

TOWN OF MASON, TENNESSEE
Mason, Tennessee

Report on Audit of Financial Statements

For the Year Ended June 30, 2025

TOWN OF MASON, TENNESSEE
Mason, Tennessee

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Town of Mason
12157 Main Street
Mason, TN 38049

TOWN OF MASON, TENNESSEE

April 2, 2026

To the Honorable Mayor, Town Council, and Residents of Mason:

The Town of Mason is pleased to submit to you the report on audit of the financial statements for the Town of Mason's fiscal year ended June 30, 2025. Prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB), the objective of this report is to present a clear picture of financial statements that have been audited by an independent certified public accounting firm.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. The objective of this report is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Town's financial statements have been audited by Banks, Finley, White & Co., licensed certified public accountants. Banks, Finley, White & Co. has issued an unmodified ("clean") opinion on the Town's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report followed by the Management's Discussion and Analysis (MD&A). The MD&A gives an easily readable analysis of the Town's financial activities. This letter of transmittal is intended to be complemented by the MD&A and is intended to be read in conjunction with the MD&A.

TOWN'S PROFILE

The Town of Mason was established in 1855. Under the current charter, the Town is governed based on the election of a mayor and six aldermen. Located in Tipton County, Tennessee, Mason currently occupies a land area of approximately two square miles with an estimated population of 1,126 certified by the Tennessee Department of Economic & Community Development.

Under the provisions of the Town's Charter, the Board of Aldermen (BOA) makes the laws that govern the Town. The BOA is responsible for, among other things, approving the budget, setting the tax rate and establishing other lawful taxes and fees necessary to secure sufficient revenue to fund the budget as approved. All administrative duties concerning day-to-day operations of the Town's government are the duty and responsibility of the Mayor.

Eddie Noeman, Mayor
enoeman@townofmasontn.org

The Town provides municipal services of police, fire, culture/recreation, community development, public works, planning and zoning, sewers, utilities, and general administrative services. This report includes the financial statements of the funds of the Town for which the Town is financially accountable. "Financial Accountability" is the benchmark used to determine which organizations are parts of the primary government or represent component units of the primary government.

BUDGET PROCESS

The Finance Department, led by the CMFO, works with department heads annually to prepare a plan of services for the upcoming fiscal year and the estimated cost of providing these services. This plan is reviewed by the BOA and is formally adopted by the passage of a budget ordinance.

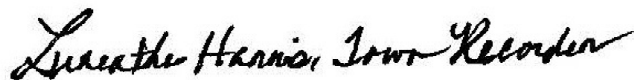
CAPITAL PLANNING PROCESS

The Town of Mason's planning process includes strategies to embody growth and strengthen the development of the community.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated efforts of the Town's staff and of its independent public accountants, Banks, Finley, White & Co, CPAs. The Town wishes to express its appreciation to all.

Respectively submitted,

A handwritten signature in black ink that reads "Lureatha Harris, Town Recorder". The signature is written in a cursive, flowing style.

Lureatha Harris, Town Recorder

TOWN OF MASON, TENNESSEE
DIRECTORY
June 30, 2025

ELECTED OFFICIALS

Eddie Noeman, Mayor
Reynaldo Givhan, Vice Mayor
Carolyn Catron, Alderwoman
Trowanna Broadnax, Alderwoman
Alethea Harris, Alderwoman
Mary Mason, Alderwoman
Virginia Rivers, Alderwoman

APPOINTED OFFICIALS

Vernita Boyd, CMFO Designee
Lureatha Harris, Town Recorder

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Aldermen
Town of Mason, 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, and each major fund of the Town of Mason, Tennessee (the "Town"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town 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, state street aid fund, and the drug fund and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 Town'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 Town'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 on pages 5 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Supplementary Information and Other Information as listed in the table of contents 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 and Other Information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2026 , on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Memphis, Tennessee
April 2, 2026

TOWN OF MASON, TENNESSEE
Management's Discussion and Analysis
As of June 30, 2025

As management of the Town of Mason, Tennessee (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025. Comparative analyses of key elements of total governmental funds and total enterprise funds have been provided.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,957,680 (net position). The change represents a decrease of \$100,649 when compared to the prior year's net position of \$5,058,329.
- As of the close of the current fiscal year, the Town's general fund reported an ending fund balance of \$396,307, an increase of \$35,379 when compared to the prior year's ending fund balance of \$360,928 (restated).
- During the current fiscal year, the Town's long-term debt decreased by a total of \$95 thousand compared to the prior fiscal year, consisting of the following: bonds outstanding decreased by \$24 thousand and capital outlay notes decreased by \$71 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements
4. This report also contains supplementary and other information, required supplementary information, an introductory section, and an internal control and compliance section in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

- The Statement of Net Position presents information on all of the Town's assets, deferred outflows/inflows of resources, and liabilities, 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 Town is improving or deteriorating.

- The Statement of Activities presents information showing how the Town'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.).

Both of the government-wide financial statements distinguish functions of the Town 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 Town include general government, public safety, public works, and debt service. The business-type activities of the Town include the water and sewer fund, natural gas fund, and sanitation fund. The government-wide financial statements can be found on pages 11 through 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 Town, 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 Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, 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 Town'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 through 17 of this report.

The Town maintains three 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 each fund which is considered to be a major fund.

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 Town uses enterprise funds to account for the water and sewer fund, the natural gas fund, and the sanitation fund.
- Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The Town currently has no internal service funds.

Proprietary fund financial statements 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 and sewer fund, the natural gas fund, and the sanitation fund, all of which are considered to be major funds of the Town. The basic proprietary fund financial statements can be found on pages 18 through 22 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 29 through 42 of this report.

Other Information

Supplementary and other information is included in this report. The introductory section includes the directory and other information section includes supplementary schedules of financial and other information.

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 Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5.0 million at the close of the most recent fiscal year. The largest portion of the Town's net position (70.7%) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 1,412,459	\$ 1,189,645	\$ 839,397	\$ 911,375	\$ 2,251,856	\$ 2,101,020
Internal balances	140,835	131,784	926,995	729,681	-	-
Capital assets	<u>740,665</u>	<u>649,977</u>	<u>3,114,562</u>	<u>3,277,193</u>	<u>3,855,227</u>	<u>3,927,170</u>
Total assets	<u>2,293,959</u>	<u>1,971,406</u>	<u>4,880,954</u>	<u>4,918,249</u>	<u>6,107,083</u>	<u>6,028,190</u>
Capital related debt	105,247	129,000	246,000	320,000	351,247	449,000
Internal balances	445,770	494,927	622,060	366,537	-	-
Other liabilities	<u>368,730</u>	<u>60,488</u>	<u>123,627</u>	<u>158,404</u>	<u>492,357</u>	<u>218,892</u>
Total liabilities	<u>919,747</u>	<u>684,415</u>	<u>991,687</u>	<u>844,941</u>	<u>843,604</u>	<u>667,892</u>
Deferred inflows of resources:	305,800	301,970	-	-	305,800	301,970
Net position:						
Net investment in capital assets	635,418	520,977	2,868,562	2,957,193	3,503,980	3,478,170
Restricted for:						
Drug Fund	7,843	18,423	-	-	7,843	18,423
State Street Aid	39,650	103,600	-	-	39,650	103,600
Unrestricted	<u>385,502</u>	<u>342,021</u>	<u>1,020,705</u>	<u>1,116,115</u>	<u>1,406,207</u>	<u>2,022,892</u>
Total Net Position	\$ <u>1,068,413</u>	\$ <u>985,021</u>	\$ <u>3,889,267</u>	\$ <u>4,073,308</u>	\$ <u>4,957,680</u>	\$ <u>5,058,329</u>

A portion (1.0%) of the net position is restricted for use by the drug and state street aid funds. The remaining balance of net position represents unrestricted net position (28.3%). At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position for the Town.

Statement of Activities – Expenses in governmental activities exceeded program revenues by \$729 thousand. General government revenues of \$804 thousand offset the deficit leaving a positive change in net position of \$75 thousand. In the business-type activities, expenses of \$1,407 thousand exceeded program revenues of \$1,255 thousand, resulting in a negative change in net position of \$(153) thousand.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 14,221	\$ 8,910	\$ 1,230,509	\$ 1,237,839	\$ 1,244,730	\$ 1,246,749
Operating grants and contributions	694,518	246,128	-	-	694,518	246,128
General Revenues:						
Property taxes	259,056	300,499	-	-	259,056	300,499
Other taxes	437,788	429,690	-	-	437,788	429,690
Other sources	<u>107,159</u>	<u>218,886</u>	<u>24,025</u>	<u>28,901</u>	<u>131,184</u>	<u>247,787</u>
Total Revenues	<u>1,512,742</u>	<u>1,204,113</u>	<u>1,254,534</u>	<u>1,266,740</u>	<u>2,767,276</u>	<u>2,470,853</u>

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Expenses:						
General government	896,724	395,508	-	-	896,724	395,508
Public safety	492,235	611,220	-	-	492,235	611,220
Public works	42,658	108,042	-	-	42,658	108,042
Debt service	5,845	6,868	-	-	5,845	6,868
Water and Sewer	-	-	923,195	1,195,573	923,195	1,195,573
Sanitation	-	-	169,202	74,577	169,202	-
Natural gas	-	-	314,984	450,960	314,984	450,960
Total Expenses	<u>1,437,462</u>	<u>1,121,638</u>	<u>1,407,381</u>	<u>1,721,110</u>	<u>2,844,843</u>	<u>2,768,171</u>
Change in net position	75,280	82,475	(152,847)	(454,370)	(77,568)	(371,895)
Net position - beginning	985,021	712,542	4,073,307	4,527,677	5,058,328	5,240,219
Prior period adjustment	<u>8,112</u>	<u>190,004</u>	<u>(31,193)</u>	<u>-</u>	<u>(23,081)</u>	<u>190,004</u>
Net position - beginning - restated	<u>993,133</u>	<u>902,546</u>	<u>4,042,114</u>	<u>4,527,677</u>	<u>5,035,247</u>	<u>5,430,223</u>
Net Position - ending	<u>\$ 1,068,413</u>	<u>\$ 985,021</u>	<u>\$ 3,889,267</u>	<u>\$ 4,073,307</u>	<u>\$ 4,957,680</u>	<u>\$ 5,058,328</u>

COMMENTS ON FUND FINANCIAL STATEMENTS

Governmental funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Government'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.

The general fund accounts for approximately 97% of governmental fund revenues excluding other financing sources. Accordingly, this discussion will focus on the general fund.

The general fund balance was \$396 thousand at the end of the current fiscal year, reflecting a \$35 thousand positive change from the prior year's fund balance (restated). Revenues in the general fund increased slightly from last year by \$306 thousand.

The State Street Aid's ending fund balance was \$40 thousand which was a \$64 thousand decrease from the prior year. The Drug Fund's ending fund balance of \$8 thousand was down by \$10 thousand when compared to the prior year.

The Town adopts an annual budget and a budget comparison statement has been provided to demonstrate compliance with the budget.

Proprietary funds – The Town's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The sanitation fund net position at the end of the year amounted to \$16 thousand, reflecting a \$61 thousand decrease from the prior year. The net position of other proprietary funds at the end of the year amounted to \$3.9 million, reflecting a \$92 thousand total decrease in net position for these funds. The decrease was primarily due to an operating losses of \$195 thousand in the water and sewer fund, and operating income of \$103 thousand in the natural gas fund. The primary drivers for the water and sewer fund loss were the impact of outsourcing water management services and unanticipated repair costs during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final Budgeted and Actual Amounts

The net change in fund balance exceeded budget by approximately \$99 thousand. The aggregate of all revenue categories was greater than budget by approximately \$671 thousand and the aggregate of all expense categories was greater than budget by \$571 thousand.

The primary driver of increased revenue and expense was government grants.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2025, the Town had invested \$3.9 million net of accumulated depreciation in a variety of capital assets and infrastructure.

Long-term debt – At the end of the current fiscal year, the Town had total debt outstanding of \$351 thousand. The entire amount is debt backed by the full faith and credit of the Town of Mason. Additional information on the Town of Mason's long-term debt can be found in Note 4E on pages 40 through 41 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Inflationary trends in the region are comparable to national indices.

The Town of Mason's FY2026 general fund budget reflects a slight increase in revenues, with no change in property tax rates.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Mason's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the Town of Mason's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Recorder, Town of Mason, 12157 Main Street, Mason, Tennessee 38049.

BASIC FINANCIAL STATEMENTS

TOWN OF MASON, TENNESSEE
STATEMENT OF NET POSITION

As of June 30, 2025

<u>ASSETS</u>			
	Governmental Activities	Business-type Activities	Total
CURRENT ASSETS:			
Cash and cash equivalents	\$ 774,012	\$ 130,315	\$ 904,327
Certificates of deposit	2,918	544,633	547,551
Receivables:			
Taxes (net of allowances)	289,729	-	289,729
Accounts - other	326,814	151,021	477,835
Accounts - court fines (net of allowances)	16,071	-	16,071
Intergovernmental - nongrant	-	-	-
Internal balances	140,835	926,995	-
Due from General Fund	-	-	-
Other current assets	2,915	13,428	16,343
Total Current Assets	<u>1,553,294</u>	<u>1,766,392</u>	<u>2,251,856</u>
Capital Assets:			
Land	-	92,710	92,710
Construction in progress	-	-	-
Capital assets, net of depreciation	740,665	3,021,852	3,762,517
Total Capital Assets	<u>740,665</u>	<u>3,114,562</u>	<u>3,855,227</u>
TOTAL ASSETS	<u>\$ 2,293,959</u>	<u>\$ 4,880,954</u>	<u>\$ 6,107,083</u>
 <u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 341,048	\$ -	\$ 341,048
Accrued expenses	16,877	64,226	81,103
Internal balances	445,770	622,060	-
Due to Water/Sewer	-	-	-
Due within one year	25,131	78,000	103,131
Total Current Liabilities	<u>828,826</u>	<u>764,286</u>	<u>525,282</u>
NON-CURRENT LIABILITIES:			
Compensated absences	10,805	351	11,156
Due in more than one year	80,116	168,000	248,116
Customer deposits	-	59,050	59,050
Total Non-current Liabilities	<u>90,921</u>	<u>227,401</u>	<u>318,322</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue - property taxes	289,729	-	289,729
Deferred revenue - court fines	16,071	-	16,071
Total Deferred Inflows of Resources	<u>305,800</u>	<u>-</u>	<u>305,800</u>
NET POSITION:			
Net investment in capital assets	635,418	2,868,562	3,503,980
Restricted:			
Drug enforcement	7,843	-	7,843
State Street Aid	39,650	-	39,650
Unrestricted	<u>385,502</u>	<u>1,020,705</u>	<u>1,406,207</u>
TOTAL NET POSITION	<u>\$ 1,068,413</u>	<u>\$ 3,889,267</u>	<u>\$ 4,957,680</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government:							
Legislative	\$ 13,200	\$ -	\$ -	\$ -	\$ (13,200)	\$ -	\$ (13,200)
Financial administration	61,225	14,221	-	-	(47,004)	-	(47,004)
Other	822,299	-	601,952	-	(220,347)	-	(220,347)
Public safety:							
Police	333,627	-	33,592	-	(300,035)	-	(300,035)
Fire	145,497	-	9,640	-	(135,857)	-	(135,857)
Drug court	13,111	-	-	-	(13,111)	-	(13,111)
Public works:							
State Street Aid	42,658	-	49,334	-	6,676	-	6,676
Debt service:							
Interest	5,845	-	-	-	(5,845)	-	(5,845)
Total Governmental Activities	<u>\$ 1,437,462</u>	<u>\$ 14,221</u>	<u>\$ 694,518</u>	<u>\$ -</u>	<u>\$ (728,723)</u>	<u>\$ -</u>	<u>\$ (728,723)</u>
Business-type Activities:							
Water & sewer	\$ 923,195	\$ 712,286	\$ -	\$ -	\$ -	\$ (210,909)	\$ (210,909)
Sanitation	169,202	108,011	-	-	-	(61,191)	(61,191)
Natural gas	314,984	410,212	-	-	-	95,228	95,228
Total Business-type Activities	<u>\$ 1,407,381</u>	<u>\$ 1,230,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (176,872)</u>	<u>\$ (176,872)</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2025
(Continued)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
General Revenues:							
Property taxes - levied for general government					\$ 259,056	\$ -	\$ 259,056
In lieu of property taxes - other governments					-	-	-
Sales taxes					148,448	-	148,448
Excise tax					194,090	-	194,090
Beer tax					24,337	-	24,337
Fines and penalties					-	-	-
Other sources					70,913	24,024	94,937
Unrestricted interest income					<u>107,159</u>	<u>-</u>	<u>107,159</u>
Total General Revenues					<u>804,003</u>	<u>24,024</u>	<u>828,027</u>
Changes in Net Position					75,280	(152,848)	(77,568)
Net Position - Beginning					985,021	4,073,308	5,058,329
Prior Period Adjustment					<u>8,112</u>	<u>(31,193)</u>	<u>(23,081)</u>
Total Net Position - Beginning (restated)					<u>993,133</u>	<u>4,042,115</u>	<u>5,035,248</u>
Net Position - Ending					<u>\$ 1,068,413</u>	<u>\$ 3,889,267</u>	<u>\$ 4,957,680</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Total Governmental Fund
ASSETS				
Cash and cash equivalents	\$ 629,721	\$ 123,337	\$ 20,954	\$ 774,012
Certificates of deposit	2,918	-	-	2,918
Receivables:				
Taxes (net of allowance for uncollectibles of \$-)	289,729	-	-	289,729
Accounts - other	326,814	-	-	326,814
Accounts - court fines (net of allowance for uncollectibles of \$(69,438))	16,071	-	-	16,071
Intergovernmental	-	-	-	-
Prepaid expenses	2,915	-	-	2,915
Due from other funds	140,835	-	-	140,835
TOTAL ASSETS	<u>\$ 1,409,003</u>	<u>\$ 123,337</u>	<u>\$ 20,954</u>	<u>\$ 1,553,294</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 336,905	\$ 4,143	\$ -	\$ 341,048
Accrued expenses	16,876	-	-	16,876
Due to Water/Sewer	-	-	-	-
Due to other funds	353,115	79,544	13,111	445,770
Total Liabilities	<u>706,896</u>	<u>83,687</u>	<u>13,111</u>	<u>803,694</u>
Deferred Inflows of Resources:				
Unavailable property taxes	289,729	-	-	289,729
Unavailable court fines	16,071	-	-	16,071
Total Deferred Inflows of Resources	<u>305,800</u>	<u>-</u>	<u>-</u>	<u>305,800</u>
Fund Balances:				
Nonspendable	2,915	-	-	2,915
Restricted for:				
Drug Fund	-	-	7,843	7,843
State Street Aid	-	39,650	-	39,650
Unassigned	393,392	-	-	393,392
Total Fund Balances	<u>396,307</u>	<u>39,650</u>	<u>7,843</u>	<u>443,800</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,409,003</u>	<u>\$ 123,337</u>	<u>\$ 20,954</u>	<u>\$ 1,553,294</u>

The accompanying notes are an integral part of these financial statements

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

Amounts reported for governmental activities in the Statement of Net Position (Page 11)
are different because:

Fund balance - total governmental funds (Page 14)	\$	443,800
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds		740,665
Receivables not available to pay for current expenditures and, therefore, are unavailable in the funds		-
Accrued Vacation		(10,805)
Long-term liabilities, including notes, bonds payable, and compensated absences, are not due in the current period and, therefore, are not reported in the funds		<u>(105,247)</u>
Net position of governmental activities (Page 11)	\$	<u>1,068,413</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	State Street Aid Fund	Drug Fund	Total Governmental Funds
REVENUES:				
Taxes	\$ 448,250	\$ -	\$ -	\$ 448,250
Licenses and permits	7,110	-	-	7,110
Intergovernmental	230,799	49,334	-	280,133
Charges for services	376	-	-	376
Fines	67,763	-	-	67,763
Grants	601,952	-	-	601,952
Other	<u>104,411</u>	<u>227</u>	<u>2,531</u>	<u>107,169</u>
Total Revenues	<u>1,460,661</u>	<u>49,561</u>	<u>2,531</u>	<u>1,512,753</u>
EXPENDITURES:				
Current:				
General Government:				
Legislative	13,200	-	-	13,200
Financial administration	61,225	-	-	61,225
Other	<u>795,432</u>	<u>-</u>	<u>-</u>	<u>795,432</u>
Total General Government	<u>869,857</u>	<u>-</u>	<u>-</u>	<u>869,857</u>
Public Safety:				
Police	333,627	-	13,111	346,738
Fire	145,497	-	-	145,497
Capital Outlay	<u>46,703</u>	<u>-</u>	<u>-</u>	<u>46,703</u>
Total Public Safety	<u>525,827</u>	<u>-</u>	<u>13,111</u>	<u>538,938</u>
Public Works:				
Capital Outlay	-	83,195	-	83,195
State Street Aid	<u>-</u>	<u>30,316</u>	<u>-</u>	<u>30,316</u>
Total Public Works	<u>-</u>	<u>113,511</u>	<u>-</u>	<u>113,511</u>
Debt Service:				
Principal	23,753	-	-	23,753
Interest	<u>5,845</u>	<u>-</u>	<u>-</u>	<u>5,845</u>
Total Debt Service	<u>29,598</u>	<u>-</u>	<u>-</u>	<u>29,598</u>
TOTAL EXPENDITURES	<u>1,425,282</u>	<u>113,511</u>	<u>13,111</u>	<u>1,551,904</u>
NET CHANGES IN FUND BALANCE	35,379	(63,950)	(10,580)	(39,151)
FUND BALANCE - BEGINNING OF YEAR	352,826	103,600	18,423	474,849
PRIOR PERIOD ADJUSTMENT	<u>8,102</u>	<u>-</u>	<u>-</u>	<u>8,102</u>
FUND BALANCE - BEGINNING OF YEAR - RESTATED	<u>360,928</u>	<u>103,600</u>	<u>18,423</u>	<u>482,951</u>
FUND BALANCE - END OF YEAR	<u>\$ 396,307</u>	<u>\$ 39,650</u>	<u>\$ 7,843</u>	<u>\$ 443,800</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Amounts reported for the governmental activities in the statement of activities
(Pages 12 and 13) are different because:

Net Change in Fund Balance - Total Governmental Funds (Page 16)	\$	(39,151)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		90,678
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		-
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.		23,753
The issuance of long-term debt increases the current financial resources of governmental funds. These transactions do not have any effect on net position.		-
Some expenses reported in the statement of activities, such as accrued leave adjustments, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		-
Change in Net Position of Governmental Activities (Page 13)	\$	<u>75,280</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Water and Sewer Fund	Natural Gas Fund	Sanitation	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 109,604	\$ 15,783	\$ 4,928	\$ 130,315
Certificates of deposit	443,070	101,563	-	544,633
Receivables:				
Accounts (net)	104,382	36,374	10,265	151,021
Due from other funds	353,115	572,940	940	926,995
Due from general fund	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	5,903	7,525	-	13,428
Total Current Assets	<u>1,016,074</u>	<u>734,185</u>	<u>16,133</u>	<u>1,766,392</u>
Capital Assets:				
Land	92,710	-	-	92,710
Construction in process	-	-	-	-
Capital assets, net of accumulated depreciation	2,616,490	405,362	-	3,021,852
Total Capital Assets	<u>2,709,200</u>	<u>405,362</u>	<u>-</u>	<u>3,114,562</u>
TOTAL ASSETS	<u>\$ 3,725,274</u>	<u>\$ 1,139,547</u>	<u>\$ 16,133</u>	<u>\$ 4,880,954</u>
LIABILITIES				
Current Liabilities (payable from current assets):				
Accrued expenses	\$ 57,035	\$ 7,191	\$ -	\$ 64,226
Customer deposits	-	-	-	-
Due to other funds	573,880	48,180	-	622,060
Current maturities of long-term debt	39,000	39,000	-	78,000
Total Current Liabilities (payable for current assets)	669,915	94,371	-	764,286
Noncurrent Liabilities:				
Compensated absences	-	351	-	351
Notes payable	84,000	84,000	-	168,000
Customer deposits	41,450	17,600	-	59,050
Total Noncurrent Liabilities	<u>125,450</u>	<u>101,951</u>	<u>-</u>	<u>227,401</u>
TOTAL LIABILITIES	<u>795,365</u>	<u>196,322</u>	<u>-</u>	<u>991,687</u>
Net Position:				
Net investment in capital assets	2,586,200	282,362	-	2,868,562
Unrestricted	343,709	660,863	16,133	1,020,705
Total Net Position	<u>2,929,909</u>	<u>943,225</u>	<u>16,133</u>	<u>3,889,267</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,725,274</u>	<u>\$ 1,139,547</u>	<u>\$ 16,133</u>	<u>\$ 4,880,954</u>

The accompanying notes are an integral part of these financial statements

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

	Water and Sewer Fund	Natural Gas Fund	Sanitation	Total
OPERATING REVENUES:				
Utility sales	\$ 632,927	\$ 392,562	\$ -	\$ 1,025,489
Sanitation revenue	-	-	108,011	108,011
Penalties	20,498	7,663	-	28,161
Reconnection fees	46,600	-	-	46,600
Taps and lines	5,000	8,700	-	13,700
Miscellaneous	7,261	1,287	-	8,548
Total Operating Revenues	<u>712,286</u>	<u>410,212</u>	<u>108,011</u>	<u>1,230,509</u>
OPERATING EXPENSES:				
Natural gas purchases	-	104,359	-	104,359
Salaries and wages	306,237	86,014	-	392,251
Employee insurance	-	-	-	-
Advertising and publications	-	1,593	-	1,593
Postage	8,910	129	-	9,039
Dues and fees	10,490	754	-	11,244
Legal and accounting	14,897	33,628	-	48,525
Repairs and maintenance	84,271	7,585	-	91,856
Equipment	-	-	-	-
Supplies	41,739	4,531	-	46,270
Lab expense	18,541	-	-	18,541
Gas and oil	12,498	12,370	-	24,868
Insurance	40,560	6,490	-	47,050
Water management services	35,666	-	-	35,666
Internet and network	2,893	-	-	2,893
Utilities	164,507	8,753	-	173,260
Computer and software	16,357	12,227	-	28,584
Uniforms	1,178	222	-	1,400
Bank service charges	601	24	-	625
Miscellaneous	54,084	2,342	-	56,426
Grant expenses	-	469	-	469
Depreciation	103,855	27,583	-	131,438
Bad debt expense	-	-	-	-
Sanitation expenses	-	-	169,202	169,202
Total Operating Expenses	<u>917,284</u>	<u>309,073</u>	<u>169,202</u>	<u>1,395,559</u>
Operating Income (Loss)	<u>(204,998)</u>	<u>101,139</u>	<u>(61,191)</u>	<u>(165,050)</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2025

(Continued)

	Water and Sewer Fund	Natural Gas Fund	Sanitation	Total
NONOPERATING REVENUES (EXPENSES):				
Interest and other income	16,221	7,774	29	24,024
Interest and other expenses	<u>(5,911)</u>	<u>(5,911)</u>	-	<u>(11,822)</u>
Total Nonoperating Revenues (Expenses)	<u>10,310</u>	<u>1,863</u>	<u>29</u>	<u>12,202</u>
Income (Loss) Before Capital Contributions	(194,688)	103,002	(61,162)	(152,848)
CAPITAL CONTRIBUTIONS:				
Capital contributions - grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Contributions	-	-	-	-
CHANGE IN NET POSITION	(194,688)	103,002	(61,162)	(152,848)
TOTAL NET POSITION - BEGINNING	3,155,790	840,223	77,295	4,073,308
PRIOR PERIOD ADJUSTMENT	<u>(31,193)</u>	<u>-</u>	<u>-</u>	<u>(31,193)</u>
TOTAL NET POSITION - BEGINNING (RESTATED)	<u>3,124,597</u>	<u>840,223</u>	<u>77,295</u>	<u>4,042,115</u>
TOTAL NET POSITION - ENDING	<u>\$ 2,929,909</u>	<u>\$ 943,225</u>	<u>\$ 16,133</u>	<u>\$ 3,889,267</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Water and Sewer Fund	Natural Gas Fund	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from consumers	\$ 706,546	\$ 415,039	\$ 107,961	\$ 1,229,546
Cash received (paid) from other funds	(17,960)	(136,443)	(65,642)	(220,045)
Cash paid to suppliers of goods & services	(543,765)	(143,320)	(4,401)	(691,486)
Cash paid to employees for services	(310,662)	(86,014)	-	(396,676)
Cash received (paid) for customer deposits	-	-	-	-
Other operating payments	140,517	-	(75,218)	65,299
Net Cash Provided/(Used) by Operating Activities	<u>(25,324)</u>	<u>49,262</u>	<u>(37,300)</u>	<u>(13,362)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Other capital payments/receipts	375	1,851	-	2,226
Principal paid on debt	(37,000)	(37,000)	-	(74,000)
Interest paid on bonds, notes and leases	(5,913)	(5,911)	-	(11,824)
Construction and acquisition of capital assets	-	-	-	-
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(42,538)</u>	<u>(41,060)</u>	<u>-</u>	<u>(83,598)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale/(purchase) of investments	(15,935)	-	-	(15,935)
Interest and other revenues	16,220	59	29	16,308
Net Cash Provided/(Used) by Financing Activities	<u>285</u>	<u>59</u>	<u>29</u>	<u>373</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(67,577)	8,261	(37,271)	(96,587)
Cash and cash equivalents - Beginning of Year	<u>177,181</u>	<u>7,521</u>	<u>42,199</u>	<u>226,901</u>
Cash and cash equivalents - End of Year	<u>109,604</u>	<u>15,782</u>	<u>4,928</u>	<u>130,314</u>
CASH AND CASH EQUIVALENTS:				
Unrestricted cash and cash equivalents on deposit	<u>109,604</u>	<u>15,782</u>	<u>4,928</u>	<u>130,314</u>
Total Cash and Cash Equivalents	<u>\$ 109,604</u>	<u>\$ 15,782</u>	<u>\$ 4,928</u>	<u>\$ 130,314</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Water and Sewer Fund	Natural Gas Fund	Sanitation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (204,998)	\$ 101,139	\$ (61,191)	\$ (165,050)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:				
Depreciation	103,855	27,583	-	131,438
Changes in Assets and Liabilities:				
Accounts receivable	(5,740)	4,827	(50)	(963)
Prepayments and other current assets	-	-	-	-
Due from other funds	(17,960)	(136,443)	129,843	(24,560)
Accounts payable and accrued expenses	(14,685)	3,975	(4,401)	(15,111)
Other accrued liabilities	(26,313)	-	-	(26,313)
Due to other funds	140,517	48,181	(101,501)	87,197
Net Cash Provided/(Used) by Operating Activities	<u>\$ (25,324)</u>	<u>\$ 49,262</u>	<u>\$ (37,300)</u>	<u>\$ (13,362)</u>

The accompanying notes are an integral part of these financial statements

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

	<u>Budgeted Amounts</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes:				
Property current	\$ 260,000	\$ 260,000	\$ 249,845	\$ (10,155)
Property taxes delinquent	15,000	15,000	9,211	(5,789)
Property tax penalty and interest	4,000	4,000	3,151	(849)
Local sales tax	120,000	120,000	125,929	5,929
Telecommunications sales tax	-	-	-	-
Wholesale beer tax	-	-	563	563
Local beer tax	20,000	20,000	23,775	3,775
Local liquor tax	21,600	21,600	22,519	919
Business tax recording fees	-	-	6,735	6,735
Cable TV franchise fee	-	-	6,523	6,523
Total	<u>440,600</u>	<u>440,600</u>	<u>448,251</u>	<u>7,651</u>
Licenses and Permits:				
Business permits	200	200	240	40
Plumbing permits	-	-	-	-
Beer permits	1,200	1,200	1,200	-
Burn permits	200	200	120	(80)
Building permits	2,000	2,000	4,525	2,525
Mechanical permits	-	-	-	-
Other licenses and permits	500	500	1,025	525
Total	<u>4,100</u>	<u>4,100</u>	<u>7,110</u>	<u>3,010</u>
Intergovernmental:				
State - TVA in lieu of tax	17,000	17,000	16,243	(757)
State - sales tax	200,000	200,000	167,891	(32,109)
State - income tax	3,200	3,200	2,520	(680)
State - beer tax	-	-	-	-
State - petroleum special fee	-	-	-	-
State - business tax	7,600	7,600	-	(7,600)
Cable TV franchise fee	-	-	-	-
Police grants	33,000	33,000	33,592	592
Fire Grant	-	-	9,640	9,640
Telecommunications sales tax	1,100	1,100	913	(187)
State - excise tax	-	-	-	-
Total	<u>261,900</u>	<u>261,900</u>	<u>230,799</u>	<u>(31,101)</u>
Charges for Services:				
Faxes and copies	350	350	376	301
Total	<u>350</u>	<u>350</u>	<u>376</u>	<u>26</u>
Fines:				
Fines - city court	65,000	65,000	67,763	2,763
Total	<u>65,000</u>	<u>65,000</u>	<u>67,763</u>	<u>2,763</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2025

(Continued)

	<u>Budgeted Amounts</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other:	-	-	-	-
Interest	500	500	-	(500)
Faxes and copies	-	-	-	-
Donated assets	100	100	10	(90)
THDA Grants	-	-	601,952	601,952
Miscellaneous	<u>18,000</u>	<u>18,000</u>	<u>104,400</u>	<u>86,400</u>
Total	<u>18,600</u>	<u>18,600</u>	<u>706,362</u>	<u>687,762</u>
 Total Revenues	 <u>790,550</u>	 <u>790,550</u>	 <u>1,460,661</u>	 <u>670,111</u>
EXPENDITURES:				
Current:				
General Government:				
Legislative:				
Mayor	6,000	6,000	6,000	-
Aldermen	<u>7,200</u>	<u>7,200</u>	<u>7,200</u>	<u>-</u>
Total	<u>13,200</u>	<u>13,200</u>	<u>13,200</u>	<u>-</u>
Financial Administration:				
Salary	74,100	74,100	33,943	(40,157)
Fringe Benefits	-	-	2,739	2,739
Advertising	500	500	651	151
Local planning assistance	1,200	1,200	1	(1,199)
Professional service	-	-	-	-
Office supplies	4,000	4,000	23,891	19,891
Screenings	1,500	1,500	-	(1,500)
Sanitation expense	-	-	-	-
Capital outlay	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Total	<u>81,500</u>	<u>81,500</u>	<u>61,225</u>	<u>(20,275)</u>
Other:				
Bank charges	2,000	2,000	2,677	677
Building	-	-	3,596	3,596
THDA Grant Construction Exp.	-	-	432,898	432,898
Computer and software	15,000	15,000	12,352	(2,648)
Publicity, subscriptions, and dues	-	-	1,505	1,505
Equipment rental	7,000	7,000	6,223	(777)
Bad debt expense	-	-	-	-
Insurance-Prop. Liab, WC	6,000	6,000	5,678	(322)
Telephone & Internet	2,500	2,500	1,667	(833)
Janitorial services	7,500	7,500	7,748	248
Dues and fees	1,200	1,200	-	(1,600)
Other charges	31,550	31,550	27,957	(3,593)
Postage	200	200	1,985	1,785
Professional fees - accounting	25,000	25,000	11,000	(14,000)
Professional fees - audit	8,400	8,400	14,422	6,022
Professional fees - legal	40,000	40,000	88,575	48,575
Professional fees - other	8,000	8,000	155,011	147,011
Property tax expenditures	300	300	373	73
Repair and maintenance - equipment	1,500	1,500	-	(1,500)
Repair and maintenance - building	2,500	2,500	-	(200)
Training	200	200	185	(15)
Travel	-	-	-	-
Utilities	<u>18,000</u>	<u>18,000</u>	<u>21,580</u>	<u>3,580</u>
Total	<u>176,850</u>	<u>176,850</u>	<u>795,432</u>	<u>620,482</u>
 Total General Government	 <u>271,550</u>	 <u>271,550</u>	 <u>869,857</u>	 <u>598,307</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2025

(Continued)

	<u>Budgeted Amounts</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Safety:				
Police:				
Salary	203,600	203,600	219,404	15,804
Overtime	-	-	5,429	5,429
Wages Holidays	7,500	7,500	5,560	(1,940)
Fringe Benefits	20,500	20,500	13,234	(7,266)
In-Service Pay	1,600	1,600	-	(1,600)
Advertising & Public Notice	100	100	100	-
Training	100	100	69	(31)
Travel	-	-	-	-
Insurance-Prop, Liab, WC	24,000	24,000	21,091	(2,909)
Telephone	-	-	-	-
Internet & Network	-	-	-	-
Utilities	4,000	4,000	3,433	(567)
Professional Fees - Other	650	650	834	184
Professional Fees - Prosecutor	4,800	4,800	4,800	-
Professional Fees - Judge	4,200	4,200	3,850	(350)
Dues and Fees	1,200	1,200	2,675	1,475
Supplies & Materials	800	800	3,092	2,292
Fuel	18,000	18,000	11,771	(6,229)
Repairs and Maintenance - Bldg.	500	500	-	(500)
Repairs and Maintenance - Vehicles	8,000	8,000	10,513	2,513
Repairs and Maintenance - Equip.	1,500	1,500	1,365	(135)
Computer & Software	10,000	10,000	12,113	2,113
Screenings	1,500	1,500	-	(1,500)
Equipment - Police	48,000	48,000	-	(48,000)
Radio/Radar	4,000	4,000	-	(4,000)
Clothing and uniforms	700	700	690	(10)
911 Expense	19,000	19,000	4,645	(14,355)
Rental - Equipment	4,500	4,500	7,859	3,359
Towing/Wrecker Service	600	600	1,100	500
Total	<u>389,350</u>	<u>389,350</u>	<u>333,627</u>	<u>(55,723)</u>
Fire:				
Wages	67,000	67,000	72,660	5,660
Wages - Fire Holiday	-	-	-	-
Fringe Benefits - Fire	5,100	5,100	4,438	(662)
In-service Pay	-	-	4,600	4,600
Supplies & Materials	21,350	21,350	21,886	536
Advertising & Public Notice	500	500	900	400
Training	-	-	-	-
Travel	-	-	-	-
Insurance-Prop, Liab, WC	8,400	8,400	7,301	(1,099)
Telephone	-	-	-	-
Internet & Network	750	750	595	(155)
Utilities	6,500	6,500	7,070	570
Professional Fees	-	-	-	-
Fuel	3,100	3,100	9,617	6,517
Repairs & Maintenance - Bldg.	4,000	4,000	4,160	160
Repairs & Maintenance - Vehicles	4,000	4,000	4,463	463
Repairs & Maintenance - Equip.	7,500	7,500	6,999	(501)
Capital Expenditures	500	500	46,703	46,203
Clothing and uniforms	-	-	-	-
Rental Equipment	-	-	-	-
Dues & Fees	1,000	1,000	808	(192)
Towing/Wrecker Service	-	-	-	-
EMS	-	-	-	-
Stipends - Volunteers	2,000	2,000	-	(2,000)
Total	<u>131,700</u>	<u>131,700</u>	<u>192,200</u>	<u>60,500</u>
Total Public Safety	<u>521,050</u>	<u>521,050</u>	<u>525,827</u>	<u>4,777</u>

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2025

(Continued)

	<u>Budgeted Amounts</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Health, Culture, Welfare, and Recreation				
Parks and Recreation:				
Utility services	-	-	-	-
Repairs and maintenance	1,000	1,000	-	(1,000)
Operating supplies	1,400	1,400	-	(1,400)
Equipment	250	250	-	(250)
Insurance	-	-	-	-
Utilities	-	-	-	(500)
Total Health, Culture, Welfare, and Recreation	<u>2,650</u>	<u>2,650</u>	<u>-</u>	<u>(2,650)</u>
Debt Service:				
Principal	52,325	52,325	23,753	(28,572)
Interest	6,900	6,900	5,845	(1,055)
Total	<u>59,225</u>	<u>59,225</u>	<u>29,598</u>	<u>(29,627)</u>
TOTAL EXPENDITURES	<u>854,475</u>	<u>854,475</u>	<u>1,425,282</u>	<u>570,807</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(63,925)</u>	<u>(63,925)</u>	<u>35,379</u>	<u>99,304</u>
Other Financing Sources (Uses):				
Transfer out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ (63,925)</u>	<u>\$ (63,925)</u>	<u>35,379</u>	<u>\$ 99,304</u>
FUND BALANCE - BEGINNING (restated)			<u>360,928</u>	
FUND BALANCE - ENDING			<u>\$ 396,307</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
STATE STREET AID FUND
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Intergovernmental Revenues:				
State gas and motor fuel tax	\$ 45,000	\$ 45,000	\$ 49,334	\$ 4,334
1989 gas tax	-	-	-	-
2017 gas tax	-	-	-	-
3 cent gas tax	-	-	-	-
State grant income	-	-	-	-
Total	<u>45,000</u>	<u>45,000</u>	<u>49,334</u>	<u>4,334</u>
Other Revenues:				
Interest	<u>230</u>	<u>230</u>	<u>227</u>	<u>(3)</u>
TOTAL REVENUES	<u>45,230</u>	<u>45,230</u>	<u>49,561</u>	<u>4,331</u>
EXPENDITURES:				
Street Improvements	-	-	83,196	83,196
Street lighting	-	-	-	-
Repairs and maintenance	5,000	5,000	-	(5,000)
Supplies	4,700	4,700	2,007	(2,693)
Utilities	24,000	24,000	28,308	4,308
Postage	-	-	-	-
Miscellaneous	<u>100</u>	<u>100</u>	-	<u>(100)</u>
TOTAL EXPENDITURES	<u>33,800</u>	<u>33,800</u>	<u>113,511</u>	<u>79,711</u>
NET CHANGES IN FUND BALANCE	<u>\$ 11,430</u>	<u>\$ 11,430</u>	<u>(63,950)</u>	<u>\$ (75,380)</u>
FUND BALANCE - BEGINNING (restated)			<u>103,600</u>	
FUND BALANCE - ENDING			<u>\$ 39,650</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
DRUG FUND

For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Charges for Services:				
State gas and motor fuel tax	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other:				
Other income	2,500	2,500	2,500	-
Interest	30	30	31	1
TOTAL REVENUES	<u>2,530</u>	<u>2,530</u>	<u>2,531</u>	<u>1</u>
EXPENDITURES:				
Towing	300	300	-	(300)
Other	-	-	13,111	13,111
Supplies	100	100	-	(100)
Capital expenditures	500	500	-	(500)
Undercover operations	500	500	-	(500)
TOTAL EXPENDITURES	<u>1,400</u>	<u>1,400</u>	<u>13,111</u>	<u>11,711</u>
NET CHANGES IN FUND BALANCE	<u>\$ 1,130</u>	<u>\$ 1,130</u>	<u>(10,580)</u>	<u>\$ (11,710)</u>
FUND BALANCE - BEGINNING			<u>18,423</u>	
FUND BALANCE - ENDING			<u>\$ 7,843</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF MASON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Town of Mason, Tennessee (the "Town") operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety (police, fire, and inspection and planning), street maintenance, sanitation, water and sewerage, natural gas services, and general administrative services.

The accounting policies of the Town conform to generally accepted accounting principles applicable to a government as defined in the Statements of Governmental Accounting Standards Board (GASB).

The following is a summary of the more significant accounting policies.

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the entire reporting entity of the Town. Based on the criteria set forth in Section 2100 of GASB's Codification of *Governmental Accounting and Financial Reporting Standards*, the Town has no component units required to be reported.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the non-fiduciary 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.

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 fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all 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. However, grant revenues are considered available if they are collected within 120 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (sixty days). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (120 days). An unavailable amount is recognized for the portion of those revenues that are not available within 120 days of the close of the fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town 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 State Street Aid fund accounts for the state gas tax revenue and the expenditures legally restricted to street maintenance.

The Police Drug fund accounts for revenues and expenditures on drug fines and enforcement costs.

The Town reports the following major proprietary funds:

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

The Gas fund accounts for the natural gas operations of the Town.

The Sanitation fund accounts for the sanitation operations of the Town.

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 divisions 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 nonoperating 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 water and sewer fund, the natural gas fund and the Sanitation fund are charges for sales to customers for 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 proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and other time deposits with a term of less than three months. State statutes authorize the Town 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 Town are reported at fair value and consist of certificates of deposit totaling \$547,551 as of June 30, 2025.

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.

Property taxes are levied and the tax bills are mailed annually on October 1. The taxes are due and payable from October through February in the year succeeding the tax levy. A lien attaches by statute to property on January 1. Taxes uncollected by March 1, the year after they are due, are considered delinquent, and are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

Inventories and Prepaid Items

Inventories are valued at lower of average cost or market, using the first-in/first-out (FIFO) method.

The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

The Town's proprietary funds along with the governmental funds elect to use restricted assets before unrestricted assets when the situation arises where either can be used.

Capital Assets

Capital assets, including property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All land, construction in progress, and works of art will be included. 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 Town does not have a policy specifying monetary amounts for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Building	10 - 40 years
Plant	10 - 40 years
Equipment	5 - 15 years
Vehicles	5 years

Compensated Absences

The employees earn vacation days on a calendar year basis without the option to carry over unused hours, unless in case of a Town emergency approved by the Mayor and Vice Mayor. Employees are reimbursed for current accrued vacation up to a maximum of 15 days in the event of termination.

All Town employees' sick leave accumulation is limited to 90 days. Employees are reimbursed for current accrued sick leave up to a maximum of 90 days in the event of termination.

The liability for compensated absences of \$11,156 is recorded at June 30, 2025. This amount is represented by \$10,805 in the governmental activities and \$351 in the Water and Sewer fund.

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.

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 reports 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 recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no items that qualify for reporting in this category.

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 item that qualifies for reporting as deferred inflows of resources in the fund statements is unavailable revenue and is disclosed on pages 14 and 32. In the government-wide statements, deferred revenue – property taxes as noted on pages 11 and 32 are reported as deferred inflows of resources.

Net position flow assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Equity

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Town 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 a formal action of the Town's highest level of decision making authority, the Board of Aldermen. Commitments may be changed or lifted only by the Town taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned fund balance

This classification includes amounts intended to be used by the Town for specific purposes that are neither restricted nor committed. The Board or its designee, the Recorder, has the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in the governmental funds (except negative amounts) that are not classified as nonspendable, restricted or committed.

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.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

New Accounting Pronouncements

GASB Statement No. 96—In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Town does not have any information technology arrangements greater than 1 year. Therefore this new pronouncement had no effect on the financial statements.

GASB Statement No. 101—In June 2022, GASB Issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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

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 a 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 \$114,431 difference are as follows:

Other accrued expenditures not reported in governmental funds	\$ -
Principal payment on Long-Term Debt	23,753
Capital Outlays	129,897
Depreciation expense	<u>(39,219)</u>
Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ <u><u>114,431</u></u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. These include the general fund and the special revenue funds. The Board of Aldermen approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal year end.

The Town's policy is to not allow expenditures to exceed budgetary amounts at the total fund expenditure level without obtaining additional appropriation approval from the Board of Aldermen. This policy reflects the legal level of control at which expenditures may not exceed appropriations.

As an extension of the budgetary process, the Town Aldermen may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. These amendments are made in the form of legally adopted Board approvals.

NOTE 4 - DETAILED NOTES ON ALL FUNDS:

A. Deposits and Investments

Investments were made up of certificates of deposit with a maturity of greater than three months for the fiscal year ended June 30, 2025.

Custodial Credit Risk

The Town's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statutes require 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 or the Tennessee Bank Collateral Pool, by collateral held by the Town's agent in the Town's name or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the Town 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 at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2025, the General fund's bank account exceeded the FDIC limit of \$250,000 by \$379,721, all of which is collateralized.

B. Receivables

Receivables as of the year end for the government's individual major funds, including the applicable reserve for uncollectible accounts are as follows:

	Total Governmental Funds	Water and Sewer Fund	Natural Gas Fund	Sanitation Fund	Total
Receivables:					
Property taxes	\$ 289,729	\$ -	\$ -	\$ -	\$ 289,729
Accounts Receivable	326,814	170,684	59,332	-	556,830
Accounts - sanitation	-	-	-	16,275	16,275
Accounts - court fees	85,509	-	-	-	85,509
Gross receivables	702,052	170,684	59,332	16,275	948,343
Less: Allowance for uncollectibles	(69,438)	(66,302)	(22,958)	(6,009)	(164,707)
Total	<u>\$ 632,614</u>	<u>\$ 104,382</u>	<u>\$ 36,374</u>	<u>\$ 10,266</u>	<u>\$ 783,636</u>

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. At the end of the current fiscal year, various components of unavailable revenue reported in the governmental funds were as follows:

	Unavailable	Unavailable /Unearned	Total
Delinquent property taxes receivable (net)	\$ 35,540	\$ -	\$ 35,540
2024 property tax assessment	-	254,189	254,189
Delinquent Court fines receivable (net)	16,071	-	16,071
Total deferred revenue for governmental funds	<u>\$ 51,611</u>	<u>\$ 254,189</u>	<u>\$ 305,800</u>

C. Capital Assets

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

	Beginning Balance	Additions	Disposals	Adjustments/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, being depreciated					
Buildings	\$ 235,752	\$ -	\$ -	\$ -	\$ 235,752
Equipment	733,233	46,703	-	-	779,936
Improvements	<u>607,804</u>	<u>83,195</u>	<u>-</u>	<u>-</u>	<u>690,999</u>
Total capital assets, being depreciated	1,576,789	129,898	-	-	1,706,687
Less accumulated depreciation for:					
Building	123,930	3,301	-	-	127,231
Equipment	607,895	20,954	-	-	628,849
Improvements	<u>194,987</u>	<u>14,964</u>	<u>-</u>	<u>(9)</u>	<u>209,942</u>
Total accumulated depreciation	<u>926,812</u>	<u>39,219</u>	<u>-</u>	<u>(9)</u>	<u>966,022</u>
Total capital assets, being depreciated, net	<u>649,977</u>	<u>90,679</u>	<u>-</u>	<u>9</u>	<u>740,665</u>
Governmental activities capital assets, net	<u>\$ 649,977</u>	<u>\$ 90,679</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 740,665</u>
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 92,710	\$ -	\$ -	\$ -	\$ 92,710
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated	92,710	-	-	-	92,710
Capital assets, being depreciated					
Buildings	153,483	-	-	-	153,483
Equipment	72,302	-	-	-	72,302
Plant	<u>6,853,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,853,549</u>
Total capital assets, being depreciated	7,079,334	-	-	-	7,079,334
Less accumulated depreciation for:					
Building	78,324	4,105	-	-	82,429
Equipment	55,998	5,211	-	-	61,209
Plant	<u>3,791,722</u>	<u>122,122</u>	<u>-</u>	<u>-</u>	<u>3,913,844</u>
Total accumulated depreciation	<u>3,926,044</u>	<u>131,438</u>	<u>-</u>	<u>-</u>	<u>4,057,482</u>
Total capital assets, being depreciated, net	<u>3,153,290</u>	<u>(131,438)</u>	<u>-</u>	<u>-</u>	<u>3,021,852</u>
Total business-type capital assets, net	<u>3,246,000</u>	<u>(131,438)</u>	<u>-</u>	<u>-</u>	<u>3,114,562</u>
Total capital assets, net	<u>\$ 3,895,977</u>	<u>\$ (40,759)</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 3,855,227</u>

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

Governmental activities:		
General government		
Financial administration	\$	5,912
Public safety		
Police		20,965
Fire		-
Public works		
Street department		12,342
Total depreciation expense - governmental activities		<u>39,219</u>
Business-type activities:		
Water and sewer		
Charged to operations		103,855
Natural gas		
Charged to operations		27,583
Total depreciation expense - business-type activities		<u>131,438</u>
Total depreciation	\$	<u>170,657</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2025, is as follows:

Receivable Fund	Payable Fund	Amount
Water/Sewer	General	\$ 145,867
Water/Sewer	Grants	207,248
Water/Sewer	Sanitation	-
Gas	Water	572,939
General	Gas	48,180
General	State Street	79,544
General	Drug	13,110
Sanitation	Water	940
Sanitation	General	-
Total		<u>1,067,828</u>
Governmental activities eliminated		(141,773)
Proprietary activities eliminated		(926,055)
Total		<u>\$ -</u>

Transactions arising from utility services as well as previous years of capital purchases are recorded in the Due from Gas Fund and Due to Water and Sewer Fund. The other amounts recorded as interfund receivables are for prior years' transactions which should have already been eliminated and for current year expenditures which were paid, but not reimbursed by the appropriate fund as of year-end.

E. Long-term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

General Obligation Bonds:

Town of Mason has an obligation to the United States Department of Agriculture bearing interest at 4.5%. The loan is payable in annual installments of \$29,708, with a maturity date of January 1, 2029. The loan is unsecured. \$ 105,247

Notes Payable:

Town of Mason has an obligation to the Tennessee Municipal Bond Fund bearing interest at 5%. The loan is payable in annual installments of \$90,433.62, including interest, and is unsecured. The loan matures in May of 2028. 246,000

Total long-term debt \$ 351,247

The annual requirements to amortize all long-term debt and obligations outstanding, excluding compensated absences, as of June 30, 2025, are as follows:

Year ending June 30	Bond Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2026	\$ 25,131	\$ 4,729	\$ 78,000	\$ 12,314	\$ 120,174
2027	26,104	3,605	82,000	8,408	120,117
2028	27,278	2,431	86,000	4,306	120,015
2029	26,734	1,203	-	-	27,937
2030	-	-	-	-	-
Thereafter	-	-	-	-	-
Total	<u>\$ 105,247</u>	<u>\$ 11,968</u>	<u>\$ 246,000</u>	<u>\$ 25,028</u>	<u>\$ 388,243</u>

The following is a summary of long-term debt transactions for the year ended June 30, 2025:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 9,605	\$ 1,200	\$ -	\$ 10,805	\$ -
Lease payable	-	-	-	-	-
General obligation bonds	<u>129,000</u>	<u>-</u>	<u>(23,753)</u>	<u>105,247</u>	<u>25,131</u>
	<u>\$ 138,605</u>	<u>\$ 1,200</u>	<u>\$ (23,753)</u>	<u>\$ 116,052</u>	<u>\$ 25,131</u>
Business-type activities:					
Notes payable	\$ 320,000	\$ -	\$ (74,000)	\$ 246,000	\$ 78,000
Compensated absences	-	<u>351</u>	-	<u>351</u>	-
	<u>\$ 320,000</u>	<u>\$ 351</u>	<u>\$ (74,000)</u>	<u>\$ 246,351</u>	<u>\$ 78,000</u>

NOTE 5 - OTHER INFORMATION:

A. Risk Management

The Town is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is carried for employees bonds and certain property destruction and employee health and accident claims. The Town also participates in the Tennessee Municipal League Risk Management Pool, a public entity risk pool, for errors and omissions, automobile liability and physical damage, workers compensation, and employees' liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years. The Tennessee Municipal League Risk Management Pool has been self-sustaining through member premiums. Members consist of local jurisdiction municipalities and utility districts in the state. Members are responsible for a pro-rata portion of claims which exceed the Pool's reserves. No additional assessments have ever been made by the Pool to its members as a result of losses experienced.

B. Contingent Liabilities and Losses

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 Town's management expects such amounts, if any, to be immaterial.

C. Prior Period Adjustment – Correction of an Error

During fiscal year 2025, management identified certain expenditures that had been recorded in the incorrect period. As a result, beginning balances were adjusted to properly recognize those expenditures in the appropriate fiscal year. The correction decreased the beginning fund balance of the General Fund by \$8,102 and decreased the beginning net position of the governmental activities by \$8,112. The correction also increased the beginning net position of the Water and Sewer Fund, and business-type activities, by \$31,193. Accordingly, beginning balances and net position have been restated.

SUPPLEMENTARY INFORMATION AND OTHER INFORMATION SECTION

TOWN OF MASON, 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
2024	\$ 1.46	\$ -	\$ -	\$ 260,830	\$ 248,352	\$ 12,478
2023	\$ 1.46	\$ 245,393	\$ 20,189	\$ -	\$ 14,816	\$ 5,373
2022	1.46	264,122	23,700	-	21,073	2,627
2021	1.46	258,638	7,817	-	7,342	475
2020	1.46	273,678	6,196	-	5,923	273
2019	1.46	238,466	3,863	-	2,498	1,365
2018	1.46	228,373	7,153	-	3,242	3,911
2017	1.21	229,662	10,045	-	1,007	9,038
2016	1.21	190,490	-	-	-	-
2015	0.97	181,760	-	-	-	-
Total		<u>\$ 2,110,582</u>	<u>\$ 78,963</u>	<u>\$ -</u>	<u>\$ 55,901</u>	<u>\$ 35,540</u>

Above balances represented as follows:

Unavailable revenue*	\$ 35,540
Allowance for uncollectible accounts	-
Unavailable revenue	<u>-</u>
	35,540
2025 tax levy not collectible until 10/01/24*	254,189
Less allowance for uncollectibles	<u>-</u>
	<u>\$ 289,729</u>

* Total deferred inflows related to property taxes \$289,729 (\$58,774+\$245,393)

TOWN OF MASON, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE
 June 30, 2025

Water - Inside City Limits

First 3,000 gallons	\$26.26	minimum
Over 3,000 gallons	3.03	per thousand

Water - Outside City Limits

First 3,000 gallons	\$36.78	minimum
Over 3,000 gallons	3.93	per thousand

Water - Institutional

First 480,000 gallons	\$3,530.00	minimum
Over 480,000 gallons	3.03	per thousand

Number of water customers at year end: 1,004

Sewer Rates

Residential	100%	of water usage
Commercial	100%	per thousand

Number of gas customers at year end: 510

Gas Rates - Residential

First 400 cubic feet	\$7.50	minimum
Over 400 cubic feet	12.30	per hundred

Gas Rates - Commercial

First 400 cubic feet	\$10.00	minimum
Over 400 cubic feet	13.30	per hundred

Number of sanitation customers at year end: 464

Sanitation Rates - Residential	\$19.57	per month
Sanitation Rates - Commercial	\$24.72	per month

**TOWN OF MASON, TENNESSEE
SCHEDULE OF LONG-TERM DEBT
June 30, 2025**

Governmental Activities			
General Obligation Bonds USDA			
Year Ended June 30,	Principal	Interest	Total
2026	\$ 25,131	\$ 4,729	\$ 29,860
2027	26,104	3,605	29,709
2028	27,278	2,431	29,709
2029	26,734	1,203	27,937
2030	-	-	-
2031	-	-	-
	\$ 105,247	\$ 11,968	\$ 117,215

TOWN OF MASON, TENNESSEE
SCHEDULE OF LONG-TERM DEBT
June 30, 2025

Year Ended June 30,	Business-type Activities Enterprise Funds TMBF Note				
	Gas		Water		Total
	Principal	Interest	Principal	Interest	
2026	\$ 39,000	\$ 6,157	\$ 39,000	\$ 6,157	\$ 90,314
2027	41,000	4,204	41,000	4,204	90,408
2028	43,000	2,153	43,000	2,153	90,306
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
	\$ 123,000	\$ 12,514	\$ 123,000	\$ 12,514	\$ 271,028

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

	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2024	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2025
Governmental Activities									
Payable from the General Fund:									
Bond Payable									
RUS Bonds, Series 2008	\$ <u>385,000</u>	4.50 %	December 2, 2008	December 2, 2028	\$ <u>129,000</u>	\$ <u>-</u>	\$ <u>(23,753)</u>	\$ <u>-</u>	\$ <u>105,247</u>
Total Bonds Payable from general fund	\$ <u><u>385,000</u></u>				\$ <u><u>129,000</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(23,753)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>105,247</u></u>
Business-Type Activities									
Payable from Gas and Water/Sewer Funds:									
Notes payable -									
Tennessee Municipal Bond Fund Loan	\$ <u>1,300,000</u>	5.00 %	April 26, 2001	May 25, 2028	\$ <u>320,000</u>	\$ <u>-</u>	\$ <u>(74,000)</u>	\$ <u>-</u>	\$ <u>246,000</u>
Total Long-Term Debt					\$ <u><u>449,000</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(97,753)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>351,247</u></u>

TOWN OF MASON, TENNESSEE
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 For the Year Ended June 30, 2025

Federal Awards	ALN Number	Contract Number	Expenditures
U.S. Department of Treasury:			
Pass-through Tennessee Department of Environment and Conservation (TDEC) ARP Fiscal Recovery Funds	21.027		\$ 448,423
Federal Emergency Management Agency(FEMA)	97.036		\$ 124,800
Total Federal Awards			<u>\$ 573,223</u>
All expenditures reported under the modified accrual basis of accounting; whereby, revenues are recorded when measurable and expenditures are recorded when the related liability is incurred.			
State Awards			
Tennessee Department of Finance and Administration			
Direct Appropriation Grant			<u>\$ -</u>
Total Expenditures of Federal and State Awards			<u>\$ 573,223</u>

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***

To the Honorable Mayor and Board of Aldermen
Town of Mason, 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, and each major fund, of the Town of Mason, Tennessee as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Mason, Tennessee's basic financial statements and have issued our report thereon dated April 2, 2026 .

Report on Internal Control Over Financial Reporting

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

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

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



deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2025-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Town of Mason, Tennessee's Response to Findings

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

Purpose of This Report

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

Memphis, Tennessee
April 2, 2026

TOWN OF MASON, TENNESSEE
Schedule of Findings
For the Fiscal Year Ended June 30, 2025

2025-001: Closing of Accounting Records (Noncompliance)

Condition: The Town's books and records were not closed and available for audit within 2 months after the close of the fiscal year.

Cause: Turnover within the finance and accounting department.

Criteria: Tennessee Code Annotated (TCA) 9-2-102 (b) states that it is the duty all local governments that are subject to the audit requirements of the Comptroller of the Treasury and that handle public funds to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year, and the necessity of material journal entries prevents that.

Effect: Audit not timely filed with the state of Tennessee.

Recommendation: We recommend that the Town work to ensure the books and records are closed and available for audit no later than two months after the close of the fiscal year.

Management's Response: *See management's response attached.*

2025-002: Interfund Activity Not Properly Reconciled

Condition: At June 30, 2025, the Town's General Fund owed the Water Fund \$145,867.

Cause: While the total of all the Town's funds were in balance on a monthly basis, each individual fund (General Fund, Water Fund, etc.) was not balanced each month.

Criteria: C2090 — Interfund receivables and payables should be balanced monthly and reconciled to the general ledger.

Effect: Failure to properly balance each individual fund could increase the risk of unrecognized interfund receivables and payables. Unrecognized interfund activity increases the risk that proprietary fund resources could be used to finance governmental activities.

Recommendation: While we found no evidence proprietary funds were used to finance governmental activities, the Town should balance individual fund activity on a monthly basis. Furthermore, the Town should promptly clear any interfund receivables and payables.

Management's Response: *See management's response attached*

TOWN OF MASON, TENNESSEE
Schedule of Prior Year Audit Findings
Year Ended June 30, 2025

FINANCIAL STATEMENT FINDINGS

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2024-001	Closing of Accounting records (Compliance and Other Matters)	Repeated 2025-001
2024-002	Erroneous Payroll Payment	Corrected



MANAGEMENT'S CORRECTIVE ACTION PLAN

The Town of Mason, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2025.

Audit Period: June 30, 2025

Contact Person/Person responsible for implementing Corrective Action:
Mayor Eddie Noeman

The findings from the June 30, 2025, schedule of findings and responses is discussed below. The finding is numbered consistent with the number assigned in the schedule.

2025-001-Closing of Accounting Records

The finding labeled 2025-001 is repeated from the prior year. This issue was not corrected, in part, because the Town did not complete its June 30, 2024, audit until July 31, 2025, causing a delay in the preparation of the current year financial statements with prior year audited beginning balances. Further, effective July 1, 2024, the Town transitioned its accounting function from an outsourced consultant to an in-house employee, necessitating additional time to become acclimated to the Town's accounting software and internal processes. Primarily as a result of these factors, it took longer than expected to complete the year-end financial statements close.

Action Taken/Planned: The Town has implemented procedures to improve the timeliness of its monthly financial reporting. The June 30, 2026, financial records are scheduled to be available for audit by August 31, 2026, with audit completion within six months of year end, as required by the State of Tennessee Comptroller's Office.

Anticipated Completion Date/Date Completed: August 31, 2026

Eddie Noeman, Mayor
enoeman@townofmasontn.org

2025-002-Interfund Activity


The finding labeled 2025-002 is new and, similar to the previous finding, occurred in part due to the Town transitioning its accounting function from an outsourced consultant to an in-house employee. The change necessitated additional time to become acclimated to the Town's accounting software and internal processes, including processes related to payroll processing, individual fund balances, and interfund balances.

At all times for at least the last three fiscal years, the General Fund has had sufficient cash and has not relied on any other funds (including proprietary funds) to finance its operating and capital expenditures.

Action Taken/Planned: On March 20, 2026, the \$145,867 due to the Water Fund was transferred from the General Fund. Additionally, to reduce the likelihood of interfund amounts in the future, transfers are being promptly made at the time payroll is processed. Further, the in-house accountant will ensure each individual fund is balanced on a monthly basis.

Anticipated Completion Date/Date Completed: March 20, 2026

Sincerely,



Eddie Noeman, Mayor, Town of Mason