonds	3,500	3,500	534	(2,966)

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget Original	Budget Final	Actual	Variance Over (Under)
Travel	8,750	8,750	11,905	3,155
Machinery and equipment	500	500	3,898	3,398
Other improvements	7,200	27,200	25,000	(2,200)
Data processing	58,000	58,000	58,695	695
	571,272	601,272	518,444	(82,828)
General government buildings:				
Salaries	63,704	63,704	58,584	(5,120)
OASDI	4,873	4,873	4,327	(546)
Health insurance	10,089	10,089	10,122	33
Retirement	2,704	2,704	1,360	(1,344)
Life insurance	51	51	55	4
Unemployment insurance	90	90	43	(47)
Disability insurance	1,437	1,437	154	(1,283)
Dental insurance	320	320	311	(9)
Utilities	42,800	51,500	46,996	(4,504)
Repairs	85,000	92,000	99,817	7,817
Operating supplies	4,350	4,350	4,897	547
	215,418	231,118	226,665	(4,453)
Tourism:				
Salaries	83,236	83,236	83,029	(207)
OASDI	19,382	19,382	19,033	(349)
Retirement	61	61	59	(2)
Health insurance	489	489	494	5
Unemployment insurance	570	570	83	(487)
Utilities	17,000	18,000	13,384	(4,616)
Business grants	0	0	5,000	5,000
Other operating supplies	58,000	81,000	85,922	4,922
	178,738	202,738	207,003	4,265

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
City Court:				
Salaries	37,440	37,440	35,916	(1,524)
OASDI	2,864	2,864	2,748	(116)
Retirement	1,872	1,872	1,796	(76)
Unemployment insurance	0	0	33	33
Office supplies	0	0	35	35
Publicity and subscriptions	2,325	2,325	1,546	(779)
Legal services	1,250	1,250	1,416	166
Travel	1,000	1,000	2,057	1,057
	46,751	46,751	45,546	(1,205)
Other general government:				
Salaries	42,237	42,237	42,358	121
OASDI	17,231	17,231	18,732	1,501
Retirement	2,112	2,112	2,093	(19)
Health insurance	16,089	16,089	15,215	(874)
Dental, vision and life insurance	280	280	440	160
Unemployment insurance	45	45	21	(24)
Disability insurance	90	90	153	63
Other insurance	265,000	300,200	299,568	(632)
Memberships and registration fees	3,300	3,300	3,312	12
Utilities, phone and TV service	7,700	7,700	7,159	(541)
Medical services	1,000	1,000	0	(1,000)
Travel and training	3,000	3,000	1,042	(1,958)
Uniforms	500	500	481	(19)
Other operating supplies	274,600	277,200	190,738	(86,462)
Charitable donations	59,550	64,550	54,329	(10,221)

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
Downtown improvements	5,000	5,000	982	(4,018)
Christmas decorations	15,000	15,000	16,065	1,065
Independence Day	3,000	3,000	0	(3,000)
	715,734	758,534	652,688	(105,846)
Police department:				
Salaries	1,664,776	1,687,776	1,618,146	(69,630)
OASDI	127,355	127,355	120,904	(6,451)
Retirement	81,579	81,579	71,146	(10,433)
Health insurance	250,953	250,953	236,801	(14,152)
Dental, vision and life insurance	10,469	10,469	10,185	(284)
Unemployment insurance	2,380	2,380	627	(1,753)
Disability insurance	3,360	3,360	3,691	331
Telephone	26,000	26,000	23,483	(2,517)
Medical services	2,000	2,000	517	(1,483)
Professional services	15,000	15,000	0	(15,000)
Car maintenance	0	0	18,375	18,375
Publicity/subscriptions	500	500	0	(500)
Travel and training	14,000	14,000	12,545	(1,455)
Uniforms	16,000	16,000	11,359	(4,641)
Firearms and supplies	13,500	13,500	17,516	4,016
Machinery and equipment	50,000	145,000	94,105	(50,895)
Gas, oil and grease	38,000	46,200	46,134	(66)
Office supplies and materials	3,100	3,100	2,298	(802)
Special investigative	500	15,500	430	(15,070)
Data processing services	14,000	14,000	10,214	(3,786)
Other operating supplies	11,400	39,400	93,805	54,405
	2,344,872	2,514,072	2,392,279	(121,793)

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
Fire department:				
Salaries	1,040,088	1,040,088	934,073	(106,015)
OASDI	78,190	78,190	69,959	(8,231)
Retirement	49,658	49,658	38,728	(10,930)
Health insurance	170,648	170,648	148,315	(22,333)
Dental, vision and life insurance	7,081	7,081	6,052	(1,029)
Unemployment insurance	1,600	1,600	426	(1,174)
Disability insurance	2,285	2,285	2,215	(70)
Utilities	16,500	16,500	17,040	540
Telephone	8,500	8,500	12,117	3,617
Fire hydrant rental	28,000	28,000	25,212	(2,788)
Medical services	10,500	10,500	1,055	(9,445)
Maintenance	36,000	36,000	98,583	62,583
Travel and training	15,000	15,000	11,983	(3,017)
Uniforms	8,000	8,000	14,022	6,022
Gas, oil and grease	13,500	13,500	12,109	(1,391)
Other operating supplies	22,000	22,000	13,394	(8,606)
	1,507,550	1,507,550	1,405,282	(102,268)
Communications services:				
Contract services	82,948	82,948	82,700	(248)
Utilities	1,250	1,250	777	(473)
Other improvements	2,500	3,500	3,676	176
	86,698	87,698	87,153	(545)
Building inspection:				
Salaries	178,823	178,823	178,394	(429)
OASDI	13,527	13,527	13,262	(265)
Retirement	8,841	8,841	8,845	4
Health insurance	30,266	30,266	30,584	318

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget Original	Budget Final	Actual	Variance Over (Under)
Dental, vision and life insurance	1,181	1,181	1,321	140
Unemployment insurance	310	310	63	(247)
Disability insurance	295	295	454	159
Telephone	2,000	2,000	983	(1,017)
Travel and training	3,500	3,500	1,342	(2,158)
Uniforms	750	750	535	(215)
Gas, oil and grease	1,750	1,750	3,530	1,780
State planning office	5,000	5,000	0	(5,000)
Office supplies	3,000	3,000	1,993	(1,007)
Professional services	16,000	16,000	18,874	2,874
Mowing assessments	15,000	15,000	5,586	(9,414)
Operating supplies	15,250	15,250	2,826	(12,424)
	295,493	295,493	268,591	(26,902)
Street lighting:				
Utilities	210,000	212,500	192,552	(19,948)
Highways and streets:				
Salaries	792,292	792,292	777,594	(14,698)
OASDI	60,343	60,343	57,479	(2,864)
Retirement	38,710	38,710	35,443	(3,267)
Health insurance	128,593	144,593	144,170	(423)
Dental, vision and life insurance	6,076	6,076	6,063	(13)
Unemployment insurance	1,200	1,200	403	(797)
Disability insurance	2,020	2,020	2,194	174
Utilities	9,500	9,500	7,677	(1,823)
Telephone	9,980	9,980	12,420	2,440
Landfill fees	65,000	65,000	47,690	(17,310)
Maintenance	53,000	91,000	90,348	(652)

CITY OF SWEETWATER, TENNESSEE

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

(continued)

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
Tools	1,000	1,000	1,893	893
Travel and training	2,000	8,000	7,159	(841)
Uniforms	5,400	10,600	10,555	(45)
Gas, oil and grease	39,000	39,000	44,655	5,655
Other operating supplies	33,000	49,000	33,392	(15,608)
	1,247,114	1,328,314	1,279,136	(49,178)
Rabies and animal control:				
Utilities	2,500	2,500	4,516	2,016
Operating supplies	1,500	1,500	1,825	325
	4,000	4,000	6,340	2,340
Economic development:				
Operating supplies	1,000	2,300	2,234	(66)
Travel and training	3,000	3,300	3,281	(19)
	4,000	5,600	5,515	(85)
Recreation:				
Salaries	422,704	422,704	385,920	(36,784)
OASDI	32,337	32,337	28,521	(3,816)
Retirement	19,160	19,160	18,109	(1,051)
Health insurance	60,604	60,604	71,524	10,920
Dental, vision and life insurance	2,152	2,152	2,598	446
Unemployment insurance	1,090	1,090	189	(901)
Disability insurance	806	806	1,084	278
Utilities	50,000	56,100	46,661	(9,439)
Telephone	6,000	6,000	7,967	1,967
Medical services	1,500	1,500	398	(1,102)
Repairs and maintenance	34,100	34,100	28,642	(5,458)
Travel and training	1,500	1,500	140	(1,360)

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
Publicity/subscriptions	500	500	0	(500)
Memberships and registration fees	800	800	0	(800)
Uniforms	2,400	2,400	2,036	(364)
Gas, oil and grease	10,000	10,000	9,520	(480)
Operating supplies	21,000	21,000	39,079	18,079
	666,653	672,753	642,386	(30,367)
Museum:				
Utilities	2,000	2,000	1,521	(479)
Repairs and maintenance	250	250	0	(250)
Operating supplies	250	250	25	(225)
	2,500	2,500	1,546	(954)
Tree grant:				
Utilities	3,000	4,926	4,735	(191)
Operating supplies	1,000	1,000	1,165	165
	4,000	5,926	5,900	(26)
Education:				
Gas, oil and grease	11,000	11,000	9,748	(1,252)
Operating supplies	8,000	31,000	27,294	(3,706)
	19,000	42,000	37,042	(4,958)

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

(continued)

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
Capital outlay:				
Recreation	156,000	156,000	67,519	(88,481)
General government	305,000	305,000	202,571	(102,429)
Police	105,000	196,000	94,125	(101,875)
Fire	25,000	25,000	24,999	(1)
Public works	6,000	12,000	12,000	0
	597,000	694,000	401,214	(292,786)
Debt service:				
Bond principal	303,208	303,208	303,208	0
Interest expense on bonds	34,403	34,403	34,403	0
	337,611	337,611	337,611	0
TOTAL EXPENDITURES	9,135,414	9,631,540	8,790,040	(841,500)
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES(USES)	(400,160)	53,256	674,659	621,403

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
OTHER FINANCING SOURCES(USES)				
Transfer from proprietary funds	670,000	670,000	670,000	0
Transfer from tourism fund	165,000	182,000	35,000	(147,000)
Transfer to library fund	(217,660)	(217,660)	(217,660)	0
Transfer to water				
Transfer to general purpose school fund	(680,000)	(680,000)	(680,000)	0
	(62,660)	(45,660)	(192,660)	(147,000)
NET CHANGE IN FUND BALANCE	(462,820)	7,596	481,999	474,403
FUND BALANCE AT THE BEGINNING OF THE YEAR, as originally stated	471,416	471,416	6,743,711	6,272,295
Restatement	0	0	153,511	153,511
FUND BALANCE AT THE BEGINNING OF THE YEAR, as restated	471,416	471,416	6,897,222	6,425,806
FUND BALANCE AT THE END OF THE YEAR	$ 8,596	$ 479,012	$ 7,379,221	$ 6,900,209

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
State gasoline tax	$ 225,000	$ 246,000	$ 223,736	$ (22,264)
Charges for service	0	20,000	20,000	0
Federal and state grants	707,500	707,500	280,660	(426,840)
TOTAL REVENUE	932,500	973,500	524,396	(449,104)
EXPENDITURES				
Operating supplies	252,000	252,000	317,752	65,752
Construction materials and supplies	37,000	37,000	28,658	(8,342)
Sign parts and supplies	10,000	10,000	10,583	583
Vehicle maintenance and repair	7,500	7,500	1,458	(6,042)
Equipment maintenance and repair	26,000	26,000	32,539	6,539
Street maintenance and repairs	538,000	538,000	131,852	(406,148)
Capital outlay	100,000	100,000	28,500	(71,500)
TOTAL EXPENDITURES	970,500	970,500	551,342	(419,158)
NET CHANGE IN FUND BALANCE	(38,000)	3,000	(26,946)	(29,946)
FUND BALANCE AT THE BEGINNING OF THE YEAR	41,000	41,000	209,593	168,593
FUND BALANCE AT THE END OF THE YEAR	$ 3,000	$ 44,000	$ 182,646	138,646

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
Drug related fines	$ 12,000	$ 12,000	$ 7,858	$ (4,142)
Forfeitures	5,000	5,000	2,105	(2,895)
TOTAL REVENUE	17,000	17,000	9,963	(7,037)
EXPENDITURES				
Salaries	1,000	1,000	0	(1,000)
Telephone	2,000	2,000	1,530	(470)
Operating supplies	1,850	3,850	1,172	(2,678)
Special investigation	5,000	5,000	0	(5,000)
Vehicle maintenance	500	500	0	(500)
Uniforms	250	250	0	(250)
Sundry	3,000	3,000	150	(2,850)
Capital outlay	0	23,000	21,342	(1,658)
TOTAL EXPENDITURES	13,600	38,600	24,194	(14,406)
NET CHANGE IN FUND BALANCE	3,400	(21,600)	(14,231)	7,369
FUND BALANCE AT THE BEGINNING OF THE YEAR	25,000	25,000	76,986	51,986
FUND BALANCE AT THE END OF THE YEAR	$ 28,400	$ 3,400	$ 62,755	$ 59,355

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
Intergovernmental revenue:				
Monroe County:				
Property tax	$ 1,239,000	$ 1,239,000	$ 1,762,432	$ 523,432
Interest and penalty	10,000	10,000	8,538	(1,462)
Pick-up taxes	3,000	3,000	0	(3,000)
Business taxes, licenses, fines and fees	30,200	30,200	71,139	40,939
Local sales tax	861,000	861,000	2,079,115	1,218,115
State income tax	2,500	2,500	6	(2,494)
Mixed drink tax	1,100	1,100	21,814	20,714
State revenue sharing	100,000	100,000	100,000	0
In-lieu of tax payments-TVA	12,000	12,000	9,702	(2,298)
In-lieu of tax payments-other	53,700	53,700	116,154	62,454
	2,312,500	2,312,500	4,168,900	1,856,400
State of Tennessee:				
Tennessee Investment in Student Achievement	10,721,769	10,900,451	10,872,006	(28,445)
Early childhood education	289,777	327,418	325,939	(1,479)
School food services	750	750	750	0
Career ladder program	14,365	14,365	13,017	(1,348)
Other state education	103,041	746,299	574,468	(171,831)
	11,129,702	11,989,284	11,786,180	(203,104)

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET GENERAL PURPOSE SCHOOL FUND
(continued)

Year Ended June 30, 2025

	Budget Original	Budget Final	Actual	Variance Over (Under)
Other revenue:				
Tuition and other charges	30,000	87,036	93,210	6,174
Interest on investments	2,000	2,000	621,914	619,914
Contributions	0	6,123	6,123	0
Rental income	4,500	4,500	300	(4,200)
OPEB on-behalf payments	0	0	70,524	70,524
Insurance recovery	0	6,907	7,277	370
Other	59,030	155,862	108,725	(47,137)
	95,530	262,428	908,073	645,645
TOTAL REVENUE	13,537,732	14,564,211	16,863,153	2,298,942
EXPENDITURES				
General purpose:				
Salaries	8,244,875	8,551,522	8,321,886	(229,636)
OASDI	627,249	650,253	591,204	(59,049)
Retirement	664,305	683,908	544,928	(138,980)
Employee insurance	1,359,615	1,384,476	1,484,897	100,421
Instructional supplies/materials	129,015	700,208	599,381	(100,827)
Other supplies and materials	15,945	15,945	12,767	(3,178)
Other contracted services	601,388	1,362,220	1,318,442	(43,778)
Communication	26,166	26,166	24,311	(1,855)
Travel	13,600	13,797	15,469	1,672
Maintenance and repair	676,655	122,127	102,967	(19,160)
Equipment	42,270	67,294	51,634	(15,660)
In-service/staff development	22,848	30,961	17,433	(13,528)
Dues and memberships	10,073	10,073	9,429	(644)
Insurance	170,044	180,044	170,010	(10,034)
Trustee's commission	57,000	57,000	58,611	1,611
Utilities	384,850	398,350	395,149	(3,201)
Disposal fees	18,000	18,000	19,881	1,881

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET GENERAL PURPOSE SCHOOL FUND
(continued)

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
Custodial supplies	0	0	968	968
Administrative equipment	1,500	1,500	1,239	(261)
Gas and fuel	15,500	16,200	8,251	(7,949)
Internet connectivity	41,910	41,910	41,909	(1)
Other charges	18,210	100,694	26,894	(73,800)
Capital outlay	0	13,289	43,199	29,910
	13,141,018	14,445,936	13,860,856	(585,080)
Debt service:				
Bond principal	369,000	369,000	369,000	0
Interest expense on bonds	114,028	154,459	154,459	0
	483,028	523,459	523,459	0
TOTAL EXPENDITURES	13,624,046	14,969,395	14,384,315	(585,080)
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES	(86,314)	(405,184)	2,478,838	2,884,022
OTHER FINANCING SOURCES				
Transfer from general fund	623,500	623,500	680,000	56,500
NET CHANGE IN FUND BALANCE	537,186	218,316	3,158,838	2,940,522
FUND BALANCE AT THE BEGINNING OF THE YEAR	15,622,645	15,622,645	15,622,645	0
FUND BALANCE AT THE END OF THE YEAR	$16,159,831	$15,840,961	$ 18,781,482	$ 2,940,522

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
Student lunches	$ 89,000	$ 89,000	$ 0	$ (89,000)
Adult lunches	17,000	17,000	17,094	94
Breakfast	1,350	1,350	60	(1,290)
U.S.D.A. reimbursement	779,949	779,949	1,174,357	394,408
State matching funds	6,728	6,728	6,757	29
Student a-la-carte	1,600	1,600	21,662	20,062
Other income	0	0	2,296	2,296
TOTAL REVENUE	895,627	895,627	1,222,227	326,600
EXPENDITURES				
Labor	542,620	542,620	543,079	459
Food	406,000	406,000	493,769	87,769
Nonfood supplies and expenditures	209,696	209,718	124,471	(85,247)
Capital outlay	0	0	38,454	38,454
TOTAL EXPENDITURES	1,158,316	1,158,338	1,199,773	41,435
NET CHANGE IN FUND BALANCE	(262,689)	(262,711)	22,454	285,165
FUND BALANCE AT THE BEGINNING OF THE YEAR	323,795	323,795	323,795	0
FUND BALANCE AT THE END OF THE YEAR	$ 61,106	$ 61,084	$ 346,249	$ 285,165

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET SCHOOL FEDERAL PROJECT FUND

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
Grants	$ 985,849	$ 1,582,937	$ 1,423,869	$ (159,068)
EXPENDITURES				
Salaries	640,660	783,135	737,059	(46,076)
OASDI	55,528	57,969	51,053	(6,916)
Insurance	75,172	64,922	84,868	19,946
Retirement	33,948	31,123	28,702	(2,421)
Instructional supplies and materials	63,437	349,476	334,012	(15,464)
In-service/staff development	66,304	81,666	39,333	(42,333)
Contracts with other agencies	47,000	161,637	150,409	(11,228)
Other charges	3,801	1,190	37	(1,153)
TOTAL EXPENDITURES	985,850	1,531,119	1,425,473	(105,646)
NET CHANGE IN FUND BALANCE	(1)	51,819	(1,605)	(53,424)
FUND BALANCE AT THE BEGINNING OF THE YEAR	4,880	4,880	4,880	0
FUND BALANCE AT THE END OF THE YEAR	$ 4,879	$ 56,699	$ 3,276	$ (53,423)

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
CURRENT ASSETS				
Cash	$ 3,768,181	$ 6,310,695	$ 6,717,204	$ 16,796,080
Interest bearing deposits in financial institutions	135,000	1,455,000	308,000	1,898,000
Accounts receivable:				
Customers, net of allowance for uncollectible accounts	2,404,251	0	0	2,404,251
Grant receivable	0	0	97,429	97,429
Customer loan program	126,398	26,978	0	153,376
Interest	2,468	22,559	8,351	33,378
Other	188,397	0	549	188,946
Sweetwater Utilities Board Electric Department	0	42,802	0	42,802
Inventories:				
Stored gas	0	234,096	0	234,096
Materials and supplies	607,128	63,066	151,781	821,975
Prepaid expenses	307,609	0	0	307,609
	7,539,432	8,155,196	7,283,314	22,977,942

See the accompanying notes to the financial statements.

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
CURRENT LIABILITIES				
Current maturities of long-term debt	$ 160,000	$ 0	$ 618,477	$ 778,477
Current maturities of long-term debt due to gas department	42,802	0	0	42,802
Accounts payable	2,341,454	150,539	36,266	2,528,259
Customers' deposits	1,283,405	0	0	1,283,405
Accrued expenses	199,017	13,871	113,272	326,160
	4,026,678	164,410	768,015	4,959,103
NONCURRENT LIABILITIES				
Long-term debt, less current maturities	7,591,655	0	3,537,970	11,129,625
Long-term debt, less current maturities due to gas department	722,267	0	0	722,267
Accrued compensated absences, less current portion	665,350	193,042	344,245	1,202,637
	8,979,272	193,042	3,882,215	13,054,529
DEFERRED INFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,323,335	285,026	427,538	2,035,899
Deferred outflows related to other postemployment benefits	148,474	16,406	44,917	209,797
	1,471,809	301,432	472,455	2,245,696

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(continued)

June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
NONCURRENT ASSETS				
Customer loan program, less allowance for doubtful accounts and current maturities	761,222	212,082	0	973,304
Note receivable-Sweetwater Utilities Board- Electric Department	0	722,267	0	722,267
Note receivable - City of Sweetwater	0	0	9,256	9,256
Other postemployment benefit asset	250,216	27,649	75,698	353,563
Net pension asset	216,937	46,725	70,087	333,749
Designated assets:				
Renewal and replacement fund	267,000	300,000	257,000	824,000
Unemployment security fund	8,000	0	0	8,000
Self insurance fund	135,000	45,000	40,000	220,000
	1,638,375	1,353,723	452,041	3,444,139
CAPITAL ASSETS				
Utility plant	61,115,454	7,080,966	29,172,751	97,369,171
Accumulated depreciation	(25,173,306)	(3,153,182)	(12,201,255)	(40,527,743)
	35,942,148	3,927,784	16,971,496	56,841,428
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to other postemployment benefits	3,209	353	971	4,535
Deferred outflows related to pensions	1,466,303	315,819	473,728	2,255,850
	1,469,512	316,172	474,699	2,260,383
	$ 46,589,467	$ 13,752,875	$ 25,181,550	$ 85,523,892

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
NET POSITION				
Net investment in capital assets	28,165,010	3,927,784	12,815,049	44,907,843
Restricted for other postemployment benefits	467,153	74,374	145,785	687,312
Unrestricted	3,479,545	9,091,833	7,098,031	19,669,409
	32,111,708	13,093,991	20,058,865	65,264,564
	$ 46,589,467	$ 13,752,875	$ 25,181,550	$ 85,523,892

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
OPERATING REVENUE				
Residential	$ 14,229,479	$ 558,231	$ 2,256,628	$ 17,044,338
Commercial and industrial	0	1,918,968	1,608,360	3,527,328
Schools	0	42,901	0	42,901
Fire protection	0	0	27,504	27,504
Miscellaneous	78,020	2,217	74,159	154,396
General power under 50KW	3,433,541	0	0	3,433,541
General power 50KW and over	10,858,486	0	0	10,858,486
Street and outdoor lighting	762,179	0	0	762,179
Customers' forfeited discounts	186,896	0	0	186,896
Rents from:				
Electric property	756,649	0	0	756,649
Less provision for uncollectible accounts	(28,500)	0	0	(28,500)
	30,276,750	2,522,317	3,966,651	36,765,718
OPERATING EXPENSES				
Purchased power-TVA	22,767,445	0	0	22,767,445
Purchased gas	0	1,342,322	0	1,342,322
Purchased water	0	0	218,025	218,025
Operations	1,957,462	558,315	1,943,898	4,459,675
Maintenance	1,852,092	77,633	354,206	2,283,931
Depreciation	1,686,898	172,509	727,802	2,587,209
	28,263,897	2,150,779	3,243,931	33,658,607

See the accompanying notes to the financial statements.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS
(continued)

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
INCOME FROM OPERATIONS	2,012,853	371,538	722,720	3,107,111
OTHER INCOME(EXPENSE)				
Gain on sale of capital assets	0	0	0	0
Interest income	231,520	238,228	151,809	621,557
Purchase gas refunds	0	13,642	0	13,642
Interest expense	(360,654)	0	(99,663)	(460,317)
	(129,134)	251,870	52,146	174,882
INCOME BEFORE OTHER FINANCING SOURCES	1,883,719	623,408	774,866	3,281,993
OTHER FINANCING SOURCES(USES)				
Transfers to general fund	(575,000)	(95,000)	0	(670,000)
Capital contributions	0	0	103,104	103,104
	(575,000)	(95,000)	103,104	(566,896)
CHANGES IN NET POSITION	1,308,719	528,408	877,970	2,715,097
NET POSITION AT THE BEGINNING OF THE YEAR	30,802,989	12,565,583	19,180,895	62,549,467
NET POSITION AT THE END OF THE YEAR	$ 32,111,708	$ 13,093,991	$ 20,058,865	$ 65,264,564

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
CASH PROVIDED(USED) BY OPERATING ACTIVITIES				
Cash received from customers	$ 30,004,712	$ 2,522,317	$ 3,966,842	$ 36,493,871
Cash paid to suppliers	(25,012,832)	(1,549,360)	(1,438,392)	(28,000,584)
Cash paid to employees	(1,465,980)	(362,951)	(1,147,542)	(2,976,473)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,525,900	610,006	1,380,908	5,516,814
CASH PROVIDED(USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid on customer deposits	(11,911)	0	0	(11,911)
Transfers-in-lieu of tax payments	(575,000)	(95,000)	0	(670,000)
NET CASH (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(586,911)	(95,000)	0	(681,911)

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(continued)

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
CASH PROVIDED(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital related debt	(251,000)	0	0	(251,000)
Interest paid on capital related debt	(316,267)	0	0	(316,267)
Repayment of interdepartment loan	(34,900)	34,900	0	0
Interest paid on interdepartment loan	(36,945)	0	0	(36,945)
Interest paid on long-term debt	0	0	(99,663)	(99,663)
Principal payments on long-term debt	0	0	(600,333)	(600,333)
Acquisition and construction of capital assets	(3,057,098)	(108,179)	(293,052)	(3,458,329)
Gas equipment loans to customers	0	(176,760)	0	(176,760)
Repayment of gas equipment loans by customers	0	125,705	0	125,705
Capital contributed - City of Sweetwater, Tennessee	0	0	282,075	282,075
Cost of removing capital assets	(171,657)	0	(3,779)	(175,436)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,867,867)	(124,334)	(714,752)	(4,706,954)

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(continued)

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
CASH PROVIDED(USED) BY INVESTING ACTIVITIES				
Interest on deposits in financial institutions	150,437	243,874	153,398	547,709
Energy loans made to customers	(266,264)	0	0	(266,264)
Repayments of energy loans by customers	255,591	0	0	255,591
Purchases of certificates of deposit in financial institutions	(1,090,000)	(3,600,000)	(1,210,000)	(5,900,000)
Maturities of certificates of deposit in financial institutions	1,090,000	3,600,000	1,210,000	5,900,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	139,764	243,874	153,398	537,036
NET (DECREASE)INCREASE IN CASH	(789,114)	634,546	819,554	664,986
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,557,295	5,676,149	5,897,650	16,131,094
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,768,181	$ 6,310,695	$ 6,717,204	$ 16,796,080

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(continued)

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
Cash and temporary investments	$ 3,768,181	$ 6,310,695	$ 6,717,204	$ 16,796,080
Interest bearing deposits in financial institutions	135,000	1,455,000	308,000	1,898,000
Designated assets	410,000	345,000	297,000	1,052,000
	4,313,181	8,110,695	7,322,204	19,746,080
Less: long-term certificates of deposit	(545,000)	(1,800,000)	(605,000)	(2,950,000)
	$ 3,768,181	$ 6,310,695	$ 6,717,204	$ 16,796,080

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(continued)

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Income from operations	$ 2,012,853	$ 371,538	$ 722,720	$ 3,107,111
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation, including amounts included in operating and maintenance expense accounts of $93,543	1,741,825	205,901	733,026	2,680,752
Change in net pension liability(asset)	(380,929)	(80,992)	(116,592)	(578,513)
Change in net OPEB liability(asset)	(20,644)	2,124	(3,866)	(22,386)
Change in deferred outflows:				
Deferred cost of pension	268,435	46,663	18,212	333,310
Deferred cost of OPEB	92	74	61	227
Pension other deferrals	(37,553)	662	41,615	4,724
Other post-employment benefits	1,015	(2,717)	(1,222)	(2,924)
Purchase gas refund	0	13,642	0	13,642

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(continued)

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
(Increase)decrease in:				
Accounts receivable	(272,038)	0	191	(271,847)
Inventories	(4,288)	6,606	11,602	13,920
Prepaid expenses	0	0	2,038	2,038
Increase(decrease) in:				
Accounts payable	201,786	24,961	5,852	232,599
Customer deposits	12,750	0	0	12,750
Accrued expenses	2,596	21,544	(32,729)	(8,589)
	1,513,047	238,468	658,188	2,409,703
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,525,900	$ 610,006	$ 1,380,908	$ 5,516,814
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES				
Depreciation included in construction costs	$ 41,606	$ 3,303	$ 3,616	$ 40,308
Amortization of bond premium	(12,500)	0	0	(12,500)
Amortization of debt issue costs	8,549	0	0	8,549
Nonoperating grants receivable	0	0	97,429	276,400

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SWEETWATER UTILITY BOARD DEFINED BENEFIT PENSION PLAN

Unaudited

June 30, 2025

ASSETS	
Cash and cash equivalents	$ 1,054,299
Investments, at fair value	8,483,285
TOTAL ASSETS	$ 9,537,584
LIABILITY AND NET POSITION	
LIABILITY	
Employer voluntary contributions	$ 45,365
NET POSITION	
Restricted for pensions	9,492,219
TOTAL LIABILITY AND NET POSITION	$ 9,537,584

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF FIDUCIARY CHANGES IN NET POSITION
FIDUCIARY FUND
SWEETWATER UTILITY BOARD DEFINED BENEFIT PENSION PLAN

Unaudited

Year Ended June 30, 2025

ADDITIONS		
Employer contributions		$ 162,498
Employee contributions		64,705
Investment income:		
Earnings (realized and unrealized)		911,484
TOTAL ADDITIONS		1,138,687
DEDUCTIONS		
Benefits paid to participants	$ 227,008	
Administrative expenses	15,293	242,301
NET INCREASE IN PLAN FIDUCIARY NET POSITION		896,386
PLAN FIDUCIARY NET POSITION AT THE BEGINNING OF THE YEAR		8,595,833
PLAN FIDUCIARY NET POSITION AT THE END OF THE YEAR		$ 9,492,219

See the accompanying notes to the financial statements.

NOTE A - DESCRIPTION OF ORGANIZATION

City of Sweetwater, Tennessee (the City) was incorporated in 1875. The City operates under an elected mayor and five-member Board of Commissioners form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, parks, recreation, public improvements, general administrative services and utilities.

Although the Sweetwater Board of Education (the Board of Education) and Sweetwater Utilities Board (the Utility) operate under separate governing boards, they are chartered under the City's Home Rule Charter and therefore they are not considered to be legally separate entities. The Utility's electric, gas and water and sewer operations and the Board of Education's school and cafeteria funds are considered to be funds of the City.

Complete financial statements for each of the Utility's departments may be obtained from the Sweetwater Utilities Board; P.O. Box 191; Sweetwater, TN 37874.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Utility financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

All trade receivables are shown net of an allowance for uncollectible accounts. Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. In Tennessee, this date is January 1, and is referred to as the lien date. Revenue from property taxes, however, is recognized in the period for which the taxes are levied, which for the City is October 1 of the ensuing fiscal year. Such taxes become delinquent on March 1. Property tax revenue is recognized when levied to the extent that they result in current receivables; that is if they are received within 60 days of the end of the fiscal year. Since the receivable for property taxes is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated amount for uncollectible taxes, is reported as deferred revenue in the fund financial statements and unearned revenue in the government-wide financial statements as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied and uncollected during the current fiscal year as well as the previous fiscal years. These property taxes receivable are presented on the governmental fund balance sheet with offsetting deferred revenue to reflect the amounts not available as of June 30. Property taxes collected within 60 days of year-end are considered available and are accrued as revenue. Property taxes collected later than 60 days after year-end are not considered available and are accrued and reported as deferred revenue. An allowance for uncollectible taxes is also recorded representing the estimated amount of delinquent taxes receivable that will be filed with the Monroe County Clerk and Master.

The City reports the following major governmental funds:

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

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

The *drug fund* is used to account for funds restricted for use in drug enforcement or drug awareness.

The *general purpose school fund* is the Board of Education's primary operating fund. It accounts for all financial resources of the Board of Education.

The *school cafeteria fund* is used to account for revenue legally restricted for providing food services to students.

The *school federal project fund* is used to account for revenue legally restricted for federal projects of the Board of Education.

The *school capital project fund* is used to account for revenue legally restricted for capital projects of the Board of Education.

Additionally, the City reports the following nonmajor governmental funds:

The *sanitation fund* is used to account for solid waste collections and disposal for City residents.

The *economic development fund* is used to account for economic development funds.

The *library fund* is used to account for all revenue and expenditures of the library.

The *internal school fund* is used to account for all revenue and expenditures of the individual internal schools. The budget for internal school funds are not approved by the City's Board of Commissioners or the Board of Education, therefore, no budget to actual statement has been presented for this fund.

The *tourism fund* is used to account for privilege taxes restricted for economic and community development and tourism.

The City reports the following major proprietary funds:

The *electric fund* is used to account for activities of the electric department, which operates and maintains an electric distribution system for residents and businesses on a user charge basis.

The *natural gas fund* is used to account for activities of the natural gas department, which operates and maintains a natural gas distribution system for residents and businesses on a user charge basis.

The *water and sewer fund* is used to account for activities of the water and sewer departments, which operate and maintain a water distribution and sewer collection system for residents and businesses on a user charge basis.

The City reports the following fiduciary fund:

The *Sweetwater Utility Board Defined Benefit Pension Plan* (SUB Pension Plan) accounts for resources that are required to be held in trust for the members and beneficiaries of the pension plan. The SUB Pension Plan financial statements have been prepared using the accrual method of accounting.

The City has an unaudited other post employment benefit plan (OPEB Plan) that is not included in the fiduciary fund financial statements. The omission of the OPEB Plan fiduciary fund financial statements does not materially affect the financial statements.

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

Residual balances outstanding between funds at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activities occur during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

The electric fund follows accounting policies for public electric utilities as prescribed by the Federal Energy Regulatory Commission where applicable. The electric fund, natural gas fund and water and sewer fund use accounting principles applicable to a similar private business enterprise, where the cost of providing services to the public on a continuing basis is recovered through user rates. These funds use the flow of economic resources measurement focus applied on the accrual basis of accounting. Except for customer billings, revenue is recorded when earned. Billings to customers are based on a monthly meter reading cycle. Any electric, gas, or water and sewer services rendered from the latest billing cycle date to the month end are unbilled and are not reflected in the financial statements. Unbilled revenue at June 30, 2025 for the electric fund, natural gas fund, and water and sewer fund was approximately $822,300, $26,300, and $192,000, respectively.

The Utility distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with its principal and ongoing operations. The principal operating revenue is charges to customers for power sales and services, gas sales and services, and water and sewer sales and services. The Utility also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses of the Utility include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. When an expense is incurred for the purposes for which there are both restricted and unrestricted net position available, it is the Utility's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governmental entities that includes a statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows. It requires that resources be classified for accounting reporting purposes into the following three net position groups:

Net Investment in Capital Assets

This category includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net investment in capital assets at June 30, 2025 has been calculated as follows:

Governmental Activities:

Capital assets	$ 51,548,178
Accumulated depreciation	(27,178,236)
Principal balance on long-term debt	(4,643,177)
	$ 19,726,765

Business-Type Activities:

Electric Fund:	
Capital assets	$ 61,115,454
Accumulated depreciation	(25,173,306)
Accrued interest	(25,483)
Principal balance on long-term debt	(7,751,655)
	$ 28,165,010
Natural Gas Fund:	
Capital assets	$ 7,080,966
Accumulated depreciation	(3,153,182)
	$ 3,927,784
Water and Sewer Fund:	
Capital assets	$ 29,172,751
Accumulated depreciation	(12,201,255)
Principal balance on long-term debt	(4,156,447)
	$ 12,815,049

Restricted

This category includes net position whose use is subject to externally imposed stipulations that can either be fulfilled by actions of the City pursuant to those stipulations or that expire by the passage of time. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Restricted net position of the governmental activities and business-type activities is disclosed in Note Q.

Unrestricted

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

Fund Balances

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

Nonspendable Fund Balances

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

Restricted Fund Balances

Fund balances reported as restricted in the accompanying financial statements represent amounts restricted to specific purposes by externally imposed restrictions or imposed by law through constitutional provisions or enabling legislation. Fund balance of the general fund is restricted for special projects for which the City receives restricted donations. Fund balance of the state street aid fund is classified as restricted fund balance because its use is limited to street improvements. Fund balance of the drug fund is classified as restricted fund balance because its use is limited to drug enforcement. Fund balance of the economic development fund is classified as restricted fund balance because its use is limited to projects related to economic development. Fund balance of the general purpose school fund is classified as restricted fund balance because its use is limited for pensions and for school use. Fund balance of the school cafeteria fund is classified as restricted fund balance because its use is limited to school cafeteria use. Fund balance of the school capital project fund is classified as restricted fund balance because its use is limited to school capital projects. Fund balance of the school federal project fund is classified as restricted fund balance because its use is limited to school federal projects. Fund balance of the sanitation fund is classified as restricted fund balance because its use is limited to sanitation. Fund balance of the tourism fund is classified as restricted fund balance because its use is limited to tourism.

Committed Fund Balances

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

Assigned Fund Balances

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

Unassigned Fund Balance

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

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

Inventories and Prepaid Items

Inventories of governmental funds are stated at cost, determined on the first-in, first-out method, and are stated at the lower of average cost or replacement value. Inventories of governmental funds are reported under the consumption method of accounting. Inventories of proprietary funds are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Proprietary fund inventories consist of expendable supplies held for consumption.

Prepaid items in both the government-wide and fund financial statements represent payments to vendors that reflect costs applicable to future periods.

Taxes

Municipal utilities are exempt from federal and state income taxes.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns on the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Depreciation on assets of the governmental activities is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 50 years.

Buildings	40 to 50 years
Improvements	10 to 20 years
Electric distribution plant	15 to 30 years
Gas distribution plant	25 to 50 years
Water distribution and sewer collection plant	20 to 50 years
General plant	10 to 20 years
Vehicles and equipment	5 to 15 years
Infrastructure	25 to 30 years

In the business-type activities, capital assets consist of property, utility plant and equipment and are stated at cost, net of customers' direct contributions toward construction.

Depreciation is computed using the straight-line method and the following rates based on the useful life of the asset:

	Electric Fund	Natural Gas Fund	Water and Sewer Fund
Electrical distribution	3.0-6.0%		
Facilities installation	7.5%		
Structures and improvements	5.0%	2.0-5.0%	2.0-5.0%
Equipment	3.0-12.0%	2.0-15.0%	4.0-10.0%
Office furniture and fixtures	6.0%	5.0%	5.0%

When assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal cost, less salvage value, is charged or credited to the accumulated depreciation account. The cost of maintenance and repairs is charged to earnings as incurred; significant renewals and betterments are capitalized.

Compensated Absences

During the year ended June 30, 2025, the City implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* (GASB 101). This standard updates the recognition and measurement guidance for compensated absences and requires that liabilities for compensated absences be recognized for leave that is attributable to services already provided, accumulates and can be carried forward to future periods and is more likely than not to be used for time off or otherwise paid or settled.

As discussed in Note R, fund balance and net position of the general fund and governmental-activities have been restated to accrued beginning compensated absences as required by the new standard.

Employees of the City, who are not employed by the Board of Education or the Utility, are granted vacation and sick leave in varying amounts based on length of service. Vacation leave does not accrue from year-to-year and is forfeited if unused. Sick leave may accrued at unlimited amounts but is not paid out upon retirement, it may be converted to retirement service credits. Management has estimated that sick leave accrued beyond 80 hours is likely to be converted to retirement service credits and therefore no accrual has been made for accumulated sick leave in excess of 80 hours. Accrued sick leave is expected to be paid out during the following fiscal year and therefore is reported as a current liability.

Salaries of the Board of Education employees include vacation pay due to the seasonal work year. Employees earn one sick day per month and two personal days per year, which are fully vested not subject to any maximum. Sick and personal days are typically used with in the year in which they are earned and there was no material liability related to sick and personal days at June 30, 2025 or June 30, 2024.

Changes to governmental-type activities compensated balances during the year ended June 30, 2025 were as follows:

Beginning balance	$ 157,217
Earned	163,784
Used	(163,784)
Ending balance	$ 157,217

The Utility recognizes the cost of vacation pay and sick pay as it is earned. Employees are allowed to accumulate a maximum of one hundred and sixty-five sick leave days and benefits vest upon the earlier of an employee's death, attaining fifteen years of continuous service or reaching retirement. There were no significant changes to the Utility's recognized compensated absences as a result of the implementation of GASB 101.

At June 30, 2025, compensated absences of business-type activities consisted of the following:

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
Current portion of compensated absences	$ 153,660	$ 12,691	$ 108,679	$ 275,030
Long-term compensated absences	665,350	193,042	344,245	1,202,637
	$ 819,010	$ 205,733	$ 452,924	$ 1,477,667

Allowances for Uncollectible Accounts

Allowances for uncollectible accounts and taxes receivable are provided based upon historical trends. Allowances for uncollectible accounts at June 30, 2025 were as follows:

Business-Type Activities	
Accounts receivable, customers	$ 31,056
Accounts receivable, customer loan program	19,666

Use of Estimates

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

Postemployment Benefits Other Than Pension (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Utility and additions to/deductions from the Utilities fiduciary net position have been determined on the same basis as they are reported by the Utility. For this purpose, the Utility recognizes benefits payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (in the government-wide statements), information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), the Teacher Legacy Pension Plan of the TCRS and the Teacher Retirement Plan of the TCRS and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan , the Teacher Legacy Pension Plan, and the Teacher Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the respective plan. Investments are reported at fair value.

Customer Loan Program

The Utility operates a program that provides interest-bearing loans (currently 6%) for energy efficient equipment and improvements not exceeding $15,000 for periods not to exceed 120 months. The Utility also operates a program that provides interest-bearing loans (currently 6%) for energy conservation expenditures not exceeding $15,000 for periods not to exceed 60 months. The balance of these loans made under the electric fund's programs at June 30, 2025, net of an allowance for uncollectible accounts of $19,666, was $887,620. The balance of the loans made under the natural gas fund's program at June 30, 2025 was $239,060 with no allowance for uncollectible accounts reported.

Long-Term Obligations

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The Utility continues to report bond issuance costs as an asset and amortize those over the life of the bonds instead of expensing those costs in the current year in accordance with certain provisions included in Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB* and *AICPA Pronouncements*. This regulatory option as part of GASB Statement No. 65 is available due to the above mentioned cost being used for the rate setting by the Utility.

NOTE C - CASH AND INVESTMENTS

Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. Carrying amounts at June 30, 2025 were as follows:

Governmental Activities:

Cash on hand and in checking accounts	$ 26,298,857
Certificates of deposit	110,279
	$ 26,409,136

Business-Type Activities:

	Unrestricted	Designated	Totals
Cash on hand and in checking accounts	$ 16,796,080	$ 0	$ 16,796,080
Interest-bearing deposits in financial institutions	1,898,000	1,052,000	2,950,000
Total cash and investments	$ 18,694,080	$ 1,052,000	$ 19,746,080

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

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

All cash balances at June 30, 2025 were entirely insured through the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

Deposits in financial institutions for the electric fund, natural gas fund and water and sewer fund consisted of the following at June 30, 2025:

	Amount	Interest Rate	Maturity Date
Electric fund:			
Cash on hand and checking accounts	$ 6,100		
Money market accounts	3,762,081	1.85%	
Certificate of deposit	100,000	4.18	October 6, 2025
Certificate of deposit	445,000	4.18	October 27, 2025
	$ 4,313,181		
Natural gas fund:			
Cash on hand and checking accounts	$ 1,300		
Money market accounts	6,309,395	1.83%	
Certificate of deposit	300,000	4.50	July 14, 2025
Certificate of deposit	300,000	4.25	July 28, 2025
Certificate of deposit	300,000	4.35	December 14, 2025
Certificate of deposit	550,000	4.25	August 4, 2025
Certificate of deposit	250,000	4.40	September 12, 2025
Certificate of deposit	100,000	4.31	November 29, 2025
	$ 8,110,695		
Water and sewer fund:			
Cash on hand and checking accounts	$ 1,800		
Money market accounts	6,715,404	1.83%	
Certificate of deposit	400,000	4.25	August 4, 2025
Certificate of deposit	150,000	4.18	October 6, 2025
Certificate of deposit	55,000	4.18	October 27, 2025
	$ 7,322,204		

For purposes of the statement of cash flows, the Utility considers all highly liquid assets with an original maturity of three months or less to be cash equivalents.

TCRS Stabilization Trust

Legal Provisions

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

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

Investment Balances

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2025, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable

Investments where fair value is measured using the Net Asset Value (NAV) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute, or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2025, the City had the following investments held by the TRGT on its behalf:

Asset Class	Percentage Target Allocations	Stabilization Trust Allocation
U.S. Equity	31%	$ 65,335
Developed market international equity	14	29,506
Emerging market international equity	4	8,430
Private equity and strategic lending	20	42,152
U.S. fixed income	20	42,152
Real estate	10	21,076
Short-term securities	1	2,108
	100%	$ 210,759

		Fair Value Measurements Using			
Asset Class	Fair Value 6/30/25	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Amortized Cost NAV
U.S. equity	$ 65,335	$ 65,335	$ 0	$ 0	$ 0
Developed market international equity	29,506	29,506	0	0	0
Emerging market international equity	8,430	8,430	0	0	0
U.S fixed income	42,152	0	42,152	0	0
Real estate	21,076	0	0	21,076	0
Short-term securities	2,108	0	2,108	0	0
Private equity and strategic lending	42,152	0	0	0	42,152
Total	$ 210,759	$ 103,271	$ 44,260	$ 21,076	$ 42,152

The TRGT's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for TRGT investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have the ability to limit TRGT investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have the ability to limit the credit ratings of individual investments made by the TRGT.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount the City may invest in one issuer.

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the TRGT agreement, investments are held in the name of the TRGT for the benefit of the City to pay retirement benefits of the City employees.

For further information concerning the City's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at https://treasury.tn.gov/Portals/0/Documents/Retirement/CAFR%20Reports/2024/2024TCRSReport_Full%20Report.pdf

NOTE D - RISK MANAGEMENT

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

The Utility 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 electric fund, natural gas fund and water and sewer fund insure themselves against potential losses associated with these risks through jointly purchased commercial insurance policies. There were no reductions in limits of liability or coverage of insurance policies in effect during the year ended June 30, 2025 from those in effect during the years ended June 30, 2024 and June 30, 2023. In addition, there have been no losses in excess of insurance coverage during the last three fiscal years.

NOTE E - CAPITAL ASSETS

Governmental Activities:

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

	Balance 7/1/24	Additions	Retirements	Balance 6/30/25
Capital assets not being depreciated				
Land	$ 2,040,274	$ 0	$ 0	$ 2,040,274
Construction in process	75,309	319,818	0	395,127
	2,115,584	319,818	0	2,435,402
Capital assets being depreciated				
Land and building improvements	32,099,396	0	0	32,099,396
Vehicles and equipment	10,376,610	272,891	(63,419)	10,586,082
Infrastructure	6,427,298	0	0	6,427,298
	48,903,304	272,891	(63,419)	49,112,776
Accumulated depreciation				
Land and building improvements	(15,738,858)	(794,139)	0	(16,532,997)
Vehicles and equipment	(7,092,089)	(488,362)	21,786	(7,558,665)
Infrastructure	(2,874,656)	(211,918)	0	(3,086,574)
	(25,705,603)	(1,494,419)	21,786	(27,178,236)
	$ 25,313,284	$ (901,710)	$ (41,633)	$ 24,369,940

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

General government	$ 230,064
Education	708,010
Public safety	300,253
Public welfare	99,660
Streets and highways	156,433
	$ 1,494,419

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2025

	Balance 7/1/24	Additions	Retirements And Transfers	Balance 6/30/245
Business-Type Activities:				
Electric Fund				
Distribution plant:				
Capital assets not being depreciated				
Land and land rights	$ 286,411	$ 0	$ 0	$ 286,411
Capital assets being depreciated				
Electrical distribution system	40,906,406	7,419,794	(203,886)	48,122,314
Facilities installation	923,868	9,889	(5,614)	928,143
	41,830,274	7,429,683	(209,500)	49,050,457
General plant:				
Capital assets not being depreciated				
Land and land rights	43,518	0	0	43,518
Capital assets being depreciated				
Structures and improvements	6,169,108	0	0	6,169,108
Equipment	2,855,218	311,570	(249,560)	2,917,228
Office furniture and fixtures	499,359	12,010	(652)	510,717
	9,523,685	323,580	(250,212)	9,597,053
Construction work in progress	6,720,967	3,224,661	(7,807,613)	2,138,015
	$ 58,404,855	$ 10,977,924	$(8,267,325)	$ 61,115,454
Accumulated depreciation				
Distribution plant:				
Electrical distribution system	$ (20,536,926)	$ (1,496,841)	$ 328,177	$ (21,705,590)
Facilities installation	(837,363)	0	10,923	(826,440)
	(21,374,289)	(1,496,841)	339,100	(22,532,030)
General plant:				
Structures and improvements	(188,535)	(123,382)	0	(311,917)
Equipment	(2,233,199)	(112,689)	220,010	(2,125,878)
Office furniture and fixtures	(153,614)	(50,519)	652	(203,481)
	(2,575,348)	(286,590)	220,662	(2,641,276)
	$ (23,949,637)	$ (1,783,431)	$ 559,762	$ (25,173,306)

CITY OF SWEETWATER, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2025

	Balance 7/1/24	Additions	Retirements and Transfers	Balance 6/30/25
Natural Gas Fund				
Distribution plant:				
Capital assets not being depreciated				
Land and land rights	$ 5,059	$ 0	$ 0	$ 5,059
Capital assets being depreciated				
Structures and improvements	32,998	0	0	32,998
Gas distribution system	5,493,607	30,188	(1,051)	5,522,744
	5,526,605	30,188	(1,051)	5,555,742
General plant:				
Capital assets not being depreciated				
Land and land rights	8,600	0	0	8,600
Capital assets being depreciated				
Equipment	1,393,205	11,159	(7,998)	1,396,366
Office furniture and fixtures	27,561	0	0	27,561
	1,420,766	11,159	(7,998)	1,423,927
Construction work in progress	18,428	76,321	(7,111)	87,638
	$ 6,979,458	$ 117,668	$ (16,160)	$ 7,080,966
Accumulated depreciation				
Distribution plant:				
Structures and improvements	$ (20,257)	$ 0	$ 0	$ (20,257)
Gas distribution system	(2,510,772)	(149,746)	2,826	(2,657,692)
	(2,531,029)	(149,746)	2,826	(2,677,949)
General plant:				
Equipment	(394,377)	(57,804)	7,148	(445,033)
Office furniture and fixtures	(28,546)	(1,654)	0	(30,200)
	(422,923)	(59,458)	7,148	(475,233)
	$ (2,953,952)	$ (209,204)	$ 9,974	$ (3,153,182)

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2025

	Balance 7/1/24	Additions	Retirements and Transfers	Balance 6/30/25
Water and Sewer Fund				
Water plant:				
Capital assets not being depreciated				
Land and land rights	$ 38,188	$ 0	$ 0	$ 38,188
Capital assets being depreciated				
Structures and improvements	12,253,112	70,667	(3,372)	12,320,407
Furniture and fixtures	60,610	1,825	(572)	61,863
Equipment	2,316,006	33,551	(8,497)	2,341,060
	14,629,728	106,043	(12,441)	14,723,330
Sewer plant:				
Capital assets not being depreciated				
Land and land rights	69,013	0	0	69,013
Capital assets being depreciated				
Structures and improvements	13,555,693	8,786	0	13,564,479
Equipment	527,772	15,937	0	543,709
	14,083,465	24,723	0	14,108,188
Construction work in progress	68,130	232,553	(66,651)	234,032
	$ 28,888,524	$ 363,319	$ (79,092)	$ 29,172,751
Accumulated depreciation				
Water plant:				
Structures and improvements	$ (5,890,384)	$ (297,602)	$ 8,001	$ (6,179,985)
Furniture and fixtures	(33,977)	(6,175)	572	(39,580)
Equipment	(1,070,782)	(93,943)	7,647	(1,157,078)
	(6,995,143)	(397,720)	16,220	(7,376,643)
Sewer plant:				
Structures and improvements	(4,102,365)	(323,499)	0	(4,425,864)
Equipment	(383,325)	(15,423)	0	(398,748)
	(4,485,690)	(338,922)	0	(4,824,612)
	$ (11,480,833)	$ (736,642)	$ 16,220	$ (12,201,255)

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
Depreciation expense	$ 1,686,898	$ 172,509	$ 727,802	$ 2,587,209
Charged to clearing accounts and allocated to:				
Construction	41,606	3,303	3,616	48,525
Operating expense accounts	33,690	28,732	3,982	66,404
Maintenance expense accounts	21,237	4,660	1,242	27,139
	$ 1,783,431	$ 209,204	$ 736,642	$ 2,729,277

NOTE F - PENSION PLANS

Public Employee Retirement Plan

Plan Description

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

Benefits Provided

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

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .5%. A 1% COLA is granted if the CPI change is between .5% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	107
Active employees	125
	343

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, employer contributions were $162,991, based on an actuarial determined rate of 3.10%. The City elected to make additional contributions of $99,493 for total pension contributions of $262,484 in order to reduce the net pension liability. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability(Asset)

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

Actuarial Assumptions

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

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

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. 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%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	1.00
		100.00%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the future capital market projections, historical market returns and expected inflation rate, as 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 the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability(Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Changes for the year ended June 30, 2024:			
Increase(decrease):			
Service cost	$ 476,495	$ 0	$ 476,495
Interest	1,197,269	0	1,197,269
Differences between expected and actual experience	410,266	0	410,266
Changes in assumptions	0	0	0
Contributions-employer	0	250,895	(250,895)
Contributions-employee	0	251,918	(251,918)
Net investment income	0	1,854,269	(1,854,269)
Benefit payments, including refunds of employee contributions	(866,916)	(866,916)	0
Administrative expense	0	(16,797)	16,797
Net changes for the year ended June 30, 2024	1,217,114	1,473,369	(256,255)
Balances at June 30, 2023	17,694,276	19,184,524	(1,490,248)
Balances at June 30, 2024	$ 18,911,390	$ 20,657,893	$ (1,746,503)

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability(asset)	$ 944,617	$ (1,746,503)	$ (3,948,690)

Pension Expense

For the year ended June 30, 2025, the City recognized pension expense of $232,775 in the government-wide statement of activities.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2025, the City reported the following 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	$ 530,875	$ 31,830
Net difference between projected and actual earnings on pension plan investments	0	217,269
Changes in assumptions	215,386	0
Contributions subsequent to the measurement date of June 30, 2024	262,484	not applicable
	$ 1,008,745	$ 249,099

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

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 Ending June 30:	
2026	$ 66,398
2027	455,254
2028	7,892
2029	(32,381)
2030	0
Thereafter	0

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

Teacher Legacy Pension Plan

Plan Description

Teachers with membership in the TCRS before July 1, 2014 of the Board of Education are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. 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 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 publically available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. 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 year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and 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 credit is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic 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 CPI during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .5%. A 1% COLA is granted if the CPI change is between .5% and 1%. 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% of salary. The LEAs make employer contributions at the rate set by the TCRS 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 the Board of Education for the year ended June 30, 2025 to the Teacher Legacy Plan were $250,831 which is 5.72% 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 Liability(Asset)

At June 30, 2024 the Board of Education reported an asset of $2,446,504 for its proportionate share of net pension liability(asset). The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Board of Education's proportion of the net pension liability(asset) was based on the Board of Education'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 Board of Education's proportion was 0.142002%. The proportion measured as of June 30, 2023 was 0.149278%.

Pension Expense

For the year ended June 30, 2025, the Board of Education recognized pension expense of $602,399.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2025, the Board of Education reported the following 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	$ 652,418	$ 0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	476,480
Changes in proportion share of the net pension liability(asset)	172,659	26,455
Contributions subsequent to the measurement date of June 30, 2024	250,831	not applicable
	$ 1,075,908	$ 502,935

The Board of Education employer contributions of $250,831, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in 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:

Year Ending June 30:	
2026	$ (213,769)
2027	1,035,374
2028	(248,594)
2029	(250,869)
2030	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts 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% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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 expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	1.00
		100.00%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the future capital market projections, historical market returns and expected inflation rate, as 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 Proportionate Share of Net Pension Liability(Asset) to Changes in the Discount Rate

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Proportionate share of the net pension liability(asset)	$ 3,107,908	$ (2,446,504)	$ (7,053,132)

Pension Plan Fiduciary Net Position

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

Teacher Retirement Plan

Plan Description

Teachers with membership in the TCRS before July 1, 2014 of the Board of Education are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. 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 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 publically available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan 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 years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. 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% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic 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 CPI during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .5%. A 1% COLA is granted if the CPI change is between .5% and 1%. 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 prospective 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 or by automatic cost controls set out in the law. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement 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 for the year ended June 30, 2024 to the Teacher Retirement Plan were $126,709, which is 3.90% of covered payroll. Contributions of $33,054 (0.10% of covered payroll) were made to the TCRS Stabilization Reserve Trust as discussed in Note B. The employer rate, 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 Asset

At June 30, 2024, the Board of Education reported an asset of $76,117 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension assets used to calculate the net pension asset was determined by an actuarial value as of that date. The Board of Education's proportion of the net pension asset was based on the Board of Education'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 Board of Education's proportion was .106814%. The proportion measured as of June 30, 2023 was .100375%.

Pension Expense

For the year ended June 30, 2025, the Board of Education recognized pension expense of $61,781.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2025, the Board of Education 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	$ 6,288	$ 23,385
Net difference between projected and actual earnings on pension plan investments	0	12,840
Changes of assumptions	30,247	0
Changes in proportion share of the net pension liability(asset)	734	15,904
Contributions subsequent to the measurement date of June 30, 2024	126,709	not applicable
	$ 163,978	$ 52,129

The Board of Education's employer contributions of $126,709, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability 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:

Year Ending June 30:	
2026	$ (9,258)
2027	8,506
2028	(6,555)
2029	(6,484)
2030	(237)
Thereafter	(831)

In the table above, positive amounts will increase pension expense, while negative amounts 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% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.125%

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation from 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%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	1.00
		100.00%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the future capital market projections, historical market returns and expected inflation rate, as 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 Proportionate Share of Net Pension Liability(Asset) to Changes in the Discount Rate

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Proportionate share of the net pension liability(asset)	$ 200,744	$ (76,117)	$ (282,159)

Pension Plan Fiduciary Net Position

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

Teacher Retirement Defined Contribution Plan

Teachers who participate in the Teacher Retirement Plan described in Note E, are also covered by a separate defined contribution 401(k) plan administered by the State of Tennessee. Employees are not required to contribute to the plan, employers are required to contribute 5% of employee compensation. Participants are immediately invested in the plan. The City's employer contributions to the state administered 401(k) plan were $151,014 for the year ended June 30, 2025.

Utility Public Employee Retirement Plan

Plan Description

The Utility, together with the Sweetwater Utilities Board Electric and Gas Departments, has the Sweetwater Utilities Board Defined Benefit Pension Plan (the Plan), a single-employer defined benefit pension plan. The Utility amended the Plan to close the Plan to employees hired or rehired on or after January 1, 2012. Benefits provisions were established by a resolution of the Utility's Board of Directors. The Board of Directors reserves the authority to amend provisions of the Plan, which is administered by the Sweetwater Utility Board.

Effective January 1, 2024, the Utility Board became a participating plan in the Governmental Pension Plan of Central Service Association (GPPCSA). Central Services Association is the administrator of the GPPCSA, and therefore, the Plan is no longer required to have a separate audit.

Benefits Provided

Full-time employees hired prior to January 1, 2012 attaining the age of 19 and with one year of employment are eligible to become members of the Plan. The Plan provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the employee's compensation for the plan year prior to the employee's normal retirement date and years of service. Utility employees who retire at or after age 62 with 17 years of credited service are entitled to an annual retirement benefit, payable for life, in an amount equal to 55 percent of monthly compensation for the plan year prior to the employee's normal retirement date. Retirement benefits for employees who retire with less than 6 years of service are prorated according to a formula based on years of service.

Employee membership data related to the Plan as of the measurement date of September 30, 2024 was as follows:

Retirees and beneficiaries currently receiving benefits	12
Terminated employees entitled to but not yet receiving benefits	6
Active plan members	21
	39

Contributions

The Plan is contributory whereby employees are required to contribute 5% (effective July 1, 2015 increased from 3%) of earnable compensation, and the employer is responsible for the remaining contribution. For the plan year ended September 30, 2024, the Utility's required contribution of $15,324 (0.95% of covered payroll) is an actuarially determined amount sufficient to amortize the unfunded actuarially accrued liability and fund employer normal cost. There is no legal or contractual maximum contribution rate. Both the contribution requirements of Plan members and the Utility are established and may be amended by the Utility's Board of Directors.

Annual Required Contribution Trend Information

	Required Contribution				
Fiscal Year	Water and Sewer	Electric	Gas	Totals	% Contributed
2016	$ 89,689	$ 361,321	$ 52,293	$ 503,303	274.11%
2017	88,117	336,120	48,505	472,742	226.70
2018	96,911	258,173	52,965	408,049	125.47
2019	40,814	244,815	71,452	357,081	219.02
2020	67,307	233,506	42,447	343,259	183.58
2021	60,392	207,845	34,418	302,655	129.91
2022	54,177	179,771	29,956	263,903	134.35
2023	46,510	150,000	26,040	222,550	139.14
2024	48,886	172,386	36,021	257,293	134.53
2025	3,218	9,961	2,145	15,324	1060.42

Net Pension Asset

The Utility's net pension liability was measured as of October 1, 2024, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the October 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%
Salary increases	3.5%
Investment rate of return	7%, net of pension investment expense, including inflation
Mortality	Pub10 General Amount Weighted

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of October 1, 2024 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Stocks	7.00%	50%
Bonds	4.06	50

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. This single rate is the long-term expected rate of return (7.00%). The projected cash flows used to determine the discount rate assumed employee contributions will be made at the current contribution rate and the Plan contributions will be made at the greater of the current rate and the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected benefit payments. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments.

Funded Status

The funded status of the Plan as of the most recent valuation date is as follows (dollar amounts are in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	% of Covered Payroll ((b-a)/c)
10/1/24	$ 9,402	$ 9,158	$ (244)	102.66%	$ 1,616	(15.10)%
1/1/24	9,051	8,841	(210)	102.38	1,728	(12.15)
1/1/23	8,458	9,682	1,224	87.36	1,747	70.08
1/1/22	8,035	9,067	1,032	88.62	1,651	62.49
1/1/21	7,231	8,682	1,451	83.29	1,718	84.45
1/1/20	6,480	8,359	1,879	77.52	1,716	109.49
1/1/19	5,674	7,954	2,280	71.34	1,729	131.82
1/1/18	4,962	7,490	2,528	66.25	1,670	151.43
1/1/17	4,837	7,789	2,952	62.10	1,971	149.81
1/1/16	3,752	7,403	3,651	50.68	1,967	185.62

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
Changes for the nine months ended September 30, 2024:			
Increase(decrease):			
Service cost	$ 78,194	$ 0	$ 78,194
Interest	462,278	0	462,278
Difference between expected and actual experience	4,409	0	4,409
Changes of assumptions	0	0	0
Contributions-employer	0	162,498	(162,498)
Contributions-employees	0	64,705	(64,705)
Net investment income	0	911,484	(911,484)
Benefit payments, including refunds of employee contributions	(227,008)	(227,008)	0
Adjustment for change in employee contributions	0	0	0
Administrative expenses	0	(15,293)	15,293
Net changes for the year ended September 30, 2024	317,873	896,386	(578,513)
Balances at January 1, 2024	8,840,597	8,595,833	244,764
Balances at September 30, 2024	$ 9,158,470	$ 9,492,219	$ (333,749)

Department	Net Pension Liability 1/1/24	Net Changes	Net Pension Liability 9/30/24
Electric	$ 163,992	$ (380,929)	$ (216,937)
Gas	34,267	(80,992)	(46,725)
Water and sewer	46,505	(116,592)	(70,087)
	$ 244,764	$ (578,513)	$ (333,749)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	$ 879,013	$ (333,749)	$ (1,345,181)

Pension Income

For the plan year ended September 30, 2024, the Plan recognized pension income as follows (including adjustments for change in allocation percentages between departments):

Department	Pension Income
Electric	$ 134,242
Gas	30,263
Water and sewer	51,657
	$ 216,162

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the Plan reported the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,137,215	$ 60,462
Changes of assumptions	1,094,317	1,437,720
Net difference between projected and actual earnings on plan investments	0	537,717
Totals	$ 2,231,532	$ 2,035,899

At June 30, 2025, the Utility reported deferred outflows of resources related to the Plan from the following sources:

Contributions subsequent to the measurement date of September 30, 2024:	$ 24,318

Department	
Electric	$ 15,807
Gas	3,891
Water and Sewer	4,620
	$ 24,318

The amount shown above for "Contributions subsequent to the measurement date of October 1, 2024," will be recognized as a reduction of the net pension liability in the following measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as increases in pension expense as follows:

Year Ending June 30:	
2026	$ (265,976)
2027	(118,247)
2028	(214,962)
2029	(184,780)
2030	73,117
Thereafter	906,481

Within this table, positive amounts will increase pension expense while negative amounts will decrease pension expense.

The deferred outflows of resources and deferred inflows of resources for the Utility are as follows as of June 30, 2025:

Department	Deferred Outflows of Resources	Deferred Inflows of Resources
Electric	$ 1,466,303	$ 1,323,335
Gas	315,819	285,026
Water and sewer	473,728	427,538
	$ 2,255,850	$ 2,035,899

Payable to the Pension Plan

At June 30, 2025 the Utility did not report a payable for any outstanding amount of employer contributions to the Plan required for the year ended June 30, 2025 since all contributions were paid prior to year-end.

Defined Contribution Pension Plan

Plan Description

The Utility adopted the Sweetwater Utilities Board 401(a) Defined Contribution Retirement Plan (401(a) Plan) effective January 1, 2012, for all eligible employees hired or rehired on or after January 1, 2012. The 401(a) Plan is administered by VOYA Financial (VOYA). Each participant has an individual account with VOYA into which all contributions flow. The participants are offered various investment options through the plan and are allowed to invest moneys in their account, at their own discretion, among the options. The Utility may amend, modify, or terminate the 401(a) Plan, upon approval of such amendment, modification, or termination by the Utility's Board of Directors (the Board), provided that no amendment or modification shall reduce the account balances of any participant accrued to the date of the change.

All full-time employees attaining the age of 18 and with six months of employment are eligible to become members of the 401(a) Plan. The 401(a) Plan defines the employee contributions and Utility's matching contributions at 5% each. The Utility's contributions for each participating employee are fully vested after five years. Utility contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Utility's obligation to contribute. During the year ended June 30, 2024, the payroll for employees covered under the 401(a) Plan was $1,362,883 and the Utility contributed $68,144 to the 401(a) Plan on behalf of its employees which approximate 5% of eligible payroll.

Deferred Compensation Plan

Plan Description

The Utility adopted the Sweetwater Utilities Board 457(b) Deferred Compensation Plan (457(b) Plan) effective January 1, 2012. All employees attaining the age of 18 are eligible to become members of the 457(b) Plan. The 457(b) Plan allows employees to defer a portion of their current salary (up to $23,500) until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

The Board has full power and authority to adopt rules and regulations for the administration of the 457(b) Plan. The Board contracts with providers to manage the investment of plan assets and for selecting the plan investment options. Additionally, the Board reviews and approves withdrawals, terminations and benefit payments. At June 30, 2025 there were 13 active participants in the 457(b) Plan for the electric fund and water and sewer fund.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS

Closed Teacher Group Other Postemployment Benefits Plan

Plan Description

Employees of the City, 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 multi-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 on or after July 1, 2015.

Benefits Provided

The City offers the TGOP to provide health insurance coverage to eligible pre-65 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 Section 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 healthsavings 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. The State of Tennessee, as a governmental nonemployer 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%; between 20 and 29 years, 35%; and less than 20 years, 20% of the scheduled premium. The subsidy is provided for enrollees of the healthsavings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At July 1, 2024, the following employees of the City were covered by the benefit terms of the TGOP.

Inactive employees currently receiving benefit payments	13
Active employees	90
	103

An insurance committee, created in accordance with TCA Section 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 TGOP are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to TGOP participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the City paid $78,579 to the TGOP for OPEB benefits as they came due.

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	Graded salary ranges from 3.44 to 8.72% based on age, including inflation, averaging 4%
Healthcare cost trend rates	10.68% for pre-65 in 2024, decreasing annually over a 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 the TCRS based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experiences. 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 Teacher Below Median Healthy Annuitant and adjusting 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 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.

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 in Collective Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 101,261
Interest	95,722
Differences between expected and actual experience	319,606
Change of assumptions	41,757
Benefit payments	(113,537)
Net changes	444,809
Total OPEB liability – beginning balance	2,577,529
Total OPEB liability – ending balance	$ 3,022,338
Nonemployer contributing entities proportionate share of the collective total OPEB liability	$ 1,172,000
Employer's proportionate share of the collective total OPEB liability	$ 1,850,119
Employer's proportion of the collective total OPEB liability	61.21%

The City has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The City's 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 (0.55%) from the prior measurement date. The City recognized $118,663 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for City retirees.

The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.93% as of June 30, 2024. This change in assumption decreased the total OPEB liability.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Change in the Discount Rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as 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 2.93%	Discount Rate 3.93%	1% Increase 4.93%
Proportionate share of collective total OPEB liability	$ 1,969,924	$ 1,850,119	$ 1,734,903

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Change 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 the healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (9.68%/12.44% decreasing to 3.50%)	Current Discount Rate (10.68%/13.44% decreasing to 4.50%)	1% Increase (11.68%/14.44% decreasing to 5.50%)
Proportionate share of collective total OPEB liability	$ 1,691,342	$ 1,850,119	$ 2,030,173

OPEB Expense

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of $287,739.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 242,089	$ 104,495
Changes of assumptions	251,819	102,808
Changes in proportion and differences between amounts paid as benefits came due and proportionate share of certain amounts paid by the employer and nonemployer contributors as the benefits came due	25,595	70,416
Employer payments subsequent to the measurement date of June 30, 2024	78,579	0
	$ 598,082	$ 277,719

The amount shown above for "Employer payments subsequent to the measurement date of June 30, 2024" will be included as a reduction to total OPEB liability in the following measurement period.

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

Year Ending June 30:	
2026	$ 48,493
2027	52,289
2028	48,085
2029	26,615
2030	43,517
Thereafter	22,785

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

Closed Tennessee Plan

Plan Description

Employees of the City, who were hired prior to July 1, 2015, are provided with pre-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 a multiple multi-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 government entities. This plan is closed to the 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 TNP does not include pharmacy. In accordance with TCA Section 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA Sections 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 received a benefit from the TCRS 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. The State of Tennessee, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of LEAs based on years of service. Therefore, retirees with 30 years of service receive $50 per month; between 20 and 29 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 the City were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	24
Inactive employees entitled to but not yet receiving benefit payments	19
Active employees	76
	119

In accordance with TCA Section 8-27-209, the state insurance committees established by TCA Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the TNP by member employers and employees. Claims liabilities of the TNP are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to TNP participants. Employers contribute towards employee costs based on their own developed policies.

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	Graded salary ranges from 3.44 to 8.72% based on age, including inflation, averaging 4%
Healthcare cost trend rates	The premium subsidies provided to retirees in TNP 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 the TCRS based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experiences. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post retirement tables are adjusted with a 19% load for males and a 18% load for females. 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 with mortality improvement projected to all future years using Scale 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 shows on the Bond Buyer 20-year Municipal GO AA index.

Changes in Collective Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 4,602
Interest	11,464
Differences between expected and actual experience	14,838
Changes of assumptions	(12,469)
Benefit payments	(12,565)
Net changes	5,870
Total OPEB liability – beginning balance	315,715
Total OPEB liability – ending balance	$ 321,585
Nonemployer contributing entities proportionate share of the collective total OPEB liability	$ 321,585
Employer's proportionate share of the collective total OPEB liability	$ 0
Employer's proportion of the collective total OPEB liability	0%

The City has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The City's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 0.00% from the prior measurement date. The City recognized $4,961 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for the City retired employees.

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 in assumption decreased the total OPEB liability.

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of $4,961.

Utility's Other Postemployment Benefits Plan

Plan Description

The Utility's Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit healthcare plan that is administered by the Utility and covers retired employees of the Utility and their spouses. The OPEB Plan provides for the payment of a portion of the health insurance premiums for eligible retired employees. The Board of Directors reserves the authority to amend provisions of the OPEB Plan. The OPEB Plan does not issue audited financial statements and fiduciary funds statements for the OPEB Plan and are not material to the City's financial statements and are not included in the accompanying financial statements.

Benefits Provided

The Utility provides health insurance benefits for retirees until they become eligible for Medicare coverage on a pay-as-you go basis. The plan type is a fully insured Medical, Vision, Dental and Life Insurance Plan. Retirees are eligible at age 62 until Medicare eligible. The Utility pays 100% of the premium for the employee benefit. Spouses and surviving spouses are also allowed to be covered under the OPEB Plan but at no cost to the Utility. The life insurance benefit has a $15,000 face amount as long as the employee retires after January 1, 2006.

Employees Covered by Benefit Terms

At May 31, 2024, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	0
Active plan members	53
	53

Contributions

The Board of Directors reserves the authority to determine the level of contributions the Utility will make to the OPEB Plan for the purpose of financing the postemployment benefits accrued by its respective employees. The Utility Board was not required to make any actuarially determined contributions in this fiscal year.

Net OPEB Asset

The Utility's net OPEB Plan asset was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB Plan asset was determined by an actuarial valuation of June 30, 2024.

Actuarial Assumptions

The total OPEB Plan liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2%
Salary increases	3%
Investment rate of return	5.5%
Healthcare cost trend rates	7.5% declining to 4.5% for medical costs
	3% for dental and vision costs

Mortality rates were based on Pub 10 General Amount Weighted.

Discount Rate

The discount rate used to measure the total OPEB Plan liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that the Utility's contributions will be equal to the expected benefit payments less investment income each year. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB Plan payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB Plan liability.

Changes in Net OPEB Plan Liability

	Total OPEB Plan Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Plan Liability(Asset) (a)-(b)
Changes for the year ended June 30, 2025:			
Increase(decrease):			
Service cost	$ 5,107	$ 0	$ 5,107
Interest	4,533	0	4,533
Difference between expected and actual experience	0	0	0
Changes of assumptions	677	0	677
Contributions - employer	0	0	0
Net investment income	0	36,330	(36,330)
Expected benefit payments	0	(3,627)	3,627
Net changes for the year ended June 30, 2025	10,317	32,703	(22,386)
Balances at June 30, 2024	82,416	413,593	(331,177)
Balances at June 30, 2025	$ 92,733	$ 446,296	$ (353,563)

Department	Net Pension Liability 6/30/2024	Net Changes	Net Pension Liability 6/30/2025
Electric	$ (229,572)	$ (20,644)	$ (250,216)
Gas	(29,773)	2,124	(27,649)
Water and sewer	(71,832)	(3,866)	(75,698)
	$ (331,177)	$ (22,386)	$ (353,563)

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

The following presents the net OPEB Plan liability (asset) of the OPEB Plan, calculated using the discount rate of 5.50%, as well as what the OPEB Plan's net OPEB Plan liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current rate:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net OPEB Plan liability (asset)	$ (342,548)	$ (353,563)	$ (363,277)

Sensitivity of the Net OPEB Plan Liability (Asset) to Changes in the Healthcare Cost Trend Rates

	1% Decrease Varies	Current Discount Rate Varies	1% Increase Varies
Net OPEB liability (asset)	$ (365,459)	$ (353,563)	$ (338,982)

OPEB Plan Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB Plan

For the year ended June 30, 2025 the Utility recognized OPEB Plan income of $25,083.

Department	
Electric	$ 19,537
Gas	519
Water and sewer	5,027
	$ 25,083

At June 30, 2025, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,941	$ 27,292
Changes of assumptions	592	172,101
Net difference between projected and actual earnings on plan investments	0	10,404
Total	$ 4,533	$ 209,797

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

Year Ending June 30:	
2026	$ (6,074)
2027	(20,548)
2028	(20,002)
2029	(15,724)
2030	(12,986)
Thereafter	(129,930)

The deferred inflows of resources for the Utility, together with the Sweetwater Utilities Board Water and Sewer and Electric Departments are as follows as of June 30, 2025:

Department	Deferred Outflows of Resources	Deferred Inflows of Resources
Electric	$ 3,209	$ 148,474
Gas	353	16,406
Water and sewer	971	44,917
	$ 4,533	$ 209,797

Payable to the OPEB Plan

At June 30, 2025 the Utility did not report a payable for any outstanding amount of employer contributions to the OPEB Plan required for the year ended June 30, 2025 since all contributions were paid prior to year-end.

NOTE I - LONG-TERM DEBT

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

Governmental Activities:

Tennessee Municipal Bond, Series 2001, payable in annual installments through May 2030, variable interest at 3.45% at June 30, 2025	$ 1,516,000
Tennessee Local Development Authority revolving loan, payable in monthly installments of $9,256 through February 2029, interest at 2.00%	412,177
Tennessee Municipal Bond Fund, Series 2016, payable in annual installment of varying amounts with interest at 2.86% payable in semi-annual installments through May 2031	537,800
Tennessee Municipal Bond Fund, Series 2020 payable in payable in annual installment of varying amounts with interest at 2.16% payable in semi-annual installments through May 2028	224,000
Capital Outlay Note, payable in annual installments through February 2026, interest due semi annually at 2.090%	49,200
Tennessee Municipal Bond, Series 2017, payable in annual installments through May 2042, variable interest at 3.12% at June 30, 2025	1,904,000
	4,643,177
Less current maturities	(690,072)
	$ 3,953,105

The taxing authority of the City is pledged for the repayment of the principal and interest maturities of long-term debt. Events of default under the bonds and loan agreements include but are not limited to: (1) failure to make principal payments when due and payable and (2) failure to make installment of interest payments. In the event of default, if the City is unable to remedy, outstanding amounts may become due and payable in full by declaration of the fiscal agent or the holders.

Business-Type Activities:

2.13% revolving loan agreement with the Tennessee Local Development Authority payable in monthly payments of principal and interest totaling $3,429 through November 2026.	$ 57,370
3.80% loan agreement with the Tennessee Municipal Bond Fund payable in quarterly interest payments and annual principal payments through April 2029.	1,623,000
Adjustable rate note through the Sweetwater Utilities Board Gas Department, payable in monthly interest payments and annual principal payments through November 2038. The interest rate at June 30, 2024 was 4.00%	765,069
Water and Sewer Revenue and Tax Bond Anticipation Notes, Series 2017, principal and interest due in monthly installments of $4,788 through November 2028, 2.625% interest rate.	1,275,634
2.63% revolving loan agreement with the Tennessee Local Development Authority payable in monthly payments of principal and interest Totaling $8,422 through June 2036.	1,052,844
City of Sweetwater, Tennessee General Obligation Bonds, Series 2022, payable in annual installments through June 2052 at 4% interest	7,645,000
2.45% revolving loan agreement with the Tennessee Local Development Authority payable in monthly payments of principal and interest totaling $6,303 through June 2027.	147,599
	12,566,516
Less current maturities	(778,477)
	$ 11,788,039

Above balances do not include unamortized bond premium of $106,655 on City of Sweetwater, Tennessee General Obligation Bonds, Series 2022.

Direct Borrowing and Direct Placement Debt

In October 2005 the electric fund entered into a $7,000,000 adjustable rate loan agreement with the Public Building Authority of Montgomery County, Tennessee in order to finance construction and improvement of the electrical system. Principal was payable annually with the final payment made in May 2025. Interest was payable monthly at a variable rate that adjusts with the interest rate of the adjustable rate bonds issued by the Public Building Authority of Montgomery County, Tennessee to fund the loan. During the year ended June 30, 2025 interest and fees paid totaled $2,751 and $1,515, respectively.

In November 2019 the Electric Department entered into a $1,040,000 adjustable rate loan agreement with the Gas Department to fund its portion of the new administrative building. Principal is payable annually through November 2038. Interest is payable monthly at a variable rate (4.00% at June 30, 2025) that adjusts annually based on the best bid for like funds for a period of twelve months plus .5%. Interest paid during the year totaled $36,945.

In 2004 the Water and Sewer Department entered into a revolving loan agreement with the Tennessee Local Development Authority to provide funding for a wastewater facility project. The Utility borrowed $669,562 under the agreement and began making monthly debt service payments in December 2006. The loan agreement calls for monthly payments of $3,429, including interest at 2.13%, to be made through November 2026.

In 2004 the Water and Sewer Department entered into a revolving loan agreement with the Tennessee Local Development Authority to provide funding for a wastewater facility project. The Utility borrowed $1,194,994 under the agreement and began making monthly debt service payments in July 2007. The loan agreement calls for monthly payments of $6,303, including interest at 2.45% to be made through June 2027.

In February 2006 the Water and Sewer Department entered into a revolving loan agreement with the Tennessee Local Development Authority to serve as a conduit for a $2,000,000 loan to finance improvements to the City's storm water system. Because the City will fund all debt service payments, the debt and the related capital assets of the project are reflected in the governmental funds' financial statements rather than in the Water and Sewer Department's financial statements. The City reimburses the Water and Sewer Department for the monthly debt service payments of $9,256.

In April 2010 the Water and Sewer Department entered into a loan agreement administered by the Tennessee Municipal Bond Fund to provide funding for a new wastewater treatment plant. The Utility borrowed $6,500,000 under the agreement and began making debt service payments in June 2010. The loan agreement calls for quarterly interest payments at a current rate of 2.51%, to be adjusted by the bank on each subsequent seven-year loan adjustment date, as well as annual principal payments to be made through April 2029.

In 2015 the Water and Sewer Department entered into a revolving loan agreement with the Tennessee Local Development Authority to provide funding for a new water treatment plant improvement project. The Utility borrowed in total $2,444,000 under the agreement, $611,000 of which was forgiven under the agreement. The Utility began making monthly debt service payments in July 2016. The loan agreement calls for monthly payments of $8,422, including interest at .99% to be made through June 2036.

Other Debt

On August 26, 2022 the City issued $8,100,000 of Series 2022, General Obligation Bonds at an interest rate of 4%. Principal payments are due annually in amounts ranging from $150,000 to $450,000 on June 1 starting in 2023 through 2052. The bonds were issued to provide funding for Sweetwater Utilities Board to use in funding construction projects, primarily a new substation, for its Electric Department. The bonds are to be backed by the full faith and credit of the City. It is the intention that the bonds shall be additionally payable from, but not secured by, the revenue to be derived from the operations of the electric department. The bonds were issued at a premium of $374,988 and that premium is amortized over the life of the bonds using effective interest rate method. The bond issuance also incurred significant issuance costs of $256,480, that are also amortized over the life of the bonds using the effective interest rate method. The annual amortization of bond premiums and issuance costs for those bonds are included within the interest expense for the Electric Department. The amount recorded as interest for the year ended June 30, 2025, for this bond issue totaled $311,483 (including accrued interest of $25,483).

During the year ending June 30, 2019, the Water and Sewer Department issued four Water and Sewer Revenue and Tax Bond Anticipation Notes totaling $706,924 to finance the construction of water and sewer system improvements and extensions for the Water and Sewer Department with interest cost of 2.625%. From July 2019 through November 2019, additional such notes totaling $693,076 were issued for a total of $1,400,000 in Water and Sewer Revenue and Tax Bond Anticipation Notes. These anticipation notes were retired in November 2019 with the issuance of Series 2017 Water and Sewer Revenue Tax Bonds. These bonds were issued to provide permanent financing for the construction of water and sewer system improvements and extensions for the Water and Sewer Department. The permanent loan agreement (bonds) call for monthly payments of $4,788 including interest at 2.63%, to be made through November 2058.

During the year ended June 30, 2025, the water and sewer fund's debt service coverage ratio was 2.30. The water and sewer fund is required to maintain a minimum debt service coverage ratio of 1.20 by the State Revolving Loan Fund.

The Utility's bond anticipation note is subject to a covenant requiring the Utility to use proceeds from the impending issuance of bonds to repay the note balance. If the Utility fails to comply with the above covenant, then the full balance of the note may become immediately due and payable. The note holder may require the Utility to surrender assets sufficient to repay the note balance as of the day of default. The Utility is not in violation of this covenant at June 30, 2025.

The adjustable rate loan, bonds and revolving loan agreements are subject to customary covenants restricting the Utility from, among other things: (1) selling or leasing or otherwise disposing of components of the water and sewer system or electric system except in certain circumstances, and (2) providing a copy of the annual audited financial statements. Additionally, the Utility is required to: (1) charge and collect rates, fees and charges to meet the cash flow requirements of the organization, (2) maintain the water and sewer system and electric system including completing necessary improvements, (3) maintain its tax-exempt status, and (4) maintain sufficient insurance coverage.

Events of default under the bonds and revolving loan agreements include but are not limited to: (1) failure to make principal payments when due and payable and (2) failure to make installment of interest payments. In the event of default, if the Utility is unable to remedy, outstanding amounts may become due and payable by declaration of the fiscal agent or the holders. The Utility is not in violation of any covenants at June 30, 2025.

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

Governmental Activities:

Direct Borrowings and Direct Placement Debt

Year Ending June 30:	Principal	Interest	Totals
2026	$ 690,072	$ 143,146	$ 833,218
2027	658,672	122,289	780,961
2028	675,720	102,966	778,686
2029	597,413	82,290	679,703
2030	519,000	63,107	582,107
2031	198,300	46,116	244,416
2032	107,000	37,346	144,346
2033	109,000	33,946	142,946
2034	111,000	30,482	141,482
2035	114,000	26,926	140,926
2036	116,000	23,306	139,306
2037	118,000	19,625	137,625
2038	121,000	15,850	136,850
2039	123,000	12,012	135,012
2040	126,000	8,081	134,081
2041	128,000	4,087	132,087
2042	131,000	0	131,000
	$ 4,643,177	$ 771,574	$ 5,414,751

Business-Type Activities:

Direct Borrowing and Direct Placement Debt

Year Ending June 30:	Principal	Interest	Totals
2026	$ 637,018	$ 81,549	$ 718,567
2027	633,279	66,302	699,581
2028	559,163	52,477	611,640
2029	549,939	39,234	589,173
2030	144,800	28,692	173,492
2031	147,751	25,742	173,493
2032	150,782	22,711	173,493
2033	153,909	19,584	173,493
2034	157,134	16,359	173,493
2035	160,461	13,032	173,493
2036	163,822	9,607	173,429
2037	65,892	6,537	72,429
2038	68,528	3,901	72,429
2039	53,404	1,160	54,564
	$ 3,645,882	$ 386,887	$ 4,032,769

Business-Type Activities:

Other Debt

Year Ending June 30:	Principal	Interest	Totals
2026	$ 184,261	$ 338,995	$ 523,256
2027	194,906	331,950	526,856
2028	200,567	324,489	525,056
2029	211,247	316,809	528,056
2030	216,944	308,712	525,656
2031	227,660	300,396	528,056
2032	233,395	291,661	525,056
2033	244,149	282,707	526,856
2034	249,923	273,333	523,256
2035	260,718	263,738	524,456
2036	271,535	253,721	525,256
2037	282,372	243,284	525,656
2038	293,233	232,423	525,656
2039	304,115	221,141	525,256
2040	315,022	209,434	524,456
2041	330,952	197,304	528,256
2042	341,907	184,549	526,456
2043	352,888	171,368	524,256
2044	368,895	157,761	526,656
2045	379,928	143,528	523,456
2046	395,989	128,867	524,856
2047	412,078	113,578	525,656

Business-Type Activities:

Year Ending June 30:	Principal	Interest	Totals
2048	428,196	97,660	525,856
2049	444,343	81,113	525,456
2050	460,521	63,935	524,456
2051	481,731	46,125	527,856
2052	497,972	27,484	525,456
2053	49,247	8,209	57,456
2054	50,555	6,901	57,456
2055	51,899	5,557	57,456
2056	53,277	4,179	57,456
2057	54,693	2,763	57,456
2058	56,146	1,310	57,456
2059	19,370	108	19,478
	$ 8,920,634	$ 5,635,092	$ 14,555,729

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

	Balance 7/1/24	Proceeds	Payments	Balance 6/30/25	Amounts Due Within One Year
Governmental Activities:					
Direct Borrowings and Direct Placement Debt:					
Tennessee Municipal Bond, Series 2001	$ 1,792,000	$ 0	$ (276,000)	$ 1,516,000	$ 285,000
Tennessee Municipal Bond, Series 2016	619,700	0	(81,900)	537,800	83,700
Tennessee Municipal Bond, Series 2017	1,997,000	0	(93,000)	1,904,000	95,000
Tennessee Municipal Bond, Series 2020	295,000	0	(71,000)	224,000	73,000
Tennessee Local Development Authority	514,285	0	(102,108)	412,177	104,172
Capital Outlay Note	97,400	0	(48,200)	49,200	49,200
	$ 5,315,385	$ 0	$ (672,208)	$ 4,643,177	$ 690,072

	Balance 7/1/24	Proceeds	Payments	Balance 6/30/25	Amounts Due Within One Year
Business-Type Activities:					
Direct Borrowings and Direct Placement Debt:					
Revolving loan agreements	$ 1,458,513	$ 0	$ (200,700)	$ 1,257,813	$ 204,216
Tennessee Municipal Bond	1,999,000	0	(376,000)	1,623,000	390,000
Interdepartment loan Gas Department	799,969	0	(34,900)	765,069	42,802
Adjustable rate loan	96,000	0	(96,000)	0	0
Other Debt:					
Water and Sewer Revenue tax bonds	1,299,267	0	(23,633)	1,275,634	24,261
General Obligation Bonds, Series 2022	7,800,000	0	(155,000)	7,645,000	160,000
Premium on Series 2022 Bonds	349,988	0	(12,500)	337,488	0
Debt issuance costs On Series 2022 bonds	(239,382)	0	8,549	(230,833)	0
	$ 13,563,355	$ 0	$ (890,184)	$ 12,673,171	$ 821,279

NOTE J - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2025, the school federal project fund owed the general purpose school fund $80,726 and the school cafeteria fund owed the general purpose school fund $41,671 for short term advances for shared costs.

On December 12, 2018 the Gas Department loaned $1,040,000 to the Electric Department to assist in the funding of the new administrative building. The Electric Department will repay the loan over twenty years. The initial interest rate is 1.5% and is reevaluated annually based on the best bid for like funds for a period of twelve months plus .5%. Interest is paid monthly and principal payments are paid annually. The balance of the note receivable at June 30, 2025 was $765,069 ($42,802 current and $722,267 long-term).

NOTE K - ACCOUNTS PAYABLE

In March 2011 the Electric Department entered into an agreement with the City to bill and collect all garbage collection charges for the City's garbage collection customers. The Electric Department remits to the City all funds collected less a billing and collection fee of $.35 for each billed customer. At June 30, 2025, garbage fees payable to the City totaled $26,046.

NOTE L - INTERFUND TRANSFERS

Transfers during the year ended June 30, 2025 were as follows:

Transfers From	Transfers To	Purpose	Amount
General fund	General purpose school fund	Operations	$ 680,000
General fund	Library fund	Operations	217,660
Tourism fund	General fund	Operations	35,000
Electric fund	General fund	Payments in-lieu of taxes	575,000
Natural gas fund	General fund	Payments in-lieu of taxes	95,000

NOTE M - CONTRACT WITH TENNESSEE VALLEY AUTHORITY

The Utility has a power contract with Tennessee Valley Authority (TVA) whereby the electric department purchases all of its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract.

NOTE N - PREPAID EXPENSES

Prepaid expenses at June 30, 2025 for the electric fund included the following:

Prepaid power	$ 307,609

The Utility prepays its monthly power bill by placing excess funds on deposit with TVA. Interest is earned on the deposited funds at a variable rate (4.30% at June 30, 2025).

NOTE O - CONCENTRATION OF CREDIT RISK

The Utility sells electric power, gas and water and sewer services on credit terms, to industrial, commercial and residential customers located in and around the City.

NOTE P - COMMITMENTS

During the year ended June 30, 2025, the City entered into contracts related to administration and design recreation projects totaling $378,400; $254,000 had been expended as of June 30, 2025.

During the year ended June 30, 2025, the City entered into contracts totaling $173,950 related to engineering and design for road and sidewalk projects; $136,178 had been expended as of June 30, 2025.

NOTE Q - RESTRICTED NET POSITION

At June 30, 2025 restricted net position for governmental activities consisted of the following:

Special projects	$ 64,161
Street improvements	182,646
Pension	4,269,124
Pension stabilization trust	210,759
Drug enforcement	62,755
School capital projects	155,756
Economic development	152,488
Tourism	68,128
Internal school fund	98,741
School federal projects	3,276
School general purpose	15,850,035
School cafeteria	346,249
	$ 21,464,118

At June 30, 2025 restricted net position for business-type activities consisted of the following:

Pension	$ 333,749
Other postemployment benefits	353,563
	$ 687,312

NOTE R - EXPENDITURES EXCEEDED APPROPRIATIONS

During the year ended June 30, 2025, expenditures exceeded appropriations in the cafeteria fund by $41,435.

NOTE S - RESTATEMENT

Fund balance of the governmental activities and general fund at June 30, 2024 have been restated to correct reporting of deferred grant revenue and to record compensated absences as required by GASB 101, *Compensated Absences*.

	General Fund	Governmental Activities
Balance at June 30, 2024, as originally reported	$ 6,743,711	$ 48,398,592
Correction to deferred grant revenue	310,726	310,726
Record compensated absences as of June 30, 2024	(157,215)	(157,215)
	153,511	153,511
Balance at June 30, 2024, as restated	$ 6,897,222	$ 48,552,104

As a result of this restatement for deferred grant revenue, the change in fund balance for the general fund and change in net assets for governmental activities for the year ended June 30, 2024 was increased by $310,726. The restatement for compensated absences had no effect on change in fund balance or change in net assets for the year ended June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

June 30, 2025

Public Employee Retirement Plan

Total pension liability
Service cost
Interest
Differences between actual and expected experience
Changes of assumptions
Benefit payments, including refunds of employee contributions
Net change in total pension liability
Total pension liability - beginning
Total pension liability - ending (a)

Plan fiduciary net position
Contributions - employer
Contributions - employee
Net investment income
Benefit payments, including refunds of employee contributions
Other
Administrative expense
Net change in plan fiduciary net position
Plan fiduciary net position - beginning
Plan fiduciary net position - ending (b)

Net pension liability(asset) - ending (a) - (b)

Plan fiduciary net position as a percentage of total net pension liability

Covered payroll

Net pension liability(asset) as a percentage of covered payroll

See the accompanying independent accountants' audit report.

Measurement Date at June 30,				
2024	2023	2022	2021	2020
$ 476,495	$ 432,629	$ 383,038	$ 344,436	$ 355,711
1,197,269	1,129,097	1,060,768	1,018,347	985,914
410,266	196,268	212,258	(159,150)	(290,659)
0	0	0	1,076,930	0
(866,916)	(716,911)	(669,838)	(630,639)	(554,043)
1,217,114	1,041,083	986,226	1,649,924	496,923
17,694,276	16,653,193	15,666,967	14,017,043	13,520,120
18,911,390	17,694,276	16,653,193	15,666,967	14,017,043
250,895	231,979	122,459	267,804	269,026
251,918	231,979	204,861	189,025	189,455
1,854,269	1,216,730	(732,360)	3,980,840	736,083
(866,916)	(716,911)	(669,838)	(630,639)	(554,043)
0	0	0	0	0
(16,797)	(13,618)	(11,168)	(10,008)	(10,045)
1,473,369	950,159	(1,086,046)	3,797,022	630,476
19,184,524	18,234,365	19,320,411	15,523,389	14,892,913
20,657,893	19,184,524	18,234,365	19,320,411	15,523,389
$(1,746,503)	$ (1,490,248)	$ (1,581,172)	$ (3,653,444)	$(1,506,346)
109.24%	108.42%	109.49%	123.32%	110.75%
$ 5,017,882	$ 4,639,579	$ 4,081,966	$ 3,771,884	$ 3,789,096
(34.81)%	(32.12)%	(38.74)%	(96.86)%	(39.75)%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

(continued)

June 30, 2025

Total pension liability

Service cost

Interest

Differences between actual and expected experience

Changes of assumptions

Benefit payments, including refunds of employee contributions

Net change in total pension liability

Total pension liability - beginning

Total pension liability - ending (a)

Plan fiduciary net position

Contributions - employer

Contributions - employee

Net investment income

Benefit payments, including refunds of employee contributions

Other

Administrative expense

Net change in plan fiduciary net position

Plan fiduciary net position - beginning

Plan fiduciary net position - ending (b)

Net pension liability(asset) - ending (a) - (b)

Plan fiduciary net position as a percentage of total net pension liability

Covered payroll

Net pension liability(asset) as a percentage of covered payroll

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

Measurement Date at June 30,				
2019	2018	2017	2016	2015
$ 336,148	$ 346,953	$ 316,083	$ 299,541	$ 287,486
952,960	905,739	868,904	813,938	774,676
(323,444)	(88,962)	(110,280)	45,982	(94,420)
0	0	283,479	0	0
(507,345)	(495,849)	(467,127)	(419,121)	(493,492)
458,319	667,881	891,059	740,340	474,250
13,061,801	12,393,920	11,502,861	10,762,521	10,288,271
13,520,120	13,061,801	12,393,920	11,502,861	10,762,521
260,663	267,355	260,806	247,646	228,652
183,565	180,917	184,038	174,676	161,811
1,034,612	1,070,026	1,316,795	300,458	340,147
(507,345)	(495,849)	(467,127)	(419,121)	(493,492)
0	0	0	9,815	0
(10,147)	(11,280)	(10,244)	(8,847)	(5,479)
961,348	1,011,169	1,284,268	304,627	231,639
13,931,565	12,920,396	11,636,128	11,331,501	11,099,862
14,892,913	13,931,565	12,920,396	11,636,128	11,331,501
$(1,372,793)	$ (869,764)	$ (526,476)	$ (133,267)	$ (568,980)
110.15%	106.66%	104.25%	101.16%	105.29%
$ 3,671,305	$ 3,765,565	$ 3,673,327	$ 3,487,971	$ 3,220,453
(37.39)%	(23.10)%	14.33%	3.82%	17.67%

Changes of Assumptions:

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

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS
(continued)

June 30, 2025

Utility Public Employee Retirement Plan

Total pension liability
- Service cost
- Interest
- Differences between actual and expected experience
- Changes of assumptions
- Benefit payments, including refunds of employee contributions
- Net change in total pension liability
- Total pension liability - beginning
- Total pension liability - ending (a)

Plan fiduciary net position
- Contributions - employer
- Contributions - employee
- Net investment income
- Benefit payments, including refunds of employee contributions
- Other
- Administrative expense
- Net change in plan fiduciary net position
- Plan fiduciary net position - beginning
- Plan fiduciary net position - ending (b)

Net pension liability(asset) - ending (a) - (b)

Plan fiduciary net position as a percentage of total net pension liability

Covered payroll

Net pension liability(asset) as a percentage of covered payroll

See the accompanying independent accountants' audit report.

October 1, 2024	2023	Measurement Date at January 1, 2022	2021	2020
$ 78,194	$ 172,033	$ 81,042	$ 82,895	$ 85,188
462,278	535,351	503,116	482,051	464,408
4,409	593,270	259,625	59,059	43,846
0	(1,900,993)	0	12,411	(36,799)
(227,008)	(241,344)	(228,031)	(251,553)	(233,578)
317,873	(841,683)	615,752	384,863	323,065
8,840,597	9,682,280	9,066,528	8,681,665	8,358,600
9,158,470	8,840,597	9,682,280	9,066,528	8,681,665
162,498	346,124	309,648	354,546	393,168
64,705	86,427	90,525	86,115	92,767
911,484	924,592	(1,293,400)	708,225	876,496
(227,008)	(241,344)	(228,031)	(251,553)	(233,578)
(15,293)	(39,928)	(41,962)	(5,586)	(5,941)
0	0	1,856	(45,053)	(39,027)
896,386	1,075,871	(1,161,364)	846,694	1,083,885
8,595,833	7,519,962	8,681,326	7,834,632	6,750,747
9,492,219	8,595,833	7,519,962	8,681,326	7,834,632
$ (333,749)	$ 244,764	$ 2,162,318	$ 385,202	$ 847,033
103.64%	97.23%	77.67%	95.75%	90.24%
$ 1,616,236	$ 1,728,547	$ 1,746,985	$ 1,651,079	$ 1,718,347
-20.65%	14.16%	123.77%	23.33%	49.29%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET) AND RELATED RATIOS

(continued)

June 30, 2025

Total pension liability
- Service cost
- Interest
- Differences between actual and expected experience
- Changes of assumptions
- Benefit payments, including refunds of employee contributions
- Net change in total pension liability
- Total pension liability - beginning
- Total pension liability - ending (a)

Plan fiduciary net position
- Contributions - employer
- Contributions - employee
- Net investment income
- Benefit payments, including refunds of employee contributions
- Other
- Administrative expense
- Net change in plan fiduciary net position
- Plan fiduciary net position - beginning
- Plan fiduciary net position - ending (b)

Net pension liability(asset) - ending (a) - (b)

Plan fiduciary net position as a percentage of total net pension liability

Covered payroll

Net pension liability(asset) as a percentage of covered payroll

Measurement Date at January 1,				
2019	2018	2017	2016	2015
$ 88,944	$ 85,545	$ 128,423	$ 138,489	$ 139,439
442,329	416,673	435,459	414,800	370,178
107,417	298,170	(94,592)	130,073	214,376
(23,727)	(21,327)	(26,692)	(44,461)	370,994
(209,770)	(315,975)	(741,306)	(253,204)	(603,236)
405,193	463,086	(298,708)	385,697	491,751
7,953,407	7,490,321	7,789,029	7,403,332	6,911,581
8,358,600	7,953,407	7,490,321	7,789,029	7,403,332
630,164	782,078	511,997	1,071,730	1,379,585
91,800	104,257	97,059	98,460	78,137
922,849	(267,766)	540,938	132,746	(45,586)
(209,770)	(315,975)	(741,306)	(253,204)	(603,236)
(5,643)	23,269	(9,077)	(3,930)	0
(35,295)	(32,378)	(27,903)	(21,365)	(20,501)
1,394,105	293,485	371,708	1,024,437	788,399
5,356,642	5,063,157	4,691,449	3,667,012	2,878,613
6,750,747	5,356,642	5,063,157	4,691,449	3,667,012
$ 1,607,853	$ 2,596,765	$ 2,427,164	$ 3,097,580	$ 3,736,320
80.76%	67.35%	32.40%	39.77%	50.47%
$ 1,715,962	$ 1,729,267	$ 1,669,868	$ 1,970,574	$ 1,967,078
93.70%	150.17%	145.35%	157.19%	189.94%

Changes of Assumptions:

During the year ended June 30, 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost of living adjustment, salary growth and mortality imprrovements.

CITY OF SWEETWATER, TENNESSEE

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

June 30, 2025

Teacher Legacy Pension Plan

	Measurement date at June 30,			
	2024	2023	2022	2021
Proportion of the net pension liability (asset)	$ (2,446,504)	$ (1,759,950)	$ (1,923,425)	$ (6,493,074)
Proportionate share of the net pension liability (asset)	0.142002%	0.149278%	0.156834%	0.150538%
Covered payroll	$ 4,702,199	$ 4,844,133	$ 5,161,329	$ 4,940,933
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(52.03)%	(36.33)%	(37.27)%	(131.41)%
Plan fiduciary net position as a percentage of the total pension liability	105.76%	104.11%	104.42%	116.13%

See the accompanying independent accountants' audit report.

Measurement date at June 30,					
2020	2019	2018	2017	2016	2015
$ (1,209,602)	$ (1,642,943)	$ (543,773)	$ (49,798)	$ 941,846	$ 61,343
0.158621%	0.159791%	0.154529%	0.152207%	0.150709%	0.014975%
$ 5,279,320	$ 5,358,028	$ 5,411,099	$ 5,380,434	$ 5,440,279	$ 5,605,879
(22.91)%	(30.66)%	(10.05)%	(.93)%	17.31%	1.09%
103.09%	104.28%	101.49%	100.14%	97.14%	99.81%

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
(continued)

June 30, 2025

Teacher Retirement Plan

	Measurement date at June 30, 2024	2023	2022	2021
Proportion of the net pension liability (asset)	$ (76,117)	$ (42,562)	$ (28,119)	$ (96,963)
Proportionate share of the net pension liability (asset)	0.106814%	0.100375%	0.092824%	0.089515%
Covered payroll	$ 2,509,232	$ 1,996,506	$ 1,585,181	$ 1,291,887
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-3.03%	(2.13)%	(1.77)%	(7.51)%
Plan fiduciary net position as a percentage of the total pension liability	106.49%	104.97%	104.55%	121.53%

Measurement date at June 30,											
2020		2019		2018		2017		2016		2015	
$	(42,741)	$	(40,764)	$	(34,105)	$	(19,422)	$	(5,479)	$	(2,112)
	0.075163%		0.072214%		0.075200%		0.073608%		0.052629%		0.052487%
$	948,481	$	764,181	$	657,161	$	483,122	$	231,568	$	109,054
	(4.51)%		(5.33)%		(5.19)%		(4.02)%		(2.37)%		(1.94)%
	116.52%		123.07%		126.97%		126.81%		121.88%		127.46%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN NET OPEB LIABILITY(ASSET) AND RELATED RATIOS

June 30, 2025

Utility Employee OPEB Plan	Measurement Date at June 30, 2025	2024	2023
Total OPEB liability			
Service cost	$ 5,107	$ 3,964	$ 3,757
Interest	4,533	5,120	4,982
Differences between actual and expected experience	0	0	4,712
Changes of assumptions	677	(19,756)	(7,508)
Change of benefit terms	0	0	0
Expected benefit payments	0	0	(6,890)
Net change in total OPEB liability	10,317	(10,672)	(947)
Total OPEB liability - beginning	82,416	93,088	94,035
Total OPEB liability - ending (a)	92,733	82,416	93,088
Plan fiduciary net position			
Contributions - employer	0	0	6,890
Net investment income	36,330	41,900	22,068
Expected benfit payments	0	0	(6,890)
Administrative expenses	(3,627)	(1,922)	0
Prior period adjustment	0	0	0
Net change in plan fiduciary net position	32,703	39,978	22,068
Plan fiduciary net position - beginning	413,593	373,615	351,547
Plan fiduciary net position - ending (b)	446,296	413,593	373,615
Net pension liability(asset) - ending (a) - (b)	$ (353,563)	$ (331,177)	$ (280,527)
Plan fiduciary net position as a percentage of total net pension liability	481.27%	501.48%	401.36%
Covered payroll	$3,869,432	$3,909,439	$3,453,247
Net pension liability(asset) as a percentage of covered payroll	(9.14)%	(8.47)%	(8.12)%

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

See the accompanying independent accountants' audit report

Measurement Date at June 30,					
2022	2021	2020	2019	2018	2017
$ 7,142	$ 3,410	$ 3,370	$ 3,552	$ 11,723	$ 12,009
6,444	8,942	9,000	8,355	17,910	16,926
0	(28,932)	0	(7,404)	(11,855)	(10,773)
(28,184)	(3,794)	0	(175,266)	0	0
0	(6,474)	0	0	0	0
(17,053)	(20,102)	0	0	0	0
(31,651)	(46,950)	12,370	(170,763)	17,778	18,162
125,686	172,636	160,266	331,029	313,251	295,089
94,035	125,686	172,636	160,266	331,029	313,251
17,078	20,102	0	0	0	36,000
(50,285)	66,239	0	17,669	16,188	24,247
(17,053)	(20,102)	0	0	0	0
0	0	0	0	0	0
0	6,729	0	0	0	0
(50,260)	72,968	0	17,669	16,188	60,247
401,807	328,839	328,839	311,170	294,982	234,735
351,547	401,807	328,839	328,839	311,170	294,982
$ (257,512)	$ (276,121)	$ (156,203)	$ (168,573)	$ 19,859	$ 18,269
373.85%	321.45%	190.48%	205.18%	60.82%	52.78%
$3,137,956	$3,079,593	$2,846,863	$2,791,042	$2,683,606	$2,593,392
(8.21)%	(8.97)%	(5.49)%	(6.04)%	0.74%	0.70%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS

June 30, 2025

Teacher Group OPEB Plan	Measurement Date at June 30, 2025	2024
Total OPEB liability		
Service cost	$ 101,261	$ 96,541
Interest	95,722	82,853
Differences between actual and expected experience	319,606	44,148
Changes of assumptions	41,757	170,766
Benefit payments	(113,537)	(120,401)
Net change in total OPEB liability	444,809	273,907
Total OPEB liability - beginning	2,577,529	2,303,622
Total OPEB liability - ending	$ 3,022,338	$ 2,577,529
Nonemployer contributing entities proportionate share of the collective total OPEB liability	$ 1,172,000	$ 985,535
Employer's proportionate share of the collective total OPEB liability	$ 1,850,119	$ 1,591,994
Covered payroll	$ 4,777,770	$ 4,963,552
Employer's proportionate share of the collective total OPEB liability as a percentage of covered payroll	61.21%	51.90%

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

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

See the accompanying independent accountants' audit report

Measurement Date at June 30,				
2023	2022	2021	2020	2019
$ 128,428	$ 103,110	$ 77,528	$ 83,973	$ 94,945
55,909	50,590	69,199	66,684	73,806
(71,316)	(89,940)	68,577	254,623	(341,681)
(197,275)	364,428	213,881	(159,370)	56,023
(143,355)	(165,106)	(109,061)	(111,062)	(96,374)
(227,609)	263,082	320,124	134,848	(213,281)
2,531,231	2,268,149	1,948,025	1,813,177	2,026,458
$ 2,303,622	$ 2,531,231	$ 2,268,149	$ 1,948,025	$ 1,813,177
$ 838,582	$ 905,181	$ 775,791	$ 706,177	$ 644,568
$ 1,465,040	$ 1,626,050	$ 1,492,358	$ 1,241,848	$ 1,168,609
$ 5,445,743	$ 4,767,776	$ 5,005,688	$ 5,626,745	$ 5,841,765
63.60%	34.10%	29.81%	22.07%	20.00%

CITY OF SWEETWATER, TENNESSEE

CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS

(continued)

June 30, 2025

Closed Tennessee Plan	Measurement Date at June 30, 2024	2023
Total OPEB liability		
Service cost	$ 4,602	$ 5,616
Interest	11,464	10,473
Differences between actual and expected experience	14,838	18,058
Changes of assumptions	(12,469)	(3,873)
Benefit payments	(12,565)	(9,482)
Net change in total OPEB liability	5,870	20,792
Total OPEB liability - beginning	315,715	294,923
Total OPEB liability - ending	$ 321,585	$ 315,715
Nonemployer contributing entities proportionate share of the collective total OPEB liability	$ 321,585	$ 315,715
Employer's proportionate share of the collective total OPEB liability	$ 0	$ 0
Covered payroll	$ 3,281,150	$ 2,492,941
Employer's proportionate share of the collective total OPEB liability as a percentage of covered payroll	0.00%	0.00%

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

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

See the accompanying independent accountants' audit report

Measurement Date at June 30,				
2022	2021	2020	2019	2018
$ 8,895	$ 11,338	$ 7,773	$ 6,710	$ 7,554
7,722	9,409	11,146	9,782	10,874
3,595	(3,243)	15,577	31,556	(41,345)
(69,112)	(73,706)	79,087	6,881	(2,335)
(9,556)	(9,567)	(8,367)	(8,946)	(9,379)
(58,456)	(65,769)	105,216	45,983	(34,631)
353,379	419,148	313,932	267,949	302,580
$ 294,923	$ 353,379	$ 419,148	$ 313,932	$ 267,949
$ 294,923	$ 353,379	$ 419,148	$ 313,932	$ 267,949
$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,637,050	$ 1,534,873	$ 1,437,361	$ 671,363	$ 529,175
0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF SWEETWATER, TENNESSEE

PENSION CONTRIBUTIONS

June 30, 2025

	Year Ended June 30, 2025	2024	2023
Public Employee Retirement Plan			
Actuarially determined contributions	$ 162,991	$ 150,035	$ 138,723
Contributions in relation to the actuarially determined contributions	(262,484)	(250,895)	(231,979)
Contributions deficiency(excess)	$ (99,493)	$ (100,860)	$ (93,256)
Covered payroll	$ 5,257,782	$ 5,017,882	$ 4,639,579
Contributions as a percentage of covered payroll	5.00%	5.00%	5.00%
Teacher Legacy Pension Plan			
Contractually required contributions	$ 250,831	$ 320,220	$ 420,956
Contributions in relation to the contractually required contributions	(250,831)	(320,220)	(420,956)
Contributions deficiency(excess)	$ 0	$ 0	$ 0
Covered payroll	$ 4,339,621	$ 4,702,199	$ 4,844,133
Contributions as a percentage of covered payroll	5.78%	6.81%	8.69%

See the accompanying independent accountants' audit report.

Year Ended June 30,						
2022	2021	2020	2019	2018	2017	2016
$ 20,818	$ 138,428	$ 235,682	$ 241,940	$ 267,355	$ 260,806	$ 247,646
(122,459)	(267,804)	(269,026)	(260,663)	(267,355)	(260,806)	(247,646)
$ (101,641)	$ (129,376)	$ (33,344)	$ (18,723)	$ 0	$ 0	$ 0
$ 4,081,966	$ 3,771,884	$ 3,789,096	$ 3,671,305	$ 3,781,918	$ 3,673,327	$ 3,487,971
3.00%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%
$ 531,616	$ 507,433	$ 561,191	$ 560,450	$ 491,327	$ 485,399	$ 491,801
(531,616)	(507,433)	(561,191)	(560,450)	(491,327)	(485,399)	(491,801)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 5,161,329	$ 4,940,933	$ 5,279,320	$ 5,358,028	$ 5,411,099	$ 5,367,444	$ 5,440,729
10.30%	10.27%	10.63%	10.46%	9.08%	9.04%	9.04%

PENSION CONTRIBUTIONS
(continued)

June 30, 2025

	Year Ended June 30, 2025	2024	2023	2022
Teacher Retirement Plan				
Actuarially determined contributions	$ 126,709	$ 74,022	$ 57,300	$ 31,862
Contributions in relation to the actuarially determined contributions	(126,709)	(74,022)	(57,300)	(31,862)
Contributions deficiency(excess)	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 3,196,083	$ 2,509,232	$ 1,996,506	$ 1,585,181
Contributions as a percentage of covered payroll	3.90%	2.95%	2.87%	2.01%
Utility Public Employee Retirement Plan				
Contractually required contributions	$ 15,324	$ 257,293	$ 222,550	$ 263,903
Contributions in relation to the contractually required contributions	(162,498)	(346,124)	(309,648)	(354,546)
Contributions deficiency(excess)	$ (147,174)	$ (88,831)	$ (87,098)	$ (90,643)
Covered payroll	$ 1,616,236	$ 1,728,547	$ 1,746,985	$ 1,651,079
Contributions as a percentage of covered payroll	10.05%	20.02%	17.72%	21.47%

City of Sweetwater, Tennessee is required to contribute 4% of salaries for employees enrolled in the Teacher Retirement Plan. Contributions are allocated between the pension plan (3.90%) and the stabilization reserve trust (0.10%).

Year Ended June 30,					
2021	2020	2019	2018	2017	2016
$ 26,096	$ 19,254	$ 14,825	$ 10,717	$ 19,767	$ 5,797
(26,096)	(19,254)	(14,825)	(26,286)	(19,767)	(9,263)
$ 0	$ 0	$ 0	$ (15,569)	$ 0	$ (3,466)
$ 1,291,887	$ 948,481	$ 764,181	$ 652,067	$ 494,112	$ 231,568
2.02%	2.03%	1.94%	1.64%	4.00%	4.00%
$ 302,655	$ 343,259	$ 357,081	$ 408,049	$ 472,742	$ 503,303
(393,168)	(630,164)	(782,078)	(511,997)	(1,071,730)	(1,379,585)
$ (90,513)	$ (286,905)	$ (424,997)	$ (103,948)	$ (598,988)	$ (876,282)
$ 1,718,347	$ 1,715,962	$ 1,729,267	$ 1,669,868	$ 1,970,574	$ 1,967,078
22.88%	36.72%	45.23%	30.66%	54.39%	70.13%

NOTES TO PENSION CONTRIBUTIONS

June 30, 2025

Public Employee Retirement Plan

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

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

Changes of Assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost of living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017 the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased investment rate of return from 7.50% to 7.25%; decreased the cost of living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

NOTES TO PENSION CONTRIBUTIONS
(continued)

June 30, 2025

Utility Public Employee Retirement Plan

Valuation Date - Actuarially determined contribution rates for the year ended June 30, 2025 were calculated based on the January 1, 2024 actuarial valuation.

Actuarial cost method	Entry Age Normal cost method
Amortization method	Level-dollar
Remaining amortization period	10 years
Asset valuation	Market value
Inflation	2.0%
Salary increases	3.5%
Investment rate of return	7.0%
Retirement age	62
Mortality	Pub10 General Amount Weighted

CITY OF SWEETWATER, TENNESSEE

OPEB CONTRIBUTIONS

June 30, 2025

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Utility Employee OPEB Plan			
Actuarially determined contributions	$ 0	$ 0	$ (23,096)
Contributions in relation to the actuarially determined contributions	0	0	0
Contributions deficiency(excess)	$ 0	$ 0	$ (23,096)
Covered payroll	$ 3,869,432	$ 3,909,439	$ 3,453,247
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

Year Ended June 30,					
2022	2021	2020	2019	2018	2017
$ (20,366)	$ (7,996)	$ (10,921)	$ (10,730)	$ 38,762	$ 1,680
25	0	0	0	0	(36,000)
$ (20,341)	$ (7,996)	$ (10,921)	$ (10,730)	$ 38,762	$ (34,320)
$ 3,137,956	$ 3,079,593	$ 2,846,863	$ 2,791,042	$ 2,683,606	$ 2,593,392
0.00%	0.00%	0.00%	0.00%	0.00%	1.39%

Valuation Date – The actuarially determined contribution shown for the current year is based on the beginning of year normal cost and the payments towards unfunded liability as of June 30, 2024. The payment towards the unfunded liability is set up as a level dollar payment over 14 future years.

SUPPLEMENTARY INFORMATION

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET SCHOOL CAPITAL PROJECT FUND

Year Ended June 30, 2025

	Budget		Actual	Variance Over (Under)
	Original	Final		
REVENUE				
Other revenue:				
Interest on investments	$ 5,000	$ 5,000	$ 28,536	$ 23,536
FUND BALANCE AT THE BEGINNING OF THE YEAR	0	0	127,220	127,220
FUND BALANCE AT THE END OF THE YEAR	$ 5,000	$ 5,000	$ 155,756	$ 150,756

See the accompanying notes to the financial statements.

CITY OF SWEETWATER, TENNESSEE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2025

	Sanitation Fund	Economic Development Fund	Library Fund
ASSETS			
Cash and temporary investments	$ 1,846	$ 152,488	$ 122,472
Accounts receivable	0	0	0
	$ 1,846	$ 152,488	$ 122,472
LIABILITIES			
Accounts payable	$ 0	$ 0	$ 3,291
FUND BALANCES			
Assigned	0	0	119,181
Restricted	1,846	152,488	0
	1,846	152,488	119,181
TOTAL LIABILITIES AND FUND BALANCES	$ 1,846	$ 152,488	$ 122,472

See the accompanying independent accountants' audit report.

Internal School Funds	Tourism Fund	Totals
$ 98,741	$ 56,020	$ 431,567
0	13,628	13,628
$ 98,741	$ 69,648	$ 445,195
$ 0	$ 1,520	$ 4,811
0	0	119,181
98,741	68,128	321,202
98,741	68,128	440,387
$ 98,741	$ 69,648	$ 445,195

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Sanitation Fund	Economic Development Fund	Library Fund
REVENUE			
Daily collections	$ 0	$ 0	$ 6,091
Contributions	0	0	126,887
Occupancy tax	0	0	0
Solid waste collection charges	311,870	0	0
Intergovernmental	0	0	0
Internal school revenue	0	0	0
Interest	0	76	0
TOTAL REVENUE	311,870	76	132,978
EXPENDITURES			
Personnel	0	0	168,030
OASDI	0	0	44,538
Unemployment insurance	0	0	159
Retirement	0	0	6,832
Buildings and grounds	0	0	5,366
Telephone	0	0	2,243
Utilities	0	0	10,254
Supplies	0	13	3,718
Programs	0	0	12,467
Books	0	0	27,726
Data processing services	0	0	507
Contract services	335,240	0	0
Landfill services	3,232	0	0
Informational technology	0	0	486
Subscription and dues	0	0	0
Enhancement	0	0	0
Internal school expense	0	0	0

See the accompanying independent accountants' audit report.

Internal School Funds	Tourism Fund	Totals
$ 0	$ 0	$ 6,091
0	12,000	138,887
0	107,511	107,511
0	0	311,870
0	10,000	10,000
203,875	0	203,875
0	0	76
203,875	129,511	778,311
0	0	168,030
0	0	44,538
0	0	159
0	0	6,832
0	0	5,366
0	0	2,243
0	0	10,254
0	2,484	6,215
0	0	12,467
0	0	27,726
0	0	507
0	0	335,240
0	0	3,232
0	0	486
0	20,708	20,708
0	23,800	23,800
197,158	0	197,158

CITY OF SWEETWATER, TENNESSEE

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS
(continued)

Year Ended June 30, 2025

	Sanitation Fund	Economic Development Fund	Library Fund
Travel, training and development	0	0	3,237
TOTAL EXPENDITURES	338,472	13	285,562
NET CHANGE IN FUND BALANCES BEFORE OTHER FINANCING SOURCES(USES)	(26,602)	64	(152,584)
OTHER FINANCING SOURCES(USES)			
Transfer to general fund	0	0	0
Transfer from general fund	0	0	217,660
	0	0	217,660
NET CHANGE IN FUND BALANCES	(26,602)	64	65,076
FUND BALANCES AT THE BEGINNING OF THE YEAR	28,448	152,424	54,105
FUND BALANCES AT THE END OF THE YEAR	$ 1,846	$ 152,488	$ 119,181

Internal School Funds	Tourism Fund	Totals
0	41,116	44,353
197,158	88,108	909,313
6,717	41,403	(131,002)
0	(35,000)	(35,000)
0	0	217,660
0	(35,000)	182,660
6,717	6,403	51,658
92,025	61,724	388,729
$ 98,741	$ 68,128	$ 440,387

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
Solid waste collection charges	$ 307,000	$ 311,870	$ 311,870	$ 0
EXPENDITURES				
Contract services	302,965	335,965	335,240	(725)
Landfill services	100	3,400	3,232	(168)
TOTAL EXPENDITURES	303,065	339,365	338,472	(893)
NET CHANGE IN FUND BALANCE	3,935	(27,495)	(26,602)	893
FUND BALANCE AT THE BEGINNING OF THE YEAR	28,448	27,495	28,448	953
FUND BALANCE AT THE END OF THE YEAR	$ 32,383	$ 0	$ 1,846	$ 1,846

See the accompanying independent accountants' audit report.

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
Other income	$ 100	$ 100	$ 76	$ (24)
EXPENDITURES				
Operating supplies	0	0	13	13
NET CHANGE IN FUND BALANCE	100	100	64	(36)
FUND BALANCE AT THE BEGINNING OF THE YEAR	152,424	152,424	152,424	0
FUND BALANCE AT THE END OF THE YEAR	$ 152,524	$ 152,524	$ 152,488	$ (36)

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
Daily collections	$ 6,000	$ 6,000	$ 6,091	$ 91
Contributions	76,440	76,440	126,887	50,447
TOTAL REVENUE	82,440	82,440	132,978	50,538
EXPENDITURES				
Personnel	165,008	165,008	168,030	3,022
OASDI	12,623	12,623	12,810	187
Retirement	5,848	5,848	6,832	984
Health insurance	50,191	50,191	31,728	(18,463)
Unemployment insurance	270	270	159	(111)
Buildings and grounds	7,000	7,000	5,366	(1,634)
Telephone	3,000	3,000	2,243	(757)
Utilities	11,600	11,600	10,254	(1,346)
Supplies	4,000	4,000	3,718	(282)
Programs	10,000	10,000	12,467	2,467
Books	27,528	27,528	27,726	198
Data processing services	1,500	1,500	507	(993)
Professional services	112	112	0	(112)
Informational technology	420	420	486	66
Travel, training and development	1,000	1,000	3,237	2,237
TOTAL EXPENDITURES	300,100	300,100	285,562	(14,538)
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING SOURCES	(217,660)	(217,660)	(152,584)	65,076

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET LIBRARY FUND
(continued)

Year Ended June 30, 2025

	Budget Original	Budget Final	Actual	Variance Over (Under)
OTHER FINANCING SOURCES				
Transfer from general fund	217,660	217,660	217,660	0
NET CHANGE IN FUND BALANCE	0	0	65,076	65,076
FUND BALANCE AT THE BEGINNING OF THE YEAR	54,105	54,105	54,105	0
FUND BALANCE AT THE END OF THE YEAR	$ 54,105	$ 54,105	$ 119,181	$ 65,076

CITY OF SWEETWATER, TENNESSEE

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

Year Ended June 30, 2025

	Budget Original	Budget Final	Actual	Variance Over (Under)
REVENUE				
Occupancy tax	$ 85,000	$ 107,000	$ 107,511	$ 511
Tourism grant	0	10,000	10,000	0
Contribution	9,000	12,000	12,000	0
TOTAL REVENUE	94,000	129,000	129,511	511
EXPENDITURES				
Subscription and dues	16,000	21,500	20,708	(792)
Enhancement	24,000	24,000	23,800	(200)
Training and travel	15,000	40,000	41,116	1,116
Operating supplies	4,000	4,000	2,484	(1,516)
TOTAL EXPENDITURES	59,000	89,500	88,108	(1,392)
NET CHANGE IN FUND BALANCE BEFORE OTHER FINANCING (USES)SOURCES	35,000	39,500	41,403	1,903
OTHER FINANCING (USES)				
Transfer to general fund	(35,000)	(35,000)	(35,000)	0
NET CHANGE IN FUND BALANCE	0	4,500	6,403	1,903
FUND BALANCE AT THE BEGINNING OF THE YEAR	61,724	61,724	61,724	0
FUND BALANCE AT THE END OF THE YEAR	$ 61,724	$ 66,224	$ 68,128	$ 1,904

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

INVESTMENTS

June 30, 2025

	Interest Rate	Maturity Date	Amount
General fund:			
Certificate of deposit	4.00 %	01/11/26	$ 110,279
Electric fund:			
Certificate of deposit	4.18	10/06/25	$ 100,000
Certificate of deposit	4.18	10/27/25	445,000
			$ 545,000
Natural gas fund:			
Certificate of deposit	4.50	07/14/25	$ 300,000
Certificate of deposit	4.25	07/28/25	300,000
Certificate of deposit	4.35	12/14/25	300,000
Certificate of deposit	4.25	08/04/25	550,000
Certificate of deposit	4.40	09/12/25	250,000
Certificate of deposit	4.31	11/29/25	100,000
			$ 1,800,000
Water and sewer fund:			
Certificate of deposit	4.25	08/04/25	$ 400,000
Certificate of deposit	4.18	10/06/25	150,000
Certificate of deposit	4.18	10/27/25	55,000
			$ 605,000

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

PROPERTY TAXES RECEIVABLE

June 30, 2025

Year of Levy	Rate	Total Assessment	Levy	Balance June 30, 2024
2025	$ 0.9346	$ 242,275,040	$ 2,264,308	$ 0
2024	0.9346	242,295,919	2,264,500	2,264,500
2023	0.9346	222,939,794	2,090,235	98,340
2022	1.3800	148,631,511	2,051,146	46,332
2021	1.3800	147,413,789	2,034,357	18,946
2020	1.3800	146,624,793	2,024,755	15,014
2019	1.3800	145,149,987	1,999,500	13,859
2018	1.3800	142,825,716	1,967,415	12,503
2017	1.2000	133,972,055	1,607,821	48,366
2016	1.2000	133,812,053	1,605,159	58,656
2015	1.2000	133,670,850	1,604,180	59,962
				$ 2,636,478

Property taxes unpaid for 2016 through 2023 have been filed with the Monroe County Clerk and Master.

See the accompanying independent accountants' audit report.

Taxes Levied	Adjustments	Collections	Balance June 30, 2025
$ 2,264,308	$ 0	$ 0	$ 2,264,308
0	(38,556)	2,121,805	104,139
0	0	41,388	56,952
0	0	26,615	19,717
0	0	6,701	12,245
0	0	5,655	9,359
0	0	3,691	10,168
0	0	2,940	9,563
0	0	40,039	8,327
0	0	44,937	13,719
0	(59,962)	0	0
$ 2,264,308	$ (98,521)	$ 2,293,771	$ 2,508,497

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2025

Governmental Activities:

Tennessee Municipal Bond, Series 2001

Year Ending June 30:	Principal	Interest	Totals
2026	$ 285,000	$ 52,302	$ 337,302
2027	294,000	42,470	336,470
2028	303,000	32,327	335,327
2029	312,000	21,873	333,873
2030	322,000	11,109	333,109
	$ 1,516,000	$ 160,081	$ 1,676,081

Tennessee Municipal Bond, Series 2016

Year Ending June 30:	Principal	Interest	Totals
2026	$ 83,700	$ 17,798	$ 101,498
2027	86,400	15,455	101,855
2028	89,300	13,062	102,362
2029	91,100	10,591	101,691
2030	94,000	8,037	102,037
2031	93,300	5,431	98,731
	$ 537,800	$ 70,374	$ 608,174

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS
(continued)

June 30, 2025

	Principal	Interest	Totals
Tennessee Municipal Bond, Series 2020			
Year Ending June 30:			
2026	$ 73,000	$ 5,605	$ 78,605
2027	75,000	4,050	79,050
2028	76,000	2,452	78,452
	$ 224,000	$ 12,107	$ 236,107

	Principal	Interest	Totals
Tennessee Local Development Authority			
Year Ending June 30:			
2026	$ 104,172	$ 8,964	$ 113,136
2027	106,272	6,900	113,172
2028	108,420	4,800	113,220
2029	93,313	2,652	95,965
	$ 412,177	$ 23,316	$ 435,493

	Principal	Interest	Totals
Capital Outlay Note			
Year Ending June 30:			
2026	$ 49,200	$ 2,036	$ 51,236

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS
(continued)

June 30, 2025

Tennessee Municipal Bond, Series 2017

Year Ending June 30:	Principal	Interest	Totals
2026	$ 95,000	$ 56,441	$ 151,441
2027	97,000	53,414	150,414
2028	99,000	50,326	149,326
2029	101,000	47,174	148,174
2030	103,000	43,961	146,961
2031	105,000	40,685	145,685
2032	107,000	37,346	144,346
2033	109,000	33,946	142,946
2034	111,000	30,482	141,482
2035	114,000	26,926	140,926
2036	116,000	23,306	139,306
2037	118,000	19,625	137,625
2038	121,000	15,850	136,850
2039	123,000	12,012	135,012
2040	126,000	8,081	134,081
2041	128,000	4,087	132,087
2042	131,000	0	131,000
	$ 1,904,000	$ 503,662	$ 2,407,662

LONG-TERM DEBT REQUIREMENTS
(continued)

June 30, 2025

	Principal	Interest	Totals
Interdepartmental Loan - Gas Department			
Year Ending June 30:			
2026	$ 42,802	$ 29,627	$ 72,429
2027	44,514	27,915	72,429
2028	46,295	26,134	72,429
2029	48,147	24,282	72,429
2030	50,072	22,356	72,428
2031	52,075	20,354	72,429
2032	54,158	18,271	72,429
2033	56,325	16,104	72,429
2034	58,578	13,851	72,429
2035	60,921	11,508	72,429
2036	63,358	9,071	72,429
2037	65,892	6,537	72,429
2038	68,528	3,901	72,429
2039	53,404	1,160	54,564
	$ 765,069	$ 231,071	$ 996,140

Interest is estimated based on the rate at June 30, 2025 of 4.00%

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS
(continued)

June 30, 2025

	Principal	Interest	Totals
General Obligation Bonds, Series 2022			
Year Ending June 30:			
2026	$ 160,000	$ 305,800	$ 465,800
2027	170,000	299,400	469,400
2028	175,000	292,600	467,600
2029	185,000	285,600	470,600
2030	190,000	278,200	468,200
2031	200,000	270,600	470,600
2032	205,000	262,600	467,600
2033	215,000	254,400	469,400
2034	220,000	245,800	465,800
2035	230,000	237,000	467,000
2036	240,000	227,800	467,800
2037	250,000	218,200	468,200
2038	260,000	208,200	468,200
2039	270,000	197,800	467,800
2040	280,000	187,000	467,000
2041	295,000	175,800	470,800
2042	305,000	164,000	469,000
2043	315,000	151,800	466,800
2044	330,000	139,200	469,200
2045	340,000	126,000	466,000
2046	355,000	112,400	467,400

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS
(continued)

June 30, 2025

	Principal	Interest	Totals
General Obligation Bonds, Series 2022 (continued)			
Year Ending June 30:			
2047	370,000	98,200	468,200
2048	385,000	83,400	468,400
2049	400,000	68,000	468,000
2050	415,000	52,000	467,000
2051	435,000	35,400	470,400
2052	450,000	18,000	468,000
	$ 7,645,000	$ 4,995,200	$ 12,640,200

	Principal	Interest	Totals
State Revolving Loan SRF 2003-170			
Year Ending June 30:			
2026	$ 40,320	$ 828	$ 41,148
2027	17,050	49	17,099
	$ 57,370	$ 877	$ 58,247

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS
(continued)

June 30, 2025

	Principal	Interest	Totals
State Revolving Loan SRF 07-177			
Year Ending June 30:			
2026	$ 72,840	$ 2,796	$ 75,636
2027	74,759	823	75,582
	$ 147,599	$ 3,619	$ 151,218

	Principal	Interest	Totals
Tennessee Local Development Authority Loan			
Year Ending June 30:			
2026	$ 390,000	$ 38,290	$ 428,290
2027	405,000	28,407	433,407
2028	420,000	18,147	438,147
2029	408,000	7,680	415,680
	$ 1,623,000	$ 92,524	$ 1,715,524

LONG-TERM DEBT REQUIREMENTS
(continued)

June 30, 2025

State Revolving Loan DG3 14-148

Year Ending June 30:	Principal	Interest	Totals
2026	$ 91,056	$ 10,008	$ 101,064
2027	91,956	9,108	101,064
2028	92,868	8,196	101,064
2029	93,792	7,272	101,064
2030	94,728	6,336	101,064
2031	95,676	5,388	101,064
2032	96,624	4,440	101,064
2033	97,584	3,480	101,064
2034	98,556	2,508	101,064
2035	99,540	1,524	101,064
2036	100,464	536	101,000
	$ 1,052,844	$ 58,796	$ 1,111,640

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS
(continued)

June 30, 2025

2017 Water and Sewer Revenue Tax Bonds

Year Ending June 30:	Principal	Interest	Totals
2026	$ 24,261	$ 33,195	$ 57,456
2027	24,906	32,550	57,456
2028	25,567	31,889	57,456
2029	26,247	31,209	57,456
2030	26,944	30,512	57,456
2031	27,660	29,796	57,456
2032	28,395	29,061	57,456
2033	29,149	28,307	57,456
2034	29,923	27,533	57,456
2035	30,718	26,738	57,456
2036	31,535	25,921	57,456
2037	32,372	25,084	57,456
2038	33,233	24,223	57,456
2039	34,115	23,341	57,456
2040	35,022	22,434	57,456
2041	35,952	21,504	57,456
2042	36,907	20,549	57,456
2043	37,888	19,568	57,456
2044	38,895	18,561	57,456
2045	39,928	17,528	57,456
2046	40,989	16,467	57,456
2047	42,078	15,378	57,456
2048	43,196	14,260	57,456
2049	44,343	13,113	57,456

CITY OF SWEETWATER, TENNESSEE

LONG-TERM DEBT REQUIREMENTS
(continued)

June 30, 2025

	Principal	Interest	Totals
2017 Water and Sewer Revenue Tax Bonds (continued)			
Year Ending June 30:			
2050	45,521	11,935	57,456
2051	46,731	10,725	57,456
2052	47,972	9,484	57,456
2053	49,247	8,209	57,456
2054	50,555	6,901	57,456
2055	51,899	5,557	57,456
2056	53,277	4,179	57,456
2057	54,693	2,763	57,456
2058	56,146	1,310	57,456
2059	19,370	108	19,478
	$ 1,275,634	$ 639,892	$ 1,915,526

CITY OF SWEETWATER, TENNESSEE

CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue
Governmental Activities:			
Bonds Payable			
Tennessee Municipal Bond, Series 2001	$ 6,000,000	3.45%	1/28/2002
Tennessee Municipal Bond, Series 2016	1,200,000	2.86	6/20/2016
Tennessee Municipal Bond, Series 2020	500,000	2.16	6/20/2021
Tennessee Municipal Bond, Series 2017	2,600,000	3.12	4/20/2017
Notes Payable			
Tennessee Local Development Authority	1,829,399	2.00	3/23/2009
Capital Outlay Note	191,000	2.09	1/24/2022
Business-Type Activities:			
Notes Payable			
State Revolving Loan SRF 2003-170	$ 1,000,000	2.13%	2/24/2004
State Revolving Loan SRF 07-177	1,200,000	2.45	7/14/2004
State Revolving Loan DG3 14-148	1,833,000	0.99	7/1/2014
2017 Water and Sewer Revenue Tax Bonds	1,400,000	2.63	11/12/2019
Tennessee Local Development Authority Loan	6,500,000	2.51	4/5/2010
Couty of Montgomery, Tennessee Pooled Loan Program, Loan 50325	7,000,000	variable	10/20/2009
City of Sweetwater, Tennessee General Obligation Bonds, Series 2022	8,100,000	4.00	8/26/2022
Interdepartment Loan - Gas Department	1,040,000	variable	11/1/2018

See the accompanying independent accountant's audit report.

Last Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
5/25/2030	$ 1,792,000	$ 0	$ 276,000	$ 0	$ 1,516,000
5/1/2031	619,700	0	81,900	0	537,800
5/1/2028	295,000	0	71,000	0	224,000
5/25/2042	1,997,000	0	93,000	0	1,904,000
2/28/2029	514,285	0	102,108	0	412,177
2/1/2026	97,400	0	48,200	0	49,200
	$ 5,315,385	$ 0	$ 672,208	$ 0	$ 4,643,177
11/20/2026	$ 96,838	$ 0	$ 39,468	$ 0	$ 57,370
6/20/2027	218,675	0	71,076	0	147,599
6/20/2036	1,143,000	0	90,156	0	1,052,844
11/12/2058	1,299,267	0	23,633	0	1,275,634
4/1/2029	1,999,000	0	376,000	0	1,623,000
5/2/2029	96,000	0	96,000	0	0
6/1/2052	7,800,000	0	155,000	0	7,645,000
11/2/2038	799,969	0	34,900	0	765,069
	$ 13,452,749	$ 0	$ 886,233	$ 0	$ 12,566,516

CITY OF SWEETWATER, TENNESSEE

OPERATIONS EXPENSES - PROPRIETARY FUNDS

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
Purchased power/gas/water	$ 22,767,445	$ 1,342,322	$ 218,025	$ 24,327,792
Other operations expenses:				
Distribution expenses:				
Operating supervision	170,917	24,527	19,038	214,482
Operating labor	0	0	573,269	573,269
Transmission, distribution lines and load dispatching	0	933	160,616	161,549
Mains and services	0	187,329	0	187,329
Peak shaving	0	600	0	600
Overhead line	121,670	0	0	121,670
Street lighting and signal system	8,774	0	0	8,774
Meter expense and house regulator	97,502	9,401	0	106,903
Chemicals	0	0	163,471	163,471
Pre-treatment testing	0	0	7,790	7,790
Customer installations	29,964	0	0	29,964
Purchased power and gas	0	0	213,976	213,976
Miscellaneous distribution expense	43,057	0	177,655	220,712
Rents	16,880	0	0	16,880
	488,764	222,790	1,315,815	2,027,369
Customer accounts expenses:				
Supervision	29,878	29,433	23,796	83,107
Meter reading	54,146	17,455	45,967	117,568
Customer assistance	18,905	8,050	0	26,955
Customer records and collection	371,312	84,396	152,953	608,661
	474,241	139,334	222,716	836,291

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

OPERATIONS EXPENSES - PROPRIETARY FUNDS
(continued)

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
Administrative and general expenses:				
Salaries	233,309	79,244	69,294	381,847
Office supplies	87,475	11,370	33,468	132,313
Outside services	37,903	12,179	14,777	64,859
Property insurance	28,594	7,477	14,545	50,616
Injuries and damages insurance	71,218	11,705	36,565	119,488
Employees' pension and postemployment benefits	349,340	35,850	135,710	520,900
General advertising	0	4,778	0	4,778
Miscellaneous general	36,988	11,325	31,322	79,635
Industrial development	10,469	0	0	10,469
	855,296	173,928	335,681	1,364,905
Taxes:				
Payroll	139,161	22,263	69,686	231,110
Total other operations expenses	1,957,462	558,315	1,943,898	4,459,675
TOTAL OPERATIONS EXPENSES	$ 24,724,907	$ 1,900,637	$ 2,161,923	$ 28,787,467

CITY OF SWEETWATER, TENNESSEE

MAINTENANCE EXPENSES - PROPRIETARY FUNDS

Year Ended June 30, 2025

	Electric Fund	Natural Gas Fund	Water and Sewer Fund	Totals
Distribution maintenance expenses:				
Supervision	$ 61,672	$ 0	$ 0	$ 61,672
Station	34,415	0	0	34,415
Overhead and underground lines	1,613,032	0	0	1,613,032
Line transformers	46,504	0	0	46,504
Street lighting and signal system	14,360	0	0	14,360
Meters	10,117	0	0	10,117
Plant maintenance	30	0	0	30
	1,780,130	0	0	1,780,130
Maintenance expenses:				
Pumping equipment	0	0	13,230	13,230
Structures and improvements	0	794	4,886	5,680
Treatment equipment	0	0	12,291	12,291
Transmission and distribution mains	0	0	141,805	141,805
Mains	0	30,498	0	30,498
Services	0	0	88,924	88,924
Supervision and engineering	0	24,527	0	24,527
Meters and house regulators	0	19,887	10,986	30,873
Fire mains and hydrants	0	0	42,354	42,354
Lift station	0	0	26,199	26,199
General plant	71,962	1,927	10,732	84,621
Sewer plant	0	0	2,799	2,799
	71,962	77,633	354,206	503,801
TOTAL MAINTENANCE EXPENSES	$ 1,852,092	$ 77,633	$ 354,206	$ 2,283,931

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2025

Grantor/ Pass-Through Grantor	Assistance Listing Number	Program Name/ Contract Number	Expenditures
Federal Awards			
Child Nutrition Cluster:			
U.S. Department of Agriculture/ TN Department of Education	10.555	National School Lunch Program/N.A.	$ 903,387
U.S. Department of Agriculture/ TN Department of Education	10.553	School Breakfast Program/N.A.	343,907
Total Child Nutrition Cluster			1,247,294
Special Education Cluster:			
U.S. Department of Education TN Department of Education	84.027	Special Education/ N.A.	450,519
U.S. Department of Education/ TN Department of Education	84.173	Special Education Preschool /N.A.	20,201
Total Special Education Cluster			470,720
U.S. Department of Education/ TN Department of Education	84.010	Title I Grants /N.A.	452,965
U.S. Department of Education/ TN Department of Education	84.367A	Supporting Effective Instruction/N.A.	59,896
U.S. Department of Education/ TN Department of Education	84.365A	English Language Acquisition/N.A.	6,300
U.S. Department of Education/ TN Department of Education	84.424A	Title VI Grants/N.A.	61,244

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(continued)

June 30, 2025

Grantor/ Pass-Through Grantor	Assistance Listing Number	Program Name/ Contract Number	Expenditures
COVID-19 Education Stabilization Fund:			
U.S. Department of Education/ TN Department of Education	84.425B	Education Stabilization Fund – Discretionary Grants/N.A.	18,473
U.S. Department of Education/ TN Department of Education	84.425C	Governor's Emergency Education Relief Fund/N.A.	266,470
U.S. Department of Education TN Department of Education	84.425D	Elementary and Secondary School Emergency Relief Fund/N.A.	87,800
Total COVID-19 Education Stabilization Fund			372,743
Coronavirus State and Local Fiscal Recovery Funds			
U.S. Department of Treasury	21.027	Coronavirus State and Local Fiscal Recovery Funds/N.A.	9,500
U.S. Department of Treasury/ Monroe County, Tennessee	21.027	Coronavirus State and Local Fiscal Recovery Funds/N.A.	76,330
Total Coronavirus State and Local Fiscal Recovery Funds			85,830

EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(continued)

June 30, 2025

Grantor Pass-Through Grantor	Assistance Listing Number	Program Name/ Contract Number	Expenditures
U.S. Department of Justice	16.607	Bullet Proof Vest Partnership/N.A.	632
U.S. Department of Homeland Security/Federal Emergency Management Agency	97.044	Assistance to Firefighters/EMW-2023-FG09697	39,571
U.S. Department of Transportation/TN Department of Transportation	20.205	Highway Planning and Construction STP-M-9118(11)	227,164
U.S. Department of Transportation/TN Department of Transportation	20.600	State and Community Highway Safety/ Z-24-THS-276	33,283
Appalachian Regional Commission	23.002	Water System Improvements/N.A.	22,274
Total Federal Awards			3,079,916
State Financial Assistance			
TN Department of Education	N.A.	Voluntary Pre-K/ N.A.	325,939
TN Department of Education	N.A.	Cafeteria State Matching/N.A.	7,507
TN Department of Education	N.A.	Career Ladder/N.A.	1,140
TN Department of Education	N.A.	Summer Bridge. Learning Camp/N.A.	249,274

CITY OF SWEETWATER, TENNESSEE

EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
(continued)

June 30, 2025

Grantor Pass-Through Grantor	Assistance Listing Number	Program Name/ Contract Number	Expenditures
TN Department of Education	N.A.	Paid Parent Leave/N.A.	56,952
TN Department of Education	N.A.	Innovative Schools Model/N.A.	286,243
TN Department of Health	N.A.	School Safety/N.A.	13,017
TN Department of Safety and Homeland Security	N.A.	School Resource Officer/06-25-24 GE	300,000
TN Department of Criminal Justice Programs	N.A.	Violent Crime Intervention Fund/ 6-16-22-GG	205,384
TN Department of Criminal Justice Programs	N.A.	Violent Crime Intervention Fund/ 1-19-23-GG	39,000
TN Department of Agriculture	N.A.	Urban Forestry Grant/N.A.	1,927
TN Department of Transportation	N.A.	Railroad Improvements/N.A.	134,193
TN Department of Economic and Community Development	N.A.	Downtown Improvement Grants/ 06-21-23-GG	78,019
TN Department of Transportation	N.A.	Multimodel Pathway/ 62LPLM-S3-05	22,456

EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(continued)

June 30, 2025

Grantor Pass-Through Grantor	Assistance Listing Number	Program Name/ Contract Number	Expenditures
TN Department of Transportation	N.A.	Transportation Alternatives/ TAP-M-2(249)	31,040
TN Department of Finance and Administration	N.A.	State and Local Cybersecurity Grants/ 10-31-24 AMEND G	25,246
TN Department of Environment and Conservation	N.A.	Recreation Complex Renovation /GMS 2022-8994	32,750
Total State Financial Assistance			1,810,087
Total Federal Awards and State Financial Assistance			$ 4,890,003

EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(continued)

June 30, 2025

BASIS OF PRESENTATION

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

OUTSTANDING LOAN BALANCE

City of Sweetwater, Tennessee had no outstanding federal loan balances at June 30, 2025. The Sweetwater Utilities Board Water and Sewer Department expended funds for the construction of Water and Sewer system improvements for which the Rural Development Administration (RDA) has committed to provide permanent financing. The outstanding loan balance at June 30, 2025 was $1,275,634 related to the Water and Waste Disposal Systems for Rural Communities program (Assistance Listing Number 10.760).

INDIRECT COST RATE

City of Sweetwater, Tennessee and the Sweetwater Utilities Board Water and Sewer Department have elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER INFORMATION

CITY OF SWEETWATER, TENNESSEE

PRINCIPAL OFFICIALS

June 30, 2025

Name	Title
City:	
Angie Arp Kyle	Mayor (July 2025 to present)
Doyle F. Lowe	Mayor (July 2024 to July 2025)
James H. Stutts	Police Commissioner
Sam Moser	Vice-Mayor, Planning and Development Commissioner, Safety and Tourism Commissioner
Alan Richeson	Fire Commissioner
Lamar Hughes	Parks and Recreation Commissioner (July 2024 to June 2025)
Branham Lovingood	Parks and Recreation Commissioner (July 2025 to present)
Sonya Crush	City Recorder
Jessica Morgan	City Administrator/CMFO
Julie Fitch	CMFO
Board of Education:	
Kenzie Lovingood	School Board Chairman
Patrick Gaines	School Board Vice-Chairman
John Fox	School Board Member
Jon Campbell	School Board Member
Christy McCosh	School Board Member (June 2024 to June 2025)
Jessica Hall	School Board Member (July 2025 to present)
Lamar Hughes	City Council Representative
Rodney Boruff	Director of Schools
Angie Kyle	Principal, Brown Elementary School
Alice Tyler	Principal, Sweetwater Elementary School
Nikki Nile	Principal, Sweetwater Junior High School
Tonya Wallis	Principal, Sweetwater Primary School

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

PRINCIPAL OFFICIALS
(continued)

June 30, 2025

Name	Title
Utility:	
Phil Hall	Utility Board Chairman
Dick Collette	Utility Board Vice-Chairman
Jim Stutts	Utility Board Secretary/Treasurer
Terry Knight	Utility Director
L.D. Moree, Jr.	Utility Director
Jami Kiger, CPA	Chief Financial Officer
Eric Hicks	General Manager

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
ELECTRIC FUND

June 30, 2025

Residential:	
Base charges:	
Customer charge per month	$ 25.48
Energy charge (cents per kilowatt-hour)	10.90
Commercial, industrial, governmental and institutional customers:	
Base charges:	
1. Customer's billing demand for the month or its contract demand is less than 50 kilowatts:	
Customer charge per delivery point per month – Single Phase	$ 27.02
Customer charge per delivery point per month – Three Phase	36.43
Energy charge (cents per kilowatt-hour)	12.31
2. Customer's billing demand for the month or its contract demand is at least 50 kilowatts, but less than 1,000 kilowatts:	
Customer charge per delivery point per month	$ 35.42
Demand charge for first 50 kilowatts of billing demand per month	No charge
Demand charge in excess of 50 kilowatts of billing demand per month, per kilowatt	14.78
Energy charge for first 15,000 kilowatt-hours per month (cents per kilowatt-hour)	12.528
Energy charge for additional kilowatt-hours per month (cents per kilowatt-hour)	7.783
3. Customer's contract demand is at least 1,000 kilowatts, but less than 5,000 kilowatts:	
Customer charge per delivery point per month	$ 75.89
Demand charge for first 1,000 kilowatts of billing demand per month (per kilowatt)	15.48
Demand charge in excess of 1,000 kilowatts per month (per kilowatt)	18.44
Energy charge (cents per kilowatt-hour)	7.812

See the accompanying independent accountants' audit report.

UTILITY RATES AND METERED CUSTOMERS
ELECTRIC FUND
(continued)

June 30, 2025

4. Customer's contract demand is greater than 5,000 kilowatts:

Customer charge per delivery point per month	$ 1,500
Demand charge on peak kilowatt (per kilowatt)	11.27
Demand charge, max per kilowatt over 5,000 kilowatts	2.33
Demand charge, max per kilowatt if less than 5,000 kilowatts	3.78
Energy charge per kilowatt-hour:	
On peak, over 5,000 kilowatts	.08975
On peak, under 5,000 kilowatts	.08869
Off peak-first 200 HUD (over 5,000 kilowatts)	.06225
Off peak-first 200 HUD (under 5,000 kilowatts)	.0612
Off peak-next 200 HUD (over 5,000 kilowatts)	.02961
Off peak-next 200 HUD (under 5,000 kilowatts)	.03103
Off peak-additional 200 HUD (over 5,000 kilowatts)	.0268
Off peak-additional HUD (under 5,000 kilowatts)	.02822

Facilities rental charge applicable under item 4 above:

There shall be no facilities rental charge under this rate schedule for delivery at bulk transmission voltage levels of 161 kilovolts or higher. For delivery at less than 161 kilovolts, there shall be added to the customer's bill a facilities rental charge. This charge shall be 36 cents per kilowatt per month except for delivery at voltages below 46 kilovolts, in which case the charge shall be 93 cents per month for the first 10,000 kilowatts and 73 cents per kilowatt per month for the excess over 10,000 kilowatts. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective including minimum bill charges.

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
ELECTRIC FUND
(continued)

June 30, 2025

Outdoor lighting:	
Customer charge: traffic signals and athletic field lighting per delivery point per month	$ 7.60
Energy charge (cents per kilowatt-hour)	8.035
Facilities rental:	
Annual charge of the installed cost to the electric system of the facilities	
Devoted to street and park lighting service	10%

NUMBER OF METERED CUSTOMERS

Residential	7,554
General power-under 50 kilowatts	2,146
General power-50 kilowatts and over	118
Street and athletic	83
	9,901
Outdoor lighting	2,452

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
NATURAL GAS FUND

June 30, 2025

General:	
Minimum bill (excluding gas charge)	$ 7.00
All 100 cubic feet (per 100 cubic feet)	0.82
Schools:	
Minimum bill (excluding gas charge)	$ 7.00
All 100 cubic feet (per 100 cubic feet)	0.80

NUMBER OF METERED CUSTOMERS

Residential	1,244
Commercial	296
Industrial	20
Schools	21
	1,581

See the accompanying independent accountants' audit report.

CITY OF SWEETWATER, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS
WATER AND SEWER FUND

June 30, 2025

Inside City limits:	
Water:	
First 1.500 gallons (minimum billing)	$ 13.50
Next 50,000 gallons (per 1,000 gallons)	5.44
All over 50,000 gallons (per 1,000 gallons)	5.13
Sewer:	
First 1,500 gallons (minimum billing)	$ 14.50
Next 50,000 gallons (per 1,000 gallons)	5.84
All over 50,000 gallons (per 1,000 gallons)	5.52
Outside City limits:	
Water:	
First 1,500 gallons (minimum billing)	$ 20.25
Next 50,000 gallons (per 1,000 gallons)	8.15
All over 50,000 gallons (per 1,000 gallons)	7.71
Sewer:	
First 1,500 gallons (minimum billing)	$ 21.75
Next 50,000 gallons (per 1,000 gallons)	8.76
All over 50,000 gallons (per 1,000 gallons)	8.28

NUMBER OF METERED CUSTOMERS

	Water	Sewer
Residential	4,368	2,028
Commercial	622	398
Industrial	16	14
	5,006	2,440

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

MEH MITCHELL EMERT & HILL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sweetwater, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Sweetwater, Tennessee's basic financial statements, and have issued our report thereon dated December 8, 2025. Our report includes a reference to other auditors who audited the financial statements of the electric fund, natural gas fund and water and sewer fund, as described in our report on City of Sweetwater, Tennessee's financial statements. This reports does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of City of Sweetwater, Tennessee's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Sweetwater, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mitchell Emert & Hill

December 8, 2025

CITY OF SWEETWATER, TENNESSEE

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2025

There were no prior year findings reported.

MEH MITCHELL EMERT & HILL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor and Board of Directors
City of Sweetwater, Tennessee
Sweetwater, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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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, regulation, rules, and provisions of contracts or grant agreements applicable to City of Sweetwater, Tennessee's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Sweetwater, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of City of Sweetwater, Tennessee's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Sweetwater, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Mitchell Emert & Hill

December 8, 2025

CITY OF SWEETWATER, TENNESSEE

FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2025

SUMMARY OF AUDIT RESULTS

1. The Independent Accountants' Audit Report expresses an unmodified opinion on the financial statements of City of Sweetwater, Tennessee.

2. No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed.

3. No instances of noncompliance material to the financial statements were disclosed.

4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed.

5. The Independent Accountants' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance expresses an unmodified opinion on City of Sweetwater, Tennessee's compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its major federal programs.

6. No findings or questioned costs were disclosed which would be required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a)).

7. The following programs were tested as major programs:

Program Name	Assistance Listing Number.
Child Nutrition Cluster:	
National School Lunch Program	10.555
School Breakfast Program	10.553

8. The threshold for distinguishing Types A and B programs was $750,000.

9. City of Sweetwater, Tennessee was determined to be a low-risk auditee.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were disclosed which would be required to be reported in accordance with the Uniform Guidance.