

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 6, 2026

BONDS TO BE SOLD TUESDAY, JANUARY 13, 2026, AT 10:00 A.M. CENTRAL STANDARD TIME

New Issue

Book-Entry Only

Rating: S&P "AA+"

This Official Statement has been prepared by City of Gallatin, Tennessee and provides information on the Bonds. Some of the information appears on this cover page for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision.



\$22,520,000*
CITY OF GALLATIN, TENNESSEE
GENERAL OBLIGATION BONDS, SERIES 2026

DATED: Date of Delivery

DUE: July 1, as shown below

Rating: "AA+" S&P Global Ratings. See "RATING".

Tax Exemption: Interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code. Interest on the Bonds is free from Tennessee taxes except Tennessee franchise and excise taxes. See "TAX MATTERS".

Interest Payment Dates: January 1 and July 1, beginning July 1, 2026*.

Denominations: Multiples of \$5,000.

Redemption: Bonds maturing July 1, 2035 and thereafter are subject to redemption prior to maturity on July 1, 2034 and thereafter at a price of par, as set forth herein. See "THE BONDS" – *Optional Redemption*".

Security: The Bonds are general obligations of the City of Gallatin, Tennessee (the "City"). See "THE BONDS" – *Security and Sources of Payment*".

Purpose: Bond proceeds are being used to finance capital improvements to various City municipal buildings and facilities and to pay costs of issuance of the Bonds. See "THE BONDS" – *Description*".

Bond Counsel: Bass, Berry & Sims PLC, Nashville, Tennessee.

Registration and Paying Agent: U.S. Bank Trust Company, National Association, Nashville, Tennessee.

Issuer Contact: Rachel Nichols, City of Gallatin Finance Director, (615) 451-5963.

Book-Entry Only Form: The Depository Trust Company, New York, New York. See "THE BONDS" – *Description*".

Delivery Date: Expected January 27, 2026.

| Maturity (July 1)* | Amount* | Rate | Yield | CUSIP No. | Maturity (July 1)* | Amount* | Rate | Yield | CUSIP No. |
|-----------------------|-----------|------|-------|--------------|-----------------------|-------------|------|-------|--------------|
| 2026 | \$790,000 | | | | 2036 | \$1,120,000 | | | |
| 2027 | 805,000 | | | | 2037 | 1,165,000 | | | |
| 2028 | 835,000 | | | | 2038 | 1,205,000 | | | |
| 2029 | 865,000 | | | | 2039 | 1,250,000 | | | |
| 2030 | 895,000 | | | | 2040 | 1,300,000 | | | |
| 2031 | 930,000 | | | | 2041 | 1,350,000 | | | |
| 2032 | 965,000 | | | | 2042 | 1,400,000 | | | |
| 2033 | 1,005,000 | | | | 2043 | 1,450,000 | | | |
| 2034 | 1,040,000 | | | | 2044 | 1,505,000 | | | |
| 2035 | 1,080,000 | | | | 2045 | 1,565,000 | | | |

*Preliminary; subject to change.
January ___, 2026.



For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the "Official Statement") by the City from time to time, is an Official Statement with respect to the Bonds described herein that is deemed final by the City as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the City or by Oakdale Municipal Advisors, LLC (the "Municipal Advisor") to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the City or the Bonds must not be relied upon as having been authorized by the City or the Municipal Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date as of which information is given in this Official Statement.

Any CUSIP data included in this Official Statement is subject to Copyright, American Bankers Association (the "ABA"), and is provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed herein are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and the City makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

In making an investment decision, investors must rely on their own examination of the City and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities agency, nor has the Securities and Exchange Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, resolutions, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the City of Gallatin, Tennessee General Obligation Bonds, Series 2026.

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THE CITY OF GALLATIN, TENNESSEE

MAYOR

Paige Brown

VICE-MAYOR

Craig Hayes

CITY COUNCIL

Todd Alexander
Shawn Fennell

Steven Carter
Paul Jones

Steve Fann
Pascal Jouvence

ADMINISTRATION

Finance Director
City Recorder/City Judge
Superintendent of Public Utilities
Director of Human Resources
Director of Planning
City Engineer
CBO, Building Official
Executive Director, Economic Development Agency
Chief of Police
Fire Chief
CIO, Information Technology
Director of Leisure Services
Superintendent of Public Works

Rachel Nichols
Connie W. Kittrell
David Kellogg
Courtney Cangemi
Brian Rose
Nick Tuttle
Brandon Howell
Rosemary Bates
Don Bandy
Jeff Beaman
Jennifer Lefevre
David F. Brown
Richard DePriest

CITY ATTORNEY

Susan High-McAuley, Esq.
Gallatin, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

REGISTRATION AND PAYING AGENT

U.S. Bank Trust Company, National Association
Nashville, Tennessee

MUNICIPAL ADVISOR

Oakdale Municipal Advisors, LLC
Portland, Tennessee

UNDERWRITER

_____, _____

NOTICE OF SALE

\$22,520,000* CITY OF GALLATIN, TENNESSEE

GENERAL OBLIGATION BONDS, SERIES 2026

Notice is hereby given that the City of Gallatin, Tennessee (the "City") will accept electronic bids for the purchase of all, but not less than all, of the City's \$22,520,000* General Obligation Bonds, Series 2026 (the "Bonds") until:

10:00 A.M. C.S.T. on Tuesday, January 13, 2026.

Electronic bids must be submitted via PARITY® as described in the "Detailed Notice of Sale". No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids submitted. **The sale on January 13, 2026 may be postponed prior to the time bids are received as published on www.I-dealProspectus.com or the PARITY® system. If such postponement occurs, a later public sale may be held at the hour and place and on such date as communicated on www.I-dealProspectus.com or the PARITY® system upon forty-eight hours' notice.** If any provisions of this Notice of Sale conflict with information provided by PARITY® as the provider of electronic bidding services, this Notice of Sale shall control.

The Bonds will be dated the date of delivery and will mature on July 1 in the years 2026 through 2045, inclusive, with term bonds optional. The interest rate or rates on the Bonds shall not exceed five percent (5.00%) per annum and shall be payable semi-annually on January 1 and July 1, commencing July 1, 2026. No bid for the Bonds will be considered for less than one hundred percent (100%) of par or for more than one hundred twenty percent (120%) of par. The Bonds maturing July 1, 2035 and thereafter are callable on July 1, 2034 and thereafter as provided in the Detailed Notice of Sale. The Bonds will be awarded to the bidder whose bid results in the lowest true interest cost on the Bonds. The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

After opening the bids, the City reserves the right to increase or decrease the aggregate principal amount of the Bonds and to increase or decrease the principal amount of each maturity as described in the Detailed Notice of Sale.

In the event 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" for purposes of determining the issue price of the Bonds.

The book-entry only Bonds (except that the Bonds shall not be required to be book-entry if purchased by a bidder who does not intend to reoffer the Bonds) and approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, will be furnished at the expense of the City. Additional information, including the Official Statement and Detailed Notice of Sale, may be obtained from the City's Municipal Advisor, Oakdale Municipal Advisors, LLC, Telephone: (615) 351-4409; Electronic Mail: julianne@oakdale-ma.com; Attention: Julianne Graham.

Paige Brown
Mayor

*Preliminary, subject to change as provided in the Detailed Notice of Sale.

DETAILED NOTICE OF SALE

\$22,520,000*

CITY OF GALLATIN, TENNESSEE General Obligation Bonds, Series 2026

Time and Place of Sale

Notice is hereby given that the Mayor of the City of Gallatin, Tennessee (the "City") will accept electronic bids for the purchase of all, but not less than all, of the City's \$22,520,000* General Obligation Bonds, Series 2026 (the "Bonds") until:

10:00 A.M. C.S.T. on Tuesday, January 13, 2026.

Electronic bids must be submitted via PARITY®. No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of the electronic bidding process, the time as maintained by the PARITY® system shall constitute the official time with respect to all bids submitted. If any provisions of this Notice of Sale conflict with information provided by PARITY® as the approved provider of electronic bidding services, this Notice of Sale shall control. *The sale of all the Bonds on January 13, 2026 may be postponed prior to the time bids are to be received and as published on www.I-dealProspectus.com or PARITY®. If such postponement occurs, a later public sale may be held at the hour and place and on such date as communicated on www.I-dealProspectus.com or PARITY® upon forty-eight hours' notice.* Unless all bids for the Bonds are rejected as set forth in this Detailed Notice of Sale under the heading "Basis of Award," the Bonds will be awarded on such date by the Mayor of the City.

Description of Bonds

The Bonds will be issued in fully registered, book-entry form (except as otherwise provided herein), without coupons, be dated the date of delivery, be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or transferor thereof, as appropriate, and will mature and be payable on July 1 of each year as follows:

| Maturity (July 1)* | Amount* | Maturity (July 1)* | Amount* |
|-------------------------------|----------------|-------------------------------|----------------|
| 2026 | \$790,000 | 2036 | \$1,120,000 |
| 2027 | 805,000 | 2037 | 1,165,000 |
| 2028 | 835,000 | 2038 | 1,205,000 |
| 2029 | 865,000 | 2039 | 1,250,000 |
| 2030 | 895,000 | 2040 | 1,300,000 |
| 2031 | 930,000 | 2041 | 1,350,000 |
| 2032 | 965,000 | 2042 | 1,400,000 |
| 2033 | 1,005,000 | 2043 | 1,450,000 |
| 2034 | 1,040,000 | 2044 | 1,505,000 |
| 2035 | 1,080,000 | 2045 | 1,565,000 |

Registration and Depository Participation

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One Bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. The book-entry system will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 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

* Preliminary, subject to change as provided herein.

of DTC. Interest on the Bonds will be payable semiannually on January 1 and July 1, beginning July 1, 2026, and principal of the Bonds will be payable, at maturity or upon 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 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.

In the event 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 or integral multiples thereof. In addition, and notwithstanding anything herein to the contrary, upon the request of the successful bidder for the Bonds if the successful bidder for the Bonds certifies that it has no present intent to reoffer the Bonds, the Bonds may be issued in fully certificated form only. The ownership of Bonds so delivered shall be registered in registration books to be kept by U.S. Bank Trust Company, National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent"), at its designated corporate office, 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.

In addition, and notwithstanding anything herein to the contrary, upon request of the successful bidder for the Bonds, the Bonds may be issued in fully registered certificated form registered in the name of the successful bidder without using DTC and the book-entry system if the bidder certifies that it does not intend to reoffer the Bonds to the public. The ownership of the Bonds shall be registered in registration books to be kept by the Registration Agent at its principal corporate office or (if the Bonds are not in book-entry form, at the option of the City, by the City Recorder) 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.

Optional Redemption

Bonds maturing on July 1, 2035 and thereafter shall be subject to redemption prior to maturity at the option of the City on or after July 1, 2034 as a whole, or in part, at any time, at the redemption price of par, plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Mayor and City Council in its discretion. If less than all the Bonds within a single 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 System by DTC, or a successor Depository, 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 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 successful bidder shall have the option to designate certain consecutive serial maturities of the Bonds as one or more Term Bonds, each Term Bond bearing a single interest rate. If a successful bidder designates certain consecutive serial maturities to be combined into one or more Term Bonds, each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to 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 proposal of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed above for such principal payment date. Term Bonds to be redeemed within a single maturity shall be determined by DTC, or its successor, by lot or such other manner as DTC, or successor, shall determine; or if the Term Bonds are not being held under a Book-Entry System, the Term 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.

Purpose and Authority of Bonds

The Bonds are being issued to finance (i) capital costs related to the acquisition, improvement and equipping of public works facilities, including without limitation: (A) fire stations and public safety administration and training facilities; (B) safety equipment and vehicles, including but not limited to fire apparatus; (C) traffic signalization system, controls and related equipment installation; (D) tennis court, parks, recreational and community facilities and equipment, including vehicles; (E) technology equipment and related software, including cloud based services used for City purposes; and (F) a public building for information technology and data management (collectively, the "Projects"); and (ii) bond issuance costs.

The Bonds are being issued under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 *et seq.*, Tennessee Code Annotated, and pursuant to an authorizing bond resolution adopted by the City Council of the City on October 7, 2025.

Security and Sources of Payment

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the City. The full faith and credit of the City are irrevocably pledged for the prompt payment of principal of and interest on the Bonds.

Under Tennessee law, the City's legislative body is authorized to levy a tax on all taxable property within the City, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions to which the Bonds are issued, reference is hereby made to the resolution authorizing the Bonds.

Submission of Bid

All bids must be submitted as set forth under the heading "**Time and Place of Sale**" above. Electronic bids must be submitted to PARITY® Competitive Bidding System. An electronic bid made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Sale and shall be binding upon the bidder as if made by a signed sealed written bid made to the City. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Detailed Notice of Sale, the Detailed Notice of Sale shall prevail. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of electronic bidding facilities. The use of such facilities is at the sole risk of the bidders. Subscription to PARITY® Competitive Bidding System by a bidder is required in order to submit an electronic bid. The City will not confirm any subscription or be responsible for the failure of any prospective bidder to subscribe. Bids must be unconditional and received by PARITY® before the time stated above. Bidders shall be required to comply with the provisions regarding a Good Faith Deposit as described below in the section entitled "**Good Faith Deposit**". The City is not liable for any costs incurred in the preparation, delivery, acceptance or rejection of any bid, including, without limitation, the providing of a bid security deposit.

Form of Bids

All bids for the Bonds must be for not less than all the Bonds. Bidders must bid not less than 100% of par nor greater than 120% of par (the "Purchase Price") for all the Bonds. Bidders must specify the interest rate or rates the Bonds are to bear in multiples of one-eighth (1/8th) or one-one hundredth (1/100th) of one percent (1%), but no rate specified for the Bonds shall be in excess of 5% per annum. There will be no limitation on the number of rates of interest which may be specified for the Bonds, but one rate of interest shall apply to all the Bonds of a maturity. Bidders may designate two or more consecutive serial maturities as one or more Term Bond maturities equal in aggregate principal amount to, and with mandatory redemption requirements corresponding to, such designated serial maturities. Bidders must specify the reoffering prices or yields of each maturity. Each maturity of the Bonds must be reoffered at a price of not less than 98% of the par amount of such maturity.

Revised Maturity Schedule

The aggregate principal amount of the Bonds (the "Preliminary Aggregate Principal Amount") and the annual principal amounts of Bonds (the "Preliminary Annual Principal Amounts" and collectively, with reference to the Preliminary Aggregate Principal Amounts, the "Preliminary Amounts") set forth in this Detailed Notice of Sale may be revised before the viewing of bids for the purchase of the Bonds. Any such revisions (the "Revised Aggregate Principal Amount", the "Revised Annual Principal Amounts" and the "Revised Amounts") WILL BE GIVEN BY NOTIFICATION PUBLISHED ON www.I-dealProspectus.com NOT LATER THAN 4:00 P.M., CENTRAL STANDARD TIME ON THE DAY PRECEDING THE RECEIPT OF BIDS. In the event no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts and will remain as stated in this Detailed Notice of Sale. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS, IF ANY. Prospective bidders may request notification by electronic mail of any revisions in the Preliminary Amounts by so advising and sending their electronic mail address to Oakdale Municipal Advisors, LLC, Municipal Advisor to the City, at julianne@oakdale-ma.com or by calling (615) 351-4409 by noon Central Standard Time, at least one day prior to the date for receipt of the bids.

Changes to Maturity Schedule

The City reserves the right to change the Revised Aggregate Principal Amount of the Bonds and the Revised Annual Principal Amounts of the Bonds after determination of the winning bidder, by increasing or decreasing the Revised Annual Principal Amount of each maturity of the Bonds provided that the principal amount of the bonds may not exceed \$23,000,000. Necessary changes to the maturity schedule will be designed to achieve approximately level debt service. Such changes, if any, will determine the final annual principal amounts of the Bonds (the "Final Annual Principal Amounts") and the final aggregate principal amount of Bonds (the "Final Aggregate Principal Amount"). The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the Final Aggregate Principal Amount of the Bonds. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The City anticipates that the Final Annual Principal Amounts of the Bonds and the Final Aggregate Principal Amount of Bonds will be communicated to the successful bidder prior to the award of the Bonds. THE DOLLAR AMOUNT BID BY THE SUCCESSFUL BIDDER FOR THE PURCHASE OF THE BONDS WILL BE ADJUSTED TO REFLECT ANY CHANGE IN THE ANNUAL PRINCIPAL AMOUNTS BASED UPON THE ASSUMPTION THAT THE COUPON RATES, REOFFERING PRICES, AND THE UNDERWRITER'S DISCOUNT (EXCLUDING ORIGINAL ISSUE DISCOUNT/PREMIUM) STATED AS A PERCENTAGE OF THE AGGREGATE PRINCIPAL AMOUNT, AS SPECIFIED BY THE SUCCESSFUL BIDDER WILL NOT CHANGE.

Basis of Award

If an award is made, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the City for the Bonds as determined by reference to the Revised Aggregate Principal Amounts as discussed in the paragraph above. The lowest true interest cost on the Bonds will be calculated as that rate which when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the dated date of such Bonds) produces a yield equal to the purchase price of the Bonds. For the purpose of

calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of a Term Bond shall be treated as a serial maturity in each year. Each bidder is required to specify its calculation of the true interest cost resulting from its bid, but such information shall not be treated as part of its proposal.

In the event that two or more of the bidders offer to purchase the Bonds thereof at the same lowest true interest cost, the Mayor shall determine, in his sole discretion, which of the bidders shall be awarded the Bonds.

The Mayor reserves the right to waive any irregularity or informality in any bid, and to reject any or all bids. Notice of rejection of any bid will be made promptly. Unless all bids are rejected, award of Bonds will be made by the Mayor on the sale date specified in the Notice of Sale.

Good Faith Deposit

The successful bidder will be required to submit a good faith deposit (the "Deposit") in the amount of \$450,400 for the Bonds. The Deposit shall be provided in the form of a federal funds wire transfer submitted to the City by the successful bidder by noon Central Standard Time on the next business day following the award. The Mayor reserves the right to adjust the time the deposit is to be received if there are problems with electronic transfers of funds or other acceptable reasons.

Wire transfer instructions shall be submitted to the successful bidder. In the event the successful bidder fails to timely submit the Deposit, the award may be terminated by the Mayor, and the Mayor, in her discretion, may award the Bonds to the bidder whose bid results in the next lowest true interest cost to the City as the lowest complying bidder or hold a subsequent sale of the Bonds. The City shall have no liability to any bidder who fails to properly submit a Deposit.

The Deposit of the successful bidder will be deposited by the City and the proceeds thereof credited with no interest allowed thereon against the total purchase price to be paid for the Bonds upon their delivery or retained as and for full liquidated damages if the successful bidder fails to accept delivery of and pay for the Bonds. If a successful bidder fails to timely make the Deposit for the Bonds, the award may be terminated in the discretion of the Mayor and the City shall be entitled to an amount equal to the Deposit as liquidated damages for failure of the successful bidder to comply with the terms of the award of the Bonds.

CUSIP

CUSIP numbers will be assigned to the Bonds at the expense of the City. Neither the failure to print a CUSIP number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for the Bonds in accordance with this Detailed Notice of Sale.

Establishment of Issue Price

General. The winning 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 Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's Municipal Advisor identified herein and any notice or report to be provided to the City may be provided to the City's Municipal Advisor.

Anticipated Compliance with Competitive Sale Requirements. The City anticipates 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:

- the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- all bidders shall have an equal opportunity to bid;

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

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

Intention to Apply the Hold-the-Offering-Price Rule if Competitive Sale Requirements are Not Met. In the event that the competitive sale requirements are not satisfied with respect to the Bonds, the City intends to treat the initial offering prices of the Bonds to the public as the issue price of such Bonds (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).

Application of the Hold-the-Offering-Price Rule. If the competitive sale requirements are not satisfied, then the successful bidder shall, on behalf of the underwriters participating in the purchase of the Bonds (i) confirm that the underwriters have offered or will offer each maturity of 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 winning 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 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:

- the close of the fifth (5th) business day after the sale date; or
- 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.

The winning bidder shall promptly advise the City when the underwriters have 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, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that, in making the agreements and representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, 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 the hold-the-offering-price rule, 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 retail 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 the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule 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 retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail 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 retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters 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 that is a party to a retail 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 retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Definitions. Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- “public” means any person other than an underwriter or a related party,
- “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 retail distribution agreement participating in the initial sale of the Bonds to the public),
- 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 (i) 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), (ii) 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 (iii) 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
- “sale date” means the date that the Bonds are awarded by the City to the winning 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, together with any supporting documentation such as pricing wires or equivalent communications. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the delivery date of the Bonds, the issue price certificate may be modified in a manner approved by the City.

Provision of Information for the Official Statement

The successful bidder must furnish the following information to the City to complete the *Official Statement* in final form within two hours after receipt and award of the bids for the Bonds:

1. The initial offering prices or yields for the Bonds (expressed as a price or yield per maturity, exclusive of any accrued interest, if applicable);
2. 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 as provided above);
3. The identity of the underwriters if the successful bidders are part of a group or syndicate; and
4. Any other material information necessary to complete the Official Statement in final form but not known to the City.

Official Statement

The City will provide or cause to be provided, to the successful bidder, either in electronic format or printed copies, the final official statement sufficient in quantity to enable the successful bidder to comply with SEC Rule 15c2-12

and the rules of the Municipal Securities Rulemaking Board. Said final official statements will be provided to the successful bidder not later than seven (7) business days after the sale, or, if the City, or its Municipal Advisor, is notified that any confirmation requesting payment from any customer will be sent before the expiration of such period and specifying the date such confirmation will be sent, the final official statements will be provided in sufficient time to accompany such confirmation.

Continuing Disclosure

The City will, at the time the Bonds are delivered, 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 and operating data relating to the City 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 and notice of failure to provide any required financial information of the City. 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.com and with any State Information Depository established in the State of Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events will be summarized in the City's official statement to be prepared and distributed in connection with the sale of the Bonds.

Legal Opinion and Transcript

The book-entry Bonds and the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel (which will be delivered with the Bonds), together with the Bond transcript, including a certificate as to no litigation from the City dated as of the date of the delivery of the Bonds, will be furnished to the purchaser at the expense of the City. As set forth in the Official Statement and subject to the limitations set forth therein, Bond Counsel's opinion will include an opinion that (i) interest on the Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code. Owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. For a discussion thereof, reference is made to the Official Statement and the form of bond counsel opinion contained in the Official Statement. For a discussion thereof, reference is hereby made to the Official Statement and the form of opinion contained therein.

Delivery and Payment

The Bonds are expected to be ready for delivery on or about January 27, 2026, in book-entry form (except as otherwise provided herein). At least five (5) days' notice will be given to the successful bidder. Delivery will be made through The Depository Trust Company, New York, New York at the expense of the purchaser. Payment for the Bonds must be made in federal funds or other immediately available funds.

Further Information

Further information, including the Preliminary Official Statement and the Notice of Sale, may be obtained from the City's Municipal Advisor, Oakdale Municipal Advisors, LLC; Telephone: (615) 351-4409; Electronic Mail: julianne@oakdale-ma.com or from IHS IPREO Documents at www.i-dealprospectus.com. Additional information regarding PARITY® Competitive Bidding System may be obtained at www.newissuehome.i-deal.com, Telephone: (877) 588-5030.

Paige Brown
Mayor

Summary Statement

This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.

| | |
|----------------------------|---|
| ISSUER | City of Gallatin, Tennessee (the "City"). See <i>Appendix B</i> . |
| ISSUE | \$22,520,000* General Obligation Bonds, Series 2026 (the "Bonds"). |
| PURPOSE | The Bonds are being issued to finance (i) capital costs related to the acquisition, improvement and equipping of public works facilities, including without limitation: (A) fire stations and public safety administration and training facilities; (B) safety equipment and vehicles, including but not limited to fire apparatus; (C) traffic signalization system, controls and related equipment installation; (D) tennis court, parks, recreational and community facilities and equipment, including vehicles; (E) technology equipment and related software, including cloud based services used for City purposes; and (F) a public building for information technology and data management (collectively, the "Projects"); and (ii) bond issuance costs. See " <i>THE BONDS—Description</i> ". |
| SECURITY | The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the City. The full faith and credit of the City are irrevocably pledged for the prompt payment of principal of and interest on the Bonds. See " <i>THE BONDS—Security and Sources of Payment</i> ". |
| DATED DATE | January 27, 2026.* |
| INTEREST DUE | Each January 1 and July 1, commencing July 1, 2026.* |
| PRINCIPAL DUE | July 1, commencing July 1, 2026 through July 1, 2045.* |
| SETTLEMENT DATE | Expected January 27, 2026. |
| OPTIONAL REDEMPTION | Bonds maturing July 1, 2035 and thereafter are subject to redemption prior to maturity on July 1, 2034 and thereafter at a price of par, as set forth herein. See " <i>THE BONDS—Optional Redemption</i> ". |
| RATING | "AA+" by S&P Global Ratings (the "Rating Agency"), based on documents and other information provided by the City. The rating reflects only the view of the Rating Agency and neither the City nor the Underwriter makes any representations as to the appropriateness of such rating. |

* Preliminary, subject to change as set forth in the Detailed Notice of Sale.

There is no assurance that such rating will continue for any given period or that it will not be lowered or withdrawn entirely by the Rating Agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from the Rating Agency. See "RATING".

TAX MATTERS Bass, Berry & Sims PLC will provide an unqualified opinion as to the tax exemption of the Bonds discussed under "TAX MATTERS" herein.

REGISTRATION AND PAYING AGENT U.S. Bank Trust Company, National Association, Nashville, Tennessee.

MUNICIPAL ADVISOR Oakdale Municipal Advisors, LLC, Portland, Tennessee.

UNDERWRITER _____, _____, _____.

Official Statement

CITY OF GALLATIN, TENNESSEE

\$22,520,000*
General Obligation Bonds, Series 2026

Introduction

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by City of Gallatin, Tennessee (the "Issuer" or the "City") of \$22,520,000* General Obligation Bonds, Series 2026 (the "Bonds").

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, *et seq.*, Tennessee Code Annotated with respect to the General Improvement Projects described below, and pursuant to a bond resolution adopted by the City Council on October 7, 2025 (the "Resolution") authorizing the issuance, sale and payment of the Bonds.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolution, and the City. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to the definitive document, including the form of the Bonds included in the Resolution. During the period of the offering of the Bonds, copies of the Resolution and any other documents described herein or in the Resolution may be obtained from the City. After delivery of the Bonds, copies of such documents will be available for inspection at the Mayor's office. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution.

The Bonds

Description

The Bonds are being issued to finance (i) capital costs related to the acquisition, improvement and equipping of public works facilities, including without limitation: (A) fire stations and public safety administration and training facilities; (B) safety equipment and vehicles, including but not limited to fire apparatus; (C) traffic signalization system, controls and related equipment installation; (D) tennis court, parks recreational and community facilities and equipment, including vehicles; (E) technology equipment and related software, including cloud-based services used for City purposes; and (F) a public building for information technology and data management (collectively, the "Projects"); and (ii) bond issuance costs.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of delivery. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on January 1 and July 1 of each year (herein an "Interest Payment Date"), commencing July 1, 2026.*

* Preliminary, subject to change as provided in the Detailed Notice of Sale.

The Bonds will mature on the dates and in the amounts set forth on the cover page.*

Except as otherwise provided in the Detailed Notice of Sale and in the Resolution, the Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. U.S. Bank Trust Company, National Association, Nashville, Tennessee (the "Registration Agent") will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners 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 owners at their addresses shown on said 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 City in respect of such Bonds to the extent of the payments so made. 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. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the City to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: The City shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the City shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the City to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

Optional Redemption

Bonds maturing July 1, 2035 and thereafter shall be subject to redemption prior to maturity at the option of the City on July 1, 2034 and thereafter as a whole or in part at any time, at the redemption price of par plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the City Council in its discretion. If less than all the Bonds within a single 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 System by DTC, or a successor Depository, 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 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

Subject to the credit hereinafter provided, the City shall redeem Bonds maturing July 1, 20__ on the redemption dates set forth below opposite, 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. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

| <u>Final Maturity</u> | <u>Redemption Date</u> | <u>Principal Amount of Bonds Redeemed</u> |
|-----------------------|------------------------|---|
|-----------------------|------------------------|---|

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City may (i) deliver to the Registration Agent for cancellation Bonds maturing July 1, 20__ to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision 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 mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond maturing July 1, 20__ 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 of this mandatory sinking fund provision shall be accordingly reduced.

Notice of Redemption

Notice of call for redemption, whether optional or mandatory (if applicable), 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, if applicable, notices of which shall be 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. 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.

Security and Sources of Payment

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the City. The full faith and credit of the City are irrevocably pledged for the prompt payment of principal of and interest on the Bonds.

Levy of Tax

Pursuant to the Resolution, the City, through its City Council, has covenanted to annually levy and collect a tax upon all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay principal of and interest on the Bonds when due, and levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds on hand from this tax levy will be paid from the current funds of the City and reimbursement therefor will be made out of the taxes authorized to be levied under the Resolution when collected. The tax may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the City to the payment of debt service on the Bonds.

Under Tennessee law, the City's legislative body is authorized to levy a tax on all taxable property within the City, or a portion thereof, without limitation as to rate or amount, and a referendum is neither

required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, reference is made to the Resolution.

Discharge and Satisfaction of Bonds

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;

(b) 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);

(c) 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 under the Resolution, or make adequate provision therefor, and by resolution of the City Council instruct any such 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 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.

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

Defeasance Obligations are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

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.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). Only one fully-registered Bond certificate will be issued in the aggregate principal amount of each maturity of the Bonds and will be deposited with DTC.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with Direct Participants, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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 Bond ("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, but Beneficial Owners are expected to receive written confirmation 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 interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible 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).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with 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 Registration Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or 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.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE CITY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

The Projects

Pursuant to the Resolution, a portion of the Bond proceeds will be deposited in the Construction Fund established by the Resolution to be held and invested by the City and used to pay costs of the Projects and the costs of issuance of the Bonds. Monies in the Construction Fund may be invested as permitted by Tennessee law and may not be used for any purpose other than the costs of the Projects and costs of issuance for the Bonds.

Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

| | |
|-------------------------------|----------|
| Par Amount | \$ _____ |
| Reoffering Premium (Discount) | _____ |
| Total Sources | \$ _____ |

Uses of Funds

| | |
|--|----------|
| Deposit to Construction Fund | \$ _____ |
| Costs of Issuance (includes Underwriter's Discount, and Expenses) | _____ |
| Total Uses | \$ _____ |

Rating

The Bonds have been assigned a rating of "AA+" by S&P Global Ratings (the "Rating Agency") based on documents and other information provided by the City. The rating reflects only the view of the Rating Agency, and neither the City, the Municipal Advisor, nor the Underwriter make any representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period or that it will not be lowered or withdrawn entirely by the Rating Agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from the Rating Agency.

Continuing Disclosure

General

The City will at the time the Bonds are delivered execute a Continuing Disclosure Agreement under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data 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, 2025 (the "Annual Report"), to provide timely notice of failure to provide any required to provide notice of the occurrence of certain enumerated events, and to provide timely notice of failure to provide any required financial information of the City. All continuing disclosure filings will be made with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and any State Information Depository ("SID"). If the City is unable to provide the Annual Report to the MSRB and the SID, if any, by the date set forth above for the filing of the Annual Report, notice of such failure shall be sent to the MSRB and the SID, if any, on or before such date. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Agreement attached hereto as Appendix D. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule").

The City believes that it has not failed to comply in any material respect with the previous undertakings in the past five years. The City's Director of Finance (Rachel Nichols) has been assigned responsibility for monitoring the continuing disclosure undertakings and filing or causing to be filed all Annual Reports as and when required.

In the event of a failure of the City to comply with any provision of the Disclosure Agreement, 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 Agreement. A default under the Disclosure Agreement shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Agreement in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

Future Issues

The City has authorized the issuance of up to \$10,009,700 additional general obligation bonds or notes for capital projects. No further general obligation debt is authorized or expected in the next two years; however, it is not possible to foresee all capital needs, and circumstances may change.

Litigation

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. As of the date of this Official Statement and after reviewing the current status of all pending and threatened litigation with its counsel, the City believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the City or its officials in such capacity are adequately covered by insurance or by sovereign immunity or will not have a material adverse effect upon the City's financial condition.

As of the date of this Official Statement, the City has no knowledge or information concerning any pending or threatened litigation contesting the authority of the City to issue, sell or deliver the proposed Bonds. The City has no knowledge or information of any actions pending or expected which would materially affect the City's ability to pay the debt service requirements of the proposed Bonds.

Approval of Legal Proceedings

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. A copy of the opinion will be delivered with the Bonds. (See Appendix A). Certain legal matters will be passed upon for the City by Susan High-McAuley, Esq., Counsel to the City.

Tax Matters

Federal Taxes

General. Bass, Berry & Sims PLC, Nashville, 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 the 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 or 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 "Changes in Federal and State Tax Law" below in this heading.

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.

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, City 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 and Congressional 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. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Bonds 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. 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.

Municipal Advisor

Oakdale Municipal Advisors, LLC is serving as Municipal Advisor to the City in connection with the issuance of the Bonds. Oakdale Municipal Advisors, LLC in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Bonds. The information set forth herein has been obtained by the City and other sources believed to be reliable. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

_____, acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$_____, which is par, plus/less original issue premium/discount of \$_____, less Underwriter's Discount of \$_____.

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

Forward-Looking Statements

The statements contained in this 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 this 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 this Official Statement would prove to be accurate.

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.

Miscellaneous

The foregoing summaries do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions, purchasers are referred to the Resolution, copies of which may be obtained from the City.

Any statement made in this Official Statement involving matters of opinion and estimates, 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 will be realized.

The execution and delivery of this Official Statement was duly authorized by the City.

(signature page follows)

Certificate of City

I, Paige Brown, do hereby certify that I am the duly qualified and acting Mayor of the City of Gallatin, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated January __, 2026 issued in connection with the sale of the City's \$_____ General Obligation Bonds, Series 2026, and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of the acceptance of the winning bid and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bid and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this ____ day of January 2026.

/s/
Mayor

I, Connie W. Kitchens, do hereby certify that I am the duly qualified and acting City Recorder of The City of Gallatin, Tennessee, and as such official, I do hereby certify that Paige Brown is the duly qualified and acting Mayor of said City and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of The City of Gallatin, Tennessee as of the date subscribed to the foregoing certificate.

/s/
City Recorder

(SEAL)

APPENDIX A

Proposed Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,
Nashville, Tennessee relating to the Bonds.

(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC
21 Platform Way South, Suite 3500
Nashville, Tennessee 37203

(Closing Date)

City Council of the City of Gallatin, Tennessee
Gallatin, Tennessee

[Underwriter]

Re: City of Gallatin, Tennessee -- \$ _____ General Obligation Bonds, Series 2026

Ladies and Gentlemen:

We have acted as bond counsel to the City of Gallatin, Tennessee (the "Issuer") in connection with the issuance of \$ _____ General Obligation Bonds, Series 2026, dated the date hereof (the "Bonds"). 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 general obligations of the Issuer.
2. The resolution of the City Council of the Issuer authorizing the Bonds have been duly and lawfully adopted, is in full force and effect and is the valid and binding agreement of the Issuer, enforceable in accordance with its terms.
3. The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer. The full faith and credit of the Issuer are irrevocably pledged for the prompt payment of principal of and interest on the Bonds.

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 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 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, City 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.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution 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

Demographic and General Financial Information
for the City

DEMOGRAPHIC AND FINANCIAL INFORMATION

LOCATION

Founded in 1802 and incorporated in 1953, Gallatin (the “City”) is the county seat of Sumner County and is located in the northern middle portion of the State of Tennessee, approximately twenty-five miles northeast of Nashville. Sumner County is on the Tennessee/Kentucky border. To the south, Sumner County is bordered by Davidson and Wilson Counties. Trousdale and Macon Counties make up the eastern border, and Robertson County lies to the west. Sumner County is part of the Nashville Metropolitan Statistical Area. The City is within a day’s drive of 75% of the nation and within 500 miles of most major cities east of the Mississippi River.

The economy is based on local retail, manufacturing, agriculture and additional employment opportunities in the Nashville area.

The City encompasses thirty-two square miles.

A Mayor/City Council governs the City. The City Council is composed of two at-large members and five district seats elected to four-year terms. The Mayor is elected for four-year terms.

Celebrated as a model for the rest of the world when Reader’s Digest named the City the “Nicest Place in America” in its November 2017 issue, Gallatin is an exceptional place that serves as the epicenter of trust and community spirit as the contest parameters stated. The City provides a wide range of services characteristic of similar jurisdictions in the State including public safety (police and fire protection), water, wastewater and gas, street, sanitation, recreation, public improvements, planning and zoning and general administrative services.

The City has 427 full-time employees.

POPULATION

According to a recently completed certified special census figure, the City’s population is 50,192 and has increased 12.7% since 2020 and 116% since 2000. The following table presents information related to population growth in the City. A comparison with Sumner County, the State of Tennessee and the United States illustrates growth relative to these entities.

| | 2024 | 2020 | 2010 | 2000 | 1990 |
|------------------|--------------------------|-------------|-------------|-------------|-------------|
| City of Gallatin | 50,192 [^] | 44,431 | 30,278 | 23,230 | 18,794 |
| Sumner County | 211,721 ¹ | 196,281 | 160,645 | 130,449 | 103,281 |
| Tennessee | 7,227,750 ¹ | 6,910,840 | 6,346,105 | 5,689,283 | 4,877,185 |
| United States | 340,110,988 ¹ | 331,449,281 | 308,745,538 | 281,421,906 | 248,709,873 |

Source: United States Bureau of Census

¹ Estimates

[^]Certified Special Census

INCOME, CONSTRUCTION AND HOUSING

| SUMNER COUNTY, TENNESSEE | |
|--|-----------|
| Median Household Income, 2023 ¹ | \$86,005 |
| Per Capita Personal Income, 2023 ³ | \$67,865 |
| Total Taxable Residential Parcels, 2023 ² | 89,833 |
| Total Households, 2023 ¹ | 76,706 |
| Median Home Value, 2023 ² | \$364,000 |
| Persons Below Poverty (%), 2020 ¹ | 8.9% |

¹United States Bureau of Census

²Tennessee Tax Aggregate Report

³Bureau of Economic Analysis, Current Release Personal Income Summary

| CITY OF GALLATIN, TENNESSEE | |
|--|-----------|
| Per Capita Income, 2023 ¹ | \$39,790 |
| Median Household Income, 2023 ¹ | \$73,589 |
| Total Taxable Residential Parcels, 2023 ² | 20,361 |
| Total Households, 2023 ¹ | 18,663 |
| Median Home Value, 2023 ¹ | \$343,700 |
| Persons Below Poverty (%), 2020 ¹ | 12.5% |

¹United States Bureau of Census. Note: Estimate is not comparable to other geographic levels due to methodology differences between different data sources.

²Tennessee Tax Aggregate Report

The table below shows data based on home sales in 2024 compiled by the Tennessee Housing Development Agency. Data accounts for the sales prices of new and existing homes sold in 2024 only.

| | SUMNER COUNTY | TENNESSEE |
|--------------------------------------|---------------|-----------|
| Number of New Home Sales | 1,342 | 20,701 |
| Average Price of New Homes Sold | \$484,761 | \$565,816 |
| Number of Existing Homes Sold | 2,524 | 76,936 |
| Average Price of Existing Homes Sold | \$497,455 | \$408,673 |
| All Homes Sold | 3,866 | 97,637 |
| Average Price of All Homes Sold | \$493,049 | \$441,990 |

Source: Tennessee Housing Development Agency

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT DATA

Set forth below are the average annual unemployment rates for the State of Tennessee and Sumner County for the years 2015 through September 2025.

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 ¹ |
|------------|------|------|------|------|------|------|------|------|------|------|-------------------|
| TENNESSEE | 5.6% | 4.7% | 3.7% | 3.5% | 3.3% | 7.5% | 4.5% | 3.4% | 3.3% | 3.4% | 3.5% |
| SUMNER CO. | 4.6% | 3.9% | 3.0% | 2.8% | 2.6% | 6.5% | 3.5% | 2.7% | 2.6% | 2.8% | 3.0% |

Source: United States Bureau of Labor Statistics

¹ Figures are preliminary and reflect the month of September only. Not seasonally adjusted.

LARGEST EMPLOYERS

Set forth below is a partial list of major employers in the City, their product/service, and the number of employees. There can be no assurance that any employer listed below will continue to be located in the City or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to the stability or financial condition of the companies listed below.

| EMPLOYER (YEAR ESTABLISHED) | APPROXIMATE EMPLOYMENT | PRODUCT/SERVICE |
|------------------------------------|------------------------|---------------------------------|
| Sumner County Board of Education | 4,440 | Public Education |
| Gap, Inc. (1996) | 2,388 | Clothing Distribution |
| Sumner Regional /Highpoint Health | 1,129 | Medical Center |
| Sumner County Government | 973 | Local Government |
| Vol State Community College (1972) | 820 | Two-Year Public College |
| ABC Technologies (1987) | 750 | Tier I Automotive Supplier |
| Wal-Mart | 450 | Retail |
| City of Gallatin | 427 | Local Municipal Government |
| Serv-Pro (1968)* | 438 | Restoration Franchise |
| YAPP USA | 378 | Tier I Automotive Supplier |
| NIC Global (2016) | 275 | Precision Stamping Electric |
| Simpson Strong Tie (2007) | 240 | Fasteners Manufacturing |
| Hoeganaes (1980) | 215 | Powdered Metals |
| Beretta USA (2016) | 180 | Arms Manufacturing |
| Stanley Black & Decker | 180 | Plastic Injection Molding |
| ITW/StampTech Fasteners (1988) | 173 | Automotive Fasteners |
| West Rock (1968) | 155 | Packaging Product Manufacturing |
| Salga Plastics | 145 | Tier I Automotive Supplier |
| TVA Gallatin Fossil Plant (1953) | 134 | Electric Power Generation |
| Garrott Bros. Concrete | 127 | Concrete Plant |
| Charles C. Parks (1934) | 102 | Distribution |
| Meta | 100 | Data Center |

**Corporate Headquarters*

Source: City of Gallatin Economic Development Agency and individual employers

The City's major employers include several corporate and regional headquarters including ServPro Industries, Beretta USA, and The Gap's largest distribution center worldwide. The City's designation as a Foreign Trade Zone encourages international commerce by deferring, reducing or eliminating tariffs on goods shipped to and from companies within the zone boundaries.

RECENT DEVELOPMENTS

The City of Gallatin adopted a strategic plan in 2017 aiming future recruitment efforts towards technology and corporate/back office companies. Since that time, the city has had strong success in those areas, along with consistent growth of existing industries. In recent years seven companies relocated to Gallatin. Wood., a heavy construction company, brought 200 jobs. Power Consulting Associates moved their headquarters to Gallatin bringing 200 jobs. Regenesis, a California company specializing in groundwater reclamation expanded to Gallatin bringing 45 jobs. Appalachian Pipeline brought their corporate headquarters to Gallatin along with 20 engineering jobs. D & S Industries, an industrial textile manufacturer that supplies NASA, the airline industry and medical fields began construction on an 81,000 square foot facility. Boise Cascade purchased an existing facility to bring their Middle Tennessee operations from Nashville. Gap, Inc. announced an investment of \$65 million and the hiring of an additional 500 workers to bolster on-line distribution at their 2.4 million square foot facility in Gallatin. Most recently, Meta has built an \$800 million, 984,000 square foot data center in Gallatin.

TRANSPORTATION

One of only six places in the United States, three major interstates converge in middle Tennessee, meaning that the City of Gallatin, Tennessee is within a one-day truck drive to 75% of all U.S. Markets as well as within 650 miles of 50% of the U.S. population. Highway systems in the area are rated among the nation's best, offering exceptional connections for freight and commuting. Combined with the area's outstanding air, rail, and waterway transportation options, it is easy to see why the region has become a draw for manufacturers, distributors, and corporate headquarters needing quick access to cities around the world.

Interstate 65 runs along Sumner County's western border. U.S. Highways 31E and 31W serve the City. State Routes 25, 52, 109, and 386 also provide convenient transportation.

State Route 109 connects Interstate 65 in Portland near the Kentucky state line with Interstate 40 in Lebanon/Mount Juliet (Wilson County). A majority of the road is already four to five lanes. The rest of the widening is under construction. State Route 109 cuts 25 miles (and significant traffic congestion) off a commuter's trip by circumventing Nashville. Recent and current improvements on State Route 109 have significantly increased retail investment in the City, and a reduction in the number of vehicle accidents has been an immediate result.

The extension of State Route 386 (Vietnam Veterans Memorial Boulevard) from Hendersonville to Gallatin now promotes more efficient travel between Sumner County's two largest cities and provides increased access to other major roadways for improved connections throughout Sumner County.

In addition, the mainline of CSX Railroad bisects Sumner County, making rail service convenient and available to City industries.

The Cumberland River forms the southern border of the County and offers full river barge access to the Gulf of Mexico via the Ohio, Tennessee, and Mississippi Rivers. The U.S. Army Corps of Engineers maintains the channel depth at nine feet and numerous commercial operators use the river.

Commercial air service is accessible at the Nashville International Airport (BNA) served by fourteen airlines operating 450 daily flights in more than 65 non-stop markets. In the last fiscal year, Nashville International, or BNA, served more than 14.9 million passengers. It is the fourth fastest growing airport among the top 50 airports in North America. According to the US Department of Transportation, it was the 32nd busiest airport in the United States in 2024.

General aviation service is available at the Music City Executive Airport at Sumner County (XNX) and the Portland Municipal Airport. Portland Municipal Airport maintains a 5,000-foot asphalt runway. The Nashville Executive Airport at Sumner County completed an expansion of its runway to 6,300 feet in 2016. This is one of the longest general aviation runways in Tennessee. Both airports can accommodate most jets and turbo prop planes.

The Music City Executive Airport at Sumner County provides on-site rental car service, aircraft rental and storage, along with jet and helicopter chartering. There are 11 corporate hangars, 40 T-hangars and 23 port-a-ports. The airport offers Part 61 and Part 141 flight instruction.

HEALTHCARE

Gallatin is home to the hub of Sumner Regional Medical Center (SRMC), one of the top-ranked health care facilities in middle Tennessee and the flagship hospital of the healthcare entity, HighPoint Health System. The Joint Commission on Accreditation of Health Care Organizations recognized SRMC as among the top 10% of hospitals in the country. The Tennessee Quality Award Program has presented its Tennessee Quality Commitment Award to SRMC as well.

SRMC is one of the largest non-government employers in Sumner County with over 1,000 employees and 300 physicians and provides quality care in cancer treatment, cardiac care, same-day surgery, orthopedics, diagnostics, women's health, rehabilitation services and more. A 155-bed center, SRMC has all the primary services available. The fully staffed emergency department is equipped to handle most any trauma or cardiac problem. LIFEFLIGHT to Vanderbilt Medical Center in Nashville is provided on the SRMC grounds.

A 200,000 square foot patient tower added 90 new private rooms featuring wellness design, an updated emergency department, a critical care unit, an imaging department and a women's center.

SRMC expanded in Sumner County by recently completing a new state-of-the-art emergency room at Sumner Station in Gallatin. Offered at the Sumner Station location is adult and pediatric emergency medical services 24 hours a day, 7 days a week, 365 days per year. The location offers on-site diagnostic imaging, an on-site laboratory for instant lab results, and experienced and highly skilled ER physicians and staff. Also at Sumner Station is the Carpenter Cancer Center fully staffed with board certified professionals offering a broad range of resources, support mechanisms and ancillary services to help manage the many components of treatment.

EDUCATION

Gallatin is part of the Sumner County School system (the “System”). The system includes five STEM schools which makes up 5% of all STEM schools in the State of Tennessee. In 2025, the System’s academic magnet school, Merrol Hyde Magnet School, was ranked #39 nationwide in the Top High Schools category and #3 in Tennessee by *U.S. News and World Report*.

The county-wide school system employs over 4,300.

In addition to public schools, there are more than ten private and parochial elementary and secondary educational opportunities for students in Sumner County with a combined enrollment of approximately 1,500.

Located in Gallatin, **Volunteer State Community College** is one of the thirteen community colleges in the Tennessee Board of Regents system and has an enrollment of approximately 11,300 students. The two-year college offers more than 100 academic programs in five major divisions. The College is careful to partner with business and industry in the community to ensure workforce training to meet the needs of the regional economy. The college prepares Tennesseans to enter the workforce immediately or to continue their academic success at a university. In addition to traditional degree and certificate programs, non-credit continuing education classes, opportunities to serve the community, travel-study and work-based learning are offered.

Volunteer State is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools, has eligibility certification by the U.S. Office of Education, and is approved by the State Department of Education for Veterans Education.

In 2016, Volunteer State launched a mechatronics technology associate degree program with a commitment to invest \$2.3 million in building a new lab, equipment, and training. The lab was opened in fall of 2019.

Welch College is a private four-year Christian college founded in 1942 by the National Association of Free Will Baptists. The college currently serves 366 students and is the national college of the Free Will Baptist denomination. Welch College moved its campus to Gallatin in 2017 to offer its students a small campus community with all the advantages of a thriving metropolitan area. It is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate, baccalaureate, and masters degrees. The college is also accredited by the Commission on Accreditation of the Association for Biblical Higher Education to grant degrees at the associate, bachelors, and masters levels. The college offers more than 40 four-year degree programs, has a 9:1 student/teacher ratio, and requires its students to provide community service.

Welch College was ranked #17 in *U.S. News and World Report’s* Best Value Schools list for 2020. It was ranked #16 in *U.S. News and World Report’s* list of best Regional Colleges in the South in 2020.

GREATER NASHVILLE REGIONAL COUNCIL PARTICIPATION

The Greater Nashville Regional Council is an association of local governments representing communities across thirteen counties in Middle Tennessee. Its purpose is to assist those communities and state

agencies in the development of plans and programs that ensure the long-term prosperity of the region. The Regional Council provides a powerful forum for community leaders to collaborate and act on issues related to economic growth, community design and development, and the quality of life for its residents.

The City's Mayor currently represents Sumner County as a member of the Board of Directors of the Regional Council. The Regional Council develops plans for transportation and economic and community development for the thirteen-county area including the metropolitan planning region for Nashville, Tennessee.

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CITY OF GALLATIN, TENNESSEE

DEBT STATEMENT
as of June 30, 2025 and including debt issued since
(unaudited)

| | <u>Principal Outstanding</u> |
|--|--------------------------------|
| Bonded Debt: | |
| <i>General Obligation</i> | |
| Series 2014 General Obligation Refunding and Improvement Bonds | \$5,590,000 |
| Series 2016 General Obligation Bonds | 6,680,000 |
| Series 2021 General Obligation Bonds | 8,355,000 |
| <i>Attributable to Water and Sewer without Tax Pledge</i> | |
| Series 2011 Water and Sewer Refunding and Improvement Bonds | 4,525,000 |
| Series 2014 Water and Sewer Refunding and Improvement Bonds | 1,765,000 |
| Unrefunded Portion Series 2015 Water and Sewer Refunding and Improvement Bonds | 1,940,000 |
| Series 2021A Water and Sewer Revenue Improvement Bonds | 12,380,000 |
| Series 2021B Water and Sewer Revenue Refunding Bonds | 13,295,000 |
| Series 2025 Water and Sewer Revenue Improvement Bonds dated 7/8/2025 | 28,990,000 |
| <i>Attributable to Electric System without Tax Pledge</i> | |
| Series 2024 Electric System Revenue Bonds | 11,100,000 |
| <i>Attributable to Gas without Tax Pledge</i> | |
| Series 2019 Gas System Revenue Bonds | 4,290,000 |
| Series 2024 Gas System Revenue Bonds | 8,290,000 |
| Total Bonded Debt | \$107,200,000 |
| Plus: Series 2026 General Obligation Bonds | \$22,520,000 * |
| Total Bonded Debt after Series 2026 Issuance | \$129,720,000 |
| Less: Self Sustaining Debt | |
| Net General Obligation Debt | (86,575,000) |
| Plus: Net Overlapping Debt of Sumner County (Prorated based on assessed property values) | 20,625,000 |
| Net GO and Overlapping Debt | 67,293,744 ¹ |
| DEBT RATIOS | \$87,918,744 |

| | |
|---|--------------------|
| Total Bonded Debt to Estimated Actual Value | 1.27% ¹ |
| Total Bonded Debt to Assessed Value | 4.40% ¹ |
| Net General Obligation Debt to Estimated Actual Value | 0.20% ¹ |
| Net General Obligation Debt to Assessed Value | 0.70% ¹ |
| Net General Obligation and Overlapping Debt to Estimated Actual Value | 0.86% ¹ |
| Net General Obligation and Overlapping Debt to Assessed Value | 2.98% ¹ |

| PER CAPITA RATIOS² | |
|--|-----------|
| Estimated Actual Value | \$203,993 |
| Assessed Value | \$58,735 |
| Total Bonded Debt | \$2,584 |
| Net General Obligation Debt | \$411 |
| Net General Obligation Debt and Overlapping Debt | \$1,752 |

¹ Source: Fiscal Year 2024 Annual Comprehensive Financial Reports for the City and Sumner County and 2024 Tennessee Tax Aggregate Report.

² Based on 2024 certified special census figure.

* Preliminary.

DEBT TREND
For Fiscal Years Ending

| | <u>6/30/2019</u> | <u>6/30/2020</u> | <u>6/30/2021</u> | <u>6/30/2022</u> | <u>6/30/2023</u> | <u>6/30/2024</u> | <u>6/30/2025</u> |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Bonded Debt | \$58,700,000 | \$55,330,000 | \$61,645,000 | \$72,755,000 | \$68,285,000 | \$63,640,000 | \$78,210,000 |
| Less Self-Sustaining Debt | (37,795,000) | (35,780,000) | (33,765,000) | (46,620,000) | (43,930,000) | (41,120,000) | (57,585,000) |
| Total Net Debt | <u>\$20,905,000</u> | <u>\$19,550,000</u> | <u>\$27,880,000</u> | <u>\$26,135,000</u> | <u>\$24,355,000</u> | <u>\$22,520,000</u> | <u>\$20,625,000</u> |

*Source: Annual Financial Reports for Fiscal Years ended June 30, 2019 through 2025. Does not include debt issued after 6/30/2025.
 See "DEBT STATEMENT".*

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CITY OF GALLATIN, TENNESSEE
General Obligation Debt Service Requirements*
As of June 30, 2025 and including proposed Series 2026

| Fiscal Year | GO Refunding & Improvement Bonds, Series 2014 | | | GO Improvement Bonds, Series 2016 | | | GO Bonds Series 2021 | | | GO Bonds Series 2026* | | | Total Debt Service* | | |
|--------------------|--|------------------|--------------------|--|--------------------|--------------------|---------------------------------|--------------------|---------------------|----------------------------------|--------------------|---------------------|----------------------------|---------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2026 | \$1,050,000 | \$180,850 | \$1,230,850 | \$530,000 | \$233,500 | \$763,500 | \$385,000 | \$255,850 | \$640,850 | \$0 | \$0 | \$0 | \$1,965,000 | \$670,200 | \$2,635,200 |
| 2027 | 1,090,000 | 138,850 | 1,228,850 | 540,000 | 207,000 | 747,000 | 405,000 | 236,600 | 641,600 | 790,000 | 758,447 | 1,548,447 | 2,825,000 | 1,340,897 | 4,165,897 |
| 2028 | 450,000 | 106,150 | 556,150 | 555,000 | 185,400 | 740,400 | 425,000 | 216,350 | 641,350 | 805,000 | 789,118 | 1,594,118 | 2,235,000 | 1,297,018 | 3,532,018 |
| 2029 | 460,000 | 92,650 | 552,650 | 570,000 | 163,200 | 733,200 | 445,000 | 195,100 | 640,100 | 835,000 | 758,778 | 1,593,778 | 2,310,000 | 1,209,728 | 3,519,728 |
| 2030 | 475,000 | 78,850 | 553,850 | 585,000 | 140,400 | 725,400 | 465,000 | 172,850 | 637,850 | 865,000 | 727,328 | 1,592,328 | 2,390,000 | 1,119,428 | 3,509,428 |
| 2031 | 490,000 | 64,600 | 554,600 | 600,000 | 117,000 | 717,000 | 490,000 | 149,600 | 639,600 | 895,000 | 694,768 | 1,589,768 | 2,475,000 | 1,025,968 | 3,500,968 |
| 2032 | 505,000 | 49,900 | 554,900 | 620,000 | 99,000 | 719,000 | 515,000 | 125,100 | 640,100 | 930,000 | 661,005 | 1,591,005 | 2,570,000 | 935,005 | 3,505,005 |
| 2033 | 525,000 | 34,119 | 559,119 | 640,000 | 80,400 | 720,400 | 535,000 | 104,500 | 639,500 | 965,000 | 625,948 | 1,590,948 | 2,665,000 | 844,967 | 3,509,967 |
| 2034 | 545,000 | 17,713 | 562,713 | 660,000 | 61,200 | 721,200 | 545,000 | 93,800 | 638,800 | 1,005,000 | 589,503 | 1,594,503 | 2,755,000 | 762,216 | 3,517,216 |
| 2035 | | | | 680,000 | 41,400 | 721,400 | 555,000 | 82,900 | 637,900 | 1,040,000 | 551,670 | 1,591,670 | 2,275,000 | 675,970 | 2,950,970 |
| 2036 | | | | 700,000 | 21,000 | 721,000 | 570,000 | 71,800 | 641,800 | 1,080,000 | 512,450 | 1,592,450 | 2,350,000 | 605,250 | 2,955,250 |
| 2037 | | | | | 580,000 | 60,400 | 640,400 | 1,120,000 | 471,750 | 1,591,750 | 1,700,000 | 532,150 | 2,232,150 | | |
| 2038 | | | | | 590,000 | 48,800 | 638,800 | 1,165,000 | 429,478 | 1,594,478 | 1,755,000 | 478,278 | 2,233,278 | | |
| 2039 | | | | | 605,000 | 37,000 | 642,000 | 1,205,000 | 385,633 | 1,590,633 | 1,810,000 | 422,633 | 2,232,633 | | |
| 2040 | | | | | 615,000 | 24,900 | 639,900 | 1,250,000 | 340,215 | 1,590,215 | 1,865,000 | 365,115 | 2,230,115 | | |
| 2041 | | | | | 630,000 | 12,600 | 642,600 | 1,300,000 | 293,040 | 1,593,040 | 1,930,000 | 305,640 | 2,235,640 | | |
| 2042 | | | | | | | 1,350,000 | 244,015 | 1,594,015 | 1,350,000 | 244,015 | 1,594,015 | | | |
| 2043 | | | | | | | 1,400,000 | 193,140 | 1,593,140 | 1,400,000 | 193,140 | 1,593,140 | | | |
| 2044 | | | | | | | 1,450,000 | 140,415 | 1,590,415 | 1,450,000 | 140,415 | 1,590,415 | | | |
| 2045 | | | | | | | 1,505,000 | 85,748 | 1,590,748 | 1,505,000 | 85,748 | 1,590,748 | | | |
| 2046 | | | | | | | 1,565,000 | 28,953 | 1,593,953 | 1,565,000 | 28,953 | 1,593,953 | | | |
| | \$5,590,000 | \$763,682 | \$6,353,682 | \$6,680,000 | \$1,349,500 | \$8,029,500 | \$8,355,000 | \$1,888,150 | \$10,243,150 | \$22,520,000 | \$9,281,397 | \$31,801,397 | \$43,145,000 | \$13,282,729 | \$56,427,729 |

**Preliminary.*

Up to \$10,009,700 general obligation bonds or notes have been authorized for capital projects and are expected to be issued this year. Please see "Future Issues" on page 9.

FISCAL YEAR

The City's fiscal year is July 1 through June 30 of each year.

ACCOUNTING

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

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

Finally, property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund—The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except thought required to be accounted for in another fund. The General Fund also includes the accounting for all solid waste revenues and expenditures.

Capital Projects Fund—The Capital Projects Fund focuses on project-to-date costs for many projects within the City.

For more information on proprietary funds and the fiduciary fund, please see Note 1 of the City's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025 in Appendix C.

BUDGETARY PROCESS

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds excluding the capital projects funds. The City follows these procedures:

- Prior to fiscal year end, the Director of Finance and Mayor submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments on the budget.
- Prior to June 30, the budget is legally enacted through passage of an ordinance.
- Heads of City departments are authorized to transfer budgeted amounts within their departments; however, any revisions that alter the total expenditures of any department function or fund must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for all funds excluding the Electric Fund.

- Budgeted amounts are as originally adopted, or as amended by the City Council. Budget appropriations lapse at year end.

As an extension to the formal budgetary process, the City Council may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The City's policy is to not allow expenditures to exceed budgetary amounts at the total fund expenditure level without obtaining additional appropriation approval from the City Council.

CYBER-SECURITY

The City utilizes various computer system and network technology to perform many of its vital operations and services. Such operations and services include the storage and transmission of sensitive information, and as a result, the City may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may inadvertently occur due to employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the City to legal action. The City has had two known ransomware attacks as a result of a user clicking on an e-mailed link. Both attacks were resolved with data retrieved from the City's reliable backup system. To mitigate against such risks, the City has invested in a software platform which has the ability to phish users and provide remedial training when necessary. The City also partners with an outside firm which monitors certain aspects of the City's infrastructure and immediately reports any anomalies. The City has adopted and implemented written and software-based policies and procedures related to cyber-security. Quarterly, phishing campaigns are conducted to monitor how well the procedures are being followed. Remedial training is provided when users "fail" a phishing test. The City also maintains Privacy Network Liability and Data Breach Expense Coverage insurance policies. The Privacy and Network Security Liability policy covers \$700,000/\$1,000,000 per occurrence and the Data Breach Expense Coverage policy is \$250,000 per occurrence sublimit. The latter includes cyber extension optional coverage which adds ransomware, social engineering and data restoration expenses.

Gallatin Public Utilities maintains its own information technology infrastructure and is governed by separate policies and procedures.

CHANGES IN FUND BALANCES FOR TOTAL GOVERNMENTAL FUNDS
(Fiscal Years Ended June 30)

| REVENUES | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Taxes | \$39,959,197 | \$35,459,767 | \$34,020,171 | \$31,828,287 | \$28,148,675 | \$24,907,697 |
| Licenses | 4,734,324 | 4,935,808 | 3,694,996 | 3,633,533 | 3,247,237 | 2,279,208 |
| Fines and Penalties | 1,491,102 | 642,664 | 748,936 | 658,741 | 673,966 | 691,541 |
| Charges for Services | 9,325,202 | 9,043,615 | 3,148,588 | 7,978,910 | 6,285,822 | 6,005,756 |
| Intergovernmental | 15,247,293 | 12,391,419 | 16,130,376 | 19,963,272 | 16,201,370 | 14,437,262 |
| Other | 5,968,473 | 3,570,141 | 1,988,248 | 3,288,678 | 4,479,403 | 2,683,304 |
| TOTAL REVENUES | \$76,725,591 | \$66,043,414 | \$59,731,315 | \$67,351,421 | \$59,036,473 | \$51,004,768 |
| EXPENDITURES | | | | | | |
| General Government | \$14,980,959 | \$11,250,755 | \$9,634,216 | \$8,648,829 | \$7,717,866 | \$7,687,329 |
| Public Safety | 26,908,812 | 23,549,813 | 23,403,783 | 18,697,042 | 15,764,227 | 15,439,576 |
| Engineering | 3,372,709 | 2,574,732 | 2,857,815 | 2,114,553 | 638,392 | 621,511 |
| Environmental Services | 3,955,504 | 3,549,105 | 0 | 3,087,746 | 2,819,961 | 2,783,382 |
| Public Works | 1,204,229 | 1,447,491 | 3,056,827 | 827,963 | 765,125 | 670,407 |
| Highways and Streets | 2,572,743 | 1,923,214 | 1,437,998 | 1,127,266 | 1,045,433 | 1,137,622 |
| Vehicle Maintenance | 583,972 | 489,852 | 429,544 | 639,633 | 585,193 | 614,540 |
| Cemetery Trust Repair and Maintenance | 250 | | | | | |
| Parks and Recreation | 6,805,630 | 5,034,661 | 5,527,163 | 4,982,212 | 4,188,436 | 3,786,654 |
| Economic Development Agency | 1,464,957 | 497,608 | 506,618 | 557,630 | 521,733 | 557,726 |
| Tourism | 105,547 | 56,313 | | | | 57,039 |
| ARPA | 9,514,336 | 2,323,018 | | | | |
| Debt Service: | | | | | | |
| Principal | 1,895,000 | 1,835,000 | 1,780,000 | 1,745,000 | 1,395,000 | 1,355,000 |
| Interest | 754,850 | 846,600 | 911,850 | 970,589 | 684,050 | 738,250 |
| Other Debt Service Expense | 1,260 | 1,260 | 1,253 | 1,400 | 112,310 | 600 |
| Capital Outlay - Capital | 1,838,935 | 4,768,411 | - | 13,637,922 | 16,670,921 | 17,324,244 |
| TOTAL EXPENDITURES | \$75,959,693 | \$60,147,833 | \$49,547,067 | \$57,037,785 | \$52,908,647 | \$52,773,880 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$765,898 | \$5,895,581 | \$10,184,248 | \$10,313,636 | \$6,127,826 | (\$1,769,112) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Contributions | | | | | | |
| Premiums on Bonds Issued | | | | | 1,387,853 | |
| Proceeds of Long-Term Debt | | | | | 9,725,000 | |
| Bond Issuance Costs | | | | | | |
| Gain on Refunding | | | | | | |
| Repayment from Debt Refunding | | | | | | |
| Insurance Proceeds | | | | | | |
| Sale of Capital Assets | | | | | | |
| In Lieu of Tax Payments from Utility | 1,880,002 | 1,658,228 | 1,824,463 | 1,872,093 | 1,891,977 | 1,805,919 |
| Operating Transfers In | | | | | | |
| Operating Transfers Out | (150,000) | - | (247,088) | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,730,002 | 1,658,228 | 1,577,375 | 1,872,093 | 13,004,830 | 1,805,919 |
| NET CHANGE IN FUND BALANCE | \$2,495,900 | \$7,553,809 | \$11,761,623 | \$12,185,729 | \$19,132,656 | \$36,807 |
| Restatement--Error Correction | | \$1,463,653 | | | | |
| NET CHANGE IN FUND BALANCE RESTATED | | \$9,017,462 | | | | |

Source: Annual Financial Reports for Fiscal Years ending June 30, 2020 through 2025.

PROPERTY TAX INFORMATION

The City's property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and personal property within the City's legal boundaries. All property taxes are delinquent on March 1 of the subsequent calendar year.

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

| TAXABLE PROPERTY | | LEGAL ASSESSMENT RATIO |
|----------------------------------|--|------------------------|
| Locally Assessed Real Property: | | |
| Industrial and Commercial | | 40% |
| Residences and Farms | | 25% |
| Personal Tangible Property | | 30% |
| Agriculture, Open Space Land Act | | 25% |
| Locally Assessed Public Utility | | 55% |

Taxes are levied at a rate of \$0.5295 per \$100 of assessed valuation. Payments may be made between October 1 and February 28. Current tax collections of \$15,362,285 for the fiscal year ended June 30, 2025 (Tax Year 2024) were approximately 92.16% of the total tax levy.

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

| TAX YEAR | 2025 | TOTAL TAXABLE ASSESSED | | TOTAL DIRECT TAX | ESTIMATED ACTUAL TAXABLE VALUE | TAXABLE ASSESSED VALUE AS A % OF ACTUAL TAXABLE VALUE |
|-------------|------|------------------------------|-------------|------------------------|---|--|
| | | VALUE | PROPERTY | | | |
| 2024 | 2025 | \$3,152,246,456 | * | \$ 0.5295 | \$10,899,437,791 | 28.92% |
| 2023 | 2024 | 2,935,179,054 | * | \$ 0.5295 | 10,209,401,280 | 28.75% |
| 2022 | 2023 | 1,835,956,847 | 157,722,100 | \$ 0.8000 | 6,536,211,546 | 28.09% |
| 2021 | 2022 | 1,749,990,933 | * | \$ 0.8000 | 6,184,000,396 | 28.30% |
| 2020 | 2021 | 1,639,821,530 | * | \$ 0.8000 | 5,804,981,995 | 28.25% |
| 2019 | 2020 | 1,568,403,152 | 31,477,512 | \$ 0.8000 | 5,505,851,345 | 28.49% |
| 2018 | 2019 | 1,470,374,839 | 35,134,216 | \$ 0.8000 | 5,345,047,430 | 27.51% |
| 2017 | 2018 | 1,048,753,747 | 21,926,143 | \$ 0.9900 | 3,758,217,774 | 27.91% |
| 2016 | 2017 | 1,024,112,532 | 23,016,954 | \$ 0.9900 | 3,688,978,706 | 27.76% |
| 2015 | 2016 | 988,612,525 | 23,958,652 | \$ 0.9900 | 3,498,839,903 | 28.26% |

Sources: FY2025 Annual Comprehensive Financial Report and City Recorder's Office

¹ per \$100 of assessed valuation.

*Tax-exempt property information is currently unavailable.

The largest taxpayers in the City are as follows:

PRINCIPAL TAXPAYERS

As of June 30, 2025

| <u>Taxpayer</u> | <u>Taxable Assessed Valuation</u> | <u>Percent of Total Taxable Valuation</u> |
|--------------------------------|---------------------------------------|---|
| Sumner Regional Medical Center | \$112,581,500 | 3.57% |
| Gap Inc. | 78,628,700 | 2.49% |
| Revere at Hidden Creek LLC | 60,229,600 | 1.91% |
| Gallatin BNA LLC | 56,757,300 | 1.80% |
| Banner at Westfield LP | 52,222,000 | 1.66% |
| Stoneridge Borrower LLC | 46,581,300 | 1.48% |
| Wellington Farms Holdings LLC | 46,250,400 | 1.47% |
| G25 Properties LLC | 43,526,000 | 1.38% |
| KJPL Gallatin LLC | 37,940,900 | 1.20% |
| Hoeganaes Corp. | 16,926,448 | 0.54% |
| | <u>\$551,644,148</u> | <u>17.50%</u> |

Source: City of Gallatin Recorder's Office

PROPERTY TAXES AND LEVIES AND COLLECTIONS
TEN YEAR SUMMARY

| Fiscal Year | Total Taxes Levied | Collected within the Tax Year of the Levy | | Collections in Subsequent Years | Total Collections as of 6/30/25 | |
|----------------|-----------------------|--|-----------------------|---------------------------------------|---------------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2025 | \$16,669,038 | \$15,297,348 | 91.77% | \$64,937 | \$15,362,285 | 92.16% |
| 2024 | 15,517,384 | 14,380,699 | 92.67% | 84,058 | 14,464,757 | 93.22% |
| 2023 | 14,679,193 | 13,940,753 | 94.97% | 78,915 | 14,019,668 | 95.51% |
| 2022 | 14,038,125 | 13,127,681 | 93.51% | 100,687 | 13,228,368 | 94.23% |
| 2021 | 12,917,234 | 12,578,223 | 97.38% | 196,398 | 12,774,621 | 98.90% |
| 2020 | 12,158,928 | 12,061,074 | 99.20% | - | 12,061,074 | 99.20% |
| 2019 | 11,039,008 | 10,962,352 | 99.31% | 62,482 | 11,024,834 | 99.87% |
| 2018 | 10,746,934 | 10,482,842 | 97.54% | 104,110 | 10,586,952 | 98.51% |
| 2017 | 10,527,443 | 10,151,671 | 96.43% | 892,798 | 11,044,469 | 104.91% |
| 2016 | 10,203,336 | 9,756,265 | 98.31% | 368,379 | 10,124,644 | 99.23% |

Sources: Annual Comprehensive Financial Report, Fiscal Year ended June 30, 2025 and City Recorder's Office

APPENDIX C

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2025

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



Prepared by the City of Gallatin Finance Director

CITY OF GALLATIN, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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INTRODUCTORY SECTION

CITY OF GALLATIN, TENNESSEE

DIRECTORY

June 30, 2025

ELECTED OFFICIALS

Paige Brown, Mayor
William C. Hayes, Council Member, Vice Mayor
Paul Jones, Council Member
Steve Fann, Council Member
Steven Carter, Council Member
Pascal Jouvence, Council Member
Shawn Fennell, Council Member
Todd Alexander, Council Member
Connie Kittrell, Recorder

MANAGEMENT TEAM

Rachel Nichols, Director of Finance, CMFO
Richard Depriest, Director of Public Works
David Kellogg, Superintendent of Public Utilities
Donald Bandy, Chief of Police
Jeff Beaman, Fire Chief
Charles Stuart, Director of Codes
Brian Rose, Director of Planning
David Brown, Director of Parks and Recreation
Courtney Cangemi, Director of Human Resources
Rosemary Bates, Director of Economic Development
Nick Tuttle, City Engineer
Jeff Hentschel, Communications Director
Mark Kimbell, Electric Department Manager
Jennifer Lefevre, Director of Information Technology

COUNSEL

Susan High-McAuley
City Attorney
Gallatin, Tennessee

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ATA, PC
Jackson, Tennessee

FINANCIAL SECTION

Independent Auditor's Report

Honorable Paige Brown, Mayor
Members of the City Council
City of Gallatin, Tennessee

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Department of Electricity (Electric Department), which represent 27%, 23%, and 66%, respectively, of the assets, net position, and revenues of the business-type activities as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Electric Department, are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefits related schedules and notes as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information section, as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section, as listed in the table of contents, including the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That reporting is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ATA, PC

Jackson, Tennessee
December 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$500.43 million as compared to \$467.91 million in the prior year. Of these amounts, \$124.62 million (unrestricted net position) as compared to \$112.10 million in the prior year may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$32.82 million in 2025, not including (\$304) thousand of restatement, compared to an increase of \$23.81 million in 2024, not including a \$1.46 million of restatement.
- As of the close of the current fiscal year, the City's governmental funds reported ending fund balances of \$79.26 million, an increase of \$1.35 million from the prior year. Approximately \$65.90 million of that total is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$65.90 million, or 101.51% of the total general fund expenditures as compared to \$64.94 million the prior year.
- The City's total debt obligations increased by \$14.38 million during the current fiscal year.

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 the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.
4. This report also contains required supplementary information and supplementary and other 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, liabilities and deferred inflows/outflows of resources, with the difference 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and cultural and recreation. The business-type activities of the City are made up of Water and Sewer, Natural Gas, and Electric Power services. The government-wide financial statements can be found on pages 11 to 13 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 three categories: governmental funds, proprietary funds, and fiduciary 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, the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 14 to 17 of this report.

The City maintains eight governmental funds. Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the General Fund and Capital Projects Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements beginning on page 81.

The City adopts an annual appropriated budget for the General Fund and the special revenue funds. Budgetary comparison statements have been provided on pages 23 to 36 and pages 83 to 86 of this report.

Proprietary funds - There are two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Board of Public Utilities Electric, Water and Sewer, and Gas Funds.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City currently has no internal service funds.

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 Water

MANAGEMENT'S DISCUSSION AND ANALYSIS

and Sewer, Natural Gas, and Electric Power operations which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 18 to 22 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Gallatin's own programs. The Fiduciary funds reported are for the Electric Department Pension and OPEB Trust Funds. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the fiduciary funds is provided in the form of combining statements which can be found on pages 37 to 38 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 to 72 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's and Utility's schedules of funding progress for their respective pension plans and other post-employment benefits.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$500.43 million at the close of the most recent fiscal year, as compared to \$467.91 million at the close of the previous year.

By far the largest portion of the City's net position (72.08%) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure). The City uses these capital assets to provide services to citizens; consequently, 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.

An additional portion of the City's net position \$15.37 million (3.07%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position representing unrestricted net position \$124.36 million (24.85%) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its total governmental and total business-type activities.

Comparisons with the prior year data are presented below.

MANAGEMENT'S DISCUSSION AND ANALYSIS

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Current and other assets | \$ 110,688,176 | \$ 105,927,043 | \$ 89,727,455 | \$ 69,258,527 | \$ 200,415,631 | \$ 175,185,570 |
| Capital assets | 173,408,497 | 170,811,890 | 266,116,993 | 237,752,129 | 439,525,490 | 408,564,019 |
| Total assets | <u>284,096,673</u> | <u>276,738,933</u> | <u>355,844,448</u> | <u>307,010,656</u> | <u>639,941,121</u> | <u>583,749,589</u> |
| Deferred outflows of resources | 1,221,234 | 925,614 | 2,962,358 | 4,061,333 | 4,183,592 | 4,986,947 |
| Long-term liabilities | 24,805,367 | 26,530,669 | 63,553,229 | 45,586,346 | 88,358,596 | 72,117,015 |
| Other liabilities | 13,135,053 | 12,593,479 | 22,961,283 | 20,511,028 | 36,096,336 | 33,104,507 |
| Total liabilities | <u>37,940,420</u> | <u>39,124,148</u> | <u>86,514,512</u> | <u>66,097,374</u> | <u>124,454,932</u> | <u>105,221,522</u> |
| Deferred inflows of resources | 17,649,015 | 15,134,355 | 1,588,587 | 466,817 | 19,237,602 | 15,601,172 |
| Net position: | | | | | | |
| Net investment in capital assets | 154,417,135 | 150,136,959 | 206,283,889 | 195,625,066 | 360,701,024 | 345,762,025 |
| Restricted | 9,976,094 | 9,009,962 | 5,391,834 | 1,038,746 | 15,367,928 | 10,048,708 |
| Unrestricted | 65,335,243 | 64,259,123 | 59,027,984 | 47,843,986 | 124,363,227 | 112,103,109 |
| Total net position | <u>\$ 229,728,472</u> | <u>\$ 223,406,044</u> | <u>\$ 270,703,707</u> | <u>\$ 244,507,798</u> | <u>\$ 500,432,179</u> | <u>\$ 467,913,842</u> |

The government's total assets increased significantly due to the capital projects that were completed and in progress during the current fiscal year. Total liabilities increased significantly due to new long-term debt issued in the current year and the changes in the pension-related accounts.

Statement of Activities - Expenses in the governmental activities exceeded program revenues by \$41.98 million. In the business-type activities program revenues exceeded expenses by \$18.75 million. General government revenues and transfers of \$48.30 million offset the governmental activities deficit resulting in a positive change of net position of \$6.32 million. Other business-type revenues of \$9.63 million and transfers of (\$1.88) million increased income in the business type activities leaving a positive change in net position of \$26.50 million and a restatement in business type activities of (\$304) thousand.

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|----------------------------|-------------------|-----------------------------|--------------------|--------------------|--------------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 15,549,388 | \$ 14,619,477 | \$ 127,064,711 | \$ 112,791,888 | \$ 142,614,099 | \$ 127,411,365 |
| Operating grants and contributions | 8,310,962 | 6,796,238 | - | - | 8,310,962 | 6,796,238 |
| Capital grants and contributions | 4,443,946 | 2,383,778 | 11,172,100 | 10,102,547 | 15,616,046 | 12,486,325 |
| General revenues: | | | | | | |
| Property taxes | 15,975,641 | 15,505,229 | - | - | 15,975,641 | 15,505,229 |
| Other taxes | 32,029,479 | 26,928,595 | - | - | 32,029,479 | 26,928,595 |
| Other sources | 4,252,908 | 2,917,422 | 3,798,115 | 1,968,676 | 8,051,023 | 4,886,098 |
| Total revenues | <u>80,562,324</u> | <u>69,150,739</u> | <u>142,034,926</u> | <u>124,863,111</u> | <u>222,597,250</u> | <u>194,013,850</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Expenses: | | | | | | |
| General government | \$ 22,092,019 | \$ 24,881,000 | \$ - | \$ - | \$ 22,092,019 | \$ 24,881,000 |
| Public safety | 27,250,573 | 23,988,663 | - | - | 27,250,573 | 23,988,663 |
| Engineering | 4,522,449 | 2,340,891 | - | - | 4,522,449 | 2,340,891 |
| Environmental services | 3,064,099 | 2,608,693 | - | - | 3,064,099 | 2,608,693 |
| Public works | 1,718,157 | 2,375,724 | - | - | 1,718,157 | 2,375,724 |
| Highway and streets | 2,232,680 | 1,894,857 | - | - | 2,232,680 | 1,894,857 |
| Vehicle maintenance | 498,030 | 489,852 | - | - | 498,030 | 489,852 |
| Parks and recreation | 6,272,568 | 5,034,661 | - | - | 6,272,568 | 5,034,661 |
| Economic development | 1,858,090 | 504,934 | - | - | 1,858,090 | 504,934 |
| Tourism | 105,547 | 56,838 | - | - | 105,547 | 56,838 |
| Interest on debt | 671,382 | 847,860 | - | - | 671,382 | 847,860 |
| Electric | - | - | 85,153,885 | 75,028,487 | 85,153,885 | 75,028,487 |
| Water and Sewer | - | - | 18,535,731 | 16,387,451 | 18,535,731 | 16,387,451 |
| Gas | - | - | 15,799,789 | 13,766,852 | 15,799,789 | 13,766,852 |
| Total expenses | <u>70,285,594</u> | <u>65,023,973</u> | <u>119,489,405</u> | <u>105,182,790</u> | <u>189,774,999</u> | <u>170,206,763</u> |
| Revenues over/under expenses | 10,276,730 | 4,126,766 | 22,545,521 | 19,680,321 | 32,822,251 | 23,807,087 |
| Other transfers | (5,834,304) | - | 5,834,304 | - | - | - |
| In lieu of taxes in (out) | <u>1,880,002</u> | <u>1,658,228</u> | <u>(1,880,002)</u> | <u>(1,658,228)</u> | <u>-</u> | <u>-</u> |
| Increase in net position | 6,322,428 | 5,784,994 | 26,499,823 | 18,022,093 | 32,822,251 | 23,807,087 |
| Net position - beginning | 223,406,044 | 216,157,397 | 244,507,798 | 226,485,705 | 467,913,842 | 442,643,102 |
| Restatement-error correction | - | <u>1,463,653</u> | <u>(303,914)</u> | <u>-</u> | <u>(303,914)</u> | <u>1,463,653</u> |
| Net position - beginning - restated | <u>223,406,044</u> | <u>217,621,050</u> | <u>244,203,884</u> | <u>226,485,705</u> | <u>467,609,928</u> | <u>444,106,755</u> |
| Net position - ending | <u>\$229,728,472</u> | <u>\$223,406,044</u> | <u>\$270,703,707</u> | <u>\$244,507,798</u> | <u>\$500,432,179</u> | <u>\$467,913,842</u> |

In governmental activities general revenues increased \$6.91 million due mainly to an increase in sales tax revenue in the current year. In the business type activities charges for services increased by \$14.27 million due mainly to increased usage.

Governmental policy continues to recognize that local revenue sources must be the foundation for providing basic public services rather than depending on uncertain Federal and State sources. To this end, it is vitally important to continue efforts to seek balanced diversity, equity, and efficiency in local revenue systems to better accommodate future change.

Overall expenses for 2025 were greater than expenses in 2024 in the governmental activities by \$5.26 million. For departments with increases, the increases were mainly due to capital projects and grant activities. All departments worked diligently to keep operational spending to a minimum in continued tight economic times.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Based on the statements and discussion, the overall financial position of the City has improved during the period.

The General Fund is the chief operation fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$65.90 million while total fund balance was \$68.42 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

balance and total fund balance to total fund expenditures. Unassigned fund balance represents 101.51% of total general fund expenditures in 2025 as compared to 125.80% in 2024.

The fund balance of the City's general fund increased by \$1.41 million during the current fiscal year. A key factor in this increase was the continued increases in local taxes while also managing expenditures in an effective manner.

Proprietary funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds are considered business-type activities and are operated similarly. Net position of the proprietary funds increased by \$26.50 million in 2025 not including a reduction of (\$304) thousand for an correction of an error as compared to \$18.02 million in 2024.

Unrestricted net position of the proprietary funds amounted to \$59.03 million as compared to \$47.84 million in the prior year. The change in net position of the individual proprietary funds were as follows:

- Water and Sewer Fund - \$18.12 million in 2025 compared to \$13.28 million in 2024.
- Natural Gas Fund – \$3.13 million in 2025 compared to \$731 thousand in 2024.
- Electric Fund - \$5.25 million in 2025 compared to \$4.01 million in 2024.

General Fund budgetary highlights - The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in a \$50.98 million increase in budgeted expenditures and transfers out from the original budget. The increase of approximately 86.37% was mainly for capital expenditures and grant projects.

Actual revenues and other financing sources were exceeded by budgeted amounts by \$9.86 million. The largest variances were related to other federal grants.

Actual expenditures and transfers out were under budget by \$39.10 million, which was due largely to the TDEC-ARPA grant being budgeted for approximately \$30.80 million and only \$3.68 million being spent in the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2025, the City had invested \$439.53 million net of accumulated depreciation in land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges, and utility systems. The total increase in the City's investment in capital assets for the current fiscal year was 7.58%. Additional information on the City's capital assets can be found in Note 4.C. beginning on page 52 of this report.

Long-term debt - At the end of the current fiscal year, the City had total long-term debt outstanding of \$78.02 million as compared to \$63.64 million at the end of the prior fiscal year. Of this amount, \$20.63 million represents debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured by specific revenue sources (i.e. revenue and tax bonds) of the various enterprise funds. Information on the City's long-term debt can be found in Note 4.E. beginning on page 52 of this report.

The City of Gallatin maintains a "AA+" rating from Standards and Poors for general obligation debt. Also, the City rating from Moody's has been recalibrated to "Aa2".

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General Fund Revenue – Property tax revenues grew slightly for the year. Most other general revenue sources showed moderate growth. Charges for services increased mainly due to increased Parks and Recreation revenues.

General Fund Expenditures and Capital Outlay – Departments were encouraged to be prudent and frugal with spending even though additional positions were funded to accommodate the growth of the City and the increased demands on staff. Most capital funding was to complete existing, ongoing projects or for grant funded projects.

General Fund Balance – At the end of the current fiscal year, unassigned fund balance in the general fund was \$65.90 million. The increase from the previous year was mainly related to the continued increase in local taxes along with the City paying close attention to spending in the current fiscal year.

Next Year's Budget and Rates – The City has no plans to increase the property tax rate paid by citizens in the next fiscal year. The City will continue to watch the national and world economic factors that could influence the local economy and will make any necessary mid-year adjustments to operate within available revenues.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Gallatin's finances for citizens, taxpayers, customers, investors, creditors and all others 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 Department of Finance, City of Gallatin, 132 West Main Street, Gallatin, TN, 37066.

BASIC FINANCIAL STATEMENTS

CITY OF GALLATIN, TENNESSEE
STATEMENT OF NET POSITION

June 30, 2025

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 78,394,999 | \$ 57,517,071 | \$ 135,912,070 |
| Certificates of deposit | - | 5,111,189 | 5,111,189 |
| Investments | 21,025 | - | 21,025 |
| Receivables | | | |
| Interest | 878,783 | - | 878,783 |
| Taxes (net of allowance) | 18,232,705 | - | 18,232,705 |
| Accounts (net of allowance) | 695,548 | 12,814,273 | 13,509,821 |
| Grant | 790,670 | - | 790,670 |
| Intergovernmental | 5,929,019 | - | 5,929,019 |
| Other | 332,079 | 113,519 | 445,598 |
| Prepayments and other current assets | 476,186 | 126,724 | 602,910 |
| Materials and supplies | 108,682 | 8,652,845 | 8,761,527 |
| Restricted assets: | | | |
| Cash and cash equivalents | 2,917,595 | 2,246,261 | 5,163,856 |
| TCRS Stabilization Fund | 1,910,885 | 417,497 | 2,328,382 |
| Net pension asset | - | 2,536,055 | 2,536,055 |
| Net OPEB asset | - | 192,021 | 192,021 |
| Capital assets, not being depreciated | | | |
| Land | 16,228,602 | 9,237,581 | 25,466,183 |
| Construction in progress | 2,648,860 | 22,787,465 | 25,436,325 |
| Capital assets, net of accumulated depreciation | | | |
| Transmission plant | - | 882,903 | 882,903 |
| Distribution plant | - | 204,855,830 | 204,855,830 |
| General plant | - | 3,752,321 | 3,752,321 |
| Buildings | 13,930,141 | 23,798,088 | 37,728,229 |
| Improvements other than buildings | 130,824,220 | - | 130,824,220 |
| Equipment | 4,131,316 | 483,176 | 4,614,492 |
| Rolling stock | 5,549,773 | 314,639 | 5,864,412 |
| Office furniture and equipment | 95,585 | 4,990 | 100,575 |
| Total assets | <u>284,096,673</u> | <u>355,844,448</u> | <u>639,941,121</u> |
| Deferred outflows of resources | | | |
| Deferred outflows - pensions | 1,221,234 | 825,981 | 2,047,215 |
| Deferred outflows - OPEB | - | 40,957 | 40,957 |
| Loss on bond refunding | - | 2,095,420 | 2,095,420 |
| Total deferred outflows of resources | <u>\$ 1,221,234</u> | <u>\$ 2,962,358</u> | <u>\$ 4,183,592</u> |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
STATEMENT OF NET POSITION

June 30, 2025

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------|
| Liabilities | | | |
| Accounts payable | \$ 5,395,116 | \$ 15,200,731 | \$ 20,595,847 |
| Due to county government | 1,373,063 | - | 1,373,063 |
| Accrued expenses | 847,831 | 908,889 | 1,756,720 |
| Accrued interest | 335,100 | 169,293 | 504,393 |
| Customer deposits | - | 6,368,173 | 6,368,173 |
| Accrued sales tax payable | - | 165,551 | 165,551 |
| Unearned revenue | 44,762 | - | 44,762 |
| Unearned evidence funds | 179,339 | - | 179,339 |
| Unearned grant revenue | 2,552,112 | - | 2,552,112 |
| Performance deposits | 2,407,730 | 148,646 | 2,556,376 |
| Long-term liabilities: | | | |
| Due within one year | 2,223,501 | 3,460,969 | 5,684,470 |
| Due in excess of one year | 22,282,515 | 60,035,537 | 82,318,052 |
| Other liabilities due in more than one year: | | | |
| Net pension liability | 299,351 | 56,723 | 356,074 |
| Total liabilities | 37,940,420 | 86,514,512 | 124,454,932 |
| Deferred inflows of resources | | | |
| Deferred property taxes | 17,569,317 | - | 17,569,317 |
| Deferred inflows - pension | 79,698 | 1,355,996 | 1,435,694 |
| Deferred inflows - OPEB | - | 232,591 | 232,591 |
| Total deferred inflows of resources | 17,649,015 | 1,588,587 | 19,237,602 |
| Net Position | | | |
| Net investment in capital assets | 154,417,135 | 206,283,889 | 360,701,024 |
| Restricted for | | | |
| Pension asset | - | 2,536,055 | 2,536,055 |
| OPEB asset | - | 192,021 | 192,021 |
| TCRS Stabilization | 1,910,885 | 417,497 | 2,328,382 |
| Unemployment | - | 2,246,261 | 2,246,261 |
| Funds held in trust | 487,255 | - | 487,255 |
| Environmental services | 2,924,400 | - | 2,924,400 |
| Drug enforcement | 174,361 | - | 174,361 |
| Stormwater | 4,479,193 | - | 4,479,193 |
| Unrestricted | 65,335,243 | 59,027,984 | 124,363,227 |
| Total net position | \$ 229,728,472 | \$ 270,703,707 | \$ 500,432,179 |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2025

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Total |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|-------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | | |
| | | | | | | | | |
| Primary government | | | | | | | | |
| Governmental activities | | | | | | | | |
| General government | \$ 22,092,019 | \$ 5,437,257 | \$ 4,781,293 | \$ 4,443,946 | \$ (7,429,523) | \$ - | \$ (7,429,523) | |
| Public safety | 27,250,573 | 1,491,102 | 1,375,481 | - | (24,383,990) | - | (24,383,990) | |
| Engineering | 4,522,449 | - | - | - | (4,522,449) | - | (4,522,449) | |
| Environmental services | 3,064,099 | 3,549,611 | - | - | 485,512 | - | 485,512 | |
| Public works | 1,718,157 | 2,090,333 | - | - | 372,176 | - | 372,176 | |
| Highways and streets | 2,232,680 | - | 1,671,874 | - | (560,806) | - | (560,806) | |
| Vehicle maintenance | 498,030 | 49,544 | - | - | (448,486) | - | (448,486) | |
| Parks and recreation | 6,272,568 | 2,931,541 | - | - | (3,341,027) | - | (3,341,027) | |
| Economic development | 1,858,090 | - | 482,314 | - | (1,375,776) | - | (1,375,776) | |
| Tourism | 105,547 | - | - | - | (105,547) | - | (105,547) | |
| Debt service | 671,382 | - | - | - | (671,382) | - | (671,382) | |
| Total governmental activities | 70,285,594 | 15,549,388 | 8,310,962 | 4,443,946 | (41,981,298) | - | (41,981,298) | |
| Business-type activities | | | | | | | | |
| Electric | 85,153,885 | 84,241,106 | - | 6,573,602 | - | 5,660,823 | 5,660,823 | |
| Water & Sewer | 18,535,731 | 24,508,920 | - | 4,598,498 | - | 10,571,687 | 10,571,687 | |
| Gas | 15,799,789 | 18,314,685 | - | - | - | 2,514,896 | 2,514,896 | |
| Total business-type activities | \$ 119,489,405 | \$ 127,064,711 | \$ - | \$ 11,172,100 | - | 18,747,406 | 18,747,406 | |
| General revenues | | | | | | | | |
| Property taxes - levied for general government | | | | 15,975,641 | - | 15,975,641 | | |
| In lieu of taxes - other governments | | | | 1,306,374 | - | 1,306,374 | | |
| Sales taxes | | | | 25,652,379 | - | 25,652,379 | | |
| Franchise taxes | | | | 316,757 | - | 316,757 | | |
| Alcoholic beverage taxes | | | | 2,081,240 | - | 2,081,240 | | |
| Business taxes | | | | 1,971,152 | - | 1,971,152 | | |
| Income taxes | | | | 179,114 | - | 179,114 | | |
| Other taxes | | | | 522,463 | - | 522,463 | | |
| Other sources | | | | 839,366 | 1,022,678 | 1,862,044 | | |
| Sale of capital assets | | | | 251,511 | - | 251,511 | | |
| Unrestricted interest income | | | | 3,162,031 | 2,775,437 | 5,937,468 | | |
| Total general revenues | | | | 52,258,028 | 3,798,115 | 56,056,143 | | |
| Transfers | | | | | | | | |
| Other transfers | | | | (5,834,304) | 5,834,304 | - | - | |
| In lieu of taxes in (out) | | | | 1,880,002 | (1,880,002) | - | - | |
| Total transfers | | | | (3,954,302) | 3,954,302 | - | - | |
| Total general revenues and transfers | | | | 48,303,726 | 7,752,417 | 56,056,143 | | |
| Changes in net position | | | | | | | | |
| Net position - beginning | | | | | 6,322,428 | 26,499,823 | 32,822,251 | |
| Restatement - error correction | | | | | - | (303,914) | (303,914) | |
| Net position, beginning - restated | | | | | 223,406,044 | 244,203,884 | 467,609,928 | |
| Net position - ending | | | | | \$ 229,728,472 | \$ 270,703,707 | \$ 500,432,179 | |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2025

| | General | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------|---|---|
| Assets | | | | |
| Cash and cash equivalents | \$ 67,332,903 | \$ - | \$ 11,062,096 | \$ 78,394,999 |
| Restricted cash and cash equivalents | - | 2,917,595 | - | 2,917,595 |
| Investments | - | - | 21,025 | 21,025 |
| Receivables | | | | |
| Interest | 874,000 | - | 4,783 | 878,783 |
| Taxes (net of allowance of \$117,925) | 18,232,705 | - | - | 18,232,705 |
| Accounts (net of allowance of \$1,275) | 279,664 | - | 415,884 | 695,548 |
| Grants | 790,670 | - | - | 790,670 |
| Intergovernmental | 5,929,019 | - | - | 5,929,019 |
| Other | 225,048 | - | 107,031 | 332,079 |
| TCRS Stabilization | 1,814,621 | - | 96,264 | 1,910,885 |
| Inventories | 74,587 | - | 34,095 | 108,682 |
| Prepaid expense | 476,186 | - | - | 476,186 |
| Total assets | \$ 96,029,403 | \$ 2,917,595 | \$ 11,741,178 | \$ 110,688,176 |
| Liabilities | | | | |
| Accounts payable | \$ 4,160,311 | \$ 343,625 | \$ 891,180 | \$ 5,395,116 |
| Due to county government | 1,373,063 | - | - | 1,373,063 |
| Accrued expenses | 847,831 | - | - | 847,831 |
| Unearned revenue | 44,762 | - | - | 44,762 |
| Unearned revenue - ARPA grant | 2,552,112 | - | - | 2,552,112 |
| Unearned evidence funds | - | - | 179,338 | 179,338 |
| Performance deposits | - | - | 2,407,730 | 2,407,730 |
| Total liabilities | 8,978,079 | 343,625 | 3,478,248 | 12,799,952 |
| Deferred inflows of resources | | | | |
| Unavailable property taxes | 18,632,279 | - | - | 18,632,279 |
| Total deferred inflows of resources | 18,632,279 | - | - | 18,632,279 |
| Fund balances | | | | |
| Nonspendable | | | | |
| Prepays | 476,186 | - | - | 476,186 |
| Funds held in trust | - | - | 36,025 | 36,025 |
| Inventory | 74,587 | - | 34,095 | 108,682 |
| Restricted for: | | | | |
| Funds held in trust | - | - | 451,230 | 451,230 |
| TCRS Stabilization | 1,814,621 | - | 96,264 | 1,910,885 |
| Environmental services | - | - | 2,924,400 | 2,924,400 |
| Drug enforcement | - | - | 174,361 | 174,361 |
| Capital projects | - | 2,573,970 | - | 2,573,970 |
| Stormwater | - | - | 4,479,193 | 4,479,193 |
| Committed for: | | | | |
| Economic development | 156,408 | - | - | 156,408 |
| Assigned for | | | | |
| Police special projects | - | - | 48,031 | 48,031 |
| Cemetery | - | - | 19,331 | 19,331 |
| Unassigned | 65,897,243 | - | - | 65,897,243 |
| Total fund balances | 68,419,045 | 2,573,970 | 8,262,930 | 79,255,945 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 96,029,403 | \$ 2,917,595 | \$ 11,741,178 | \$ 110,688,176 |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

Amounts reported for the governmental activities in the statement of net position (Pages 11 and 12) are different because:

| | |
|---|------------------------------|
| Fund balance - total governmental funds (Page 14) | \$ 79,255,945 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds. | 173,408,497 |
| Receivables not available to pay for current expenditures and, therefore, are deferred in the funds. | 1,062,962 |
| Long-term liabilities, including notes, bonds, leases payable, and other long term liabilities are not due in the current period and, therefore, are not reported in the funds. | |
| Bonds payable | (20,625,000) |
| Bond premiums | (1,283,957) |
| Compensated absences | (2,597,060) |
| Net pension liability | (299,351) |
| Deferred outflows of resources - pension are not due in the current period and, therefore, are not reported in the funds | 1,221,234 |
| Deferred inflows of resources - pension are not receivable in the current period and, therefore, are not reported in the funds | (79,698) |
| Payables, such as accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(335,100)</u> |
| Net position - governmental activities (Page 12) | <u>\$ 229,728,472</u> |

CITY OF GALLATIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2025

| | General | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|-------------------------|---------------------------------|---------------------------------|
| Revenues | | | | |
| Taxes | \$ 40,003,594 | \$ - | \$ - | \$ 40,003,594 |
| Licenses and permits | 4,734,324 | - | - | 4,734,324 |
| Intergovernmental | 15,247,293 | 253,513 | 69,926 | 15,570,732 |
| Charges for services | 3,689,821 | - | 5,635,381 | 9,325,202 |
| Fines | 1,399,434 | - | 91,668 | 1,491,102 |
| Other | 5,358,297 | 502,735 | 540,250 | 6,401,282 |
| Total revenues | <u>70,432,763</u> | <u>756,248</u> | <u>6,337,225</u> | <u>77,526,236</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 15,337,630 | - | - | 15,337,630 |
| Public safety | 26,759,409 | - | 149,403 | 26,908,812 |
| Engineering | 3,372,709 | - | - | 3,372,709 |
| Environmental services | - | - | 3,955,504 | 3,955,504 |
| Public works | 1,204,229 | - | - | 1,204,229 |
| Highways and streets | 2,572,743 | - | 250 | 2,572,993 |
| Vehicle maintenance | 583,972 | - | - | 583,972 |
| Parks and recreation | 6,805,630 | - | - | 6,805,630 |
| Economic development | 1,845,826 | - | - | 1,845,826 |
| Tourism | 105,547 | - | - | 105,547 |
| ARPA | 3,680,032 | - | - | 3,680,032 |
| Capital outlay | - | 1,358,237 | 1,838,935 | 3,197,172 |
| Debt service | | | | |
| Principal | 1,895,000 | - | - | 1,895,000 |
| Interest | 754,850 | - | - | 754,850 |
| Other debt service expense | 1,260 | - | - | 1,260 |
| Total expenditures | <u>64,918,837</u> | <u>1,358,237</u> | <u>5,944,092</u> | <u>72,221,166</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>5,513,926</u> | <u>(601,989)</u> | <u>393,133</u> | <u>5,305,070</u> |
| Other financing sources (uses) | | | | |
| Transfers in - in lieu of taxes | 1,880,002 | - | - | 1,880,002 |
| Transfers (to)/from other funds | (5,984,304) | - | 150,000 | (5,834,304) |
| Total other financing sources (uses) | <u>(4,104,302)</u> | <u>-</u> | <u>150,000</u> | <u>(3,954,302)</u> |
| Net changes in fund balances | 1,409,624 | (601,989) | 543,133 | 1,350,768 |
| Fund balances - beginning | 67,009,421 | 3,175,959 | 7,719,797 | 77,905,177 |
| Fund balances - ending | <u>\$ 68,419,045</u> | <u>\$ 2,573,970</u> | <u>\$ 8,262,930</u> | <u>\$ 79,255,945</u> |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

Amounts reported for the governmental activities in the statement of activities (Page 13) are different because:

| | |
|---|----------------------------|
| Net change in fund balances - total governmental funds (Page 16) | \$ 1,350,768 |
| 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 in the current period. This is the amount by which capital outlays exceeded depreciation in the current period. | (501,393) |
| The payment of pension contributions consumes current financial resources in the governmental funds. These transactions do not have any effect on the net position, but are considered deferred outflows of resources, while pension expense has no effect on the fund statements but does effect net position. | |
| Contributions subsequent to the measurement date- Pension | 464,830 |
| Pension expense | (238,977) |
| The donation of capital assets does not provide current financial resources and are not reported as revenues in the funds | 3,098,000 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 316,788 |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position. | 1,895,000 |
| Some expenses reported in the statement of activities, such as amortization expense, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds | |
| Amortization of bond premium | 258,501 |
| Some expenses reported in the statement of activities, such as accrued leave and accrued interest, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | (321,089) |
| Change in net position of governmental activities (Page 13) | <u>\$ 6,322,428</u> |

CITY OF GALLATIN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2025

| | Electric Division | Water & Sewer Division | Gas Division | Totals |
|---|------------------------------|---|-------------------------|---------------------|
| Assets and deferred outflows of resources | | | | |
| Current assets | | | | |
| Cash on hand | \$ - | \$ 5,053 | \$ 420 | \$ 5,473 |
| Cash and cash equivalents - general | 16,610,629 | 27,532,735 | 13,368,234 | 57,511,598 |
| Cash and cash equivalents - restricted | 2,246,261 | - | - | 2,246,261 |
| Certificates of deposit | 5,111,189 | - | - | 5,111,189 |
| Accounts receivable - trade (net of allowance for uncollectibles) | 9,546,757 | 1,824,052 | 1,443,464 | 12,814,273 |
| Accounts receivable - other | - | - | 7,616 | 7,616 |
| Prepayments and other current assets | 109,397 | - | 17,327 | 126,724 |
| Materials and supplies | 3,494,452 | 2,140,337 | 3,018,056 | 8,652,845 |
| Total current assets | 37,118,685 | 31,502,177 | 17,855,117 | 86,475,979 |
| Noncurrent assets | | | | |
| Other assets | | | | |
| Other receivables | 105,903 | - | - | 105,903 |
| TCRS Stabilization Fund | | 301,945 | 115,552 | 417,497 |
| Net Pension Asset | 2,536,055 | - | - | 2,536,055 |
| Net OPEB Asset | 192,021 | - | - | 192,021 |
| Total other assets | 2,833,979 | 301,945 | 115,552 | 3,251,476 |
| Capital assets, not being depreciated | | | | |
| Land | 4,909,040 | 4,097,094 | 231,447 | 9,237,581 |
| Construction in progress | 5,679,311 | 16,204,535 | 903,619 | 22,787,465 |
| Capital assets, net of accumulated depreciation | | | | |
| Transmission plant | 882,903 | - | - | 882,903 |
| Distribution plant | 40,357,636 | 114,061,507 | 50,436,687 | 204,855,830 |
| General plant | 3,752,321 | - | - | 3,752,321 |
| Buildings | - | 22,114,984 | 1,683,104 | 23,798,088 |
| Operating equipment | - | 340,478 | 142,698 | 483,176 |
| Rolling stock | - | 298,399 | 16,240 | 314,639 |
| Office furniture and equipment | - | 423 | 4,567 | 4,990 |
| Total capital assets | 55,581,211 | 157,117,420 | 53,418,362 | 266,116,993 |
| Total noncurrent assets | 58,415,190 | 157,419,365 | 53,533,914 | 269,368,469 |
| Total assets | 95,533,875 | 188,921,542 | 71,389,031 | 355,844,448 |
| Deferred outflows of resources | | | | |
| Loss on bond refunding | - | 2,095,420 | - | 2,095,420 |
| Deferred outflows related to pensions | 594,575 | 163,277 | 68,129 | 825,981 |
| Deferred outflows related to OPEB | 40,957 | - | - | 40,957 |
| Total deferred outflows of resources | \$ 635,532 | \$ 2,258,697 | \$ 68,129 | \$ 2,962,358 |

CITY OF GALLATIN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

| Liabilities | Electric Division | Water & Sewer Division | Gas Division | Totals |
|--|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Current liabilities | | | | |
| Accounts payable | \$ 12,958,340 | \$ 384,667 | \$ 1,857,724 | \$ 15,200,731 |
| Other accrued expense | 303,844 | 603,069 | 1,976 | 908,889 |
| Accrued interest | 169,293 | - | - | 169,293 |
| Customers' deposits | 5,634,134 | 434,129 | 299,910 | 6,368,173 |
| Accrued leave | 180,969 | - | - | 180,969 |
| Performance deposits | - | 148,646 | - | 148,646 |
| Accrued sales tax payable | 165,551 | - | - | 165,551 |
| Current maturities of long-term debt | - | 2,780,000 | 500,000 | 3,280,000 |
| Total current liabilities | <u>19,412,131</u> | <u>4,350,511</u> | <u>2,659,610</u> | <u>26,422,252</u> |
| Noncurrent liabilities | | | | |
| Bonds payable (less current maturities) | 10,905,000 | 31,125,000 | 12,080,000 | 54,110,000 |
| Bond premiums | 877,727 | 2,706,607 | 954,190 | 4,538,524 |
| Accrued leave | 769,426 | 470,188 | 147,399 | 1,387,013 |
| Net pension liability | - | 40,023 | 16,700 | 56,723 |
| Total noncurrent liabilities | <u>12,552,153</u> | <u>34,341,818</u> | <u>13,198,289</u> | <u>60,092,260</u> |
| Total liabilities | <u>31,964,284</u> | <u>38,692,329</u> | <u>15,857,899</u> | <u>86,514,512</u> |
| Deferred inflows of resources | | | | |
| Deferred inflows - related to pension | 1,340,895 | 10,655 | 4,446 | 1,355,996 |
| Deferred inflows - related to OPEB | 232,591 | - | - | 232,591 |
| Total deferred inflows of resources | <u>1,573,486</u> | <u>10,655</u> | <u>4,446</u> | <u>1,588,587</u> |
| Net position | | | | |
| Net investment in capital assets | 43,798,484 | 122,601,233 | 39,884,172 | 206,283,889 |
| Restricted - Pension | 2,536,055 | - | - | 2,536,055 |
| Restricted - TCRS Stabilization | - | 301,945 | 115,552 | 417,497 |
| Restricted- OPEB | 192,021 | - | - | 192,021 |
| Restricted for unemployment | 2,246,261 | - | - | 2,246,261 |
| Unrestricted | 13,858,816 | 29,574,077 | 15,595,091 | 59,027,984 |
| Total net position | <u>\$ 62,631,637</u> | <u>\$ 152,477,255</u> | <u>\$ 55,594,815</u> | <u>\$ 270,703,707</u> |

CITY OF GALLATIN, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2025

| | Electric Division | Water & Sewer Division | Gas Division | Totals |
|--|------------------------------|---|-------------------------|-----------------------|
| Operating revenues | | | | |
| Charges for sales and service | \$ 82,835,167 | \$ 21,934,694 | \$ 17,826,393 | \$ 122,596,254 |
| Forfeited discounts | 296,092 | 144,151 | 83,873 | 524,116 |
| Other operating revenue | 1,109,847 | 2,127,071 | 345,898 | 3,582,816 |
| Total operating revenues | <u>84,241,106</u> | <u>24,205,916</u> | <u>18,256,164</u> | <u>126,703,186</u> |
| Operating expenses | | | | |
| Cost of sales and service | 66,628,500 | - | 10,566,886 | 77,195,386 |
| Water treatment and pumping | - | 3,055,798 | - | 3,055,798 |
| Transmission and distribution | 8,894,491 | 2,211,706 | 891,853 | 11,998,050 |
| Customer service and collection | 1,441,421 | 945,475 | 882,864 | 3,269,760 |
| General administration | 2,413,622 | 1,853,663 | 1,123,906 | 5,391,191 |
| Sewer collection | - | 1,300,759 | - | 1,300,759 |
| Sewer system rehab | - | 543,802 | - | 543,802 |
| Sewer treatment and disposal | - | 2,613,122 | - | 2,613,122 |
| Sewer pretreatment | - | 114,902 | - | 114,902 |
| Maintenance | 2,357,595 | 178,443 | 125,290 | 2,661,328 |
| Customer deposit interest | 171,423 | - | - | 171,423 |
| Provision for depreciation | 2,692,780 | 4,500,915 | 1,531,567 | 8,725,262 |
| Payroll taxes | 266,210 | 58,774 | 74,714 | 399,698 |
| Total operating expenses | <u>84,866,042</u> | <u>17,377,359</u> | <u>15,197,080</u> | <u>117,440,481</u> |
| Operating income (loss) | <u>(624,936)</u> | <u>6,828,557</u> | <u>3,059,084</u> | <u>9,262,705</u> |
| Nonoperating revenues (expenses) | | | | |
| Interest and other income | 670,871 | 1,111,766 | 992,800 | 2,775,437 |
| Amortization of bond premiums | - | 303,004 | 58,521 | 361,525 |
| Amortization of loss on refunding | - | (174,618) | - | (174,618) |
| Bond Issuance Costs | - | - | (115,590) | (115,590) |
| Interest and other expense | (287,843) | (983,754) | (487,119) | (1,758,716) |
| Total nonoperating revenues (expenses) | <u>383,028</u> | <u>256,398</u> | <u>448,612</u> | <u>1,088,038</u> |
| Income (loss) before transfers and contributions | <u>(241,908)</u> | <u>7,084,955</u> | <u>3,507,696</u> | <u>10,350,743</u> |
| Transfers and capital contributions | | | | |
| Transfers in | - | 5,834,304 | - | 5,834,304 |
| Transfers out - in lieu of taxes | (1,086,425) | (415,801) | (377,776) | (1,880,002) |
| Tap fees | - | 1,022,678 | - | 1,022,678 |
| Capital contributions | 6,573,602 | 4,598,498 | - | 11,172,100 |
| Total transfers and capital contributions | <u>5,487,177</u> | <u>11,039,679</u> | <u>(377,776)</u> | <u>16,149,080</u> |
| Change in net position | | | | |
| Total net position - beginning | 57,690,282 | 134,352,621 | 52,464,895 | 244,507,798 |
| Restatement - error correction | (303,914) | - | - | (303,914) |
| Total net position - beginning - restated | <u>57,386,368</u> | <u>134,352,621</u> | <u>52,464,895</u> | <u>244,203,884</u> |
| Total net position - ending | <u>\$ 62,631,637</u> | <u>\$ 152,477,255</u> | <u>\$ 55,594,815</u> | <u>\$ 270,703,707</u> |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2025

| | Electric Division | Water & Sewer Division | Gas Division | Totals |
|--|------------------------------|---|-----------------------------|-----------------------------|
| Cash flows from operating activities: | | | | |
| Cash received from consumers | \$ 82,708,621 | \$ 23,924,382 | \$ 17,995,567 | \$ 124,628,570 |
| Cash paid to suppliers of goods and services | (75,306,299) | (9,302,534) | (11,274,260) | (95,883,093) |
| Cash paid to employees for services | (4,991,891) | (3,985,218) | (1,450,967) | (10,428,076) |
| Interest paid on customer deposits | (154,055) | - | - | (154,055) |
| Net decrease in TVA loan funds receivable | 589 | - | - | 589 |
| Net decrease in TVA loan funds payable | (654) | - | - | (654) |
| Net change in customer deposits | - | 11,548 | 8,969 | 20,517 |
| Net cash provided (used) by operating activities | <u>2,256,311</u> | <u>10,648,178</u> | <u>5,279,309</u> | <u>18,183,798</u> |
| Cash flow from noncapital financing activities: | | | | |
| Transfers from primary government | - | 5,834,304 | - | 5,834,304 |
| Transfers to primary government | <u>(1,086,425)</u> | <u>(415,801)</u> | <u>(377,776)</u> | <u>(1,880,002)</u> |
| Total cash flow from noncapital financing activities: | <u>(1,086,425)</u> | <u>5,418,503</u> | <u>(377,776)</u> | <u>3,954,302</u> |
| Cash flows from capital and related financing activities: | | | | |
| Capital contributed by customers and grants | 6,573,602 | 4,598,498 | - | 11,172,100 |
| Principal paid on debt | (195,000) | (2,700,000) | (310,000) | (3,205,000) |
| Tap fees | - | 1,022,678 | - | 1,022,678 |
| Proceeds from the issuance of debt | 11,977,727 | - | 8,375,000 | 20,352,727 |
| Bond issuance cost | - | - | 629,631 | 629,631 |
| Interest paid on bonds, notes and leases | (287,843) | (983,754) | (487,119) | (1,758,716) |
| Construction and acquisition of plant | (12,482,726) | (20,245,892) | (5,553,348) | (38,281,966) |
| Received on sale of assets | 1,136,721 | - | - | 1,136,721 |
| Plant removal cost | (273,277) | - | - | (273,277) |
| Other | - | - | - | - |
| Net cash provided (used) by capital and related financing activities | <u>6,449,204</u> | <u>(18,308,470)</u> | <u>2,654,164</u> | <u>(9,205,102)</u> |
| Cash flows from investing activities: | | | | |
| Purchase of certificates of deposit | 336,805 | - | - | 336,805 |
| Interest and other income | 670,871 | 1,111,766 | 992,800 | 2,775,437 |
| Patronage Dividend | 8,904 | - | - | 8,904 |
| Net cash provided (used) by investing activities | <u>1,016,580</u> | <u>1,111,766</u> | <u>992,800</u> | <u>3,121,146</u> |
| Net increase (decrease) in cash and cash equivalents | 8,635,670 | (1,130,023) | 8,548,497 | 16,054,144 |
| Cash and cash equivalents - beginning of year | <u>10,221,220</u> | <u>28,667,811</u> | <u>4,820,157</u> | <u>43,709,188</u> |
| Cash and cash equivalents - end of year | <u>\$ 18,856,890</u> | <u>\$ 27,537,788</u> | <u>\$ 13,368,654</u> | <u>\$ 59,763,332</u> |
| Cash and cash equivalents | | | | |
| Unrestricted cash on hand | - | 5,053 | 420 | 5,473 |
| Unrestricted cash and cash equivalents on deposit | 16,610,629 | 27,532,735 | 13,368,234 | 57,511,598 |
| Restricted cash and cash equivalents on deposit | 2,246,261 | - | - | 2,246,261 |
| Total cash and cash equivalents | <u>\$ 18,856,890</u> | <u>\$ 27,537,788</u> | <u>\$ 13,368,654</u> | <u>\$ 59,763,332</u> |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2025

| | Electric Division | Water & Sewer Division | Gas Division | Totals |
|--|------------------------------|---|----------------------------|-----------------------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (624,936) | \$ 6,828,557 | \$ 3,059,084 | \$ 9,262,705 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization of acquisition costs | 3,021,175 | 4,500,915 | 1,531,567 | 9,053,657 |
| Pension asset | (1,940,840) | (51,846) | (13,778) | (1,940,840) |
| Deferred outflows | 989,981 | (285,951) | 924,357 | |
| Deferred inflows | 1,112,456 | 6,765 | 2,549 | 1,121,770 |
| OPEB Asset | (81,528) | - | - | (81,528) |
| Net pension liability | - | 6,680 | 437 | 7,117 |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | (1,532,485) | (281,534) | (260,597) | (2,074,616) |
| Materials and supplies | 199,083 | (736,356) | (823,224) | |
| Prepayments and other current assets | 268,750 | - | (17,327) | 251,423 |
| TCRS Stabilization Fund | | (65,751) | (26,546) | (92,297) |
| TVA contracts receivable - home weatherization | 589 | - | - | 589 |
| Accounts payable | 330,799 | (168,173) | 1,262,091 | 1,424,717 |
| Other accrued expense | 75,241 | 603,069 | 36 | 678,346 |
| Accrued interest | 17,379 | - | - | 17,379 |
| Customers' deposits | 309,951 | 11,548 | 8,969 | 330,468 |
| Accrued leave | 111,350 | (5,696) | 18,775 | 124,429 |
| TVA contracts payable - home weatherization | (654) | - | - | (654) |
| Net cash provided (used) by operating activities | <u>\$ 2,256,311</u> | <u>\$ 10,648,178</u> | <u>\$ 5,279,309</u> | <u>\$ 18,183,798</u> |

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|------------------------------------|-------------------------|-------------------|-------------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property tax current | \$14,800,000 | \$14,800,000 | \$ 15,582,324 | \$ 782,324 |
| Property taxes delinquent | 125,000 | 125,000 | (6,754) | (131,754) |
| Property tax penalty and interest | 30,000 | 30,000 | 83,283 | 53,283 |
| Local sales tax | 17,000,000 | 17,000,000 | 19,963,929 | 2,963,929 |
| Local beer tax | 1,247,000 | 1,247,000 | 991,590 | (255,410) |
| Local liquor tax | 625,000 | 625,000 | 646,173 | 21,173 |
| Business tax | 1,900,000 | 1,900,000 | 1,931,211 | 31,211 |
| Privilege tax | 38,000 | 38,000 | 39,941 | 1,941 |
| Cable TV franchise fee | 450,000 | 450,000 | 316,757 | (133,243) |
| Occupancy Tax | 385,000 | 385,000 | 419,834 | 34,834 |
| Special assessments | 7,000 | 7,000 | 35,306 | 28,306 |
| | <u>36,607,000</u> | <u>36,607,000</u> | <u>40,003,594</u> | <u>3,396,594</u> |
| Licenses and permits: | | | | |
| Beer licenses | 5,000 | 5,000 | 5,800 | 800 |
| Building permits | 1,025,000 | 1,025,000 | 1,518,390 | 493,390 |
| Plumbing permits | 275,000 | 275,000 | 337,165 | 62,165 |
| Planning fees | 550,000 | 550,000 | 470,737 | (79,263) |
| Other mechanical permits | 450,000 | 450,000 | 473,242 | 23,242 |
| Other permits | 1,825,500 | 1,825,500 | 1,928,990 | 103,490 |
| | <u>4,130,500</u> | <u>4,130,500</u> | <u>4,734,324</u> | <u>603,824</u> |
| Intergovernmental: | | | | |
| In lieu of tax - Housing authority | 3,600 | 3,600 | 3,794 | 194 |
| In lieu of tax - industry | 166,000 | 166,000 | 762,797 | 596,797 |
| State - sales tax | 5,400,000 | 5,400,000 | 5,688,447 | 288,447 |
| State - income tax | - | - | 1,081 | 1,081 |
| State - beer tax | 21,000 | 21,000 | 18,699 | (2,301) |
| State - mixed drink tax | 310,000 | 310,000 | 418,978 | 108,978 |
| State - gas and motor fuel tax | 1,584,000 | 1,584,000 | 805,915 | (778,085) |
| State - gas - 1989 | - | - | 126,197 | 126,197 |
| State - gas - 3 cent | - | - | 233,021 | 233,021 |
| State - gas - 2017 | - | - | 406,007 | 406,007 |
| State- Modernization | 2,000 | 2,000 | 18,757 | 16,757 |
| State - petroleum special | 80,500 | 80,500 | 81,977 | 1,477 |
| State - Sports Bet | 70,000 | 70,000 | 102,629 | 32,629 |
| State - TVA in lieu of tax | 533,000 | 533,000 | 539,783 | 6,783 |
| State - excise tax | 155,000 | 155,000 | 178,033 | 23,033 |
| State salary supplements | - | 189,600 | 189,600 | - |
| Other federal grants | 1,706,540 | 5,253,246 | 1,115,955 | (4,137,291) |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance with Final Budget Over (Under) | |
|------------------------------------|-------------------------|----------------------|----------------------|--|----------------|
| | Original | Final | Actual | | |
| | | | | Over | (Under) |
| Revenues: | | | | | |
| Intergovernmental (cont.): | | | | | |
| Local grants | \$ - | \$ 1,284,814 | \$ 482,314 | \$ (802,500) | |
| ARPA | - | 19,000,000 | 3,896,289 | (15,103,711) | |
| Other state grants | 10,000 | 123,000 | 177,020 | 54,020 | |
| | <u>10,041,640</u> | <u>34,175,760</u> | <u>15,247,293</u> | <u>(18,928,467)</u> | |
| Charges for services: | | | | | |
| Admin and management services | 250,000 | 250,000 | 274,550 | 24,550 | |
| Accounting and management services | 135,616 | 135,616 | 135,616 | - | |
| Personnel services | 96,396 | 96,396 | 96,396 | - | |
| Other legal services | 134,266 | 134,266 | 134,266 | - | |
| Miscellaneous | 8,000 | 8,000 | 18,367 | 10,367 | |
| Vehicle maintenance charges | 40,000 | 40,000 | 49,544 | 9,544 | |
| Rent | 42,000 | 42,000 | 49,541 | 7,541 | |
| Golf course revenue | 1,513,000 | 1,513,000 | 1,774,377 | 261,377 | |
| Civic center revenue | 1,009,800 | 1,009,800 | 1,157,164 | 147,364 | |
| | <u>3,229,078</u> | <u>3,229,078</u> | <u>3,689,821</u> | <u>460,743</u> | |
| Fines and forfeitures: | | | | | |
| Fines and forfeitures: | 486,000 | 486,000 | 1,366,674 | 880,674 | |
| Drug fines | <u>22,500</u> | <u>22,500</u> | <u>32,760</u> | <u>10,260</u> | |
| | <u>508,500</u> | <u>508,500</u> | <u>1,399,434</u> | <u>890,934</u> | |
| Other: | | | | | |
| Miscellaneous | 10,000 | 10,817 | 114,280 | 103,463 | |
| Sale of cemetery lots | 500 | 500 | - | (500) | |
| Sale of materials | 2,000 | 2,000 | 4,711 | 2,711 | |
| Sale of equipment | 20,000 | 120,000 | 119,077 | (923) | |
| Donations | 475,000 | 587,686 | 2,006,091 | 1,418,405 | |
| Insurance recoveries | - | 26,008 | 167,986 | 141,978 | |
| Interest | 475,000 | 975,000 | 2,946,152 | 1,971,152 | |
| | <u>982,500</u> | <u>1,722,011</u> | <u>5,358,297</u> | <u>3,636,286</u> | |
| Total revenues | \$ 55,499,218 | \$ 80,372,849 | \$ 70,432,763 | \$ (9,940,086) | |

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|------------------------------------|-------------------|-------------------|-------------------|--|
| | Original | Final | Actual | |
| | | | | |
| General government: | | | | |
| Mayor's office: | | | | |
| Current: | | | | |
| Salaries | \$ 310,390 | \$ 310,390 | \$ 612,692 | \$ 302,302 |
| Employee benefits and taxes | 87,096 | 87,096 | 111,455 | 24,359 |
| Officials fees | 48,650 | 48,650 | 37,125 | (11,525) |
| Printing & publications | 12,300 | 12,300 | 14,175 | 1,875 |
| Membership fees | 60,000 | 60,000 | 58,539 | (1,461) |
| Repairs and maintenance | 10,000 | 10,000 | - | (10,000) |
| Utilities | 3,000 | 3,000 | 2,214 | (786) |
| Other professional services | 140,000 | 140,000 | 294,182 | 154,182 |
| Travel and meals | 25,500 | 26,771 | 18,382 | (8,389) |
| Mayor's expenses | 7,000 | 7,000 | 6,602 | (398) |
| Council expenses | 16,800 | 16,800 | 4,937 | (11,863) |
| Office supplies | 6,850 | 6,850 | 2,246 | (4,604) |
| Payments in lieu of tax | 216,000 | 216,000 | 280,797 | 64,797 |
| County portion of liquor tax | 180,000 | 180,000 | 231,454 | 51,454 |
| Discounts on taxes | 14,000 | 14,000 | 12,242 | (1,758) |
| Grants, donations | 7,000 | 7,000 | 3,239 | (3,761) |
| RTA program | 55,597 | 55,597 | 55,597 | - |
| Prizes and awards | 18,000 | 18,795 | 16,234 | (2,561) |
| Downtown landscape and streetscape | 46,000 | 46,000 | 12,988 | (33,012) |
| Miscellaneous | 802,300 | 3,245,833 | 481,794 | (2,764,039) |
| Capital outlay | 1,500 | 2,246,126 | 2,231,878 | (14,248) |
| | <u>2,067,983</u> | <u>6,758,208</u> | <u>4,488,772</u> | <u>(2,269,436)</u> |
| Finance department: | | | | |
| Current: | | | | |
| Salaries | 596,861 | 596,861 | 588,603 | (8,258) |
| Employee benefits and taxes | 163,835 | 163,835 | 158,209 | (5,626) |
| Postage | 3,000 | 3,000 | 6,237 | 3,237 |
| Printing & publications | 3,000 | 3,000 | 1,958 | (1,042) |
| Membership fees | 900 | 900 | 395 | (505) |
| Utilities | 800 | 800 | 1,000 | 200 |
| Accounting services | 90,500 | 90,500 | 89,600 | (900) |
| Repairs and maintenance | 1,000 | 1,000 | 831 | (169) |
| Training | 2,800 | 2,800 | 1,170 | (1,630) |
| Operating supplies | 4,000 | 4,000 | 1,792 | (2,208) |
| Miscellaneous | 3,100 | 3,100 | 8,131 | 5,031 |
| Noncapital expenditures | 64,500 | 64,500 | 11,613 | (52,887) |
| | <u>\$ 934,296</u> | <u>\$ 934,296</u> | <u>\$ 869,539</u> | <u>\$ (64,757)</u> |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|-------------------------------|-------------------------|------------------|------------------|--|
| | Original | Final | Actual | |
| General government: | | | | |
| City recorder: | | | | |
| Current: | | | | |
| Salaries | \$ 387,724 | \$ 387,724 | \$ 332,812 | \$ (54,912) |
| Employee benefits and taxes | 148,027 | 148,027 | 111,649 | (36,378) |
| Postage | 17,600 | 17,600 | 21,640 | 4,040 |
| Printing & publications | 750 | 750 | 1,557 | 807 |
| Membership fees | 3,500 | 3,500 | 882 | (2,618) |
| Utilities | 500 | 500 | 436 | (64) |
| Data processing services | - | - | 4,004 | 4,004 |
| Other professional services | 500 | 500 | 400 | (100) |
| Travel | 4,000 | 4,000 | 969 | (3,031) |
| Other contractual services | 6,000 | 6,000 | 10,865 | 4,865 |
| Office supplies | 4,500 | 4,500 | 3,117 | (1,383) |
| Miscellaneous | 12,250 | 12,250 | 10,423 | (1,827) |
| | <u>585,351</u> | <u>585,351</u> | <u>498,754</u> | <u>(86,597)</u> |
| Risk management: | | | | |
| Current: | | | | |
| HRA expense | 235,000 | 235,000 | 241,329 | 6,329 |
| Workers compensation | 475,000 | 475,000 | 611,018 | 136,018 |
| ADA transition plan | 500,000 | 550,000 | 51,516 | (498,484) |
| Building insurance | 115,000 | 115,000 | 98,486 | (16,514) |
| General liability | 500,000 | 500,000 | 482,406 | (17,594) |
| Miscellaneous | - | 100,000 | 63,626 | (36,374) |
| | <u>1,825,000</u> | <u>1,975,000</u> | <u>1,548,381</u> | <u>(426,619)</u> |
| Attorney: | | | | |
| Current: | | | | |
| Salaries | 469,994 | 469,994 | 408,156 | (61,838) |
| Employee benefits and taxes | 109,524 | 109,524 | 100,576 | (8,948) |
| Printing & publications | 3,600 | 3,600 | 2,303 | (1,297) |
| Licenses | 650 | 650 | - | (650) |
| Tax law or other publications | 13,500 | 13,500 | 14,895 | 1,395 |
| Membership fees | 4,750 | 4,750 | 3,683 | (1,067) |
| Utilities | 1,400 | 1,400 | 1,013 | (387) |
| Legal services | 50,000 | 50,000 | 1,463 | (48,537) |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|-----------------------------|-------------------------|-------------------|-------------------|--|
| | Original | Final | Actual | |
| General government: | | | | |
| Attorney: | | | | |
| Current: | | | | |
| Other professional services | \$ 15,000 | \$ 15,000 | \$ 202 | \$ (14,798) |
| Travel and meals | 4,500 | 4,500 | 6,584 | 2,084 |
| Training | 3,500 | 3,500 | 3,546 | 46 |
| Office supplies | 600 | 600 | 298 | (302) |
| Educational supplies | 23,111 | 36,348 | 8,587 | (27,761) |
| Miscellaneous | 3,150 | 3,150 | 808 | (2,342) |
| | <u>703,279</u> | <u>716,516</u> | <u>552,114</u> | <u>(164,402)</u> |
| Information technology: | | | | |
| Current: | | | | |
| Salaries | 642,874 | 642,874 | 631,027 | (11,847) |
| Employee benefits and taxes | 200,734 | 200,734 | 189,923 | (10,811) |
| Copier expense | 250 | 250 | 152 | (98) |
| Membership fees | 700 | 700 | - | (700) |
| Utilities | 5,000 | 5,000 | 4,949 | (51) |
| Other professional services | 55,000 | 60,456 | 83,868 | 23,412 |
| Other contractual services | 1,163,000 | 1,245,794 | 1,055,198 | (190,596) |
| Training | 10,000 | 10,000 | - | (10,000) |
| Office supplies | 2,000 | 2,000 | 2,884 | 884 |
| Operating supplies | 11,000 | 11,331 | 11,505 | 174 |
| Miscellaneous | 10,800 | 10,800 | 8,727 | (2,073) |
| Noncapital expenditures | <u>629,500</u> | <u>839,502</u> | <u>630,863</u> | <u>(208,639)</u> |
| | <u>2,730,858</u> | <u>3,029,441</u> | <u>2,619,096</u> | <u>(410,345)</u> |
| Personnel: | | | | |
| Current: | | | | |
| Salaries | 412,200 | 412,200 | 375,242 | (36,958) |
| Employee benefits and taxes | 132,722 | 132,722 | 120,702 | (12,020) |
| Printing & publications | 2,000 | 2,000 | 1,337 | (663) |
| Utilities | 500 | 500 | 436 | (64) |
| Physicals | - | - | (12) | (12) |
| Professional services | 15,000 | 15,000 | 13,631 | (1,369) |
| Training | 14,000 | 14,000 | 12,221 | (1,779) |
| Office supplies | 2,900 | 2,900 | 2,448 | (452) |
| Operating supplies | 1,000 | 1,000 | 707 | (293) |
| Miscellaneous | 10,950 | 10,950 | 10,825 | (125) |
| Noncapital expenditures | <u>500</u> | <u>500</u> | <u>520</u> | <u>20</u> |
| | <u>\$ 591,772</u> | <u>\$ 591,772</u> | <u>\$ 538,057</u> | <u>\$ (53,715)</u> |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|-------------------------------|-------------------|-------------------|-------------------|--|
| | Original | Final | Actual | |
| | | | | |
| General government: | | | | |
| City Planner: | | | | |
| Current: | | | | |
| Salaries | \$ 774,533 | \$ 774,533 | \$ 765,595 | \$ (8,938) |
| Employee benefits and taxes | 303,689 | 303,689 | 251,473 | (52,216) |
| Planning commission | 18,825 | 18,825 | 15,475 | (3,350) |
| Postage | 500 | 500 | 918 | 418 |
| Printing & publications | 4,000 | 4,000 | 1,840 | (2,160) |
| Membership fees | 4,050 | 4,050 | 3,020 | (1,030) |
| Utilities | 3,000 | 3,000 | 2,943 | (57) |
| Repairs and maintenance | 1,200 | 1,200 | 1,062 | (138) |
| Other Professional Services | - | - | 45,300 | 45,300 |
| Office supplies | 4,500 | 4,500 | 2,683 | (1,817) |
| Gas, oil, diesel, etc. | 1,400 | 1,400 | 1,106 | (294) |
| Miscellaneous | 53,252 | 308,527 | 213,085 | (95,442) |
| Capital outlay | 109,500 | 136,500 | 59,138 | (77,362) |
| | <u>1,278,449</u> | <u>1,560,724</u> | <u>1,363,638</u> | <u>(197,086)</u> |
| General government buildings: | | | | |
| Current: | | | | |
| Salaries | 320,338 | 320,338 | 321,453 | 1,115 |
| Employee benefits and taxes | 110,159 | 110,159 | 100,104 | (10,055) |
| Utilities | 75,500 | 75,500 | 79,963 | 4,463 |
| Repairs and maintenance | 35,000 | 35,000 | 35,180 | 180 |
| Other contractual services | 88,015 | 88,015 | 74,049 | (13,966) |
| Small equipment | 2,000 | 2,000 | 1,984 | (16) |
| Operating supplies | 5,500 | 5,500 | 4,025 | (1,475) |
| Janitorial supplies | 8,000 | 8,000 | 9,555 | 1,555 |
| Gas, oil, diesel, etc. | 4,000 | 4,000 | 2,893 | (1,107) |
| Miscellaneous | 7,056 | 7,056 | 6,064 | (992) |
| Capital outlay | <u>162,540</u> | <u>248,372</u> | <u>177,862</u> | <u>(70,510)</u> |
| | <u>\$ 818,108</u> | <u>\$ 903,940</u> | <u>\$ 813,132</u> | <u>\$ (90,808)</u> |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|-------------------------------|---------------------------------|-------------------|-------------------|--|
| | Original | Final | Actual | |
| General government: | | | | |
| Codes: | | | | |
| Current: | | | | |
| Salaries | \$ 1,317,607 | \$ 1,317,607 | \$ 1,196,874 | \$ (120,733) |
| Employee benefits and taxes | 460,341 | 460,341 | 363,756 | (96,585) |
| Postage | 500 | 500 | 131 | (369) |
| Printing & publications | 9,000 | 9,000 | 4,714 | (4,286) |
| Membership fees | 9,500 | 9,500 | 7,521 | (1,979) |
| Utilities | 14,000 | 14,000 | 13,413 | (587) |
| Repairs and maintenance | 3,800 | 3,800 | 4,459 | 659 |
| Other Professional Services | 14,500 | 14,500 | 5,308 | (9,192) |
| Office supplies | 2,000 | 2,960 | 1,991 | (969) |
| Gas, oil, diesel, etc. | 18,000 | 18,000 | 12,677 | (5,323) |
| Miscellaneous | 74,800 | 74,800 | 83,767 | 8,967 |
| Capital outlay | 2,000 | 41,588 | 41,386 | (202) |
| | <u>1,926,048</u> | <u>1,966,596</u> | <u>1,735,997</u> | <u>(230,599)</u> |
| Community services: | | | | |
| Current: | | | | |
| July 4th celebration | 25,600 | 37,750 | 37,150 | (600) |
| Appropriations to non profits | 273,000 | 273,000 | 273,000 | - |
| | <u>298,600</u> | <u>310,750</u> | <u>310,150</u> | <u>(600)</u> |
| | <u>Total general government</u> | <u>13,759,744</u> | <u>19,332,594</u> | <u>15,337,630</u> |
| | | | | <u>(3,994,964)</u> |
| Public safety: | | | | |
| Police: | | | | |
| Current: | | | | |
| Salaries | 8,620,844 | 8,736,044 | 8,988,673 | 252,629 |
| Employee benefits and taxes | 3,153,603 | 3,153,603 | 2,834,034 | (319,569) |
| Postage | 3,000 | 3,000 | 5,870 | 2,870 |
| Printing & publications | 22,400 | 22,400 | 23,704 | 1,304 |
| Membership fees | 6,500 | 6,500 | 7,625 | 1,125 |
| Public relations | 2,000 | 2,000 | 2,126 | 126 |
| Utilities | 93,905 | 93,905 | 111,732 | 17,827 |
| Physicals | 17,000 | 17,000 | 18,746 | 1,746 |
| Data processing services | 22,500 | 22,500 | 89,367 | 66,867 |
| Repairs and maintenances | 147,000 | 147,000 | 199,830 | 52,830 |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|-----------------------------|-------------------------|-------------------|-------------------|--|
| | Original | Final | Actual | |
| Public safety: | | | | |
| Police: | | | | |
| Current: | | | | |
| Travel | \$ 25,000 | \$ 25,000 | \$ 14,001 | \$ (10,999) |
| Other contractual services | 90,000 | 90,826 | 118,746 | 27,920 |
| Reserve officers expense | 10,000 | 10,000 | 16,477 | 6,477 |
| Office supplies | 4,000 | 4,000 | 4,675 | 675 |
| Small office equipment | 3,000 | 3,000 | 6,938 | 3,938 |
| Operating supplies | 32,000 | 32,000 | 53,281 | 21,281 |
| Janitorial supplies | 3,000 | 3,000 | 5,934 | 2,934 |
| Clothing and uniforms | 85,000 | 87,764 | 113,968 | 26,204 |
| Fire arm supplies | 35,000 | 35,000 | 31,251 | (3,749) |
| Other operating supplies | 3,000 | 3,000 | 6,165 | 3,165 |
| Gas, oil, diesel, etc. | 205,000 | 205,000 | 269,914 | 64,914 |
| Other supplies | 3,000 | 3,000 | 2,864 | (136) |
| Other grants and donations | 1,330,000 | 1,330,000 | 1,127,019 | (202,981) |
| Capital outlay | 1,286,000 | 1,499,460 | 1,601,173 | 101,713 |
| | <u>15,202,752</u> | <u>15,535,002</u> | <u>15,654,113</u> | <u>119,111</u> |
| Fire department: | | | | |
| Current: | | | | |
| Salaries | 7,099,757 | 7,174,157 | 7,428,487 | 254,330 |
| Employee benefits and taxes | 2,644,172 | 2,644,172 | 2,499,446 | (144,726) |
| Printing & publications | 7,350 | 7,350 | 6,937 | (413) |
| Membership fees | 8,000 | 8,000 | 8,133 | 133 |
| Utilities | 93,356 | 93,356 | 83,235 | (10,121) |
| Physicals | 56,000 | 56,000 | 64,678 | 8,678 |
| Repairs and maintenance | 240,000 | 253,030 | 196,310 | (56,720) |
| Travel | 30,000 | 30,000 | 34,893 | 4,893 |
| Other contractual services | 220,000 | 220,000 | 117,873 | (102,127) |
| Training | 85,000 | 85,052 | 86,841 | 1,789 |
| Office supplies | 2,500 | 2,500 | 2,384 | (116) |
| Small office equipment | 500 | 500 | 38 | (462) |
| Operating supplies | 20,000 | 20,000 | 17,156 | (2,844) |
| Janitorial supplies | 11,000 | 11,000 | 10,431 | (569) |
| Clothing and uniforms | 56,000 | 56,000 | 44,412 | (11,588) |
| Fire prevention supplies | 8,000 | 8,000 | 4,360 | (3,640) |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget |
|-----------------------------|-------------------------|---------------------|---------------------|---------------------------------------|
| | Original | Final | Actual | Over (Under) |
| Fire department: | | | | |
| Current: | | | | |
| Gas, oil, diesel, etc. | 137,500 | 137,510 | 85,163 | \$ (52,347) |
| Miscellaneous | 37,800 | 40,241 | 25,024 | (15,217) |
| Capital outlay | 424,500 | 477,815 | 389,495 | (88,320) |
| | <u>11,181,435</u> | <u>11,324,683</u> | <u>11,105,296</u> | <u>(219,387)</u> |
| Total public safety | <u>26,384,187</u> | <u>26,859,685</u> | <u>26,759,409</u> | <u>(100,276)</u> |
| Engineering: | | | | |
| Current: | | | | |
| Salaries | 720,407 | 720,407 | 726,929 | 6,522 |
| Employee benefits and taxes | 231,618 | 231,618 | 223,530 | (8,088) |
| Printing | 3,000 | 3,000 | 2,260 | (740) |
| Licenses | 2,000 | 2,000 | 1,143 | (857) |
| Membership fees | 700 | 700 | 989 | 289 |
| Utilities | 11,700 | 11,700 | 12,518 | 818 |
| Professional services | 50,000 | 258,620 | 172,962 | (85,658) |
| Repairs and maintenance | 29,000 | 29,000 | 21,225 | (7,775) |
| Other contractual services | 3,600 | 3,600 | - | (3,600) |
| Office supplies | 2,000 | 2,000 | 1,822 | (178) |
| Operating supplies | 3,950 | 3,950 | 2,600 | (1,350) |
| Gas, oil, diesel, etc. | 3,500 | 3,500 | 2,378 | (1,122) |
| Miscellaneous | 5,850 | 5,850 | 3,210 | (2,640) |
| Capital outlay | <u>1,640,000</u> | <u>8,480,521</u> | <u>2,201,143</u> | <u>(6,279,378)</u> |
| Total engineering | <u>\$ 2,707,325</u> | <u>\$ 9,756,466</u> | <u>\$ 3,372,709</u> | <u>\$ (6,383,757)</u> |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | | Variance with Final Budget |
|---|-------------------------|--------------|---------------|-------------------------|---------------------------------------|
| | Original | Final | Actual | Over (Under) | |
| | | | | | |
| Public works: | | | | | |
| Current: | | | | | |
| Salaries | \$ 292,833 | \$ 292,833 | \$ 292,153 | \$ (680) | |
| Employee benefits and taxes | 96,315 | 96,315 | 92,935 | (3,380) | |
| Utilities | 1,300 | 1,300 | 936 | (364) | |
| Repairs and maintenance | 18,700 | 20,450 | 18,142 | (2,308) | |
| Gas, oil, diesel, etc. | 16,000 | 16,000 | 15,647 | (353) | |
| Miscellaneous | 48,506 | 48,506 | 24,543 | (23,963) | |
| Capital outlay | 1,330,000 | 2,244,578 | 759,873 | (1,484,705) | |
| Total public works | 1,803,654 | 2,719,982 | 1,204,229 | (1,515,753) | |
| Highways and streets: | | | | | |
| Current: | | | | | |
| Salaries | 1,284,247 | 1,284,247 | 1,051,321 | (232,926) | |
| Employee benefits and taxes | 524,999 | 524,999 | 366,637 | (158,362) | |
| Utilities | 326,750 | 326,750 | 288,206 | (38,544) | |
| Physicals | 2,600 | 2,600 | 3,702 | 1,102 | |
| Repairs and maintenance | 195,000 | 190,000 | 151,666 | (38,334) | |
| Travel | 9,600 | 9,600 | 4,899 | (4,701) | |
| Other contractual services | 10,306 | 10,306 | 1,414 | (8,892) | |
| Operating supplies | 67,500 | 74,000 | 46,671 | (27,329) | |
| Agricultural and horticultural supplies | 8,000 | 8,000 | 8,862 | 862 | |
| Janitorial supplies | 1,000 | 1,000 | 1,123 | 123 | |
| Clothing and uniforms | 9,000 | 9,000 | 7,697 | (1,303) | |
| Other operating supplies | 1,500 | 1,500 | 1,142 | (358) | |
| Gas, oil, diesel, etc. | 66,000 | 66,000 | 47,078 | (18,922) | |
| Consumable tools | 3,500 | 3,500 | 2,688 | (812) | |
| Sign parts and supplies | 30,000 | 30,000 | 35,274 | 5,274 | |
| Demolition and mowing | 12,000 | 12,000 | 9,851 | (2,149) | |
| Other supplies | 1,500 | 1,500 | 1,381 | (119) | |
| Salt | 100,000 | 100,000 | 96,803 | (3,197) | |
| Drainage material | - | - | 30 | 30 | |
| Inmate crew | 11,000 | 11,000 | 9,688 | (1,312) | |
| Miscellaneous | 11,550 | 11,550 | 5,676 | (5,874) | |
| Capital outlay | 1,343,750 | 5,106,047 | 430,934 | (4,675,113) | |
| Total highways and streets | \$ 4,019,802 | \$ 7,783,599 | \$ 2,572,743 | \$ (5,210,856) | |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|-----------------------------|-------------------------|---------------------|---------------------|--|
| | Original | Final | Actual | |
| Vehicle maintenance: | | | | |
| Current: | | | | |
| Salaries | \$ 347,666 | \$ 347,666 | \$ 318,433 | \$ (29,233) |
| Employee benefits and taxes | 109,003 | 109,003 | 96,962 | (12,041) |
| Utilities | 12,350 | 12,350 | 12,155 | (195) |
| Repairs and maintenance | 113,500 | 113,500 | 21,050 | (92,450) |
| Operating supplies | 2,200 | 2,200 | 3,637 | 1,437 |
| Clothing and uniforms | 2,000 | 2,000 | 1,628 | (372) |
| Maintenance supplies | 500 | 500 | - | (500) |
| Gas, oil, diesel, etc. | 4,500 | 4,500 | 2,612 | (1,888) |
| Miscellaneous | 7,800 | 7,800 | 5,173 | (2,627) |
| Capital outlay | 123,500 | 123,500 | 122,322 | (1,178) |
| | <u>723,019</u> | <u>723,019</u> | <u>583,972</u> | <u>(139,047)</u> |
| Parks and recreation | | | | |
| Civic Center: | | | | |
| Current: | | | | |
| Salaries | 934,699 | 934,699 | 940,488 | 5,789 |
| Employee benefits and taxes | 196,614 | 196,614 | 180,377 | (16,237) |
| Postage | 1,500 | 1,500 | 1,504 | 4 |
| Printing and publications | 4,500 | 4,500 | 2,849 | (1,651) |
| Utilities | 230,500 | 230,500 | 230,088 | (412) |
| Employee physicals | 1,500 | 1,500 | 5,682 | 4,182 |
| Repairs and maintenance | 33,500 | 33,500 | 25,640 | (7,860) |
| Other contractual services | 120,000 | 120,000 | 106,207 | (13,793) |
| Operating supplies | 95,000 | 95,000 | 91,372 | (3,628) |
| Food | 75,000 | 75,158 | 70,439 | (4,719) |
| Janitorial supplies | 18,000 | 18,000 | 12,796 | (5,204) |
| Miscellaneous | 24,500 | 24,500 | 15,629 | (8,871) |
| Capital outlay | 265,000 | 413,323 | 274,643 | (138,680) |
| | <u>\$ 2,000,313</u> | <u>\$ 2,148,794</u> | <u>\$ 1,957,714</u> | <u>\$ (191,080)</u> |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|---|-------------------------|------------------|------------------|--|
| | Original | Final | Actual | |
| Golf course: | | | | |
| Current: | | | | |
| Salaries | \$ 656,949 | \$ 656,949 | \$ 640,812 | \$ (16,137) |
| Employee benefits and taxes | 184,338 | 184,338 | 157,383 | (26,955) |
| Printing and publications | 300 | 300 | - | (300) |
| Membership fees | 1,400 | 1,400 | 2,355 | 955 |
| Utilities | 42,000 | 42,000 | 46,117 | 4,117 |
| Physicals | 200 | 200 | 1,004 | 804 |
| Repairs and maintenance | 11,000 | 13,450 | 5,275 | (8,175) |
| Other contractual services | 12,000 | 14,500 | 24,240 | 9,740 |
| Items for resale | 40,000 | 43,892 | 35,207 | (8,685) |
| Operating supplies | 36,000 | 36,000 | 42,747 | 6,747 |
| Agricultural and horticultural supplies | 65,000 | 65,000 | 51,375 | (13,625) |
| Food | 45,000 | 45,000 | 56,729 | 11,729 |
| Clothing and uniforms | 1,500 | 1,500 | 1,333 | (167) |
| Gas, oil, diesel, etc. | 14,500 | 14,500 | 18,568 | 4,068 |
| Other equipment parts | 25,000 | 25,000 | 38,030 | 13,030 |
| Repair parts for water/sewer lines | 1,000 | 1,000 | 92 | (908) |
| Beer for resale | 25,000 | 25,000 | 28,046 | 3,046 |
| Discount credit card | 40,000 | 40,000 | 71,990 | 31,990 |
| Miscellaneous | 600 | 600 | 2,863 | 2,263 |
| Capital outlay | 146,800 | 288,288 | 233,489 | (54,799) |
| | <u>1,348,587</u> | <u>1,498,917</u> | <u>1,457,655</u> | <u>(41,262)</u> |
| Parks: | | | | |
| Current: | | | | |
| Salaries | 1,161,841 | 1,161,841 | 1,080,346 | (81,495) |
| Employee benefits and taxes | 372,366 | 372,366 | 337,829 | (34,537) |
| Printing and publication | 1,500 | 1,500 | 597 | (903) |
| Memberships | 2,000 | 2,000 | 2,920 | 920 |
| Public relations | 2,000 | 2,000 | 3,580 | 1,580 |
| Utilities | 219,000 | 219,000 | 215,262 | (3,738) |
| Repairs and maintenance | 70,000 | 74,045 | 64,929 | (9,116) |
| Travel | 2,000 | 2,000 | 1,371 | (629) |
| Other contractual services | 72,000 | 77,061 | 110,112 | 33,051 |
| Inmate crew meals and supplies | 4,000 | 4,000 | 14,819 | 10,819 |
| Small equipment | 5,000 | 5,000 | 9,160 | 4,160 |
| Operating supplies | 80,000 | 96,333 | 100,766 | 4,433 |
| Agricultural and horticultural supplies | 20,000 | 20,000 | 19,040 | (960) |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| Expenditures: | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|------------------------------|------------------|------------|-----------|--|
| | Original | Final | Actual | |
| | | | | |
| Parks: | | | | |
| Gas, oil, diesel, etc. | 60,000 | 60,000 | 55,773 | (4,227) |
| Miscellaneous | 4,700 | 4,700 | 4,953 | 253 |
| Capital outlay | 935,000 | 1,589,826 | 1,368,804 | (221,022) |
| | 3,011,407 | 3,691,672 | 3,390,261 | (301,411) |
| Total parks and recreation | 6,360,307 | 7,339,383 | 6,805,630 | (533,753) |
| Economic development agency: | | | | |
| Current: | | | | |
| Salaries | 270,050 | 270,050 | 174,541 | (95,509) |
| Employee benefits and taxes | 77,299 | 77,299 | 45,941 | (31,358) |
| Printing & publications | 6,200 | 6,200 | 7,347 | 1,147 |
| Membership fees | 10,000 | 10,000 | 17,309 | 7,309 |
| Public relations | 22,000 | 22,000 | 23,476 | 1,476 |
| Utilities | 1,500 | 1,500 | 1,012 | (488) |
| Repairs and maintenance | 500 | 500 | 161 | (339) |
| Professional services | 22,000 | 27,160 | 84,016 | 56,856 |
| Travel | 3,000 | 3,000 | 7,401 | 4,401 |
| Office supplies | 2,250 | 2,250 | 3,555 | 1,305 |
| Gas, oil, diesel, etc. | 1,250 | 1,250 | 574 | (676) |
| Miscellaneous | 5,150 | 5,150 | 5,536 | 386 |
| Capital outlay | 10,000 | 10,000 | 10,000 | - |
| | 431,199 | 436,359 | 380,869 | (55,490) |
| Economic Development Utility | | | | |
| Current: | | | | |
| Professional Services | 30,000 | 123,000 | 109,367 | (13,633) |
| Repairs and maintenance | 15,000 | 15,000 | 15,000 | - |
| Grants and donations | 7,500 | 7,500 | (1) | (7,501) |
| Capital outlay | 22,500 | 1,248,758 | 1,340,591 | 91,833 |
| | 75,000 | 1,394,258 | 1,464,957 | 70,699 |
| Tourism | | | | |
| Current: | | | | |
| Salaries | 62,569 | 62,569 | 62,385 | (184) |
| Employee benefits and taxes | 20,641 | 20,641 | 19,935 | (706) |
| Operating supplies | 20,000 | 20,000 | 13,896 | (6,104) |
| Miscellaneous | 7,050 | 7,050 | 9,331 | 2,281 |
| | 110,260 | 110,260 | 105,547 | (4,713) |
| ARPA | | | | |
| Current: | | | | |
| Consulting services | - | 255,000 | 58,500 | (196,500) |
| Capital outlay | - | 30,495,196 | 3,621,532 | (26,873,664) |
| | - | 30,750,196 | 3,680,032 | (27,070,164) |

The accompanying notes are an integral part of these financial statements

CITY OF GALLATIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|--|------------------------------|------------------------------|-----------------------------|--|
| | Original | Final | Actual | |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 1,895,000 | 1,895,000 | 1,895,000 | - |
| Interest | 754,850 | 754,850 | 754,850 | - |
| Bond fees | 1,800 | 1,800 | 1,260 | (540) |
| | <u>2,651,650</u> | <u>2,651,650</u> | <u>2,651,110</u> | <u>(540)</u> |
| Total expenditures | <u>59,026,147</u> | <u>109,857,451</u> | <u>64,918,837</u> | <u>(44,938,614)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (3,526,929) | (29,484,602) | 5,513,926 | 34,998,528 |
| Other financing sources (uses) | | | | |
| In lieu of tax payments - utility | 1,730,000 | 1,730,000 | 1,880,002 | 150,002 |
| Transfers in | - | 67,500 | - | (67,500) |
| Transfers out | - | (150,000) | (5,984,304) | (5,834,304) |
| Total other financing sources (uses) | <u>1,730,000</u> | <u>1,647,500</u> | <u>(4,104,302)</u> | <u>(5,751,802)</u> |
| Net changes in fund balances | <u>\$ (1,796,929)</u> | <u>\$(27,837,102)</u> | <u>1,409,624</u> | <u>\$ 29,246,726</u> |
| Fund balance - beginning | | | 67,009,421 | |
| Fund balance - ending | | | <u>\$ 68,419,045</u> | |

CITY OF GALLATIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - ELECTRIC DEPT.

June 30, 2025

| Assets | Pension Trust | OPEB Trust | Total |
|---|----------------------|-------------------|----------------------|
| Cash and cash equivalents | \$ 354,545 | \$ 8,356 | \$ 362,901 |
| Receivables: | | | |
| Employee contributions | 10,639 | - | 10,639 |
| Employer contributions | 36,318 | - | 36,318 |
| Investment income | 50,222 | 1,112 | 51,334 |
| Investments: | | | |
| Mutual funds | 3,682,902 | 258,334 | 3,941,236 |
| US government and municipal obligations | 2,717,706 | 34,977 | 2,752,683 |
| Corporate bonds and debentures | 3,488,830 | 19,992 | 3,508,822 |
| Common stocks | 7,044,625 | 312,063 | 7,356,688 |
| Preferred stocks | 39,400 | - | 39,400 |
| Total assets | 17,425,187 | 634,834 | 18,060,021 |
| Liabilities | | | |
| Payables: | | | |
| Trustee/Custody fees | 1,011 | 37 | 1,048 |
| Investment management fees | 20,361 | 745 | 21,106 |
| Total liabilities | 21,372 | 782 | 22,154 |
| Net position restricted for pensions | \$ 17,403,815 | \$ 634,052 | \$ 18,037,867 |

CITY OF GALLATIN, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - ELECTRIC DEPT.
For the Fiscal Year Ended June 30, 2025

Additions

Contributions:

Employees
Employer
Total contributions

| | Pension Trust | OPEB Trust | Total |
|----------------|----------------------|-------------------|--------------|
| \$ 67,395 | \$ - | \$ 67,395 | |
| 145,270 | - | 145,270 | |
| <u>212,665</u> | <u>-</u> | <u>212,665</u> | |

Investment income:

Net appreciation in fair value of investments

1,249,018 48,077 1,297,095

Interest and dividends

390,910 14,825 405,735

Less: investment fees

1,639,928 62,902 1,702,830

Net investment gain

(90,178) (3,349) (93,527)

1,549,750 59,553 1,609,303

Total additions

1,762,415 59,553 1,821,968

Deductions

Benefit payments

712,522 24,659 737,181

Total deductions

712,522 24,659 737,181

Change in net position

1,049,893 34,894 1,084,787

Total net position - beginning

16,353,922 599,158 16,953,080

Total net position - ending

\$ 17,403,815 \$ 634,052 \$ 18,037,867

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Gallatin, Tennessee (City), operates under a Mayor-Alderman form of government and provides the following services as authorized by its charter: public safety (police and fire), street maintenance, cemetery maintenance, sanitation collection and disposal, recreation, water and sewer, electricity, gas, and general administrative services. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

Related organizations

The City's officials are also responsible for appointing the members of the Board of Gallatin Housing Authority (the Housing Authority) of Gallatin, Tennessee but the City's accountability for this organization does not extend beyond making the appointments. Board members of the Housing Authority are appointed by the Mayor, but the City does not provide funding, has no obligation for the debt issued by the Housing Authority, and cannot impose its will upon the operations of the Housing Authority. Accordingly, the Housing Authority has not been included in the reporting entity.

Joint venture

The City is a participant in the Sumner County Resource Authority (the Resource Authority), a joint venture, in which it retains an ongoing financial interest. The Resource Authority is a joint venture of Sumner County and the Cities of Gallatin and Hendersonville and operates a solid waste energy recovery plant. The City has no equity interest in the Resource Authority. Complete financial statements of the Resource Authority are available from the City Finance Director.

B. Government-wide and Fund Financial Statements

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

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

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

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

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

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

Property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The general fund is the government'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 general fund also includes the accounting for all solid waste revenues and expenditures.

The capital projects fund focuses on project-to-date costs for many projects within the City. It accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays of governmental fund types including the acquisition and construction of capital facilities and other capital assets.

The City reports the following major proprietary funds:

The electric fund accounts for the activities of the government's electric distribution operations.

The water and sewer fund accounts for the activities associated with the water distribution system, the sewage treatment plant, sewage pumping stations and collection system.

The gas fund accounts for the activities of the government's gas distribution operations.

Additionally, the City reports the following fiduciary funds:

The Electric Department's pension trust fund is used to account for assets held for benefits related to the Gallatin Department of Electricity's pension plan.

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

The Electric Department's OPEB trust fund is used to account for assets held for benefits related to the Gallatin Department of Electricity's OPEB plan.

The financial statements of the City are prepared in accordance with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described here with Note 1.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in certificates of deposit, obligations of the U.S. Treasury agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

Investments for the City are reported at fair value. The State Local Government Investment Pool is operated in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the past history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is recorded based on management's estimate of what portion of the outstanding receivable will be collected in the future.

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

The allowances for uncollectible customer accounts recorded in the proprietary funds are based on past history of uncollectible accounts and management's analysis of current accounts.

Property taxes are levied annually and mailed on October 1. The taxes are due and payable from October through February of the next year. An unperfected lien attaches by statute to property on January 1 for unpaid taxes from the prior year's levy. Taxes uncollected by March 1, the year after due may be submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

Inventories and Prepaid Items

Inventories of the Water, Sewer, and Gas Funds are valued at the lower cost or market using a weighted-average flow assumption. Inventory of the Electric system is stated at average cost as determined by the moving average inventory method. Inventory of the General fund consists of expendable supplies held for consumption. Governmental fund inventories are recorded at cost under the consumption method.

Restricted Assets

The City elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

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

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$75,000 for buildings and improvements other than buildings, and \$25,000 for the remaining capital assets categories, and estimated useful life in excess of two years. Land, construction in progress, and works of art are included in the thresholds. The electric fund uses a capitalization threshold of \$2,000; water and sewer, and gas funds use a threshold of \$25,000; and all three funds use an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

Capital assets of the City are depreciated using the straight line method over the following useful lives:

| | |
|---|---------------|
| Buildings and improvements | 25 - 50 years |
| Transmission and distribution systems | 10 - 50 years |
| General plant | 10 - 50 years |
| Machinery, equipment, and rolling stock | 3 - 10 years |
| Office furniture and equipment | 3 - 10 years |
| Improvements other than buildings | 50 years |

Compensated Absences

Vacation pay is accumulated by classified full-time employees according to the following schedule:

| Years Service | Annual Vacation Leave |
|----------------------|------------------------------|
| 0 - 4 years | 10 days |
| 5 - 9 years | 16 days |
| 10 - 14 years | 17 days |
| 15 - 18 years | 19 days |
| 19 or more years | 21 days |

Vacation leave for designated Department heads/Assistant DH, the City Attorney, the Executive Director of Economic Development, Mayor, and City Recorder shall be sixteen (16) business days each year for the first four (4) years of service, and thereafter increasing to twenty-one (21) business days.

Sick leave is accumulated at the rate of one day per month (same for the Electric fund). At retirement, an employee will be paid accumulated sick leave ranging from 20-50% based on either their age or years of service on effective date of retirement.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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. Bond issuance costs are expensed as incurred.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting as a deferred outflows of resources are unavailable and are disclosed on pages 11 and 18.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The items that qualify for reporting as a deferred inflows of resources are unavailable and are disclosed on pages 12, 14 and 19.

The City reports unavailable property taxes, unavailable court fines revenue, and public safety revenues as deferred inflows of resources in the governmental fund balance sheet. In the statement of net position, unavailable property taxes related to the subsequent tax year and held evidence funds are reported. The City reports loss on bond refunding as a deferred inflow of resources in the statement of net position as well.

Regulatory Accounting

The City's proprietary fund follows the principles of proprietary fund accounting in accordance with Government Accounting Standards Board (GASB) pronouncements. Proprietary fund accounting is used to report business-type activities, as contrasted with tax-supported governmental activities.

The City's proprietary fund also complies with policies and practices prescribed by the City's governing body and with practices common in the utility industry. As the City's governing body has the authority to set rates, the City's proprietary fund follows the regulatory accounting guidance of GASB Statement No. 62, Codification of Accounting and Financial Reporting guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. Regulatory assets are recorded to reflect probably future revenues associated with certain costs that are expected to be recovered from customers through the rate-making process. Regulatory liabilities are recorded to reflect probably future reduction in revenues associated with amounts that are expected to be credited to customers in the rate-making process.

Impact of other recently issued accounting pronouncements

In June of 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101 related to Compensated Absences. This Statement improves accounting and financial reporting by state and local governments for Compensated Absences and is effective for fiscal years beginning after December 15, 2023. This Statement establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). The requirements of this Statement apply to the financial statements of all state and local governments. This implementation resulted to no material adjustments in the current year.

In December of 2023, the Governmental Accounting Standards Board issued GASB Statement No. 102 related to Certain Risk Disclosures. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. for fiscal years beginning after December 15, 2023. The requirements of this Statement apply to the financial statements of all state and local governments. This implementation resulted in no additional disclosures in the current year.

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable fund balance

This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted fund balance

This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed fund balance

This classification includes amounts that can only be used for the specific purposes determined by the City's highest level of decision-making authority, (the City Council) and the highest form of authority (ordinances). Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance). The ordinance must be either approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. If the actual amount of the commitment is not available by June 30th, the ordinance must state the process or formula necessary to calculate the actual amount as soon as information is available.

Assigned fund balance

This classification includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council and its designee, the Finance Director, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except for the general fund and also negative amounts) that are not classified as nonspendable, restricted, or committed. Any funds assigned must be reported to the Council at the next regular meeting and recorded in the minutes. Council has the authority to assign funds or to remove or change the assignments of the Finance Director with a simple majority vote. Upon passage of a budget ordinance where fund balance is used as a source to balance the budget, the Finance Director shall record the amount as assigned fund balance.

Unassigned fund balance

This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

City of Gallatin, Tennessee
Notes to Financial Statements
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The City will maintain a minimum unassigned fund balance in the general fund equivalent to 20% of that fiscal year's operating expenses, excluding any capital purchases. The minimum unassigned fund balance is established to protect against cash flow shortfalls related to timing of project revenue receipts and to maintain a budget stabilization commitment. In any fiscal year, it shall take the affirmative action of five or more City Council members to approve an appropriation of funds that results in the minimum unassigned general fund balance to drop below 20%. In the event the balance drops below the minimum level, the City Council will develop a plan to replenish the fund balance to the minimum level within two years. The deficiency will be funded by reducing recurring expenditures, by increasing revenues or pursuing other funding sources, or by a combination of the two.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Restricted net position are net position less related liabilities reported in the government-wide statement of net position that have limitation imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, contributors, legislation, or the other governments.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pensions

City Funds

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

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

Gallatin Department of Electricity

The net pension liability (asset) for the department was measured as of June 30, 2024 pursuant to GASB 68, which allows for a measurement date no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The requirement establishes standards for calculating and reporting the net pension liability (asset) and pension expense in the financial statements of the employer. The data necessary to comply with the new standards presents challenges to reporting the net pension liability (asset) and pension expense on a current basis while still adhering to the deadlines for financial reporting to different agencies. The net pension liability (asset) reported at June 30, 2025 is the net pension liability (asset) determined at June 30, 2024 and the pension expense reflects the activity for fiscal year 2024.

Other Post-employment Benefit (OPEB) Plan

Gallatin Department of Electricity

The net OPEB (Other Post-employment Benefit) liability for the department was measured as of June 30, 2024 pursuant to GASB 75, which allows for a measurement date no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The requirement establishes standards for calculating and reporting the net OPEB liability and OPEB expense in the financial statements of the employer. The data necessary to comply with the new standards presents challenges to reporting the net OPEB liability and OPEB expense on a current basis while still adhering to the deadlines for financial reporting to different agencies. Accordingly, with this implementation, the net OPEB liability reported at June 30, 2025 is the net OPEB liability determined at June 30, 2024 and the OPEB expense reflects the activity for fiscal year 2024.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period." The details of this (\$501,393) difference are as follows:

| | |
|---|---------------------|
| Capital outlay | \$ 5,733,393 |
| Depreciation expense | <u>(6,234,786)</u> |
| Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ (501,393)</u> |

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds excluding the capital projects funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

1. Prior to year end, the Director of Finance and Mayor submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments on the budget.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The Department Heads are authorized to transfer budgeted amounts within their departments; however, any revisions that alter the total expenditures of any department function or fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for all funds excluding the Electric Fund.
6. Budgeted amounts are as originally adopted, or as amended by the City Council. Budget appropriations lapse at year end.

As an extension of the formal budgetary process, the City Council may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The City's policy is to not allow expenditures to exceed budgetary amounts at the total fund expenditure level without obtaining additional appropriation approval from the Council.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2025, the City of Gallatin, Tennessee's Electric Department had \$5,111,189 and the General fund had \$18,260,782 invested in certificates of deposit with local financial institutions.

Interest Rate Risk

In accordance with its formal investment policy, the City manages its exposure to declines in fair values by limiting its investments to certificates of deposit with local financial institutions.

Custodial Credit Risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2025, all bank deposits were fully collateralized or insured.

B. Receivables

Receivables as of the year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

City of Gallatin, Tennessee
Notes to Financial Statements

June 30, 2025

| | <u>General</u> | <u>Electric Division</u> | <u>Water & Sewer Division</u> | <u>Gas Division</u> | <u>Nonmajor and Other Funds</u> | <u>Total</u> |
|---------------------------------------|----------------------|------------------------------|---|-------------------------|---|----------------------|
| Receivables: | | | | | | |
| Property taxes | \$ 18,350,630 | \$ - | \$ - | \$ - | \$ - | \$ 18,350,630 |
| Interest | 874,000 | - | - | - | 4,783 | 878,783 |
| Accounts | 280,939 | 9,546,757 | 1,824,052 | 1,595,095 | 415,884 | 13,662,727 |
| Fines | 1,524,229 | - | - | - | - | 1,524,229 |
| Grants | 790,670 | - | - | - | - | 790,670 |
| Intergovernmental | 5,929,019 | - | - | - | - | 5,929,019 |
| Other | 225,048 | 105,903 | - | 7,616 | 107,031 | 445,598 |
| Gross receivables | 27,974,535 | 9,652,660 | 1,824,052 | 1,602,711 | 527,698 | 41,581,656 |
| Less: Allowance for uncollectibles | (1,643,429) | - | - | (151,631) | - | (1,795,060) |
| Net total receivables | \$ 26,331,106 | \$ 9,652,660 | \$ 1,824,052 | \$ 1,451,080 | \$ 527,698 | \$ 39,786,596 |

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned (unearned revenue). At the end of the current fiscal year, various components of unavailable revenue reported in the governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> |
|--|----------------------|---------------------|
| Delinquent property taxes receivable | \$ 663,388 | \$ - |
| Interest and penalty on property taxes receivable | 399,574 | - |
| 2025 property tax assessment | 17,569,317 | - |
| Other revenue collected in advance | - | 44,762 |
| Grants | - | 2,552,112 |
| Drug fund revenue held | - | 179,339 |
| Total unavailable revenue for fund financial statements | \$ 18,632,279 | \$ 2,776,213 |

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

C. Capital Assets

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 13,996,711 | \$ 2,231,891 | \$ - | \$ - | \$ 16,228,602 |
| Construction in progress | 2,648,860 | - | - | - | 2,648,860 |
| Total capital assets, not being depreciated | <u>16,645,571</u> | <u>2,231,891</u> | <u>-</u> | <u>-</u> | <u>18,877,462</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 25,783,780 | 125,483 | - | - | 25,909,263 |
| Improvements other than buildings | 164,034,361 | 3,767,667 | - | - | 167,802,028 |
| Vehicles | 23,697,941 | 2,586,715 | - | - | 26,284,656 |
| Office equipment | 2,958,045 | - | - | - | 2,958,045 |
| Equipment | 11,229,847 | 119,637 | - | - | 11,349,484 |
| Total capital assets being depreciated | <u>227,703,974</u> | <u>6,599,502</u> | <u>-</u> | <u>-</u> | <u>234,303,476</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 11,086,148 | 892,974 | - | - | 11,979,122 |
| Improvements other than buildings | 33,550,269 | 3,427,539 | - | - | 36,977,808 |
| Vehicles | 19,012,586 | 1,722,297 | - | - | 20,734,883 |
| Office equipment | 2,827,993 | 34,467 | - | - | 2,862,460 |
| Equipment | 7,060,659 | 157,509 | - | - | 7,218,168 |
| Total accumulated depreciation | <u>73,537,655</u> | <u>6,234,786</u> | <u>-</u> | <u>-</u> | <u>79,772,441</u> |
| Total capital assets being depreciated, net | 154,166,319 | 364,716 | - | - | 154,531,035 |
| Governmental activities capital assets, net | <u>\$ 170,811,890</u> | <u>\$ 2,596,607</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 173,408,497</u> |

City of Gallatin, Tennessee
Notes to Financial Statements

June 30, 2025

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposal</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------------|----------------------------|--------------------|------------------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 8,602,142 | \$ 573,924 | \$ - | \$ 61,515 | \$ 9,237,581 |
| Construction in progress | 2,229,145 | 20,619,835 | - | (61,515) | 22,787,465 |
| Total capital assets, not being depreciated | <u>10,831,287</u> | <u>21,193,759</u> | <u>-</u> | <u>-</u> | <u>32,025,046</u> |
| Capital assets being depreciated: | | | | | |
| Transmission plant | 1,439,336 | 1,753 | 2,860 | - | 1,438,229 |
| Distribution plant | 316,747,283 | 16,035,701 | 3,034,812 | - | 329,748,172 |
| General plant | 7,956,557 | 421,176 | 411,595 | - | 7,966,138 |
| Buildings | 44,361,625 | - | - | - | 44,361,625 |
| Operating equipment | 3,341,578 | 368,378 | 177,376 | - | 3,532,580 |
| Rolling stock | 4,590,410 | 258,663 | 471,778 | - | 4,377,295 |
| Office furniture and equipment | 705,929 | 2,535 | 38,979 | - | 669,485 |
| Total capital assets being depreciated | <u>379,142,718</u> | <u>17,088,206</u> | <u>4,137,400</u> | <u>-</u> | <u>392,093,524</u> |
| Less accumulated depreciation for: | | | | | |
| Transmission plant | 513,937 | 44,735 | 3,346 | - | 555,326 |
| Distribution plant | 120,440,672 | 7,617,265 | 3,233,767 | 68,172 | 124,892,342 |
| General plant | 4,073,173 | 552,238 | 411,594 | - | 4,213,817 |
| Buildings | 19,744,954 | 1,012,625 | - | (194,042) | 20,563,537 |
| Operating equipment | 2,919,776 | 380,772 | 177,377 | (73,767) | 3,049,404 |
| Rolling stock | 3,848,924 | 485,873 | 471,778 | 199,637 | 4,062,656 |
| Office furniture and equipment | 680,440 | 23,034 | 38,979 | - | 664,495 |
| Total accumulated depreciation | <u>152,221,876</u> | <u>10,116,542</u> | <u>4,336,841</u> | <u>-</u> | <u>158,001,577</u> |
| Total capital assets being depreciated, net | <u>226,920,842</u> | <u>6,971,664</u> | <u>(199,441)</u> | <u>-</u> | <u>234,091,947</u> |
| Business-type activities capital assets, net | <u>237,752,129</u> | <u>28,165,423</u> | <u>(199,441)</u> | <u>-</u> | <u>266,116,993</u> |
| Total capital assets, net | <u><u>\$ 408,564,019</u></u> | <u><u>\$ 30,762,030</u></u> | <u><u>\$ (199,441)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 439,525,490</u></u> |

Included in the additions for the governmental activities are \$3,098,000 in donated infrastructure from developers.

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

| | |
|---|----------------------|
| Governmental activities: | |
| General government | \$ 3,487,666 |
| Public safety | 1,404,370 |
| Environmental services | 12,264 |
| Highways and streets | 938,900 |
| Parks and recreation | 391,586 |
| Total depreciation expense - governmental activities | <u>\$ 6,234,786</u> |
| Business-type activities: | |
| Electric | \$ 2,692,780 |
| Water and sewer | 4,500,915 |
| Gas | 1,531,567 |
| Electric charged to other accounts | 1,391,280 |
| Total depreciation expense - business-type activities | <u>\$ 10,116,542</u> |

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

D. Interfund Receivables, Payables, and Transfers

There were no interfund receivables or payables in the current year. The following is a summary of transfers during the year ended June 30, 2025:

| Transfers From | Transfers To | Amount |
|---|--------------|------------------------------|
| General Fund | Water | \$ (5,834,304) |
| General Fund | Stormwater | 150,000 |
| Water and Sewer Fund | General Fund | 415,801 |
| Gas Fund | General Fund | 377,776 |
| Electric Fund | General Fund | <u>1,086,425</u> |
| Total | | (3,804,302) |
| Governmental fund activities eliminated | | (150,000) |
| Total government-wide | | <u><u>\$ (3,954,302)</u></u> |

The purposes of the transfers are noted below:

- The transfers between the proprietary funds and the general fund are for the purpose of transferring in lieu of tax payments
- The transfer from the general fund to the water fund was for ARPA grant reimbursements related to water projects

E. Long-term Debt

General long-term debt at June 30, 2025, is comprised of the following:

Bonds Payable

General Obligation Improvement Bonds, Series 2014, due in annual installments from \$375,000 to \$1,090,000 through January 2034, interest at 2.00% to 5.00%

\$ 5,590,000

General Obligation Bonds, Series 2016, due in annual installments from \$430,000 to \$700,000 through January 2036, interest at 2.00% to 5.00%

6,680,000

General Obligation Bonds, Series 2021, due in annual installments from \$365,000 to \$630,000 through January 2041, interest at 2.00% to 5.00%

8,355,000

Total bonds payable 20,625,000

Total general long-term debt \$ 20,625,000

The aforementioned bonds and notes are secured by the full faith and credit of the City. During 2025, debt service for the aforementioned debt was provided by the City General Fund.

Long-term debt of the proprietary funds at June 30, 2025, is comprised of the following:

Bonds Payable

Water and Sewer Revenue Bonds, Series 2015, due in annual

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

| | |
|---|--------------------------|
| installments from \$500,000 to \$1,825,000 through January 2040, interest at 3.00% to 5.00% | \$ 1,940,000 |
| Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014, due in annual installments from \$265,000 to \$570,000 through August 2034, interest at 2.00% to 5.00% | 1,765,000 |
| Water and Sewer Revenue Refunding and Improvement Bonds, Series 2011, due in annual installments from \$25,000 to \$635,000 through July 2032, interest at 2.00% to 3.625% | 4,525,000 |
| Gas Revenue Bonds, Series 2019, due in annual installments from \$190,000 to \$380,000 through January 2039, interest at 3.00% to 5.00% | 4,290,000 |
| Water and Sewer Revenue Refunding and Improvement Bonds, Series 2021A due in annual installments from \$355,000 to \$755,000 through July 2046, interest at 3.00% to 4.00% | 12,380,000 |
| Water and Sewer Revenue Refunding and Improvement Bonds, Series 2021B due in annual installments from \$195,000 to \$1,840,000 through July 2037, interest at 0.510% to 2.75% | 13,295,000 |
| Gas Revenue Bonds, Series 2024, due in annual installments from \$270,000 to \$635,000 through January 2044, interest at 4.00% to 5.00% | 8,290,000 |
| Electric Revenue Bonds, Series 2024, due in annual installments from \$360,000 to \$840,000 through January 2044, interest at 4.00% to 5.00% | <u>10,905,000</u> |
| Total proprietary long-term debt | <u>\$ 57,390,000</u> |

The aforementioned bonds are not secured by the full faith and credit of the City. The aforementioned bonds are secured by revenues of the proprietary funds.

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave, OPEB liability, and Net Pension Liability at June 30, 2025, are as follows:

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

| Year Ending <u>June 30,</u> | Governmental Activities | | | Business-Type Activities | | | Total | |
|-----------------------------------|-------------------------|---------------------|----------------------|--------------------------|----------------------|----------------------|--------------|--|
| | Bonds | | Bonds | | | | | |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | | |
| 2026 | \$ 1,965,000 | \$ 670,200 | \$ 3,280,000 | \$ 1,548,555 | \$ 5,245,000 | \$ 2,218,755 | | |
| 2027 | 2,035,000 | 582,450 | 3,770,000 | 1,863,968 | 5,805,000 | 2,446,418 | | |
| 2028 | 1,430,000 | 507,900 | 3,890,000 | 1,750,564 | 5,320,000 | 2,258,464 | | |
| 2029 | 1,475,000 | 450,950 | 4,010,000 | 1,629,591 | 5,485,000 | 2,080,541 | | |
| 2030 | 1,525,000 | 392,100 | 4,130,000 | 1,502,182 | 5,655,000 | 1,894,282 | | |
| 2031-2035 | 7,905,000 | 1,121,232 | 15,960,000 | 5,667,504 | 23,865,000 | 6,788,736 | | |
| 2036-2040 | 3,660,000 | 263,900 | 11,090,000 | 3,290,727 | 14,750,000 | 3,554,627 | | |
| 2041-2045 | 630,000 | 12,600 | 9,730,000 | 1,143,300 | 10,360,000 | 1,155,900 | | |
| 2046-2050 | - | - | 1,530,000 | 46,200 | 1,530,000 | 46,200 | | |
| | \$ 20,625,000 | \$ 4,001,332 | \$ 57,390,000 | \$ 18,442,591 | \$ 78,015,000 | \$ 22,443,923 | | |

Debt expense associated with the above bond issues was recorded as other assets and is being amortized on a straight-line basis over the life of the issue.

All significant debt covenants and restrictions as set forth in the bond agreements were complied with.

Long-term liability activity for the year ended June 30, 2025, was as follows:

| | Beginning Balance | | | Ending Balance | Due Within One Year |
|----------------------------------|------------------------------|----------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 22,520,000 | \$ | - | \$ 1,895,000 | \$ 1,965,000 |
| Premium on bond issue | 1,542,458 | | - | 258,501 | 1,283,957 |
| Compensated absences | 2,191,242 | | 405,817 | - | 2,597,059 |
| | \$ 26,253,700 | \$ 405,817 | \$ 2,153,501 | \$ 24,506,016 | \$ 2,223,501 |
| Business-type activities: | | | | | |
| Revenue and tax bonds | \$ 41,120,000 | \$ 19,475,000 | \$ 3,205,000 | \$ 57,390,000 | \$ 3,280,000 |
| Premium on bond issue | 3,277,101 | | 1,831,917 | 570,494 | 4,538,524 |
| Compensated absences | 809,026 | | 758,956 | - | 1,567,982 |
| | \$ 45,206,127 | \$ 22,065,873 | \$ 3,775,494 | \$ 63,496,506 | \$ 3,460,969 |

Within the City's governmental activities, compensated absences are generally liquidated by the general fund.

The City complied with all significant debt covenants and restrictions as set forth in the bond agreements across all systems.

The bonds payable for all systems contain provisions that in the event of default, the lender can exercise one or more of the following options: (1) Make all or any of the outstanding bonds payable balance immediately due and accrued interest at highest post maturity interest rate, (2) Use any remedy allowed by state or federal law.

There are no unused lines of credit for any of the systems at June 30, 2025.

City of Gallatin, Tennessee
Notes to Financial Statements
June 30, 2025

Industrial Development Bonds

The City, through its Industrial Development Board, has in the past authorized issuance of various Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from payments received on the underlying mortgage loans. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Issuance of Long-term Debt

In November 2021, the City issued \$13,400,000 in Water and Sewer Revenue Improvement Bonds, Series 2021A (Series 2021A Bonds) for the purpose of providing funds to (i) finance extensions and improvements to the System and (ii) pay costs of issuance. The Series 2021A bonds are issued as fully registered bonds, in denominations of \$5,000, and are payable solely from and secured by a lien on the revenues of the City's water and sewer system (the System), after payment of operating expenses, on a parity of lien with the City's outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2011, its Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014 and Water and Sewer Revenue Refunding and Improvement Bonds, Series 2015 and any obligations hereafter issued on parity therewith. The Series 2021A bonds carry fixed interest rates ranging from 3.0% to 4.0% and mature between July 1, 2022 and July 1, 2046. Interest is payable semi-annually on July 1 and January 1. Series 2021A bonds maturing on July 1, 2032, and thereafter, are subject to redemption prior to maturity at the option of the City, on or after July 1, 2031, as a whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date.

In November 2021, the City issued \$13,965,000 in Water and Sewer Revenue Refunding Bonds, Series 2021B (Series 2021B) to refund \$12,435,000 of its outstanding Water and Sewer System Revenue and Improvement Bonds, Series 2015, dated May 19, 2021, (the Outstanding Bonds). The Outstanding Bonds were called for redemption in November 2021, and were redeemed at a redemption price of par plus accrued interest. The estimated economic gain from the refunding was approximately \$1.2 million.

The Series 2021B bonds are issued as fully registered bonds, in denominations of \$5,000, and are payable solely from and secured by a lien on the revenues of the System, after payment of operating expenses, on a parity of lien with the City's outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2011, its Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014 and Water and Sewer Revenue Refunding and Improvement Bonds, Series 2015 and any obligations hereafter issued on parity therewith. The Series 2021B bonds carry fixed interest rates ranging from 0.51% to 2.75% and mature between July 1, 2022 and July 1, 2037. Interest is payable semi-annually on July 1 and January 1. Series 2021B bonds maturing on July 1, 2032 and thereafter are subject to redemption prior to maturity at the option of the City, on or after July 1, 2031, as a whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date.

Advance Refunding of Bonds

In prior years the City has defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service requirement on the retired bonds. Accordingly,

City of Gallatin, Tennessee
Notes to Financial Statements
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the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2025, outstanding bonds considered as defeased were as follows:

| | |
|---|--------------|
| Water and Sewer Revenue and Tax Bonds – Series 2008 | \$13,655,000 |
|---|--------------|

NOTE 5 - OTHER INFORMATION

A. Risk Management

City of Gallatin

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for certain general liability, auto liability, errors and omissions, workers' compensation, and physical damage coverage. The City joined the Tennessee Municipal League Risk Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for its general, auto, and errors and omissions policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claim history. It is the policy of the City to purchase commercial insurance for the risk of employee dishonesty and law enforcement professional liability. Settled claims have not exceeded the commercial coverage or the coverage provided by the Pool in any of the past three years.

Gallatin Department of Electricity

Gallatin Electric Department 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. During the year ended June 30, 2025, the Utility purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage.

B. Commitments

The City purchases natural gas under various contracts requiring the purchase of minimum quantities of natural gas from suppliers at costs based upon national index prices. Natural gas purchases exceeding the specified minimum quantities are made at the going market value. City management believes any risk associated with the minimum purchase quantities as specified in the aforementioned contracts to be minimal. Further, the City is committed under various natural gas transportation agreements requiring specified minimum transmission capacities.

The City has entered into an agreement with the Sumner County Resource Authority (the Authority), a joint venture between the City, Sumner County, and the City of Hendersonville, TN, which provides that in the event the Authority's revenues are insufficient to cover the costs of operation and debt retirement the County and Cities shall pay such deficit in the proportions of 3/7, 2/7, and 2/7, respectively. These same entities have executed a "contract in Lieu of Performance Bond" with the State of Tennessee for financial assurance of the closure and post closure costs of the landfill should the Authority be unable to do so.

The authority operates primarily as a solid waste transfer station. The City utilizes the Authority for solid waste disposal purposes at essentially the same cost per ton as in prior years. There is

City of Gallatin, Tennessee
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uncertainty as to the future operations of the Authority, as well as, the costs relative to the change in operations, or possible dissolution.

The Authority as of June 30, 2025, which is the latest available financial statement date, has net investment in capital assets in the amount of \$2,524,886 and an unrestricted net position of \$7,592,155 as compared to \$2,937,822 and \$5,695,875 for the year 2024.

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time; although, the City's management expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits; however, the outcome of these lawsuits is not presently determinable, although, legal counsel does not expect any possible liability to exceed the City's limits of insurance.

D. Power Contract

The Utility has a power contract with the Tennessee Valley Authority (TVA); whereby, the electric system purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishings, advancing, lending, pledging, or otherwise diverting System funds, revenues, or property to other operations of the county and the purchase or payment of or providing security for indebtedness on other obligations applicable to such other operations.

E. Employee Retirement Systems and Pension Plans

City of Gallatin

TCRS Stabilization Trust, City Funds

Legal Provisions

The City is a member of the TCRS Stabilization Reserve Trust (the 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 by and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. 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 its 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

City of Gallatin, Tennessee
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for the TRGT from a nationally recognized credit rating 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.

TCRS Stabilization Trust, City Funds

Investment Balances

Investments are reported at fair value. 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 as described above.

Investments using the Net Asset Value (NAV) per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

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 judgment and, as such, management of the TRGT has 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 to be represented in the following tables.

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 the last trade data, having limited trading volume.

US 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 (MAI), or its equivalent, every three years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

City of Gallatin, Tennessee
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For investments in private mutual funds, traditional private equity funds, strategic lending funds, and real estate funds that report using GAAP, the fair values, 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.

TCRS Stabilization Trust, City Funds

Investment Balances

At June 30, 2025, the City had the following investments held by the Trust on its behalf. These funds are recognized as restricted assets in the General Fund, Other Governmental Funds, the Water and Sewer Fund, and the Gas Fund of the City.

| | <u>Weighted average days to maturity</u> | <u>Maturities</u> | <u>Fair value</u> |
|---|--|-------------------|---------------------|
| Investments at fair value | | | |
| US equity | N/A | N/A | \$ 717,603 |
| Developed market international equity | N/A | N/A | 324,079 |
| Emerging market international equity | N/A | N/A | 92,594 |
| US fixed income | N/A | N/A | 462,970 |
| Real estate | N/A | N/A | 231,485 |
| Short-term securities | N/A | N/A | 23,148 |
| NAV, private equity, and strategic lending | N/A | N/A | <u>449,437</u> |
| | | | <u>\$ 2,328,382</u> |

A summary of investment values by fair value level at June 30, 2025 is as follows:

| | <u>Fair Value Jun 30.</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>NAV</u> |
|---|-----------------------------------|---------------------|-------------------|-------------------|-------------------|
| US equity | \$ 717,603 | \$ 717,603 | \$ - | \$ - | \$ - |
| Developed market international equity | 324,079 | 324,079 | - | - | - |
| Emerging market international equity | 92,594 | 92,594 | - | - | - |
| US fixed income | 462,970 | - | 462,970 | - | - |
| Real estate | 231,485 | - | - | 231,485 | - |
| Short-term securities | 23,148 | - | 23,148 | - | - |
| NAV, private equity, and strategic lending | <u>449,437</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>449,437</u> |
| | <u>\$ 2,328,382</u> | <u>\$ 1,134,276</u> | <u>\$ 486,118</u> | <u>\$ 231,485</u> | <u>\$ 449,437</u> |

CITY OF GALLATIN, TENNESSEE
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TCRS Stabilization Trust, City Funds

Risks and Uncertainties

The Trust'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 Trust investments.

Interest Rate Risk

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 trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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 Trust.

Concentration of Credit Risk

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 that may be invested in one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the City 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 Trust agreement, investments are held in the name of the Trust for the benefit of the City to pay retirement benefits of its employees.

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the City's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the TCRS may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2022/ag21066.pdf>

TCRS Hybrid Plan

Plan description.

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

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are

CITY OF GALLATIN, TENNESSEE
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determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 3 |
| Inactive employees entitled to but not yet receiving benefits | 187 |
| Active employees | <u>313</u> |
| | <u>503</u> |

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Gallatin makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, the employer contributions for Gallatin was \$559,320 based on a rate of 2.48 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Gallatin's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Gallatin 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:

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Gallatin 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

CITY OF GALLATIN, TENNESSEE
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return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

| | Increase (Decrease) | Total Pension | Plan Fiduciary | Net Pension |
|--|---------------------|------------------|----------------|-----------------|
| | | Liability (TPL) | Net Position | Liability (NPL) |
| | (a) | (b) | | (a) - (b) |
| Balances of 6/30/2023 | \$ 4,611,220 | \$ 4,284,645 | | \$ 326,575 |
| Changes for the year: | | | | |
| Service Cost | 1,061,883 | | - | 1,061,883 |
| Interest | 380,931 | | - | 380,931 |
| Difference in expected & actual experience | 429,864 | | - | 429,864 |
| Contributions - Employer | - | 456,098 | | (456,098) |
| Contributions - Employee | - | 927,031 | | (927,031) |
| Net Investment Income | - | 481,834 | | (481,834) |
| Benefit payments | (59,372) | (59,372) | | - |
| Change of assumptions | - | - | | - |
| Administrative expense | - | (21,784) | | 21,784 |
| Net Changes | <u>1,813,306</u> | <u>1,783,807</u> | | <u>29,499</u> |
| Balances as of 6/30/24 | <u>6,424,526</u> | <u>6,068,452</u> | | <u>356,074</u> |

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

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

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|--|------------------------|----------------------------------|------------------------|
| Gallatin net pension liability (asset) | 1,671,271 | 356,074 | (638,348) |

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense (Negative Pension Expense)

For the year ended June 30, 2024, Gallatin recognized pension expense of \$284,259 related to this plan.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

CITY OF GALLATIN, TENNESSEE
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| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|--|-------------------------------------|---------------------------------|
| Differences between expected and actual experience | 785,402 | 33,338 |
| Net difference between projected and actual earnings on pension plan investments | - | 61,461 |
| Changes in Assumptions | 107,918 | - |
| Contributions subsequent to the measurement date of June 30, 2024 | <u>559,320</u> | <u>-</u> |
| Total | <u>1,452,640</u> | <u>94,799</u> |

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

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

| Year Ended June 30: | |
|---------------------|---------|
| 2026 | 76,341 |
| 2027 | 131,789 |
| 2028 | 75,618 |
| 2029 | 75,421 |
| 2030 | 105,157 |
| Thereafter | 334,195 |

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

Payable to the Pension Plan

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

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Defined Contribution Plans

Several employees chose to stay on the former plan. The City has determined that none of its defined contribution pension plans are fiduciary component units or fiduciary activities of the government.

State of Tennessee 401(k) Plan

Plan Description

The City (exclusive of the electric utility) participates in the State of Tennessee 401(k) plan (the Plan) with a Roth option. Employees of the City's Municipal Service departments, Water and Sewer

**CITY OF GALLATIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS**

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Utility Fund, and Natural Gas Utility Fund are eligible to participate in the Plan. The Plan assets are not held by the City and the City does not exercise a trustee responsibility over such assets nor does the City actively participate in the Plan's management or administration, which is delegated to the City of Gallatin Pension Committee. The Pension Committee has designated Retire Ready TN as a third-party administrator. Accordingly, the City does not meet the criteria necessary for presentation of the Plan as a fiduciary fund of the City.

Funding Policy

The City's Plan allows employees to make tax deferred contributions into self-directed investments of as much as allowable under the Internal Revenue Code. During the fiscal year, the City contributed 5% of the employees' annual compensation and matched up to an additional 4% of the employees' contributions. The plan is closed to new entrants. The vesting of employer contributions increases from 20% in year one, with 20% annual increases until contributions are 100% vested after 5 years in the plan. If an employee leaves employment before the vesting period is complete, the forfeiture is put into a forfeiture account that can be used to pay expenses related to the plan. The City had no forfeitures in 2024. At calendar year-end, any unused forfeitures are held and can be used to offset future employer match requirements.

Annual Contributions

The City's maximum contribution to the Plan is defined as up to 9% of an eligible employee's annual compensation. The City contributed \$788,357 on behalf of the employees for the fiscal year ended June 30, 2025.

State of Tennessee Deferred Compensation Plan II – 401(k)

Plan Description

The Hybrid Plan is a combination of the defined benefit plan (Public Employment Retirement Plan described in General Information about the Pension Plan above) and a defined contribution plan (a 401(k) plan). Employees of the City hired after October 1, 2018 working more than 30 hours per week, and any existing City employee working more than 30 hours per week who chooses to join the TCRS Hybrid Plan are eligible for the plan. The Chair of the TCRS may amend the Hybrid Plan on behalf of all employers. The Chair also has the sole and exclusive authority to interpret the Hybrid Plan and decide all claims and appeals for the Hybrid Plan benefits.

Pension Plans – City Funds

State of Tennessee Deferred Compensation Plan II – 401(k)

Funding Policy

Employers contribute 4% of payroll to the defined benefit component (as noted in General Information about the Pension Plan above), and 5% of payroll to the defined contribution component, for an aggregate employer contribution of 9%. Employees may elect to defer a percentage of their salary into the plan. Defined contribution plan amounts are deposited into the State's 401(k) plan with Great West Financial, where the employee manages the investments. Employees immediately vest in both the employee and employer contributions to the defined contribution plan.

Annual Contributions

The City contributed \$1,130,037 on behalf of the employees for the fiscal year ended June 30, 2025.

CITY OF GALLATIN, TENNESSEE
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Gallatin Department of Electricity

Plan description

The Gallatin Department of Electricity Employee's Pension Plan is a single-employer defined benefit pension plan administered by the Gallatin Electric Power Board. The Electric Plan provides retirement, disability, and death benefits to the Electric Plan members and their beneficiaries. While the Electric Plan covers substantially all Department employees, it was closed to new entrants effective 3/1/2016. The authority to establish and amend benefit provisions of the Electric Plan is assigned to the Gallatin Electric Power Board. The Electric Plan issues a separate financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Gallatin Department of Electricity, P.O. Box 1555, Gallatin, TN 37066 or by calling 615-452-5152.

Plan membership

At June 30, 2024 the plan membership consisted of:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 21 |
| Inactive employees entitled to but not yet receiving benefits | 3 |
| Active employees | <u>19</u> |
| | <u>43</u> |

Funding policy

The contribution requirements of the Electric Plan members and the department are established and may be amended by the Gallatin Electric Power Board. Electric Plan members are required to contribute 3% of their annual covered salary. The Department is required to contribute at an actuarially determined rate. The current rate is 10.87% of annual covered payroll. The Department contributed \$310,000 applicable to FY 2024 of which \$310,000 was contributed by fiscal year-end.

Net Pension Liability

The Electric Department's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial assumptions

The actuarial assumptions used to determine the net pension liability as of June 30, 2024 were as follows:

| | |
|---------------------------|---|
| Salary Increases | 4.00 percent per year |
| Investment rate of return | 6.00 percent, compounded annually |
| Cost of Living | 1.50 percent per year of orig. benefit amount |

Mortality rates were based on the SOA RP-2014 Total Data Set with projection MP-2021.

The long-term expected rate of return on pension plan investment 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF GALLATIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--|-------------------|--|
| Domestic Equity | 57% | 6.60% |
| International Equity | 3% | 7.60% |
| Barclay's Intermediate Govt/Credit Index | 40% | 4.90% |

Discount Rate

The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that GDE contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

| | Total OPEB Liability | Plan Fiduciary Net Position | Non-Trust Contribution | Net OPEB Liability |
|--|----------------------|-----------------------------|------------------------|---------------------|
| Balances of 6/30/23 | <u>\$ 407,712</u> | <u>\$ 518,205</u> | <u>\$ -</u> | <u>\$ (110,493)</u> |
| Changes for the year: | | | | |
| Service Cost | 5,157 | - | - | 5,157 |
| Interest | 24,059 | - | - | 24,059 |
| Difference in expected & actual experience | (5,668) | 47,904 | - | (53,572) |
| Contributions - Employer | - | 5,000 | 24,123 | (29,123) |
| Expected Investment Income | - | 31,092 | - | (31,092) |
| Changes in Benefit Terms | - | - | - | - |
| Changes in Assumptions | - | - | - | - |
| Benefit payments | (24,123) | - | (24,123) | - |
| Administrative expense | - | (3,043) | - | 3,043 |
| Net Changes | (575) | 80,953 | - | (81,528) |
| Balances as of 6/30/24 | <u>\$ 407,137</u> | <u>\$ 80,953</u> | <u>\$ -</u> | <u>\$ (192,021)</u> |

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

The following presents the net pension liability of GDE, calculated using the discount rate of 6.0 percent, as well as what GDE's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0 percent) of 1-percentage-point higher (7.0 percent) than the current rate:

| | 1% Decrease | Current Rate | 1% Increase |
|-----------------------|-------------|--------------|-------------|
| Interest Rate | 5.00% | 6.00% | 7.00% |
| Net Pension Liability | (850,792) | (2,536,055) | (4,071,675) |

CITY OF GALLATIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

| Pension Expense | |
|--------------------------------------|---------------|
| Components of Pension Expense | 2023/24 |
| Service Cost | 217,864 |
| Interest on TPL | 823,134 |
| Difference between Expected & Actual | 15,134 |
| Change of Assumptions | 319,115 |
| Employee Contributions | (64,740) |
| Projected Earnings on Assets | (854,386) |
| Difference between Expected & Actual | (282,898) |
| Pension Plan administrative expense | <u>83,463</u> |
| Total Expense | 256,686 |

The total expense represents the amount of pension expense recognized in the FY 2025 financial statements.

Deferred Outflow of Resources and Deferred Inflow of Resources

For the year ended June 30, 2025, the Department reported balances in deferred outflow of resources and deferred inflow of resources related to pension from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 46,506 | \$ 135,885 |
| Net difference between projected and actuarial earnings on pension plan investments- net on financial stmts | - | 930,736 |
| Changes in Assumptions | 402,800 | 274,274 |
| Totals to be Amortized | | |
| Contributions subsequent to the measurement date of June 30, 2024 | 145,269 | - |
| Total | \$ 594,575 | \$ 1,340,895 |

Amount reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

| | |
|------|-------------|
| 2025 | \$ (94,051) |
| 2026 | (73,345) |
| 2027 | (431,303) |
| 2028 | (292,890) |

Thereafter

-

CITY OF GALLATIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Aggregate of Both Pension Plans

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|--------------------|
| Net pension liability (Asset) | | | |
| TCRS Plan | \$ 299,351 | \$ 56,723 | \$ 356,074 |
| Electric Dept. Plan | - | (2,536,055) | (2,536,055) |
| | <u>299,351</u> | <u>(2,479,332)</u> | <u>(2,179,981)</u> |
| Deferred outflows related to pensions | | | |
| TCRS Plan | 1,221,234 | 231,406 | 1,452,640 |
| Electric Dept. Plan | - | 594,575 | 594,575 |
| | <u>1,221,234</u> | <u>825,981</u> | <u>2,047,215</u> |
| Deferred inflows related to pensions | | | |
| TCRS Plan | 79,698 | 15,101 | 94,799 |
| Electric Dept. Plan | - | 1,340,895 | 1,340,895 |
| | <u>79,698</u> | <u>1,355,996</u> | <u>1,435,694</u> |
| Pension expense | | | |
| TCRS Plan | 238,977 | 45,282 | 284,259 |
| Electric Dept. Plan | - | 256,686 | 256,686 |
| | <u>\$ 238,977</u> | <u>\$ 301,968</u> | <u>\$ 540,945</u> |

F. Other Post Employment Benefits

Gallatin Department of Electricity

Plan Description

The Electric Fund Post Retirement Medical Plan ("PRMP" is a single employer defined benefit plan administered by the department). The Plan provides supplemental health insurance premium reimbursements to eligible retirees. The criteria to determine eligibility includes years of services and employee age at date of retirement. Eligible retirees may receive up to \$150 per month for reimbursement of their supplemental health insurance premiums. The plan was closed to new entrants effective March 1, 2016. Authority to establish and amend this benefit provision is assigned to the Gallatin Electric Power Board. The PRMP issues a separate financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Gallatin Department of Electricity, P.O. Box 1555, Gallatin, TN 37066 or by calling 1-615-452-5152.

Plan membership

At June 30, 2024 the plan membership consisted of:

| | |
|---------------------------------------|-----------|
| Inactive employees receiving benefits | 16 |
| Active employees | 48 |
| | <u>64</u> |

Total OPEB Liability

The Electric Department's total OPEB asset of \$192,021 was measured as of June 30, 2024 by the actuarial valuation dated June 30, 2023.

CITY OF GALLATIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|-----------------------------------|
| Inflation | 2.0 percent per year |
| Salary increases | 2.5 percent per year |
| Discount rate | 6.00 percent, as of June 30, 2024 |
| Healthcare cost trend rates | None assumed |
| Participation rate | 100 percent assumed |

The discount rate was based on the Bond Buyer's 20-year Bond Index.

Mortality rates were based on the RP-2014 fully generational mortality table for males and females, with improvement scale MP-2021.

| | Total OPEB Liability | Plan Fiduciary Net Position | Non-Trust Contribution | Net OPEB Liability |
|--|----------------------|-----------------------------|------------------------|---------------------|
| Balances of 6/30/23 | \$ 407,712 | \$ 518,205 | \$ - | \$ (110,493) |
| Changes for the year: | | | | |
| Service Cost | 5,157 | - | - | 5,157 |
| Interest | 24,059 | - | - | 24,059 |
| Difference in expected & actual experience | (5,668) | 47,904 | | (53,572) |
| Contributions - Employer | - | 5,000 | 24,123 | (29,123) |
| Expected Investment Income | - | 31,092 | - | (31,092) |
| Changes in Benefit Terms | - | - | - | - |
| Changes in Assumptions | - | - | - | - |
| Benefit payments | (24,123) | - | (24,123) | - |
| Administrative expense | - | (3,043) | - | 3,043 |
| Net Changes | (575) | 80,953 | - | (81,528) |
| Balances as of 6/30/24 | \$ 407,137 | \$ 599,158 | \$ - | \$ (192,021) |

Sensitivity of the Total OPEB Liability to changes in the Discount Rate

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.00 percent) or one percentage point higher (6.00 percent) than the current discount rate:

| | 1% Decrease | Current Rate | 1% Increase |
|----------------------------|--------------|--------------|--------------|
| Interest Rate | 5.00% | 6.00% | 7.00% |
| Net OPEB Liability (Asset) | \$ (142,179) | \$ (192,021) | \$ (227,078) |

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2024, the Department had OPEB expense of (\$31,348). At June 30, 2024, the Department had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF GALLATIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | 10,477 | 16,278 |
| Change of assumptions | 30,480 | 156,706 |
| Difference between expected and actual earnings on pension plan investments | - | 59,607 |
| Totals to be amortized | 40,957 | 232,591 |
| Contributions made subsequent to the measurement | - | - |
| Total | 40,957 | 232,591 |

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

| Year ended June 30: | | |
|---------------------|----------|--|
| 2025 | (27,900) | |
| 2026 | (29,172) | |
| 2027 | (46,853) | |
| 2028 | (26,608) | |
| 2029 | (13,957) | |
| Thereafter | (47,144) | |

G. Defined Contribution Plan

Gallatin Department of Electricity

Plan Description

The Electric Department entered into an agreement with the State of Tennessee to participate in the State of Tennessee Deferred Compensation Plan II – 401(k) Defined Contribution Plan with a ROTH option effective March 1, 2016. The Plan will be administered by the Treasurer for the State of Tennessee which has an agreement with Empower Retirement for the enrollment, deferrals, advisory services and many other administrative aspects. The Plan assets are not held by the Department and the Department does not exercise a trustee responsibility over such assets. This will be the only plan offered to employees hired after March 1, 2016 and will also be available to those employees hired before March 1, 2016 on a voluntary basis.

Funding Policy

The Plan allows employees to make tax deferred contributions into self-directed investments as much as allowable under the Internal Revenue Code. For employees hired after March 1, 2016, the Department will match 200% of Participant elective deferrals of up to 5% of Compensation. The vested interest of each participant, with respect to matching contributions, will be as follows:

- 20% after one year of service
- 40% after two years of service
- 60% after three years of service
- 80% after four years of service
- 100% after five years of service

CITY OF GALLATIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Any forfeitures will be used first to reduce the employer's matching contributions and then to offset plan expenses. As of June 30, 2025, there have been four forfeitures amounting to \$9,340. For employees hired before March 1, 2016, they can make elective deferrals into the plan with no matching contribution from the Department.

Annual Cost

The Department's maximum contribution to the Plan is defined as up to 10% of an eligible employee's annual compensation. The Department contributed \$213,184 on behalf of the eligible employees during the fiscal year ended June 30, 2025. There were no outstanding contributions at June 30, 2025.

NOTE 6 – RECLASSIFICATION OF PRIOR YEAR BALANCES

As of fiscal year, ended June 30, 2025, the following reclassifications were made to the June 30, 2024 presented balances for consistency in reporting and compliance with reporting requirements (implementation for GASB statement No. 101, compensated absences).

| Reporting Units Affected by Adjustments to and Restatements of Beginning Balances | | | |
|--|-----------------------------|---|--|
| <u>Fund-level</u> | | | |
| | <u>Electric Fund</u> | <u>Business- type Activities</u> | |
| June 30, 2024, as previously reported | \$ 57,690,282 | \$ 244,507,798 | |
| Reclassification of prior year balances | (303,914) | (303,914) | |
| June 30, 2024, as restated | <u>\$ 57,386,368</u> | <u>\$ 244,203,884</u> | |

NOTE 7 – SUBSEQUENT EVENTS

The Water & Sewer fund issued a bond in the amount of \$28,990,000 for ongoing infrastructure improvements after year end. Management has evaluated subsequent events through December 22, 2025, the date through which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY
AND RELATED RATIOS - Public Employee Hybrid Pension Plan of the TCRS
June 30, 2025

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Pension Liability | | | | | | |
| Service Cost | \$ 1,061,883 | \$ 915,613 | \$ 778,219 | \$ 666,354 | \$ 575,836 | \$ - |
| Interest | 380,931 | 276,804 | 195,733 | 137,048 | 72,620 | - |
| Changes of benefit terms | - | - | - | - | - | 426,349 |
| Differences between expected & actual experience | 429,864 | 260,898 | 136,142 | (52,390) | 153,571 | - |
| Changes of assumptions | - | - | - | 169,586 | - | - |
| Benefit payments / refunds | (59,372) | (54,569) | (38,297) | (7,761) | - | (536) |
| Net change in Total Pension Liability | 1,813,306 | 1,398,746 | 1,071,797 | 912,837 | 802,027 | 425,813 |
| Total Pension Liability - beginning | 4,611,220 | 3,212,474 | 2,140,677 | 1,227,840 | 425,813 | - |
| Total Pension Liability - ending (a) | \$ 6,424,526 | \$ 4,611,220 | \$ 3,212,474 | \$ 2,140,677 | \$ 1,227,840 | \$ 425,813 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - employer | \$ 456,098 | \$ 374,974 | \$ 247,676 | \$ 190,332 | \$ 170,527 | \$ 107,409 |
| Contributions - employee | 927,031 | 774,741 | 648,370 | 556,528 | 513,637 | 323,520 |
| Net investment income | 481,834 | 235,905 | (101,596) | 385,616 | 37,963 | 15,540 |
| Benefit payments / refunds | (59,372) | (54,569) | (38,297) | (7,761) | - | (536) |
| Administrative expense | (21,784) | (16,668) | (25,361) | (21,022) | (19,265) | (13,018) |
| Other | - | - | - | - | - | - |
| Net change in fiduciary net position | 1,783,807 | 1,314,383 | 730,792 | 1,103,693 | 702,862 | 432,915 |
| Plan fiduciary net position - beginning | 4,284,645 | 2,970,262 | 2,239,470 | 1,135,777 | 432,915 | - |
| Plan fiduciary net position - ending (b) | \$ 6,068,452 | \$ 4,284,645 | \$ 2,970,262 | \$ 2,239,470 | \$ 1,135,777 | \$ 432,915 |
| Plan's net pension liability - ending (a) - (b) | \$ 356,074 | \$ 326,575 | \$ 242,212 | \$ (98,793) | \$ 92,063 | \$ (7,102) |
| Plan's fiduciary net position as a percentage of the total pension liability | 94.46% | 92.92% | 92.46% | 104.62% | 92.50% | 101.67% |
| Covered-employee payroll | \$ 18,540,581 | \$ 15,494,771 | \$ 12,967,349 | \$ 11,130,541 | \$ 10,274,439 | \$ 6,470,377 |
| Plan's net pension liability as a percentage of covered-employee payroll | 1.92% | 2.11% | 1.87% | -0.89% | 0.90% | -0.11% |

GASB 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 represented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

CITY OF GALLATIN, TENNESSEE

SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE HYBRID PENSION PLAN OF THE TCRS

Last Ten Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|------------|------------|------------|------------|------------|------------|------------|
| Actuarially determined contributions | \$ 559,320 | \$ 456,098 | \$ 374,974 | \$ 247,676 | \$ 190,332 | \$ 170,527 | \$ 107,409 |
| Contributions in relation to actuarially determined contribution | 559,320 | 456,098 | 374,974 | 247,676 | 190,332 | 170,527 | 107,409 |
| Contribution deficiency (excess) | <hr/> |
| Covered-employee payroll | 22,553,216 | 18,540,581 | 15,494,771 | 12,962,273 | 1,991,942 | 10,274,439 | 6,470,377 |
| Contributions as a percentage of covered payroll | 2.48% | 2.46% | 2.42% | 1.91% | 9.56% | 1.66% | 1.66% |

GASB 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 represented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Notes to Schedule

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

A statute governing this plan requires the City contribute a minimum of 4 percent to the plan with the excess contribution being made to a Pension Stabilization Reserve Trust. In the current year 1.52% (\$212,541) of covered employer player was contributed to the plan.

Actuarial Methods & Assumptions

Methods and assumptions used to determine contribution rates:

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

Change of Assumptions:

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

See independent auditor's report.

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY
AND RELATED RATIOS - ELECTRIC DEPARTMENT
June 30, 2025

| Total Pension Liability | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|----------------|---------------|---------------|----------------|---------------|---------------|---------------|--------------|--------------|
| Service Cost | \$ 278,762 | \$ 217,864 | \$ 278,762 | \$ 217,805 | \$ 254,942 | \$ 255,677 | \$ 183,037 | \$ 185,023 | \$ 177,907 | \$ 165,004 |
| Interest | 824,733 | 823,134 | 815,830 | 817,982 | 794,550 | 771,299 | 723,598 | 691,268 | 685,170 | 659,028 |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - | - |
| Differences between expected & actual experience | 1,599,331 | - | (226,475) | - | 26,471 | (1) | 324,343 | 115,214 | (295,965) | - |
| Changes of assumptions | - | (371,717) | - | 1,467,410 | (45,689) | (38,813) | (28,647) | - | - | (468,590) |
| Benefit payments / refunds | (712,522) | (694,782) | (676,444) | (627,700) | (688,070) | (623,543) | (564,525) | (492,024) | (482,369) | (445,233) |
| Net change in Total Pension Liability | 1,990,304 | (25,501) | 191,673 | 1,875,497 | 342,204 | 364,619 | 637,806 | 499,481 | 84,743 | (89,791) |
| Total Pension Liability - beginning | 13,817,867 | 13,843,368 | 13,651,695 | 11,776,198 | 11,433,994 | 11,069,375 | 10,431,569 | 9,932,088 | 9,847,345 | 9,937,136 |
| Total Pension Liability - ending (a) | \$ 15,808,171 | \$ 13,817,867 | \$ 13,843,368 | \$ 13,651,695 | \$ 11,776,198 | \$ 11,433,994 | \$ 11,069,375 | \$ 10,431,569 | \$ 9,932,088 | \$ 9,847,345 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions - Employer | \$ 145,270 | \$ 310,000 | \$ 600,000 | \$ 600,000 | \$ 750,000 | \$ 1,050,000 | \$ 1,200,000 | \$ 800,000 | \$ 1,040,000 | \$ 666,994 |
| Contributions - Member | 67,395 | 64,740 | 59,389 | 59,943 | 59,095 | 59,546 | 61,115 | 62,396 | 62,487 | 65,855 |
| Net investment income | 1,639,928 | 2,318,844 | 1,382,708 | (1,415,589) | 3,077,505 | 408,674 | 685,759 | 610,970 | 663,332 | 185,887 |
| Benefit payments / refunds | (712,522) | (694,782) | (676,444) | (627,700) | (688,070) | (623,543) | (564,525) | (492,024) | (482,369) | (445,233) |
| Administrative expense | (90,178) | (83,463) | (73,087) | (77,846) | (72,959) | (57,274) | (49,663) | (45,318) | (39,030) | (34,134) |
| Net change in fiduciary net position | 1,049,893 | 1,915,339 | 1,292,566 | (1,461,192) | 3,125,571 | 837,403 | 1,332,686 | 936,024 | 1,244,420 | 439,369 |
| Plan fiduciary net position - beginning | 16,353,922 | 14,438,583 | 13,146,017 | 14,607,209 | 11,481,638 | 10,644,235 | 9,311,549 | 8,375,525 | 7,131,105 | 6,691,736 |
| Plan fiduciary net position - ending (b) | \$ 17,403,815 | \$ 16,353,922 | \$ 14,438,583 | \$ 13,146,017 | \$ 14,607,209 | \$ 11,481,638 | \$ 10,644,235 | \$ 9,311,549 | \$ 8,375,525 | \$ 7,131,105 |
| Plan's net pension liability - ending (a) - (b) | \$ (1,595,644) | \$ (2,536,055) | \$ (595,215) | \$ 505,678 | \$ (2,831,011) | \$ (47,644) | \$ 425,140 | \$ 1,120,020 | \$ 1,556,563 | \$ 2,716,240 |
| Plan's fiduciary net position as a percentage of the total pension liability | 110.09% | 118.35% | 104.30% | 96.30% | 124.04% | 100.42% | 96.16% | 89.26% | 84.33% | 72.42% |
| Covered-employee payroll | \$ 1,940,464 | \$ 1,945,783 | \$ 1,945,783 | \$ 1,991,942 | \$ 1,991,942 | \$ 2,085,475 | \$ 2,085,475 | \$ 1,958,148 | \$ 2,043,550 | \$ 2,030,845 |
| Plan's net pension liability as a percentage of covered-employee payroll | -82.23% | -130.34% | -30.59% | 25.39% | -142.12% | -2.28% | 20.39% | 57.20% | 76.17% | 133.75% |

GASB requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
ELECTRIC DEPARTMENT
June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------|------------|------------|------------|------------|-------------|------------|------------|------------|------------|
| Actuarially determined contributions | \$ 145,270 | \$ 211,462 | \$ 211,462 | \$ 200,921 | \$ 332,078 | \$ 342,422 | \$ 342,422 | \$ 417,159 | \$ 417,159 | \$ 385,256 |
| Contributions in relation to actuarially determined contribution | 145,270 | 310,000 | 600,000 | 600,000 | 750,000 | 1,500,000 | 1,200,000 | 800,000 | 1,040,000 | 666,994 |
| Contribution deficiency (excess) | - | (98,538) | (388,538) | (399,079) | (417,922) | (1,157,578) | (857,578) | (382,841) | (622,841) | (281,738) |
| Covered-employee payroll | 1,940,464 | 1,945,783 | 1,945,783 | 1,991,942 | 1,991,942 | 2,085,475 | 2,085,475 | 1,958,148 | 2,043,550 | 2,030,845 |
| Contributions as a percentage of covered payroll | 7.49% | 15.93% | 30.84% | 30.12% | 37.65% | 71.93% | 57.54% | 40.85% | 50.89% | 32.84% |

GASB 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 represented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Notes to Schedule

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Methods & Assumptions

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry Age Normal Level Dollar % of Salary |
| Amortization method | The amortization policy shall be that the UAAL, as of July 1, 2014 and any changes thereafter as a result of change in assumptions or methods or benefit or plan changes, shall be amortized over a fixed period of 30 years beginning July 1, 2014. The amortization period for experience gains and losses shall be 10 years from the date of the actuarial valuation. |
| Remaining amortization period | Initial Amortization Period: 30 years as of 2014 |
| Asset valuation method | Market Value of Plan Assets |
| Cost of living increases | 1.50% |
| Salary increases | 4.00% |
| Investment rate of return | 6.00% |
| Retirement age | 65 |
| Mortality | SOA RP-2014 Total Dataset Mortality with Scale MP-2021 |
| Disabled Mortality | 1965 Railroad Board Disability Annuity Mortality |

Schedule of Investment Returns

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-------|--------|-------|---------|--------|-------|-------|-------|-------|-------|
| Annual money-weighted rate of return, net of investment expense | 9.93% | 15.58% | 9.97% | -10.54% | 26.42% | 3.84% | 7.09% | 7.11% | 9.04% | 1.75% |

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - ELECTRIC
June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB liability | | | | | | | | | |
| Service cost | \$ 5,505 | \$ 5,157 | \$ 10,377 | \$ 6,359 | \$ 9,116 | \$ 6,250 | \$ 6,485 | \$ 7,587 | \$ 9,220 |
| Interest | 24,155 | 24,059 | 18,974 | 13,500 | 13,904 | 18,985 | 18,085 | 16,911 | 14,641 |
| Changes of benefit terms | - | - | 11,914 | - | - | - | - | - | - |
| Differences between expected and actual experience | (2,984) | (5,668) | (10,450) | (1,985) | (4,878) | 34,352 | - | 7,940 | 3,563 |
| Changes of assumptions or other inputs | - | - | (128,160) | (98,281) | 4,124 | 89,394 | 22,113 | (16,731) | (46,674) |
| Benefit payments | (24,659) | (24,123) | (21,933) | (22,848) | (23,975) | (20,354) | (15,783) | (15,914) | (25,113) |
| Net change in total OPEB liability | 2,017 | (575) | (119,278) | (103,255) | (1,709) | 128,627 | 30,900 | (207) | (44,363) |
| Total OPEB liability - beginning | 407,137 | 407,712 | 526,990 | 630,245 | 631,954 | 503,327 | 472,427 | 472,634 | 516,997 |
| Total OPEB liability - ending | \$ 409,154 | \$ 407,137 | \$ 407,712 | \$ 526,990 | \$ 630,245 | \$ 631,954 | \$ 503,327 | \$ 472,427 | \$ 472,634 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Employer Contributions | \$ - | \$ 5,000 | \$ 485,000 | | | | | | |
| Expected Investment Income | 35,949 | 31,092 | - | | | | | | |
| Differences between expected and actual experience | 26,953 | 47,903 | 35,474 | | | | | | |
| Benefit payments | (24,659) | - | - | | | | | | |
| Administration expenses | (3,349) | (3,042) | (2,269) | | | | | | |
| Net Changes in Plan Fiduciary Net Position | 34,894 | 80,953 | 518,205 | | | | | | |
| Total OPEB liability - beginning | 599,158 | 518,205 | - | | | | | | |
| Total OPEB liability - ending | \$ 634,052 | \$ 599,158 | \$ 518,205 | | | | | | |
| Net OPEB Liability - Ending | \$ (224,898) | \$ (192,021) | \$ (110,493) | | | | | | |
| Plan Fiduciary Net Position as a percentage of the Total OPEB Liability | 154.97% | 147.16% | 127.10% | | | | | | |
| Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net OPEB Liability as a percentage of Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

See independent auditor's report.

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - ELECTRIC
June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------------------------|---|---|---|---|---|---|---|---|---|
| Notes: | | | | | | | | | |
| Plan changes: Eligibility | None | None | | None | None | None | None | None | None |
| | | | Employees hired after March 1, 2016 are eligible | | | | | | |
| Age & Service | Age 55 and 20 years of service | Age 55 and 20 years of service | Age 55 and 20 years of service | | | | | | |
| Assumption Changes: | | | | | | | | | |
| Discount Rate | 6.00% | 6.00% | 6.00% | 3.54% | 2.16% | 2.21% | 3.50% | 3.87% | 3.58% |
| Mortality Table | RPH-2014 Headcount- weighted Total Dataset Table with Projection Scale MP-2021 | RPH-2014 Headcount- weighted Total Dataset Table with Projection Scale MP-2021 | RPH-2014 Headcount- weighted Total Dataset Table with Projection Scale MP-2021 | RPH-2014 Headcount- weighted Total Dataset Table with Projection Scale MP-2020 | RPH-2014 Headcount- weighted Total Dataset Table with Projection Scale MP-2020 | RPH-2014 Headcount- weighted Total Dataset Table with Projection Scale MP-2020 | RPH-2014 Dataset Table with Projection Scale MP-2016 | RPH-2014 Dataset Table with Projection Scale MP-2016 | RPH-2014 Dataset Table with Projection Scale MP-2016 |

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF CONTRIBUTIONS - OPEB PLAN
LAST TEN FISCAL YEARS
ELECTRIC DEPARTMENT

June 30, 2025

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------------|--------------------|
| Actuarially determined contributions | \$ - | \$ 27,850 | \$ 27,266 |
| Contributions in relation to actuarially determined contribution | - <hr/> | (29,123) <hr/> | (509,933) <hr/> |
| Contribution deficiency (excess) | - <hr/> | (1,273) <hr/> | (482,667) <hr/> |
| Covered-employee payroll | N/A | N/A | N/A |
| Contributions as a percentage of covered payroll | N/A | N/A | N/A |

Actuarial Methods & Assumptions

Methods and assumptions used to determine contribution rates:

| | 28 years | 29 years | 30 years |
|-------------------------------|--------------------|--------------------|--------------------|
| Remaining amortization period | 6.00% | 6.00% | 6.00% |
| Investment rate of return | RPH-2014 | RPH-2014 | RPH-2014 |
| Mortality | Headcount-weighted | Headcount-weighted | Headcount-weighted |
| | Total | Total | Total |
| | Dataset | Dataset | Dataset |
| | Table with | Table with | Table with |
| | Projection | Projection | Projection |
| | Scale MP-2021 | Scale MP-2021 | Scale MP-2021 |

See independent auditor's report.

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS
OPEB PLAN - ELECTRIC DEPARTMENT
June 30, 2025

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 10.53% | 9.94% | 6.56% |

CITY OF GALLATIN, TENNESSEE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2025

| | Special Revenue Funds | | | | Permanent Funds | | | |
|--|-----------------------|-------------------|------------------------|---------------------|--------------------|------------------|----------------------|--|
| | Special Services | Drug | Environmental Services | Stormwater | Thomas Witherspoon | Cemetery Trust | Totals | |
| | | | | | | | | |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 2,635,099 | \$ 174,361 | \$ 3,506,263 | \$ 4,372,626 | \$ 354,417 | \$ 19,330 | \$ 11,062,096 | |
| Investments | - | - | - | - | - | 21,025 | 21,025 | |
| TCRS Stabilization | - | - | 52,987 | 43,277 | - | - | 96,264 | |
| Receivables: | | | | | | | | |
| Accounts | - | - | 282,459 | 133,425 | - | - | 415,884 | |
| Interest | - | - | - | - | 4,782 | 1 | 4,783 | |
| Other | - | - | - | - | 107,031 | - | 107,031 | |
| Inventory | - | - | 34,095 | - | - | - | 34,095 | |
| Total assets | \$ 2,635,099 | \$ 174,361 | \$ 3,875,804 | \$ 4,549,328 | \$ 466,230 | \$ 40,356 | \$ 11,741,178 | |
| Liabilities, deferred inflows of resources, and fund balances | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 864,322 | \$ 26,858 | \$ - | \$ - | \$ 891,180 | |
| Unearned evidence funds | 179,338 | - | - | - | - | - | 179,338 | |
| Performance deposits | 2,407,730 | - | - | - | - | - | 2,407,730 | |
| Total liabilities | 2,587,068 | - | 864,322 | 26,858 | - | - | 3,478,248 | |
| Fund balances | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Funds held in trust | - | - | - | - | 15,000 | 21,025 | 36,025 | |
| Inventory | - | - | 34,095 | - | - | - | 34,095 | |
| Restricted: | | | | | | | | |
| Funds held in trust | - | - | - | - | 451,230 | - | 451,230 | |
| TCRS Stabilization | - | - | 52,987 | 43,277 | - | - | 96,264 | |
| Environmental services | - | - | 2,924,400 | - | - | - | 2,924,400 | |
| Drug enforcement | - | 174,361 | - | - | - | - | 174,361 | |
| Stormwater | - | - | - | 4,479,193 | - | - | 4,479,193 | |
| Assigned for: | | | | | | | | |
| Police special projects | 48,031 | - | - | - | - | - | 48,031 | |
| Cemetery use | - | - | - | - | - | 19,331 | 19,331 | |
| Total fund balances | 48,031 | 174,361 | 3,011,482 | 4,522,470 | 466,230 | 40,356 | 8,262,930 | |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 2,635,099 | \$ 174,361 | \$ 3,875,804 | \$ 4,549,328 | \$ 466,230 | \$ 40,356 | \$ 11,741,178 | |

See independent auditor's report.

CITY OF GALLATIN, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2025

| | Special Revenue Funds | | | | Permanent Funds | | | Totals |
|--|-------------------------|--------------------------|----------------------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------------------|
| | Special Services | Drug | Environmental Services | Stormwater | Thomas Witherspoon | Cemetery Trust | | |
| Revenues | | | | | | | | |
| Charges for services | \$ - | \$ - | \$ 3,549,611 | \$ 2,085,770 | \$ - | \$ - | \$ 5,635,381 | |
| Fines and forfeitures | 4,500 | 87,168 | - | - | - | - | - | 91,668 |
| Donations | 69,926 | - | - | - | - | - | - | 69,926 |
| Other | 36 | 55,546 | 101,472 | 382,645 | - | 551 | - | 540,250 |
| Total revenues | <u>74,462</u> | <u>142,714</u> | <u>3,651,083</u> | <u>2,468,415</u> | <u>-</u> | <u>551</u> | <u>-</u> | <u>6,337,225</u> |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| Public safety | 65,208 | 84,195 | - | - | - | - | - | 149,403 |
| Environmental services | - | - | 2,734,042 | 1,221,462 | - | - | - | 3,955,504 |
| Repair and maintenance | - | - | - | - | - | 250 | 250 | |
| Capital outlay | - | 15,000 | 735,293 | 1,088,025 | 617 | - | - | 1,838,935 |
| Total expenditures | <u>65,208</u> | <u>99,195</u> | <u>3,469,335</u> | <u>2,309,487</u> | <u>617</u> | <u>250</u> | <u>-</u> | <u>5,944,092</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>9,254</u> | <u>43,519</u> | <u>181,748</u> | <u>158,928</u> | <u>(617)</u> | <u>301</u> | <u>-</u> | <u>393,133</u> |
| Other financing sources (uses) | | | | | | | | |
| Transfers to/from other funds | - | - | - | 150,000 | - | - | - | 150,000 |
| Total other financing sources (uses) | - | - | - | 150,000 | - | - | - | 150,000 |
| Net changes in fund balances | <u>9,254</u> | <u>43,519</u> | <u>181,748</u> | <u>308,928</u> | <u>(617)</u> | <u>301</u> | <u>-</u> | <u>543,133</u> |
| Fund balance - beginning | 38,777 | 130,842 | 2,829,734 | 4,213,542 | 466,847 | 40,055 | - | 7,719,797 |
| Fund balance - ending | <u>\$ 48,031</u> | <u>\$ 174,361</u> | <u>\$ 3,011,482</u> | <u>\$ 4,522,470</u> | <u>\$ 466,230</u> | <u>\$ 40,356</u> | <u>\$ 8,262,930</u> | |

See *independent auditor's report.*

SUPPLEMENTARY INFORMATION SECTION

CITY OF GALLATIN, TENNESSEE
SPECIAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance with Final Budget Over (Under) | |
|------------------------------------|-------------------------|---------------|------------------|--|--|
| | Original | Final | Actual | | |
| | Revenues | | | | |
| Fines and forfeitures: | | | | | |
| Sex offender registry | \$ 5,000 | \$ 5,000 | \$ 4,500 | \$ (500) | |
| Other: | | | | | |
| Donations | 65,000 | 65,000 | 69,926 | 4,926 | |
| Interest | - | - | 36 | 36 | |
| Total revenues | <u>70,000</u> | <u>70,000</u> | <u>74,462</u> | <u>4,462</u> | |
| Expenditures | | | | | |
| Public safety: | | | | | |
| Police: | | | | | |
| Current: | | | | | |
| Office supplies | 5,000 | 5,000 | 784 | (4,216) | |
| Grants and donations | <u>65,000</u> | <u>65,000</u> | <u>64,424</u> | <u>(576)</u> | |
| Total expenditures | <u>70,000</u> | <u>70,000</u> | <u>65,208</u> | <u>(4,792)</u> | |
| Net changes in fund balance | \$ - | \$ - | 9,254 | \$ 9,254 | |
| Fund balance - beginning | | | <u>38,777</u> | | |
| Fund balance - ending | | | <u>\$ 48,031</u> | | |

See *independent auditor's report.*

CITY OF GALLATIN, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance with Final Budget Over (Under) | |
|------------------------------------|-------------------------|--------------------|------------------|--|------------------|
| | Original | Final | Actual | | |
| | | | | | |
| Revenues | | | | | |
| Fines and forfeitures | \$ 50,000 | \$ 50,000 | \$ 87,168 | \$ 37,168 | |
| Contributions | - | 7,500 | 7,500 | | - |
| Sale of equipment | - | 25,000 | 48,046 | | 23,046 |
| Total revenues | <u>50,000</u> | <u>82,500</u> | <u>142,714</u> | | <u>60,214</u> |
| Expenditures | | | | | |
| Public safety: | | | | | |
| Police: | | | | | |
| Current: | | | | | |
| Supplies | 40,000 | 71,170 | 58,914 | | (12,256) |
| Transportation equipment | 35,000 | 35,000 | 25,281 | | (9,719) |
| Capital Outlay | - | 7,500 | 15,000 | | 7,500 |
| Total expenditures | <u>75,000</u> | <u>113,670</u> | <u>99,195</u> | | <u>(14,475)</u> |
| Net changes in fund balance | \$ (25,000) | \$ (31,170) | \$ 43,519 | | \$ 74,689 |
| Fund balance - beginning | | | | 130,842 | |
| Fund balance - ending | | | | <u>\$ 174,361</u> | |

See *independent auditor's report.*

CITY OF GALLATIN, TENNESSEE
ENVIRONMENTAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|---|-------------------------|---------------------|---------------------|--|
| | Original | Final | Actual | |
| | | | | |
| Revenues | | | | |
| Charges for services | \$ 3,325,000 | \$ 3,325,000 | \$ 3,549,611 | \$ 224,611 |
| Other: | | | | |
| Sale of supplies | 60,000 | 60,000 | 84,388 | 24,388 |
| Miscellaneous | - | 9,832 | 17,084 | 7,252 |
| Total revenues | <u>3,385,000</u> | <u>3,394,832</u> | <u>3,651,083</u> | <u>256,251</u> |
| Expenditures | | | | |
| Environmental services: | | | | |
| Current: | | | | |
| Salaries | 965,242 | 965,242 | 934,886 | (30,356) |
| Employee benefits and taxes | 401,009 | 401,009 | 345,848 | (55,161) |
| Insurance | 42,560 | 42,560 | 39,193 | (3,367) |
| Utilities | 20,731 | 20,731 | 19,518 | (1,213) |
| Repairs and maintenance | 104,500 | 114,332 | 134,941 | 20,609 |
| Other contractual services | 1,007,365 | 1,007,365 | 926,894 | (80,471) |
| Supplies | 16,500 | 16,500 | 11,627 | (4,873) |
| Gas, oil, diesel, etc. | 165,000 | 165,000 | 104,524 | (60,476) |
| Supplies for resale | 100,000 | 100,000 | 74,608 | (25,392) |
| Natural materials | 100,000 | 100,000 | 45,688 | (54,312) |
| Professional services | 94,112 | 94,112 | 94,113 | 1 |
| Miscellaneous | 3,700 | 3,700 | 2,202 | (1,498) |
| Capital outlay | <u>710,000</u> | <u>1,031,906</u> | <u>735,293</u> | <u>(296,613)</u> |
| Total expenditures | <u>3,730,719</u> | <u>4,062,457</u> | <u>3,469,335</u> | <u>(593,122)</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>(345,719)</u> | <u>(667,625)</u> | <u>181,748</u> | <u>849,373</u> |
| Other financing sources (uses) | | | | |
| Transfers out | <u>(50,000)</u> | <u>(50,000)</u> | <u>-</u> | <u>50,000</u> |
| Total other financing sources (uses) | <u>(50,000)</u> | <u>(50,000)</u> | <u>-</u> | <u>50,000</u> |
| Net changes in fund balance | \$ (395,719) | \$ (717,625) | \$ 181,748 | \$ 899,373 |
| Fund balance - beginning | | | <u>2,829,734</u> | |
| Fund balance - ending | | | <u>\$ 3,011,482</u> | |

See *independent auditor's report*.

CITY OF GALLATIN, TENNESSEE
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|---|-------------------------|-----------------------|---------------------|--|
| | Original | Final | Actual | |
| | | | | |
| Revenues | | | | |
| Charges for services | \$ 2,000,000 | \$ 2,000,000 | \$ 2,085,770 | \$ 85,770 |
| Other: | | | | |
| Miscellaneous | - | - | 382,645 | 382,645 |
| Total revenues | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,468,415</u> | <u>468,415</u> |
| Expenditures | | | | |
| Environmental services: | | | | |
| Current: | | | | |
| Salaries | 860,419 | 860,419 | 695,949 | (164,470) |
| Employee benefits and taxes | 333,549 | 333,549 | 222,708 | (110,841) |
| Insurance | 43,750 | 43,750 | 27,317 | (16,433) |
| Printing and publications | 12,850 | 12,850 | 6,943 | (5,907) |
| Utilities | 7,700 | 7,700 | 7,495 | (205) |
| Repairs and maintenance | 19,000 | 19,000 | 24,716 | 5,716 |
| Other contractual services | 203,401 | 286,695 | 126,720 | (159,975) |
| Supplies | 15,700 | 22,230 | 22,215 | (15) |
| Gas, oil, diesel, etc. | 27,250 | 27,250 | 19,315 | (7,935) |
| Professional services | 253,101 | 253,101 | 22,426 | (230,675) |
| Miscellaneous | 49,213 | 49,213 | 45,658 | (3,555) |
| Capital outlay | <u>755,500</u> | <u>3,036,110</u> | <u>1,088,025</u> | <u>(1,948,085)</u> |
| Total expenditures | <u>2,581,433</u> | <u>4,951,867</u> | <u>2,309,487</u> | <u>(2,642,380)</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>(581,433)</u> | <u>(2,951,867)</u> | <u>158,928</u> | <u>3,110,795</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | 150,000 | 150,000 | - |
| Total other financing sources (uses) | - | 150,000 | 150,000 | - |
| Net changes in fund balance | \$ (581,433) | \$ (2,801,867) | \$ 308,928 | \$ 3,110,795 |
| Fund balance - beginning | | | 4,213,542 | |
| Fund balance - ending | | | <u>\$ 4,522,470</u> | |

See *independent auditor's report.*

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2025

| Tax Levy for Year | Tax Rate | Tax Levy | Beginning Outstanding Taxes | Additions and Adjustments | Collections | Ending Outstanding Taxes | Outstanding Taxes Being Collected by Chancery Court |
|-------------------|----------|---------------|-----------------------------|---------------------------|---------------|--------------------------|---|
| 2024 | 0.53 | \$ 15,545,873 | \$ - | \$ 15,523,511 | \$ 15,205,497 | \$ 318,014 | \$ - |
| 2023 | 0.80 | 14,640,029 | 335,341 | 25,413 | 174,154 | 186,600 | 186,600 |
| 2022 | 0.80 | 14,038,125 | 88,789 | 50,691 | 30,721 | 108,759 | 108,759 |
| 2021 | 0.80 | 12,917,234 | 35,579 | 1,729 | 14,474 | 22,834 | 22,834 |
| 2020 | 0.80 | 12,158,928 | 50,849 | 245 | 8,101 | 42,993 | 42,993 |
| 2019 | 0.80 | 11,039,008 | 26,985 | - | 5,425 | 21,560 | 21,560 |
| 2018 | 0.99 | 10,746,934 | 31,220 | - | 6,678 | 24,542 | 24,542 |
| 2017 | 0.99 | 10,527,443 | 24,600 | - | 4,944 | 19,656 | 19,656 |
| 2016 | 0.99 | 10,203,336 | 17,052 | - | 720 | 16,332 | 16,332 |
| 2015 | 0.99 | 9,610,477 | 21,568 | - | 1,545 | 20,023 | 20,023 |
| | | | \$ 631,983 | \$ 15,601,589 | \$ 15,452,259 | \$ 781,313 | \$ 463,299 |

Above balances represented as follows:

| | |
|--------------------------------------|----------------------|
| Considered current revenue | - |
| Allowance for uncollectible accounts | 117,925 |
| Unavailable revenue | 663,388 |
| | 781,313 |
| 2025 property tax assessment | 17,569,317 |
| Total taxes receivable | \$ 18,350,630 |

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF ELECTRIC RATES IN FORCE
June 30, 2025

Residential Rate Schedule:

| | |
|--|----------|
| Customer charge - per delivery point per month | \$ 22.61 |
| Energy charge - cents per kWh | 0.10986 |

General Power Schedule:

| | |
|--|----------|
| GSA (Demand 0-5,000 kW demand) | |
| Customer charge - per delivery point per month | \$ 25.60 |

| | |
|---|---------|
| 1. Less than 50kW demand and not more than 15,000 kWh | |
| Energy charge - cents per kWh | 0.12252 |

| | |
|---|----------|
| 2. Between 51 and 1,000 kW demand with energy usage over 15,000 kWh | |
| Customer charge - per delivery point per month | \$ 75.00 |

| | |
|-----------------------------------|---|
| Demand charges - per kW per month | |
| 0-50 kW | - |

| | |
|----------------------------------|-------|
| More than 50 to 1,000 kW, per kW | 11.65 |
|----------------------------------|-------|

| | |
|-------------------------------|---------|
| Energy charge - cents per kWh | |
| First 15,000 kWh per month | 0.11699 |

| | |
|--------------------------|---------|
| Additional kWh per month | 0.08335 |
|--------------------------|---------|

| | |
|--|-----------|
| 3. Between 1,001 and 5,000 kW demand | |
| Customer charge - per delivery point per month | \$ 215.00 |

| | |
|-----------------------------------|-------|
| Demand charges - per kW per month | |
| 0-1,000 kW, per kW | 11.74 |

| | |
|-------------------------------------|-------|
| More than 1,000 to 5,000 kW, per kW | 16.32 |
|-------------------------------------|-------|

| | |
|-------------------------------|---------|
| Energy charge - cents per kWh | 0.08332 |
|-------------------------------|---------|

| | |
|--|-------------|
| GSB (5,001 - 15,000 kW demand) | |
| Customer charge - per delivery point per month | \$ 1,500.00 |

| | |
|-----------------------------------|-------|
| Demand charges - per kW per month | |
| Onpeak demand - per kW per month | 11.95 |

| | |
|-------------------------------|------|
| Max Demand - per kW per month | 5.58 |
|-------------------------------|------|

| | |
|--|-------|
| Offpeak Excess of Contract Demand - per kW per month | 11.95 |
|--|-------|

| | |
|----------------|---------|
| Energy charge: | |
| Onpeak kWh | 0.09758 |

| | |
|---------------------------|---------|
| Offpeak kWh First 200 HUD | 0.07017 |
|---------------------------|---------|

| | |
|--------------------------|---------|
| Offpeak kWh Next 200 HUD | 0.03215 |
|--------------------------|---------|

| | |
|----------------|---------|
| Additional HUD | 0.02839 |
|----------------|---------|

| | |
|--|-------------|
| MSB | |
| Customer charge - per delivery point per month | \$ 1,500.00 |

| | |
|-----------------------------------|-------|
| Demand charges - per kW per month | |
| Onpeak demand - per kW per month | 11.27 |

| | |
|-------------------------------|------|
| Max Demand - per kW per month | 2.33 |
|-------------------------------|------|

| | |
|--|-------|
| Offpeak Excess of Contract Demand - per kW per month | 11.27 |
|--|-------|

| | |
|-------------------------------|---------|
| Energy charge - cents per kWh | |
| Onpeak kWh | 0.08975 |

| | |
|---------------------------|---------|
| Offpeak kWh First 200 HUD | 0.06225 |
|---------------------------|---------|

| | |
|--------------------------|---------|
| Offpeak kWh Next 200 HUD | 0.02961 |
|--------------------------|---------|

| | |
|----------------|---------|
| Additional HUD | 0.02680 |
|----------------|---------|

See independent auditor's report.

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF ELECTRIC RATES IN FORCE
June 30, 2025

General Power Schedule (Continued):

| | | |
|--|----|----------|
| MSD (Demand over 25,000 kW) | | |
| Customer charge - per delivery point per month | \$ | 1,500.00 |
| Demand charges - per kW per month | | |
| Onpeak demand - per kW per month | | 11.27 |
| Max Demand - per kW per month | | 1.71 |
| Offpeak Excess of Contract Demand - per kW per month | | 11.27 |
| Energy charge - cents per kWh | | |
| Onprsk kWh | | 0.08602 |
| Offpeak kWh first 200 HUD | | 0.05852 |
| Offpeak kWh next 200 HUD | | 0.02929 |
| Additional HUD | | 0.02864 |
| OUTDOOR LIGHTING | | |
| 73 LED | \$ | 11.22 |
| 113 LED | | 16.36 |
| 100 Watt H.P.S. | | 9.74 |
| 150 Watt H.P.S. | | 13.02 |
| 175 Watt M.V. | | 10.58 |
| 250 Watt H.P.S. | | 16.67 |
| 400 Watt H.P.S. | | 21.68 |
| Outdoor lighting kWh | | 0.08328 |

Number of customers:

| | <u>2025</u> |
|--------------------------------------|----------------------|
| Residential | 23,811 |
| Commercial and industrial | 3,766 |
| Street and athletic fields | 59 |
| Individually billed outdoor lighting | 26 |
| | <u><u>27,662</u></u> |

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF WATER AND SEWER RATES IN FORCE
June 30, 2025

Water Division

Inside City Limits

| | |
|---------------|--|
| All customers | \$ 11.92 for first 250 cubic feet |
| | \$ 3.25 per 100 cubic feet in excess of 250 cubic feet |

Outside City Limits

| | |
|---------------|--|
| All customers | \$ 17.88 for first 250 cubic feet |
| | \$ 4.88 per 100 cubic feet in excess of 250 cubic feet |

Sewer Division

Inside City Limits

| | |
|---------------|--|
| All customers | \$ 11.92 for first 250 cubic feet |
| | \$ 3.25 per 100 cubic feet in excess of 250 cubic feet |

Outside City Limits

| | |
|---------------|--|
| All customers | \$ 17.88 for first 250 cubic feet |
| | \$ 4.88 per 100 cubic feet in excess of 250 cubic feet |

Number of customers:

| | |
|-----------------|---------------|
| Water and Sewer | <u>2025</u> |
| | <u>18,911</u> |

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF GAS RATES IN FORCE
June 30, 2025

Residential and commercial - inside city

| | |
|--|---------|
| First 200 cubic feet | \$ 3.50 |
| All usage over 200 cubic feet, per ccf | 0.92 |

Residential and commercial - outside city

| | |
|--|---------|
| First 200 cubic feet | \$ 3.85 |
| All usage over 200 cubic feet, per ccf | 1.01 |

Industrial

| | |
|--------------------|---------|
| All usage, per ccf | \$ 0.92 |
|--------------------|---------|

Preferred interruptible

| | |
|--------------------|---------|
| All usage, per ccf | \$ 0.62 |
|--------------------|---------|

Interruptible

| | |
|--|---------|
| First 100,000 cubic feet | \$ 0.54 |
| All usage over 100,000 cubic feet, per ccf | \$ 0.46 |

Number of customers:

| | <u>2025</u> |
|---------------|---------------|
| Residential | 13,400 |
| Commercial | 737 |
| Industrial | 29 |
| Interruptible | 5 |
| | <u>14,171</u> |

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT - CITY
June 30, 2025

| Year Ended June 30, | G.O. Refunding | | G.O. Bonds | | G.O. Bonds | | Total Requirements | | |
|---------------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
| | Bonds Series 2014 | | Series 2016 | | Series 2021 | | Principal | Interest | Total |
| | Principal | Interest | Principal | Interest | Principal | Interest | | | |
| 2026 | \$ 1,050,000 | \$ 180,850 | \$ 530,000 | \$ 233,500 | \$ 385,000 | \$ 255,850 | \$ 1,965,000 | \$ 670,200 | \$ 2,635,200 |
| 2027 | 1,090,000 | 138,850 | 540,000 | 207,000 | 405,000 | 236,600 | 2,035,000 | 582,450 | 2,617,450 |
| 2028 | 450,000 | 106,150 | 555,000 | 185,400 | 425,000 | 216,350 | 1,430,000 | 507,900 | 1,937,900 |
| 2029 | 460,000 | 92,650 | 570,000 | 163,200 | 445,000 | 195,100 | 1,475,000 | 450,950 | 1,925,950 |
| 2030 | 475,000 | 78,850 | 585,000 | 140,400 | 465,000 | 172,850 | 1,525,000 | 392,100 | 1,917,100 |
| 2031 | 490,000 | 64,600 | 600,000 | 117,000 | 490,000 | 149,600 | 1,580,000 | 331,200 | 1,911,200 |
| 2032 | 505,000 | 49,900 | 620,000 | 99,000 | 515,000 | 125,100 | 1,640,000 | 274,000 | 1,914,000 |
| 2033 | 525,000 | 34,119 | 640,000 | 80,400 | 535,000 | 104,500 | 1,700,000 | 219,019 | 1,919,019 |
| 2034 | 545,000 | 17,713 | 660,000 | 61,200 | 545,000 | 93,800 | 1,750,000 | 172,713 | 1,922,713 |
| 2035 | - | - | 680,000 | 41,400 | 555,000 | 82,900 | 1,235,000 | 124,300 | 1,359,300 |
| 2036 | - | - | 700,000 | 21,000 | 570,000 | 71,800 | 1,270,000 | 92,800 | 1,362,800 |
| 2037 | - | - | - | - | 580,000 | 60,400 | 580,000 | 60,400 | 640,400 |
| 2038 | - | - | - | - | 590,000 | 48,800 | 590,000 | 48,800 | 638,800 |
| 2039 | - | - | - | - | 605,000 | 37,000 | 605,000 | 37,000 | 642,000 |
| 2040 | - | - | - | - | 615,000 | 24,900 | 615,000 | 24,900 | 639,900 |
| 2041 | - | - | - | - | 630,000 | 12,600 | 630,000 | 12,600 | 642,600 |
| | <u>\$ 5,590,000</u> | <u>\$ 763,682</u> | <u>\$ 6,680,000</u> | <u>\$ 1,349,500</u> | <u>\$ 8,355,000</u> | <u>\$ 1,888,150</u> | <u>\$ 20,625,000</u> | <u>\$ 4,001,332</u> | <u>\$ 24,626,332</u> |

See independent auditor's report.

CITY OF GALLATIN, TENNESSEE
PROPRIETARY FUNDS
SCHEDULE OF LONG-TERM DEBT
June 30, 2025

| Year Ended June 30, | Water & Sewer Department | | | | | | | | | | Gas Department | | | | | | | | | |
|------------------------|--|-------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|---|---------------------|---|---------------------|----------------------------|---------------------|----------------------------|---------------------|---------------------------------|---------------------|----------------------|----------------------|----------------------|--|
| | Water & Sewer Rev & Tax Bond - 2011 | | Water & Sewer Refunding - 2014 | | Water & Sewer Refunding - 2015 | | 2021 Refunding and Improvement bond Refunding Portion (B) | | 2021 Refunding and Improvement bond New Money (A) | | Gas Revenue Bond - 2019 | | Gas Revenue Bond - 2024 | | Electric Revenue Bond - 2024 | | Total Requirements | | | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Total | |
| 2026 | 505,000 | 141,304 | 330,000 | 49,650 | 1,350,000 | 68,638 | 225,000 | 255,900 | 370,000 | 419,700 | 230,000 | 161,338 | 270,000 | 195,225 | - | 256,800 | \$ 3,280,000 | \$ 1,548,555 | \$ 4,828,555 | |
| 2027 | 520,000 | 126,560 | 340,000 | 37,950 | - | 21,388 | 1,640,000 | 242,082 | 385,000 | 404,600 | 240,000 | 149,838 | 285,000 | 376,950 | 360,000 | 504,600 | 3,770,000 | 1,863,968 | 5,633,968 | |
| 2028 | 535,000 | 110,401 | 355,000 | 27,525 | - | 21,388 | 1,670,000 | 215,587 | 400,000 | 388,900 | 255,000 | 137,838 | 300,000 | 362,700 | 375,000 | 486,225 | 3,890,000 | 1,750,564 | 5,640,564 | |
| 2029 | 555,000 | 93,023 | 365,000 | 16,725 | - | 21,388 | 1,700,000 | 186,092 | 415,000 | 372,600 | 265,000 | 125,088 | 315,000 | 347,700 | 395,000 | 466,975 | 4,010,000 | 1,629,591 | 5,639,591 | |
| 2030 | 570,000 | 74,599 | 375,000 | 5,625 | - | 21,388 | 1,730,000 | 154,357 | 430,000 | 355,700 | 280,000 | 111,838 | 330,000 | 331,950 | 415,000 | 446,725 | 4,130,000 | 1,502,182 | 5,632,182 | |
| 2031 | 590,000 | 54,869 | - | - | 21,388 | 1,765,000 | 120,272 | 450,000 | 338,100 | 290,000 | 100,638 | 350,000 | 315,450 | 435,000 | 425,475 | 3,880,000 | 1,376,192 | 5,256,192 | | |
| 2032 | 615,000 | 33,781 | - | - | 21,388 | 1,800,000 | 83,902 | 470,000 | 319,700 | 305,000 | 89,038 | 365,000 | 297,950 | 460,000 | 403,100 | 4,015,000 | 1,248,859 | 5,263,859 | | |
| 2033 | 635,000 | 11,509 | - | - | 21,388 | 1,840,000 | 45,310 | 490,000 | 300,500 | 315,000 | 76,838 | 385,000 | 279,700 | 480,000 | 379,600 | 4,145,000 | 1,114,845 | 5,259,845 | | |
| 2034 | - | - | - | - | 21,388 | 175,000 | 23,031 | 510,000 | 280,500 | 325,000 | 64,238 | 405,000 | 260,450 | 505,000 | 354,975 | 1,920,000 | 1,004,582 | 2,924,582 | | |
| 2035 | - | - | - | - | 21,388 | 180,000 | 18,150 | 530,000 | 259,700 | 335,000 | 54,488 | 425,000 | 240,200 | 530,000 | 329,100 | 2,000,000 | 923,026 | 2,923,026 | | |
| 2036 | - | - | - | - | 21,388 | 185,000 | 13,131 | 550,000 | 238,100 | 345,000 | 44,438 | 445,000 | 218,950 | 555,000 | 301,975 | 2,080,000 | 837,982 | 2,917,982 | | |
| 2037 | - | - | - | - | 21,388 | 190,000 | 7,975 | 570,000 | 215,700 | 355,000 | 34,088 | 465,000 | 196,700 | 585,000 | 273,475 | 2,165,000 | 749,326 | 2,914,326 | | |
| 2038 | - | - | - | - | 21,388 | 195,000 | 2,681 | 590,000 | 195,450 | 370,000 | 23,438 | 490,000 | 173,450 | 615,000 | 243,475 | 2,260,000 | 659,882 | 2,919,882 | | |
| 2039 | - | - | - | - | 290,000 | 21,387 | - | 610,000 | 177,450 | 380,000 | 11,875 | 515,000 | 148,950 | 645,000 | 211,975 | 2,440,000 | 571,637 | 3,011,637 | | |
| 2040 | - | - | - | - | 300,000 | 10,875 | - | 630,000 | 158,850 | - | - | 540,000 | 123,200 | 675,000 | 178,975 | 2,145,000 | 471,900 | 2,616,900 | | |
| 2041 | - | - | - | - | - | - | - | 650,000 | 139,650 | - | - | 565,000 | 96,200 | 710,000 | 144,350 | 1,925,000 | 380,200 | 2,305,200 | | |
| 2042 | - | - | - | - | - | - | - | 670,000 | 119,850 | - | - | 590,000 | 73,600 | 745,000 | 111,700 | 2,005,000 | 305,150 | 2,310,150 | | |
| 2043 | - | - | - | - | - | - | - | 690,000 | 99,450 | - | - | 615,000 | 50,000 | 775,000 | 81,300 | 2,080,000 | 230,750 | 2,310,750 | | |
| 2043 | - | - | - | - | - | - | - | 710,000 | 78,450 | - | - | 635,000 | 25,400 | 805,000 | 49,700 | 2,150,000 | 153,550 | 2,303,550 | | |
| 2044 | - | - | - | - | - | - | - | 730,000 | 56,850 | - | - | - | - | 840,000 | 16,800 | 1,570,000 | 73,650 | 1,643,650 | | |
| 2045 | - | - | - | - | - | - | - | 755,000 | 34,575 | - | - | - | - | - | - | 755,000 | 34,575 | 789,575 | | |
| 2046 | - | - | - | - | - | - | - | 775,000 | 11,625 | - | - | - | - | - | - | 775,000 | 11,625 | 786,625 | | |
| | \$ 4,525,000 | \$ 646,046 | \$ 1,765,000 | \$ 137,475 | \$ 1,940,000 | \$ 357,556 | \$ 13,295,000 | \$ 1,368,470 | \$ 12,380,000 | \$ 4,966,000 | \$ 4,290,000 | \$ 1,185,019 | \$ 8,290,000 | \$ 4,114,725 | \$ 10,905,000 | \$ 5,667,300 | \$ 57,390,000 | \$ 18,442,591 | \$ 75,832,591 | |

See independent auditor's report.

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2025

| Description of Indebtedness | Original | Interest rate | Date of issue | Last maturity date | Outstanding 7/1/2024 | Issued during period | Paid and/or matured during period | Refunded during period | Outstanding 6/30/2025 |
|---|--------------------|---------------|--------------------|--------------------|-------------------------|-------------------------|---|---------------------------|--------------------------|
| | amount of issue | | | | | | period | period | |
| Governmental Activities | | | | | | | | | |
| Bonds Payable | | | | | | | | | |
| Payable through General Fund: | | | | | | | | | |
| General Obligation Improvement Bonds, Series 2014 | \$ 14,185,000 | 2.00-5.00% | August 18, 2014 | January 1, 2034 | \$ 6,600,000 | \$ | - | \$ 1,010,000 | \$ |
| General Obligation Bonds, Series 2016 | 11,040,000 | 2.00-5.00% | January 20, 2016 | January 1, 2036 | 7,200,000 | | - | 520,000 | |
| General Obligation Bonds, Series 2021 | 9,725,000 | 2.00-5.00% | September 28, 2021 | January 1, 2041 | 8,720,000 | | - | 365,000 | |
| Total Bonds Payable | | | | | <u>\$ 22,520,000</u> | <u>\$</u> | <u>-</u> | <u>\$ 1,895,000</u> | <u>\$</u> |
| | | | | | | | | | |
| Business-Type Activities | | | | | | | | | |
| Bonds Payable | | | | | | | | | |
| Payable through Water and Sewer Fund: | | | | | | | | | |
| Water and Sewer Revenue Bonds, Series 2015 | \$ 25,000,000 | 3.00-5.00% | May 19, 2015 | June 30, 2040 | \$ 3,245,000 | \$ | - | \$ 1,305,000 | \$ |
| Water and Sewer Revenue Bonds, Series 2014 | 14,185,000 | 2.00-5.00% | August 20, 2014 | June 30, 2034 | 2,090,000 | | - | 325,000 | |
| Water and Sewer Revenue Bonds, Series 2011 | 8,955,000 | 3.00-3.625% | December 28, 2011 | July 1, 2032 | 5,015,000 | | - | 490,000 | |
| Water and Sewer Revenue Improvement Bond Series 2021A | 13,400,000 | 3.00%-4.00% | November 17, 2021 | July 1, 2046 | 12,735,000 | | - | 355,000 | |
| Water and Sewer Revenue Refunding Bond Series 2021B | 13,965,000 | 0.510%- 2.75% | November 17, 2021 | July 1, 2037 | 13,520,000 | | - | 225,000 | |
| | | | | | <u>36,605,000</u> | <u>\$</u> | <u>-</u> | <u>2,700,000</u> | <u>\$</u> |
| | | | | | | | | | |
| Payable through Gas Fund: | | | | | | | | | |
| Gas Revenue Bonds, Series 2019 | 5,570,000 | 3.00-5.00% | April 9, 2019 | January 1, 2039 | 4,515,000 | | - | 225,000 | |
| Gas Revenue Bonds, Series 2024 | 8,375,000 | 4.00-5.00% | August 27, 2024 | January 1, 2044 | - | 8,375,000 | | 85,000 | |
| | | | | | <u>4,515,000</u> | <u>8,375,000</u> | <u></u> | <u>310,000</u> | <u></u> |
| | | | | | | | | | |
| Payable through Electric Fund: | | | | | | | | | |
| Electric Revenue Bonds, Series 2024 | 11,100,000 | 4.00-5.00% | December 3, 2024 | January 1, 2044 | - | 11,100,000 | | 195,000 | |
| | | | | | | | | | |
| Total Bonds Payable | | | | | <u>41,120,000</u> | <u>19,475,000</u> | <u>3,205,000</u> | <u></u> | <u>57,390,000</u> |
| | | | | | | | | | |
| Total Long-Term Debt | | | | | <u>\$ 63,640,000</u> | <u>\$ 19,475,000</u> | <u>\$ 5,100,000</u> | <u>\$</u> | <u>\$ 78,015,000</u> |

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF TRANSFERS
June 30, 2025

| From Fund | To Fund | Purpose | Amount |
|----------------------|----------------------|-------------------------|-----------|
| Electric Fund | General Fund | In-lieu of tax payments | 1,086,425 |
| Water and Sewer Fund | General Fund | In-lieu of tax payments | 415,801 |
| Gas Fund | General Fund | In-lieu of tax payments | 377,776 |
| General Fund/ARPA | Water and Sewer Fund | Transfers | 5,834,304 |
| General Fund | Stormwater | Transfers | 150,000 |

See independent auditor's report.

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2025

| | ALN | Pass Through Agency Grant Number | Expenditures |
|--|---------|--|---------------------|
| U.S. Department of Transportation | | | |
| Passed Through the Tennessee Department of Transportation | | | |
| Highway Planning and Construction - Nashville Pike Sidewalk Grant | 20.205 | STP-M8300(70) | \$ 253,513 |
| Highway Planning and Construction - Nashville Pike Sidewalk Grant | 20.205 | 83PLM-F3-110/CMAQ-9306(21) | 76,053 |
| Highway Planning and Construction - Nashville Pike Sidewalk Grant | 20.205 | 83PLM-F3-149/CMAQ-9306(23) | 35,623 |
| Highway Planning and Construction - Nashville Pike Sidewalk Grant | 20.205 | 83PLM-F3-150/CMAQ-9306(24) | 57,881 |
| Highway Planning and Construction - Nashville Pike Sidewalk Grant | 20.205 | TAP-M-9306(25)/83LPM-F3-167 | <u>140,022</u> |
| Total Highway Planning and Construction | | | <u>563,092</u> |
| Passed Through the Tennessee Governor's Highway Safety Office : | | | |
| Highway Safety Cluster: | | | |
| State and Community Highway Safety - Community Based Traffic Safety Enforcement and Education | 20.600 | Z25THS113 | <u>37,921</u> |
| Highway Safety Cluster Subtotal | | | <u>37,921</u> |
| Total U.S. Department of Transportation | | | <u>601,013</u> |
| U.S. Department of Treasury | | | |
| Pass-through program Tennessee Dept of Finance & Administration | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027* | | 253,517 |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027* | SLFRP3743 | 125,321 |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027* | 21-1892-0-1-806 | <u>3,896,289</u> |
| Total U.S. Department of Treasury | | | <u>4,275,127</u> |
| U.S. Department of Justice | | | |
| Bulletproof Vest Partnership Program | 16.607 | 2020-BUBX-2002-3062 | 15,131 |
| FBI Violent Crimes Task Force Reimbursement | 16.U01 | MOU | 1,683 |
| Bulletproof Vest Partnership Program - Public Safety Partnership and Community Policing Grants | 16.710 | 15JCOPS-23--GG-04984-UHPX | 416,500 |
| BJA FY24 Invited to Apply- Byrne Discretionary Community Project Grants/Byrne Discretionary Grants Program | 16.753 | 15BJA-24-GG-00177-BRND | 179,951 |
| Comprehensive Opioid, Stimulant, and Other Substances Use Program | 16.838 | 2020-AR-BX-0053 | <u>102,069</u> |
| Total U.S. Department of Justice | | | <u>715,334</u> |
| Department of Energy | | | |
| Pass-through program Tennessee Department of Economic and Development | | | |
| Community Development Block Grant Program - Child Care Creation Program | 14.228 | PO 14944 | <u>482,314</u> |
| Total US Department of Energy | | | <u>482,314</u> |
| Department of Housing and Urban Development | | | |
| DOE EECBG HVAC REPLACEMENT | 81.128 | EECEQ-00594 | <u>35,253</u> |
| Total US Department of Energy | | | <u>35,253</u> |
| Department of Homeland Security | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2021-FG-07960 | <u>17,869</u> |
| Total US Department of Homeland Security | | | <u>17,869</u> |
| Total Federal Awards | | | <u>\$ 6,126,910</u> |

*Denotes Major Federal Program

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is no intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2025

| | State Grant Number | Disbursements |
|--|-------------------------------|----------------------|
| Tennessee Department of Commerce and Insurance | | |
| Tennessee Law Enforcement Hiring, Training and Recruitment Program | 33501-2548187 | \$ 77,000 |
| Tennessee Law Enforcement Training Cost Share Grant | 33501-2448519 | <u>75,000</u> |
| Total Tennessee Department of Commerce and Insurance | | <u>152,000</u> |
| Tennessee Department of Finance and Administration | | |
| Governor's Local Support Direct Allocation/Appropriation | 77241-VCIF | <u>13,697</u> |
| | | <u>13,697</u> |
| Tennessee Department of Environment and Conservation | | |
| TDEC Brownfield Redevelopment | 32701-25-266 | <u>11,323</u> |
| Total State Financial Assistance | | <u>\$ 177,020</u> |

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes the state financial assistance activity of the City under programs of the State of Tennessee for the year ended June 30, 2025. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special Revenue Funds account for specific revenues that are legally restricted to expenditure purposes. The Special Revenue Funds are:

Special Services Fund - To account for sex offender registry payments that are used for specific purposes and private donations to be used for the "Shop with a Cop" Christmas program.

Drug Fund - To account for the resources used for the operation of drug enforcement activities by the City.

Environmental Services Fund - To account for the resources used for the garbage collection activities by the City.

Stormwater Fund – To account for the stormwater fee that is to be used for stormwater maintenance and repairs throughout the City

PERMANENT FUNDS:

Permanent Funds account for specific revenues for which the corpus of the donation are restricted by external donors. The Permanent Funds are:

Thomas Witherspoon Fund - To account for a donation that was received to make loans to graduating seniors to be used for college.

Cemetery Trust Fund - To account for donations that were received to maintain the cemetery in perpetuity.

STATISTICAL SECTION

CITY OF GALLATIN, TENNESSEE STATISTICAL SECTION DIVIDER PAGE

This part of the City of Gallatin, Tennessee's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

Contents:

Financial Trends

These Schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time..... 101

Revenue Capacity

These Schedules contain information to help readers assess the City's most significant local revenue source - its property taxes..... 106

Debt Capacity

These Schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future..... 109

Demographic and Economic Information

These Schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place..... 112

Operating Information

These Schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs..... 114

Except where noted, the information in these Schedules is derived from the City of Gallatin, Tennessee's, comprehensive annual financial reports (or financial statements where applicable) for the relevant years. The City implemented GASB 34 in 2003: Schedules presenting government-wide information include information beginning that year.

CITY OF GALLATIN, TENNESSEE
FINANCIAL TRENDS INFORMATION -
NET POSITION BY COMPONENT - LAST TEN FISCAL YEARS*

(Prepared using the accrual basis of accounting)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 154,417,135 | \$ 150,136,959 | \$ 148,606,993 | \$ 133,281,647 | \$ 106,414,737 | \$ 108,846,455 | \$ 89,932,089 | \$ 75,402,931 | \$ 67,569,997 | \$ 58,836,309 |
| Restricted | 9,976,094 | 9,009,962 | 13,571,100 | 13,222,353 | 12,609,720 | 1,512,468 | 1,325,054 | 1,298,730 | 1,205,180 | 593,324 |
| Unrestricted | <u>65,335,243</u> | <u>64,259,123</u> | <u>53,979,304</u> | <u>49,343,959</u> | <u>39,901,584</u> | <u>24,032,975</u> | <u>17,563,265</u> | <u>17,336,772</u> | <u>17,025,218</u> | <u>15,409,177</u> |
| Total net position | <u>\$ 229,728,472</u> | <u>\$ 223,406,044</u> | <u>\$ 216,157,397</u> | <u>\$ 195,847,959</u> | <u>\$ 158,926,041</u> | <u>\$ 134,391,898</u> | <u>\$ 108,820,408</u> | <u>\$ 94,038,433</u> | <u>\$ 85,800,395</u> | <u>\$ 74,838,810</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 206,283,889 | \$ 195,625,066 | \$ 175,181,523 | \$ 161,498,167 | \$ 157,292,864 | \$ 142,206,982 | \$ 136,551,453 | \$ 127,605,680 | \$ 120,808,485 | \$ 119,097,460 |
| Restricted | 5,391,834 | 1,038,746 | 214,846 | 3,055,394 | 195,257 | 7,729 | 7,702 | 7,675 | 7,648 | 7,621 |
| Unrestricted | <u>59,027,984</u> | <u>47,843,986</u> | <u>51,089,336</u> | <u>54,246,029</u> | <u>45,895,729</u> | <u>47,714,045</u> | <u>37,092,490</u> | <u>35,652,720</u> | <u>37,926,071</u> | <u>31,826,566</u> |
| Total net position | <u>\$ 270,703,707</u> | <u>\$ 244,507,798</u> | <u>\$ 226,485,705</u> | <u>\$ 218,799,590</u> | <u>\$ 203,383,850</u> | <u>\$ 189,928,756</u> | <u>\$ 173,651,645</u> | <u>\$ 163,266,075</u> | <u>\$ 158,742,204</u> | <u>\$ 150,931,647</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 360,701,024 | \$ 345,762,025 | \$ 323,788,516 | \$ 294,779,814 | \$ 263,707,601 | \$ 251,053,437 | \$ 226,483,542 | \$ 203,008,611 | \$ 188,378,482 | \$ 177,933,769 |
| Restricted | 15,367,928 | 10,048,708 | 13,785,946 | 16,277,747 | 12,804,977 | 1,520,197 | 1,332,756 | 1,306,405 | 1,212,828 | 600,945 |
| Unrestricted | <u>124,363,227</u> | <u>112,103,109</u> | <u>105,068,640</u> | <u>103,589,988</u> | <u>85,797,313</u> | <u>71,747,020</u> | <u>54,655,755</u> | <u>52,989,492</u> | <u>54,951,289</u> | <u>47,235,743</u> |
| Total net position | <u>\$ 500,432,179</u> | <u>\$ 467,913,842</u> | <u>\$ 442,643,102</u> | <u>\$ 414,647,549</u> | <u>\$ 362,309,891</u> | <u>\$ 324,320,654</u> | <u>\$ 282,472,053</u> | <u>\$ 257,304,508</u> | <u>\$ 244,542,599</u> | <u>\$ 225,770,457</u> |

CITY OF GALLATIN, TENNESSEE
FINANCIAL TRENDS INFORMATION -
CHANGE IN NET POSITION - LAST TEN FISCAL YEARS*

(Prepared using the accrual basis of accounting)

| Governmental activities: | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
| Revenues: | | | | | | | | | | |
| Program revenues: | | | | | | | | | | |
| Charges for services | \$ 15,549,388 | \$ 14,619,477 | \$ 12,938,439 | \$ 12,275,819 | \$ 10,289,687 | \$ 8,977,852 | \$ 8,356,873 | \$ 7,863,631 | \$ 7,418,973 | \$ 6,069,552 |
| Operating grants & contributions | 8,310,962 | 6,796,238 | 3,895,662 | 4,389,561 | 2,421,030 | 2,923,203 | 2,616,883 | 1,865,673 | 1,275,976 | 1,064,123 |
| Capital grants & contributions | 4,443,946 | 2,383,778 | 8,345,507 | 15,384,481 | 12,482,796 | 20,335,480 | 12,308,868 | 6,010,371 | 8,921,557 | 4,790,834 |
| General revenues: | | | | | | | | | | |
| Property taxes | 17,282,015 | 15,505,229 | 14,214,670 | 13,503,462 | 12,917,220 | 12,215,190 | 11,906,890 | 11,235,726 | 11,367,951 | 10,878,306 |
| Sales taxes | 25,652,379 | 21,870,937 | 20,594,060 | 19,014,773 | 15,317,664 | 12,826,752 | 12,145,080 | 11,516,561 | 11,064,266 | 10,074,289 |
| Franchise taxes | 316,757 | 381,826 | 397,976 | 451,706 | 507,514 | 465,305 | 487,103 | 468,690 | 466,766 | 448,730 |
| Alcoholic beverage taxes | 2,081,240 | 2,137,758 | 2,137,608 | 2,099,402 | 1,965,642 | 1,766,980 | 1,563,354 | 1,522,812 | 1,509,842 | 1,260,296 |
| Business taxes | 1,971,152 | 1,863,303 | 2,315,524 | 2,008,558 | 1,404,790 | 1,127,484 | 1,014,325 | 949,546 | 936,708 | 818,811 |
| Income taxes | 179,114 | 157,361 | 755 | 355,086 | 414,371 | 778,118 | 565,252 | 439,386 | 662,104 | 946,308 |
| Other taxes | 522,463 | 517,410 | - | - | - | - | - | - | - | - |
| Other sources | 1,090,877 | 807,727 | 1,356,449 | 10,807,740 | 3,512,304 | 375,946 | 1,354,312 | 540,551 | 480,686 | 226,818 |
| Unrestricted interest income | 3,162,031 | 2,109,695 | 847,158 | 81,819 | 240,425 | 313,968 | 298,873 | 303,527 | 246,354 | 115,184 |
| In lieu of taxes and transfers | (3,954,302) | 1,658,228 | 2,341,210 | 2,416,007 | 2,505,134 | 1,971,409 | 1,610,234 | 1,635,255 | 1,699,195 | 1,640,386 |
| Total revenues | <u>76,608,022</u> | <u>70,808,967</u> | <u>69,385,018</u> | <u>82,788,414</u> | <u>63,978,577</u> | <u>64,077,687</u> | <u>54,228,047</u> | <u>44,351,729</u> | <u>46,050,378</u> | <u>38,333,637</u> |
| Expenses: | | | | | | | | | | |
| General government | 22,092,019 | 24,881,000 | 11,491,711 | 10,679,488 | 9,568,230 | 12,362,858 | 10,194,485 | 8,545,515 | 7,930,678 | 7,186,551 |
| Public safety | 27,250,573 | 23,988,663 | 21,445,885 | 19,887,020 | 17,489,772 | 15,280,509 | 15,685,627 | 14,939,109 | 14,842,150 | 12,701,861 |
| Engineering | 4,522,449 | 2,340,891 | 3,045,455 | 2,112,141 | 638,392 | 622,525 | 2,300,750 | 1,907,119 | 2,224,831 | 1,643,277 |
| Environmental services | 3,064,099 | 2,608,693 | 3,499,967 | 3,264,572 | 3,125,244 | 2,796,681 | 2,194,040 | 2,109,615 | 1,788,412 | 1,701,497 |
| Animal control | - | - | - | - | - | - | - | - | - | - |
| Public works | 1,718,157 | 2,375,724 | 815,980 | 826,884 | 774,681 | 674,693 | 585,600 | 705,505 | 568,139 | 552,190 |
| Highways, streets and roadways | 2,232,680 | 1,894,857 | 1,700,671 | 1,500,643 | 1,405,170 | 1,136,264 | 1,252,628 | 1,556,403 | 1,174,314 | 1,359,004 |
| Vehicle maintenance | 498,030 | 489,852 | 415,838 | 638,291 | 589,459 | 617,315 | 612,519 | 562,563 | 549,748 | 459,858 |
| Parks and recreation | 6,272,568 | 5,034,661 | 5,579,699 | 5,760,606 | 4,950,915 | 3,787,643 | 4,286,418 | 4,302,313 | 4,639,151 | 4,361,499 |
| Economic development | 1,858,090 | 504,934 | 477,555 | 556,451 | 528,172 | 572,306 | 816,593 | 615,343 | 448,174 | 1,622,199 |
| Tourism | 105,547 | 56,838 | - | - | - | 57,039 | 123,052 | - | - | - |
| Interest on debt | 671,382 | 847,860 | 602,819 | 640,400 | 374,399 | 598,364 | 702,384 | 765,919 | 923,196 | 808,538 |
| Total expenses | <u>70,285,594</u> | <u>65,023,973</u> | <u>49,075,580</u> | <u>45,866,496</u> | <u>39,444,434</u> | <u>38,506,197</u> | <u>38,754,096</u> | <u>36,009,404</u> | <u>35,088,793</u> | <u>32,396,474</u> |
| Change in net position | \$ 6,322,428 | \$ 5,784,994 | \$ 20,309,438 | \$ 36,921,918 | \$ 24,534,143 | \$ 25,571,490 | \$ 15,473,951 | \$ 8,342,325 | \$ 10,961,585 | \$ 5,937,163 |

CITY OF GALLATIN, TENNESSEE
FINANCIAL TRENDS INFORMATION -
CHANGE IN NET POSITION - LAST TEN FISCAL YEARS*

(Prepared using the accrual basis of accounting)

| Business-Type activities: | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Program revenues: | | | | | | | | | | |
| Charges for services | \$ 127,064,711 | \$ 110,966,782 | \$ 115,696,153 | \$ 108,490,786 | \$ 95,741,011 | \$ 96,304,597 | \$ 104,274,429 | \$ 102,309,298 | \$ 99,131,412 | \$ 94,763,804 |
| Capital grants & contributions | 11,172,100 | 10,102,547 | 6,412,212 | 8,438,231 | 6,341,397 | 10,898,190 | 4,907,752 | 5,623,904 | 3,508,042 | 2,490,314 |
| General revenues: | | | | | | | | | | |
| Other sources | 1,022,678 | - | 384 | 171,323 | 105,925 | - | - | - | 147 | 10,000 |
| Unrestricted interest income | 2,775,437 | 1,968,676 | 886,820 | 180,733 | 316,711 | 328,769 | 229,021 | 197,243 | 134,055 | 142,192 |
| Total revenues | 142,034,926 | 123,038,005 | 122,995,569 | 117,281,073 | 102,505,044 | 107,531,556 | 109,411,202 | 108,130,445 | 102,773,656 | 97,406,310 |
| Expenses: | | | | | | | | | | |
| Electric | 85,153,885 | 75,028,487 | 77,786,114 | 67,411,765 | 61,466,937 | 64,715,592 | 70,565,030 | 68,464,520 | 68,658,346 | 66,077,111 |
| Gas | 15,799,789 | 13,766,852 | 19,001,406 | 17,460,412 | 12,390,484 | 14,208,176 | 13,612,534 | 13,482,880 | 12,817,606 | 12,360,729 |
| Water & Sewer | 18,535,731 | 16,387,451 | 16,897,130 | 15,120,466 | 13,300,552 | 10,525,253 | 13,321,850 | 13,115,652 | 11,787,952 | 12,582,400 |
| In lieu of taxes - transfer | (3,954,302) | (166,878) | 1,624,804 | 1,872,093 | 1,891,977 | 1,805,424 | 1,610,234 | 1,635,255 | 1,699,195 | 1,640,386 |
| Total expenses | 115,535,103 | 105,015,912 | 115,309,454 | 101,864,736 | 89,049,950 | 91,254,445 | 99,109,648 | 96,698,307 | 94,963,099 | 92,660,626 |
| Change in net position | 26,499,823 | 18,022,093 | 7,686,115 | 15,416,337 | 13,455,094 | 16,277,111 | 10,301,554 | 11,432,138 | 7,810,557 | 4,745,684 |
| Total change in net position | \$ 32,822,251 | \$ 23,807,087 | \$ 27,995,553 | \$ 52,338,255 | \$ 37,989,237 | \$ 41,848,601 | \$ 25,775,505 | \$ 19,774,463 | \$ 18,772,142 | \$ 10,682,847 |

CITY OF GALLATIN, TENNESSEE
FINANCIAL TRENDS INFORMATION -
FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

(Prepared using the accrual basis of accounting)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Governmental Funds: | | | | | | | | | | |
| (Post-GASB 54) | | | | | | | | | | |
| Nonspendable | \$ 620,893 | \$ 602,720 | \$ 100,170 | \$ 99,135 | \$ 85,469 | \$ 82,177 | \$ 674,250 | \$ 1,169,853 | \$ 1,612,302 | \$ 1,065,869 |
| Restricted | 12,514,039 | 12,149,896 | 13,663,068 | 13,103,487 | 12,647,277 | 6,877,193 | 1,289,029 | 1,366,992 | 1,176,985 | 583,621 |
| Committed | 156,408 | 156,408 | 1,314,976 | 98,506 | 89,508 | 103,873 | 156,408 | 156,408 | 284,987 | 209,987 |
| Assigned | 67,362 | 57,807 | 59,986 | 400,089 | 2,810,969 | 58,712 | 7,400,387 | 11,899,028 | 12,626,737 | 16,335,657 |
| Unassigned | 65,897,243 | 64,938,346 | 53,749,515 | 43,461,521 | 29,343,786 | 18,722,398 | 16,287,472 | 17,248,650 | 17,730,397 | 16,180,042 |
| | <u>\$ 79,255,945</u> | <u>\$ 77,905,177</u> | <u>\$ 68,887,715</u> | <u>\$ 57,162,738</u> | <u>\$ 44,977,009</u> | <u>\$ 25,844,353</u> | <u>\$ 25,807,546</u> | <u>\$ 31,840,931</u> | <u>\$ 33,431,408</u> | <u>\$ 34,375,176</u> |

CITY OF GALLATIN, TENNESSEE
FINANCIAL TREND INFORMATION -
CHANGES IN FUND BALANCES FOR TOTAL GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

(Prepared using the accrual basis of accounting)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 40,003,594 | \$ 35,459,767 | \$ 34,020,171 | \$ 31,828,287 | \$ 28,148,675 | \$ 24,907,697 | \$ 23,082,274 | \$ 22,304,176 | \$ 21,677,227 | \$ 20,117,243 |
| Licenses | 4,734,324 | 4,935,808 | 3,694,996 | 3,633,533 | 3,247,237 | 2,279,208 | 2,146,030 | 2,542,185 | 2,187,478 | 1,093,853 |
| Fines and penalties | 1,491,102 | 642,664 | 823,041 | 658,741 | 673,966 | 691,541 | 737,197 | 785,160 | 922,423 | 983,427 |
| Charges for services | 9,325,202 | 9,043,615 | 8,420,402 | 7,978,910 | 6,285,822 | 6,005,756 | 5,476,634 | 4,534,678 | 4,302,069 | 3,984,098 |
| Intergovernmental | 15,570,732 | 12,391,419 | 17,046,912 | 19,963,272 | 16,201,370 | 14,437,262 | 10,628,819 | 6,717,563 | 6,616,702 | 10,457,840 |
| Other | 6,401,282 | 3,570,141 | 2,831,318 | 3,288,678 | 4,479,403 | 2,683,304 | 2,371,227 | 1,315,537 | 884,022 | 414,025 |
| Total revenues | <u>77,526,236</u> | <u>66,043,414</u> | <u>66,836,840</u> | <u>67,351,421</u> | <u>59,036,473</u> | <u>51,004,768</u> | <u>44,442,181</u> | <u>38,199,299</u> | <u>36,589,921</u> | <u>37,050,486</u> |
| Expenditures | | | | | | | | | | |
| General government | 15,337,630 | 11,250,755 | 9,634,216 | 8,648,829 | 7,717,866 | 7,687,329 | 8,486,465 | 7,609,102 | 6,723,566 | 5,932,888 |
| Public safety | 26,908,812 | 23,549,813 | 23,531,336 | 18,697,042 | 15,764,227 | 15,439,576 | 15,118,065 | 14,447,340 | 14,122,444 | 12,181,199 |
| Engineering | 3,372,709 | 2,574,732 | 2,857,815 | 2,114,553 | 638,392 | 621,511 | 2,140,367 | 1,902,729 | 2,219,984 | 1,643,528 |
| Environmental services | 3,955,504 | 3,549,105 | 3,295,676 | 3,087,746 | 2,819,961 | 2,783,382 | 1,993,528 | 1,921,514 | 1,788,412 | 1,707,426 |
| Animal control | - | - | - | - | - | - | - | - | - | - |
| Public works | 1,204,229 | 1,447,491 | 3,056,827 | 827,963 | 765,125 | 670,407 | 358,438 | 429,269 | 330,388 | 294,737 |
| Highways and streets | 2,572,993 | 1,923,214 | 1,437,998 | 1,127,266 | 1,045,433 | 1,137,622 | 1,248,681 | 1,559,615 | 1,168,778 | 1,227,048 |
| Vehicle maintenance | 583,972 | 489,852 | 429,544 | 639,633 | 585,193 | 614,540 | 558,341 | 558,653 | 551,334 | 496,426 |
| Parks and recreation | 6,805,630 | 5,034,661 | 5,527,163 | 4,982,212 | 4,188,436 | 3,786,654 | 4,258,583 | 4,292,539 | 4,309,104 | 4,014,097 |
| Economic Development Agency | 1,845,826 | 497,608 | 506,618 | 557,630 | 521,733 | 557,726 | 813,666 | 743,864 | 445,448 | 1,622,169 |
| Tourism | 105,547 | 56,313 | - | - | - | 57,039 | 123,052 | - | - | - |
| ARPA | 3,680,032 | 2,323,018 | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | |
| Principal | 1,895,000 | 1,835,000 | 1,780,000 | 1,745,000 | 1,395,000 | 1,355,000 | 1,795,000 | 1,839,745 | 1,754,475 | 1,205,000 |
| Interest | 756,110 | 847,860 | 911,850 | 970,589 | 796,360 | 738,850 | 808,775 | 862,768 | 892,232 | 572,156 |
| Other | - | - | 1,253 | 1,400 | - | - | - | - | - | - |
| Capital outlay - capital | <u>3,197,172</u> | <u>4,768,411</u> | <u>3,620,706</u> | <u>13,637,922</u> | <u>16,670,921</u> | <u>17,324,244</u> | <u>13,586,576</u> | <u>5,257,893</u> | <u>4,926,719</u> | <u>7,385,042</u> |
| Total expenditures | <u>72,221,166</u> | <u>60,147,833</u> | <u>56,591,002</u> | <u>57,037,785</u> | <u>52,908,647</u> | <u>52,773,880</u> | <u>51,289,537</u> | <u>41,425,031</u> | <u>39,232,884</u> | <u>38,281,716</u> |
| Excess (deficiency) of revenues over (under) expenditures | 5,305,070 | 5,895,581 | 10,245,838 | 10,313,636 | 6,127,826 | (1,769,112) | (6,847,356) | (3,225,732) | (2,642,963) | (1,231,230) |
| Other financing sources (uses): | | | | | | | | | | |
| Premiums on bonds issued | - | - | - | - | 1,387,853 | - | - | - | - | 1,163,285 |
| Proceeds of long-term debt | - | - | - | - | 9,725,000 | - | - | - | - | 11,040,000 |
| Bond issuance costs | - | - | - | - | - | - | - | - | - | (121,358) |
| In lieu of tax payments from utility* | 1,880,002 | 1,658,228 | 1,824,463 | 1,872,093 | 1,891,977 | 1,805,919 | 1,610,234 | 1,635,255 | 1,699,195 | 1,640,386 |
| Operating transfers out | (5,834,304) | - | (345,324) | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>(3,954,302)</u> | <u>1,658,228</u> | <u>1,479,139</u> | <u>1,872,093</u> | <u>13,004,830</u> | <u>1,805,919</u> | <u>1,610,234</u> | <u>1,635,255</u> | <u>1,699,195</u> | <u>13,722,313</u> |
| Net changes in fund balances | \$ 1,350,768 | \$ 7,553,809 | \$ 11,724,977 | \$ 12,185,729 | \$ 19,132,656 | \$ 36,807 | \$ (5,237,122) | \$ (1,590,477) | \$ (943,768) | \$ 12,491,083 |
| Debt services as a percentage of non-capital expenditures | 3.99% | 5.09% | 5.35% | 6.67% | 6.44% | 6.28% | 7.42% | 8.08% | 8.36% | 6.10% |

CITY OF GALLATIN, TENNESSEE
REVENUE CAPACITY INFORMATION
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY -
LAST TEN TAX YEARS

| TAX YEAR | APPRAISED VALUE | | | | ASSESSED VALUE AS A PERCENTAGE OF ACTUAL | TOTAL DIRECT TAX RATE* |
|-----------------|---|--------------------------------|---|--|---|---|
| | TOTAL TAXABLE ASSESSED VALUE | TAX EXEMPT PROPERTY | ESTIMATED ACTUAL TAXABLE VALUE | | | |
| 2025 | \$ 3,152,284,456 | \$ - | \$ 10,899,437,791 | | 28.92% | \$ 0.53 |
| 2024 | 2,935,179,054 | - | 10,209,401,280 | | 28.75% | 0.53 |
| 2023 | 1,835,956,847 | 157,722,100 | 6,536,211,546 | | 30.50% | 0.80 |
| 2022 | 1,762,132,137 | - | 6,184,000,396 | | 28.50% | 0.80 |
| 2021 | 1,749,990,933 | - | 5,804,981,995 | | 30.15% | 0.80 |
| 2020 | 1,639,821,560 | 31,477,512 | 5,505,851,345 | | 30.35% | 0.80 |
| 2019 | 1,568,403,152 | 35,134,216 | 5,345,047,430 | | 30.00% | 0.80 |
| 2018 | 1,379,876,000 | 21,926,143 | 3,758,217,774 | | 37.30% | 0.99 |
| 2017 | 1,085,548,889 | 23,016,954 | 3,688,978,706 | | 30.05% | 0.99 |
| 2016 | 1,063,378,081 | 23,958,652 | 3,498,839,903 | | 31.08% | 0.99 |

* Per \$100 of assessed valuation

Note - Property of the City is reappraised periodically. For this reason appraised value is considered equal to actual value. All information was pulled from the tax levies by the year noted.

CITY OF GALLATIN, TENNESSEE
REVENUE CAPACITY INFORMATION
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO

| | 2025 | | 2016 | |
|----------------------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|
| | ASSESSED VALUATION | PERCENT OF TOTAL VALUATION | ASSESSED VALUATION | PERCENT OF TOTAL VALUATION |
| Sumner Regional Med Ctr | \$ 112,581,500 | 3.57% | \$ 83,926,200 | 8.81% |
| Gap Inc | 78,628,700 | 2.49% | 65,000,000 | 6.83% |
| Revere at Hidden Creek LLC | 60,229,600 | 1.91% | - | 0.00% |
| Gallatin BNA LLC | 56,757,300 | 1.80% | - | 0.00% |
| Banner at Westfield LP | 52,222,000 | 1.66% | - | 0.00% |
| Stoneridge Borrower LLC | 46,581,300 | 1.48% | - | 0.00% |
| Wellington Farms Holdings De LLC | 46,250,400 | 1.47% | - | 0.00% |
| G25 Properties LLC | 43,526,000 | 1.38% | - | 0.00% |
| KJPL Gallatin LLC | 37,940,900 | 1.20% | - | 0.00% |
| Hoeganaes Corp | 16,926,448 | 0.54% | 20,273,041 | 2.13% |
| Wellington Farms Apts. | - | 0.00% | 31,800,000 | 3.34% |
| Stoneridge Farms | - | 0.00% | 30,679,200 | 3.22% |
| MAA Brik LLC | - | 0.00% | 23,513,500 | 2.47% |
| Foxland Crossing LLC | - | 0.00% | 22,631,700 | 2.38% |
| Sumner Regional Medical Center | - | 0.00% | 20,422,634 | 2.14% |
| Y F S Automotive Systems | - | 0.00% | 9,592,103 | 1.01% |
| Gap Inc & Subs Ent | - | 0.00% | 5,231,510 | 0.55% |
| Totals | \$ 551,644,148 | 17.50% | \$ 313,069,888 | 32.88% |

Information was obtained from the property tax rolls for the years noted.

CITY OF GALLATIN, TENNESSEE
REVENUE CAPACITY INFORMATION
PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

| FISCAL YEAR | ASSESSED VALUATION | TOTAL LEVY | COLLECTED WITHIN TAX YEAR OF LEVY | PERCENT COLLECTED | COLLECTIONS IN SUBSEQUENT YEARS | | TOTAL COLLECTIONS | TOTAL COLLECTIONS AS PERCENT OF TOTAL LEVY |
|----------------|-----------------------|---------------|---|----------------------|--|---------------|----------------------|--|
| | | | | | - | \$ | | |
| 2025 | \$ 3,152,284,456 | 16,691,346 | 15,537,927 | 93.09% | - | \$ 15,537,927 | 93.09% | |
| 2024 | 2,935,179,054 | 15,517,384 | 14,380,699 | 92.67% | 818,671 | 15,199,370 | 97.95% | |
| 2023 | 1,835,956,847 | 14,679,193 | 13,940,753 | 94.97% | 551,840 | 14,492,593 | 98.73% | |
| 2022 | 1,762,132,137 | 14,038,125 | 13,127,681 | 93.51% | 801,685 | 13,929,366 | 99.23% | |
| 2021 | 1,749,990,933 | 12,917,234 | 12,578,223 | 97.38% | 316,177 | 12,894,400 | 99.82% | |
| 2020 | 1,639,821,560 | 12,158,928 | 12,061,074 | 99.20% | 54,861 | 12,115,935 | 99.65% | |
| 2019 | 1,568,403,152 | 11,039,008 | 10,962,352 | 99.31% | 55,096 | 11,017,448 | 99.80% | |
| 2018 | 1,379,876,000 | 10,746,934 | 10,482,842 | 97.54% | 239,550 | 10,722,392 | 99.77% | |
| 2017 | 1,085,548,889 | 10,527,443 | 10,151,671 | 96.43% | 356,116 | 10,507,787 | 99.81% | |
| 2016 | 1,063,378,081 | 10,203,336 | 9,756,265 | 95.62% | 430,739 | 10,187,004 | 99.84% | |

Assessed valuation amount was taken from the property tax levy for the year noted.

CITY OF GALLATIN, TENNESSEE
DEBT CAPACITY INFORMATION
RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS

| FISCAL YEAR | POPULATION* | PER CAPITA PERSONAL INCOME** | GOVERNMENTAL ACTIVITIES | | | | BUSINESS-TYPE ACTIVITIES | | | | TOTAL PRIMARY GOVERNMENT | DEBT PER CAPITA | PERCENT OF PERSONAL INCOME |
|----------------|-------------|---------------------------------------|--------------------------------|-----------|-----------------------|------------------------|--------------------------|--|---------------|-------------|--------------------------------|--------------------|-------------------------------------|
| | | | GENERAL OBLIGATION BONDS | NOTES | TOTAL GOVERNMENTAL | REVENUE & TAX BONDS | NOTES | TOTAL BUSINESS- TYPE ACTIVITIES | | | | | |
| 2025 | 55,089 | \$ 38,560 | \$ 20,625,000 | \$ - | \$ 20,625,000 | \$ 57,390,000 | \$ - | \$ 57,390,000 | \$ 78,015,000 | \$ 1,416.16 | 3.67% | | |
| 2024 | 52,489 | 36,996 | 22,520,000 | - | 22,520,000 | 41,120,000 | - | 41,120,000 | 63,640,000 | 1,212.44 | 3.28% | | |
| 2023 | 50,413 | 34,822 | 24,355,000 | - | 24,355,000 | 43,930,000 | - | 43,930,000 | 68,285,000 | 1,354.51 | 3.89% | | |
| 2022 | 48,220 | 32,912 | 26,135,000 | - | 26,135,000 | 46,620,000 | - | 46,620,000 | 72,755,000 | 1,508.81 | 4.58% | | |
| 2021 | 46,902 | 32,996 | 27,880,000 | - | 27,880,000 | 33,765,000 | - | 33,765,000 | 61,645,000 | 1,314.34 | 3.98% | | |
| 2020 | 44,335 | 30,203 | 19,550,000 | - | 19,550,000 | 35,780,000 | - | 35,780,000 | 55,330,000 | 1,248.00 | 4.13% | | |
| 2019 | 42,985 | 28,945 | 20,905,000 | - | 20,905,000 | 37,795,000 | - | 37,795,000 | 58,700,000 | 1,365.59 | 4.72% | | |
| 2018 | 40,693 | 26,544 | 22,240,000 | 549,745 | 22,789,745 | 33,955,000 | - | 33,955,000 | 56,744,745 | 1,394.46 | 5.25% | | |
| 2017 | 37,504 | 26,450 | 24,805,000 | 1,310,000 | 26,115,000 | 37,560,000 | 57,667 | 37,617,667 | 63,732,667 | 1,699.36 | 6.42% | | |
| 2016 | 35,690 | 26,708 | 14,570,000 | 1,710,000 | 16,280,000 | 38,890,000 | 219,944 | 39,109,944 | 55,389,944 | 1,551.97 | 5.81% | | |

* SOURCE FOR POPULATION: US Census Bureau

** PERSONAL INCOME amounts were obtained from State estimates.

CITY OF GALLATIN, TENNESSEE
DEBT CAPACITY INFORMATION
RATIOS OF GENERAL BONDED DEBT OUTSTANDING - LAST TEN FISCAL YEARS

| FISCAL YEAR | POPULATION | GOVERNMENTAL ACTIVITIES | | | | | BUSINESS - | | | APPRaised Value | Ratio of General Obligation Debt to Appraised Value | Net General Obligation Debt per Capita | | | |
|----------------|------------|--------------------------------|-----------|-------|-----------------------|-----------------------|------------|-----------------------|------------------|--------------------|--|---|--|--|--|
| | | GENERAL OBLIGATION BONDS | | NOTES | TOTAL GOVERNMENTAL | ACIVITIES - | | PRIMARY GOVERNMENT | | | | | | | |
| | | TYPE | NOTES | | | PRIMARY GOVERNMENT | NOTES | APPRaised Value | | | | | | | |
| 2025 | 55,089 | \$ 20,625,000 | \$ | - | \$ 20,625,000 | \$ | - | \$ 20,625,000 | \$ 3,152,284,456 | 0.65% | \$ 374.39 | | | | |
| 2024 | 52,489 | 22,520,000 | | - | 22,520,000 | | - | 22,520,000 | 2,935,179,054 | 0.77% | 429.04 | | | | |
| 2023 | 50,413 | 24,355,000 | | - | 24,355,000 | | - | 24,355,000 | 1,835,956,847 | 1.33% | 483.11 | | | | |
| 2022 | 48,220 | 26,135,000 | | - | 26,135,000 | | - | 26,135,000 | 1,749,990,993 | 1.49% | 542.00 | | | | |
| 2021 | 46,902 | 27,880,000 | | - | 27,880,000 | | - | 27,880,000 | 1,639,821,560 | 1.70% | 594.43 | | | | |
| 2020 | 44,335 | 19,550,000 | | - | 19,550,000 | | - | 19,550,000 | 1,568,403,152 | 1.25% | 440.96 | | | | |
| 2019 | 42,985 | 20,905,000 | | - | 20,905,000 | | - | 20,905,000 | 1,379,876,000 | 1.51% | 486.33 | | | | |
| 2018 | 40,693 | 22,240,000 | 549,745 | | 22,789,745 | | - | 22,789,745 | 1,085,548,889 | 2.10% | 560.04 | | | | |
| 2017 | 37,504 | 24,805,000 | 1,310,000 | | 26,115,000 | 57,667 | | 26,172,667 | 1,063,378,081 | 2.46% | 697.86 | | | | |
| 2016 | 35,690 | 14,570,000 | 1,710,000 | | 16,280,000 | 219,944 | | 16,499,944 | 1,030,640,007 | 1.60% | 462.31 | | | | |

* SOURCE FOR POPULATION: US Census Bureau

CITY OF GALLATIN, TENNESSEE
DEBT CAPACITY INFORMATION
PLEDGED REVENUE COVERAGE - LAST TEN FISCAL YEARS

| FISCAL YEAR | UTILITY SERVICE CHARGES | LESS: OPERATING EXPENSES | NET REVENUE AVAILABLE FOR DEBT SERVICE | PRINCIPAL | INTEREST | TOTAL | PERCENT OF COVERAGE |
|--------------------|--|---|---|------------------|-----------------|--------------|--------------------------------|
| 2025 | \$ 42,462,080 | \$ 32,574,439 | \$ 9,887,641 | \$ 3,280,000 | \$ 1,548,555 | \$ 4,828,555 | 204.77% |
| 2024 | 34,997,340 | 28,746,753 | 6,250,587 | 2,925,000 | 1,201,666 | 4,126,666 | 151.47% |
| 2023 | 38,290,134 | 34,709,510 | 3,580,624 | 2,690,000 | 1,494,168 | 4,184,168 | 85.58% |
| 2022 | 38,560,935 | 31,115,155 | 7,445,780 | 2,075,000 | 1,340,498 | 3,415,498 | 218.00% |
| 2021 | 31,047,874 | 19,860,727 | 11,187,147 | 2,015,000 | 1,410,424 | 3,425,424 | 326.59% |
| 2020 | 28,473,862 | 17,853,481 | 10,620,381 | 1,775,000 | 1,268,910 | 3,043,910 | 348.91% |
| 2019 | 30,554,008 | 20,257,578 | 10,296,430 | 2,015,000 | 1,418,722 | 3,433,722 | 299.86% |
| 2018 | 14,593,834 | 8,546,734 | 6,047,100 | 1,730,000 | 1,326,336 | 3,056,336 | 197.85% |
| 2017 | 14,190,626 | 7,221,685 | 6,968,941 | 1,830,000 | 1,403,935 | 3,233,935 | 215.49% |
| 2016 | 13,525,181 | 7,389,032 | 6,136,149 | 1,775,000 | 1,460,061 | 3,235,061 | 189.68% |

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses. Sales tax increment bonds are backed by the sales tax revenue produced by the sales tax rate in effect when the bonds were issued (2.5 percent) applied to the increase in retail sales in the Commons shopping area since that time.

CITY OF GALLATIN, TENNESSEE
DEMOGRAPHIC AND ECONOMIC INFORMATION
DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN FISCAL YEARS

| CALENDAR YEAR | CITY POPULATION* | COUNTY POPULATION* | PERSONAL INCOME** | PER CAPITA PERSONAL INCOME** | | | COUNTY SCHOOL ENROLLMENT *** | COUNTY UNEMPLOYMENT RATE**** |
|---------------|------------------|--------------------|-------------------|------------------------------|------|-------------|------------------------------|------------------------------|
| | | | | \$ | \$ | MEDIAN AGE* | | |
| 2025 | 55,089 | 216,141 | \$ 73,589 | \$ 38,560 | 37.3 | 30,661 | 2.60% | |
| 2024 | 52,489 | 211,721 | 68,548 | 36,996 | 37.8 | 30,224 | 2.80% | |
| 2023 | 50,413 | 208,423 | 62,881 | 34,822 | 38.4 | 30,685 | 2.90% | |
| 2022 | 48,220 | 204,018 | 60,930 | 32,912 | 38.4 | 30,512 | 3.00% | |
| 2021 | 46,902 | 200,557 | 59,745 | 32,996 | 39.1 | 30,425 | 4.50% | |
| 2020 | 44,335 | 195,561 | 55,825 | 30,203 | 37.9 | 29,540 | 7.50% | |
| 2019 | 42,985 | 191,497 | 53,794 | 28,945 | 37.6 | 29,400 | 3.20% | |
| 2018 | 40,693 | 187,854 | 49,041 | 26,544 | 37.2 | 29,196 | 2.80% | |
| 2017 | 37,504 | 184,016 | 47,957 | 26,450 | 36.0 | 29,059 | 2.30% | |
| 2016 | 35,690 | 179,474 | 46,441 | 26,708 | 37.0 | 29,060 | 4.10% | |

* US Census Bureau

** State Estimate

*** Sumner County School Board

**** Tennessee State Department of Labor, Statistical Services

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

CITY OF GALLATIN, TENNESSEE
DEMOGRAPHIC AND ECONOMIC INFORMATION
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

| | 2025 | | 2016 | | PERCENTAGE OF TOTAL CITY EMPLOYMENT |
|--|-----------|------|-----------|-------|---|
| | EMPLOYEES | RANK | EMPLOYEES | RANK | |
| Sumner County Schools | 4,771 | 1 | 20.74% | 4,307 | 1 38.08% |
| Gap Inc. | 1,300 | 2 | 5.65% | 1,275 | 2 11.27% |
| Sumner County Government (non-schools) | 1,193 | 3 | 5.19% | N/A | N/A |
| Highpoint Health-Sumner w/ Ascension St. Thc | 1,132 | 4 | 4.92% | N/A | N/A |
| ABC Technologies | 750 | 5 | 3.26% | 286 | 7 2.53% |
| Volunteer State Community College | 718 | 6 | 3.12% | 712 | 4 6.30% |
| City of Gallatin | 646 | 7 | 2.81% | N/A | N/A |
| ServPro Industries | 505 | 8 | 2.20% | 475 | 5 4 |
| Simpson Strong-Tie | 236 | 9 | 1.03% | N/A | N/A |
| Yapp USA | 223 | 10 | 0.97% | 375 | 6 3.32% |
| Sumner Regional Medical Center | N/A | N/A | N/A | 1,070 | 3 9.46% |
| Hoeganaes Corporation | N/A | N/A | N/A | 235 | 8 2.08% |
| NIC Global Manufacturing Solutions | N/A | N/A | N/A | 185 | 9 1.64% |
| Charles C Parks Company | N/A | N/A | N/A | 175 | 10 1.55% |

Sources: Tennessee Department of Labor Workforce & Development and City of Gallatin's Economic Development

**CITY OF GALLATIN, TENNESSEE
OPERATING INFORMATION**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS

| Function/Program | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government: | | | | | | | | | | |
| Mayor's Office | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Planning (Combined in 2010) | 11 | 9 | 9 | 8 | 8 | 8 | 9 | 9 | 7 | 7 |
| Finance | 7 | 7 | 6 | 6 | 7 | 7 | 6 | 6 | 6 | 5 |
| City Attorney | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 |
| Recorder | 6 | 6 | 6 | 7 | 6 | 6 | 6 | 7 | 6 | 6 |
| Personnel | 6 | 6 | 5 | 5 | 5 | 4 | 4 | 3 | 3 | 3 |
| Codes | 19 | 14 | 17 | 17 | 18 | 15 | 15 | 15 | 12 | 9 |
| Economic Development Agency | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Information Technology | 7 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 | 6 |
| Public Safety: | | | | | | | | | | |
| Police | 114 | 109 | 91 | 97 | 97 | 97 | 99 | 99 | 99 | 98 |
| Fire | 101 | 99 | 95 | 98 | 97 | 97 | 96 | 98 | 85 | 68 |
| Public Works | | | | | | | | | | |
| | 58 | 51 | 50 | 52 | 49 | 52 | 48 | 50 | 47 | 48 |
| Leisure Services | | | | | | | | | | |
| | 29 | 29 | 29 | 30 | 30 | 29 | 26 | 29 | 29 | 31 |
| Engineering | | | | | | | | | | |
| | 16 | 14 | 15 | 10 | 10 | 9 | 9 | 8 | 7 | 6 |
| Public Utilities | | | | | | | | | | |
| | 94 | 82 | 86 | 84 | 88 | 92 | 93 | 95 | 86 | 88 |
| Golf Course | | | | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 478 | 444 | 427 | 432 | 433 | 434 | 428 | 436 | 404 | 384 |

Sources: PERSONNEL OFFICIAL

*AUDITS PRIOR YEARS

2016 numbers include 4 PPT employees. It does not include 12 unfilled positions (total authorized manning 396 as 6/30/16)

2017 numbers include 4 PPT employees. It does not include 15 unfilled position (total authorized manning as 6/30/17)

CITY OF GALLATIN, TENNESSEE
OPERATING INFORMATION
OPERATING INDICATORS BY FUNCTION / PROGRAM, LAST TEN FISCAL YEARS

| FUNCTION / PROGRAM | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Police | | | | | | | | | | |
| Physical arrests | 4,090 | 3,747 | 3,915 | 3,419 | 2,985 | 3,571 | 3,802 | 3,718 | 3,805 | 3,803 |
| Parking violations | 176 | 98 | 276 | 188 | 169 | 219 | 407 | 308 | 279 | 458 |
| Traffic violations | 24,624 | 14,631 | 13,826 | 14,847 | 11,720 | 17,065 | 15,334 | 13,436 | 13,824 | 17,393 |
| * Red Light Camera Citations | 0 | 456 | 5,519 | 5,598 | 5,109 | 3,828 | 6,345 | 6,211 | 7,386 | 9,054 |
| Fire | | | | | | | | | | |
| Emergency responses | 8364 | 8,307 | 8,114 | 7,729 | 6,854 | 6,228 | 6,048 | 5,636 | 4,192 | 3,917 |
| Fires extinguished | 120 | 152 | 157 | 148 | 132 | 115 | 122 | 113 | 133 | 144 |
| Inspections | 10,408 | 9,704 | 8,132 | 4,552 | 3,296 | 2,530 | 2,526 | 2,423 | 1,658 | 1,664 |
| Animal Control | | | | | | | | | | |
| Animals Restrained | 223 | 318 | 296 | 317 | 288 | 346 | 519 | 487 | 576 | 622 |
| Highways and Streets | | | | | | | | | | |
| Street resurfacing (miles) | 8.98 | 6.20 | 6.42 | 8.11 | 5.16 | 6.64 | 5.20 | 6.00 | 3.31 | 4.60 |
| Potholes repaired | 3,024 | 3,396 | 1,529 | 2,465 | 259 | 363 | 315 | 356 | 314 | 403 |
| Other Public Works | | | | | | | | | | |
| Utility cuts repaired | N/A |
| Parks and Recreation | | | | | | | | | | |
| Athletic field permits issued | N/A |
| Community center admissions | 175,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 270,000 | 270,000 | 270,000 | 240,000 |
| Community Service | | | | | | | | | | |
| Number of organization benefited | 19 | 18 | 17 | 17 | 17 | 21 | 18 | 14 | 10 | 12 |
| Number of services benefited | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 5 | 6 |
| Environmental Services | | | | | | | | | | |
| Tons hauled | 16,863 | 16,404 | 18,629 | 20,506 | 18,599 | 17,625 | 16,432 | 16,171 | 16,142 | 12,224 |
| Water | | | | | | | | | | |
| New connections | | 949 | 530 | 754 | 715 | 441 | 406 | 425 | 380 | 316 |
| Water main breaks | 716 | 39 | 53 | 58 | 31 | 45 | 46 | 37 | 37 | 37 |
| Utility cuts repaired | 64 | 58 | 78 | 79 | 54 | 123 | 83 | 145 | 100 | 139 |
| Average daily consumption (thousands of gallons) | 70 | 8,232 | 8,625 | 7,805 | 7,293 | 7,774 | 7,110 | 7,316 | 6,052 | 6,171 |
| Peak daily consumption (thousands of gallons) | 8,434 | 11,605 | 12,047 | 12,562 | 8,797 | 9,347 | 10,523 | 8,451 | 7,072 | 8,287 |
| Sewer | | | | | | | | | | |
| Average daily treatment (thousands of gallons) | 14,545 | 8,845 | 7,342 | 7,556 | 8,077 | 7,785 | 8,911 | 7,010 | 6,282 | 5,902 |
| Electric | | | | | | | | | | |
| Average daily consumption (thousands of kilowatt hours) | 2,171 | | 2,165 | 2,145 | 2,147 | 2,163 | 2,020 | 2,237 | 2,254 | 2,244 |
| Natural Gas | | | | | | | | | | |
| Average Daily Consumption: | | | | | | | | | | |
| Summer -April/October (thousands of cubic feet) | 3,534 | 3,666 | 4,064 | 4,059 | 3,587 | 3,623 | 4,920 | 4,810 | 4,656 | 4,937 |
| Winter-November/March (thousands of cubic feet) | 9,206 | 8,724 | 9,029 | 8,335 | 9,124 | 8,211 | 8,507 | 10,445 | 7,454 | 7,644 |
| Golf | | | | | | | | | | |
| Rounds Played | 41,400 | 32,500 | 45,000 | 44,145 | 44,145 | 44,145 | 45,000 | 45,000 | 45,000 | 45,000 |

Sources: Various city departments

Notes: Indicators are not available for the general government function

CITY OF GALLATIN, TENNESSEE
OPERATING INFORMATION
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM, LAST TEN FISCAL YEARS

| FUNCTION / PROGRAM | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Zone offices | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 1 | 1 | 1 |
| Patrol units | 129 | 104 | 97 | 80 | 80 | 96 | 96 | 91 | 79 | 78 |
| Fire | | | | | | | | | | |
| Stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 |
| Fire trucks | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 9 | 9 | 9 |
| Animal Control | | | | | | | | | | |
| Trucks | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Highways and Streets | | | | | | | | | | |
| Streets (miles) | 229.08 | 226.8 | 224.6 | 221.0 | 217.5 | 215.8 | 210.0 | 204.4 | 200.1 | 195.6 |
| Streetlights | 4,495 | 4,412 | 4,337 | 4,278 | 4,254 | 3,931 | 3,874 | 3,892 | 3,811 | 3,720 |
| Traffic signals | 458 | 456 | 417 | 438 | 411 | 411 | 388 | 380 | 370 | 362 |
| Sidewalks (miles) | 116.38 | 111.9 | 107.2 | 99.7 | 93.0 | 89.7 | 78.0 | 66.8 | 57.5 | 46.5 |
| Parks and Recreation | | | | | | | | | | |
| Acreage | 610 | 610 | 610 | 610 | 598 | 598 | 598 | 532 | 532 | 532 |
| Playgrounds | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 |
| Baseball/softball diamonds | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Soccer/football fields | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Community centers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Volleyball Courts | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Basketball Courts | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Picnic Shelters | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Tennis Courts | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Horseshoe Pits | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 9 |
| Fishing Piers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Swimming Pools | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Walking Trail (miles) | 8 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Disc Golf (holes) | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Model Airplane Strip | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Skate Park | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Environmental Services | | | | | | | | | | |
| Refuse Trucks | 29 | 28 | 28 | 25 | 24 | 24 | 24 | 23 | 22 | 22 |
| Water | | | | | | | | | | |
| Water mains (miles) | 358 | 350.0 | 345.0 | 342.0 | 337.0 | 335.0 | 331.0 | 320.0 | 316.0 | 313.0 |
| Fire hydrants | 2,493 | 2,385 | 2,317 | 2,273 | 2,212 | 2,173 | 2,113 | 2,075 | 2,025 | 1,986 |
| Storage capacity (thousands of gallons) | 15,300 | 15,300 | 15,300 | 15,000 | 15,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 |
| Percent of Water Loss in System | 31 | 31 | 31 | 35 | 32 | 25 | 16 | 16 | 12 | 13 |
| Sewer | | | | | | | | | | |
| Sewer mains (miles) | 290 | 284.0 | 273.0 | 270.0 | 264.0 | 257.0 | 254.0 | 244.0 | 240.0 | 236.0 |
| Pump Stations | 45 | 46 | 43 | 44 | 43 | 41 | 41 | 41 | 41 | 41 |
| Natural Gas | | | | | | | | | | |
| Gas lines (miles) | 436.0 | 427.0 | 416.0 | 405.0 | 398.0 | 394.0 | 389.0 | 385.0 | 382.0 | 380.0 |
| Golf | | | | | | | | | | |
| Acres | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 |
| Holes | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Driving Range | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: Various city departments

Notes: No capital asset indicators are available for the general government.

INTERNAL CONTROL AND COMPLIANCE SECTION



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Honorable Paige Brown, Mayor
Members of the City Council
City of Gallatin, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gallatin, Tennessee (the City), as of and for the year ended June 30, 2025, and the related notes to financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated December 22, 2025.

Our report includes a reference to other auditors who audited the financial statements of the Electric Department as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Honorable Paige Brown, Mayor
Members of the City Council
City of Gallatin, Tennessee

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATA, PC

Jackson, Tennessee
December 22, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the *Uniform Guidance***

Honorable Paige Brown, Mayor
Members of the City Council
City of Gallatin, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Gallatin, Tennessee's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the City complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City'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 GAAS, *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's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgement 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 the City'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 the City'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 the City'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 a 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 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 be 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 were not 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.

ATA, PC

Jackson, Tennessee
December 22, 2025

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025

SECTION I – Summary of Auditor's Results

Financial Statements

| | | | |
|---|--------------------------|-------------------------------------|---------------|
| Type of auditor's report issued: | Unmodified | | |
| Internal control over financial reporting: | | | |
| Material weakness(es) identified? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | no |
| Significant deficiency(ies) identified? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | none reported |
| Noncompliance material to financial statements noted? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | no |

Federal Awards

| | | | |
|---|--------------------------|-------------------------------------|---------------|
| Internal Control over major programs: | | | |
| Material weakness(es) identified? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | no |
| Significant deficiency(ies) identified? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | none reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified | | |
| Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR 200.516(a)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | no |

Identification of major programs:

ALN **Name of Federal Program or Cluster**

21.027 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025

SECTION II – Financial Statement Findings

There were no current year findings reported.

SECTION III – Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs reported.

CITY OF GALLATIN, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2025

Financial Statement Findings

There were no prior year findings reported.

Federal Award Findings and Questioned Costs

There were no prior year findings reported.

APPENDIX D

Form of Continuing Disclosure Agreement

CITY OF GALLATIN, TENNESSEE

\$ _____ GENERAL OBLIGATION BONDS, SERIES 2026

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered this _____ day of _____, 2026 by the City of Gallatin, Tennessee (the "Issuer") in connection with the issuance of its \$ _____ General Obligation Bonds, Series 2026 (the "Bonds"). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the "Rule") of the Securities and Exchange Commission (the "SEC"). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on July of each calendar year and ending June 30 of the following calendar year.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement of the Issuer, dated January ___, 2026, relating to the Bonds.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Registered Owner" means any person who is identified as a holder of Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Bonds.

"Resolution" shall mean the bond resolution adopted by the City Council of the Issuer on October 7, 2025.

"State" shall mean the State of Tennessee.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

SECTION 3. Continuing Disclosure. The Issuer hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information*. For Fiscal Years ending on or after June 30, 2026, the Issuer shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include:

(i) The Issuer's audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer's audited financial statements are not available, then the Issuer's unaudited financial statements; and

(ii) Operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

1. Debt Statement;

2. Per Capita Ratios;

3. Debt Trend;

4. General Obligation Debt Service Requirements;

5. Summary of General Fund Revenues, Expenditures and Changes in Fund Balance;

6. Statement of Appraised, Assessed and Estimated Actual Values;

7. Principal Taxpayers; and

8. Property Tax Levies and Collections

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2026, the Issuer shall provide audited financial statements, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices*. The Issuer will provide notice of the following events relating to the Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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;
- (vii) Modifications to rights of Bondholders, if material;

- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances (including disclosure as to whether the Bonds have been defeased to their maturity or to a preceding call date);
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) 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;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

* As used in subsections (xv) and (xvi), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information.* The Issuer will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement.* The Issuer will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Issuer shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. Amendment.

(a) This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment 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 the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Issuer shall describe such amendment in the next filing pursuant to Section 3(a), 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 Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall 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.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Dissemination Agent. The Issuer may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Agreement, and the Issuer may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent.

SECTION 11. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 12. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Dated: _____, 2026.

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor