

City of Cookeville, Tennessee

Annual Financial Report
For the Year Ended June 30, 2024

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Introductory Section

City of Cookeville, Tennessee
Roster of Officials (Unaudited)
As of June 30, 2024

Elected

Laurin Wheaton	Mayor
Luke Eldridge	Vice Mayor
Ali Bagci	Councilman
Eric Walker	Councilman
Chad Gilbert	Councilman

Appointed

James Mills	City Manager
Brenda Imel, CPA	Finance Director*
Darian Coons	City Clerk

* Designated with financial oversight responsibility

Financial Section



Independent Auditor's Report

City Council
City of Cookeville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cookeville, Tennessee (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Cookeville Regional Medical Center Authority (the Medical Center) and Public Building Authority of the City of Cookeville, Tennessee (the Building Authority), whose statements reflect total assets and deferred outflows of resources of \$286,188,990 and total revenues of \$437,698,621. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Medical Center and the Building Authority, are based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16 and the schedules of changes in net pension liability (asset) and OPEB liability and related ratios and employer contributions on pages 93-98 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 GAAS, 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 City's basic financial statements. The combining and individual fund and department financial statements and schedules on pages 99-117 and other schedules on pages 118-123 and pages 133-134 (including the schedule of expenditures of federal awards and state financial assistance on pages 133-134, as required by Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund and department financial statements and schedules on pages 99-117 and other schedules on pages 118-128 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 and information on pages 124-128 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
December 23, 2024

City of Cookeville, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2024

As management of the City of Cookeville, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with the City's financial statements (beginning on page 17).

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2024 by approximately \$329,910,000 (net position) for the primary government. This excess includes the value of capital assets plus resources restricted to specific projects by law, regulation, or contractual agreement (approximately \$198,058,000) and unrestricted resources available to continue City operations into the next fiscal year (approximately \$120,860,000).
- The government's total net position increased this year by approximately \$29,399,000. Net position of the governmental activities increased by approximately \$13,986,000 and those of the City's business type activities (utilities) increased by approximately \$15,413,000.
- As of June 30, 2024, the City's governmental funds reported combined ending fund balances of approximately \$84,612,000 an increase of \$6,491,000 in comparison with the prior year. Approximately 50% of this total amount, approximately \$42,131,000 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$42,131,000 or 111% of total general fund expenditures.
- The City's total bonds and notes payable increased by approximately \$5,735,000 (16.4%) during the current fiscal year. There were approximately \$8,970,000 in new state revolving loan funds drawn. A total of approximately \$3,235,000 in debt was repaid.
- The actuarially determined other postemployment liability at June 30, 2024 is approximately \$30,646,000 of which approximately \$24,669,000 represents the liability for governmental activities and \$5,977,000 is for business-type activities. The total liability increased by approximately \$683,000 from prior year. The City adopted changes in benefits during the last fiscal year in which new hires on or after January 1, 2023 will not be eligible for OPEB benefits upon their retirement from the City. The City also adopted a Medicare advantage plan for eligible retirees 65 and older. The OPEB benefits are funded on a pay as you go basis.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The first two statements, the Government-wide Statement of Net Position and Government-wide Statement of Activities present an overview of the City's governmental and business-type services.

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

The statement of activities presents information showing how the government'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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The reader should remember that the financial resources of the business-type activities are not available to finance governmental activities.

Governmental activities include services such as police, fire, recreation and culture, public works, street maintenance, sanitation services, prevention of drug and alcohol abuse, animal shelter operations, community development,, historical preservation, administrative and oversight functions necessary to provide all of the above.

Business-type activities, include electric, gas and, water & sewer services.

The government-wide financial statements include not only the City itself (known as the primary government), but also Cookeville Regional Medical Center and the Public Building Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The business-type activities that are listed above function for all practical purposes as a department of the City, and has been included as an integral part of the primary government.

The government wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects and the transportation fund all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements found on pages 99-100 in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget and can be found beginning on page 23.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, gas and water & sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the employee insurance program and the customer service activities. The internal service funds have been allocated to both the governmental and business-type activities in the government-wide financial statements. Data for each internal service fund is provided in the form of combining statements found on pages 114-116 in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the energy and water quality operations, all of which are considered to be major funds of the City. During the fiscal year, electric and gas operations were consolidated under the newly formed energy department. The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information. Required supplementary information concerning the City's progress in funding its obligations to provide pension and OPEB benefits to its employees is presented. Combining and individual fund statements for non-major funds as well as information required by the State of Tennessee can be found in the other supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets plus deferred outflows exceeded liabilities plus deferred inflows by approximately \$329,910,000 at fiscal year end.

By far the largest portion of the City's net position (58%) reflects its 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 City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table provides a summary of the City's net position at June 30:

**Net Position – Primary Government
June 30, 2024 and 2023
(amounts expressed in thousands)**

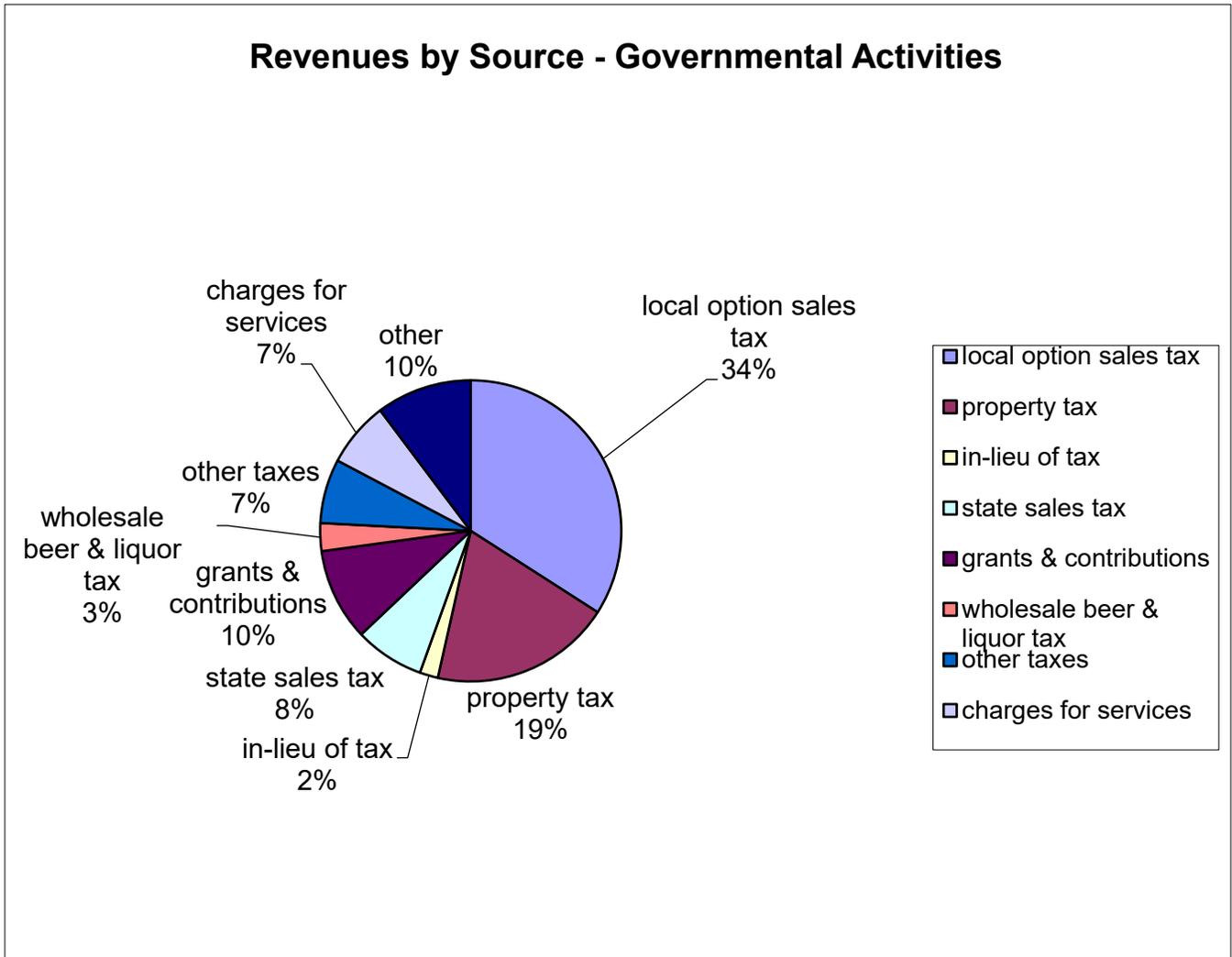
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 110,690	\$ 105,053	\$ 80,752	\$ 71,882	\$ 191,442	\$ 176,935
Capital assets	81,744	77,357	154,086	139,016	235,830	216,373
Other assets	<u>3,918</u>	<u>3,908</u>	200	<u>1,826</u>	<u>4,118</u>	<u>5,734</u>
Total assets	<u>196,352</u>	<u>186,318</u>	<u>235,038</u>	<u>212,724</u>	<u>431,390</u>	<u>399,042</u>
Deferred outflows of resources	<u>18,114</u>	<u>18,382</u>	<u>7,135</u>	<u>6,582</u>	<u>25,249</u>	<u>24,964</u>
Current liabilities	9,924	11,642	6,312	6,877	16,236	18,519
Long-term debt	30,050	33,062	2,534	2,534	32,584	35,596
Other liabilities	<u>33,412</u>	<u>28,893</u>	<u>18,859</u>	<u>9,709</u>	<u>52,271</u>	<u>38,602</u>
Total liabilities	<u>73,386</u>	<u>73,597</u>	<u>27,705</u>	<u>19,120</u>	<u>101,091</u>	<u>92,717</u>
Deferred inflows of resources	22,853	26,862	2,785	3,916	25,638	30,778
Net position						
Net investment in capital assets	57,419	53,263	140,639	134,015	198,058	187,278
Restricted	10,823	9,257	169	1,753	10,992	11,010
Unrestricted	<u>49,985</u>	<u>41,721</u>	<u>70,875</u>	<u>60,502</u>	<u>120,860</u>	<u>102,223</u>
Total net position	\$ 118,227	\$ 104,241	\$ 211,683	\$ 196,270	\$ 329,910	\$ 300,511

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used and are restricted for various purposes. The remaining balance of unrestricted net position, approximately \$120,860,000 may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2024, the City of Cookeville is reporting positive balances in all categories of net assets. Net position increased \$13,987,000 for governmental activities and increased \$15,412,000 for business-type activities.

Governmental Activities

Governmental activities increased the City's net position by approximately \$13,987,000 thereby accounting for 48% of the total growth in the net position of the City.

The following table provides a summary of revenues by source for the governmental activities.



The following table presents a summary of the City's changes in net position for the primary Government for the year ended June 30, 2024.

The City's Changes in Net Position
For the years ended June 30, 2024 and 2023
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Charges for services	\$ 4,012	\$ 3,920	\$ 96,762	\$ 100,116	\$ 100,774	\$ 104,036
Operating grants and contributions	1,730	1,711	-	-	\$1,730	1,711
Capital grants and contributions	3,597	1,339	905	-	\$4,502	1,339
General revenues						
Local option sales tax	19,539	19,131	-	-	\$19,539	19,131
Property taxes	11,141	10,112	-	-	\$11,141	10,112
TVA in-lieu of tax	1,127	1,396	-	-	\$1,127	1,396
State sales tax	4,279	4,145	-	-	\$4,279	4,145
Wholesale beer tax	1,136	1,177	-	-	\$1,136	1,177
Wholesale liquor tax	583	595	-	-	\$583	595
Other taxes	3,974	3,779	-	-	\$3,974	3,799
Miscellaneous	<u>6,219</u>	<u>4,901</u>	<u>4,784</u>	<u>7,894</u>	<u>\$11,003</u>	<u>12,795</u>
Total revenues	57,337	52,207	102,451	108,011	159,788	160,217
Expenses						
General government	5,164	176	-	-	5,164	176
Economic development	58	540	-	-	58	540
Community development	1,355	-466	-	-	1,355	-466
Public safety	20,306	-2,755	-	-	20,306	-2,755
Parks and maintenance	1,716	-447	-	-	1,716	-447
Public works	11,299	8,132	-	-	11,299	8,132
Culture and recreation	3,233	1,936	-	-	3,233	1,936
Community support	1,106	833	-	-	1,106	833
Interest on debt	739	644	-	-	739	644
Energy	-	-	66,842	64,777	66,842	64,777
Water quality control	-	-	<u>18,571</u>	<u>13,494</u>	<u>18,571</u>	<u>13,494</u>
Total expenses	44,976	8,591	85,413	78,270	130,389	86,862
Increase in net position before transfers	12,361	43,616	17,038	29,740	29,399	73,356
Transfers	<u>1,625</u>	<u>1,727</u>	<u>-1,625</u>	<u>-1,727</u>	-	-
Increase in net position	13,986	45,343	15,413	28,013	29,399	73,356
Net position - beginning	104,241	58,768	196,270	168,352	300,511	227,119
Prior period adjustment	<u>-</u>	<u>130</u>	<u>-</u>	<u>-94</u>	<u>-</u>	<u>36</u>
Net position - ending	\$ 118,227	\$ 104,241	\$ 211,683	\$ 196,270	\$ 329,910	\$ 300,511

Business-type Activities

Business-type activities increased the City's net position by approximately \$15,413,000 accounting for 52% of the total growth in the government's net position. The two proprietary fund statements demonstrate that the energy and water quality control departments continue to grow and to be financially stable

On December 21st, 2023, the Cookeville City Council voted to abolish the individual Electric and Gas Departments and create the Cookeville Energy Department. Electric and Gas Divisions continued with individual operations throughout the year and are combined at fiscal year-end for a complete department overview. This upcoming fiscal year the Energy Department will begin the engineering, design, and construction process of a new gas division facility and remodel of the current electric divisions facility to combine the two divisions into one location. The estimated completion date is set for Fall 2026 with a combined total project budget of \$20,000,000.

The electric operations continue to be positive. Net assets increased by approximately \$2,829,000 with operating revenues of approximately \$59,132,000 and operating expenses of approximately \$56,124,000. Non-operating net revenues totaled approximately \$1,007,000 and transfers to the general government were approximately \$1,186,000. The electric division receives power from TVA at three delivery points with six substation sites located throughout the city. These substation sites then distribute power to the electric customers. The electric division expensed an additional \$1,872,000 for an ongoing transformer changeout project at Cane Creek Substation with an expected completion date of FY2025. Projects at Tenth Street consisting of three phases of overhead conductor totaling \$408,100 and an upgrade at Sherwood Subdivision of \$219,000 are ongoing. The electric division also purchased five new vehicles totaling \$380,700 including a \$215,000 bucket truck. Additional purchases were made for a trailer mounted underground puller \$203,000 and a bull wheel tension trailer \$96,400. The division also continued a project of changing out streetlights to a more energy efficient LED light in numerous areas for approximately \$407,000; this project will continue until all streetlights have been changed to LED. The division began the process to implement an Advanced Metering Infrastructure Project with a current year expense of \$64,000 and a total project budget of \$3,600,000.

The gas divisions net assets increased by \$5,144,000. Operating revenues were approximately \$14,679,000 and operating expenses were approximately \$10,707,000. Non-operating net revenues totaled approximately \$1,356,000 and transfers to the general government were approximately \$184,000. The division has two supply connections on the East TN Pipeline. The division annually budgets and plans for the extension of mains throughout its service territory and maintains over 386 miles of distribution mains. The division has a separate rate structure for supply services which classify customers as residential, commercial, industrial, or interruptible. Gas rates are changed monthly utilizing a purchased gas adjustment (PGA) as prescribed in the city ordinance. The monthly increases or decreases in gas commodity prices are factored into the monthly gas rates using the PGA. The PGA allows the division to recover the fluctuations in the cost of gas from its customers without changing base rates. The division continued work with TDOT on the utility relocation project for the South Jefferson Avenue Road widening from I-40 to 111. Project costs for South Jefferson totaled approximately \$723,000 this fiscal year. The division began the process to implement the Advanced Metering Infrastructure Project with an approximate total cost of \$113,000 this fiscal year and a total project budget of \$1,400,000. The gas division added a new backhoe for a total cost of approximately \$134,000 and four utility vehicles for a total cost of approximately \$113,000 during the fiscal year. The department has no debt outstanding.

Net assets increased approximately \$7,390,000 for the water quality control department. Operating revenues were approximately \$22,951,000 and operating expenses were approximately \$18,451,000. The department had non-operating net revenues totaling approximately \$2,240,000 and transfers to the general government were approximately \$256,000. The department is responsible for providing water and sewer services to their customers. The department has started construction on a project to expand the water treatment plant by 7.5 million gallons

per day (MGD). An SRF loan in the amount of \$17.5M has been approved in April 2022 (increased to \$23M in June 2024) to help finance the project with \$10,816,730 drawn on it as of June 30, 2024. In June of 2024 the City was approved for up to \$5.5M through an additional SRF loan. A TDEC grant of \$4,807,000 was also received on the project. A change order approved in October 2024 increased the construction cost of this project from \$25.4M to \$25.9M, with a new estimated completion date of May 2025. The department routinely performs leak surveys to locate water leaks within the water distribution system. Repairs are completed as soon as leaks are found. A new rate study was completed in early 2024. Based on that study, rates were increased in July 2025, and increases were approved for each of the next four years for both wholesale and retail customers. These increases are necessary due to the increased cost of materials and supplies as well as proposed capital improvement projects that are needed. The department continues to sell water to seven area utility districts which in turn provide water services to their own customers. The utility districts consume approximately 49.6% of the water sold by the department and accounts for approximately 36.53% of the water department's water sales revenue. The department's water supply is from Center Hill Lake. The department is required to pay the Army Corps of Engineers for water storage rights in Center Hill Lake and for dam repairs currently ongoing. At June 30th the amount due the Corp for water storage rights was \$1,130,069. The department continues to rehab and upgrade sewer lines and sewer pump stations to minimize storm water infiltration into the sewer system and help prevent potential discharge of untreated sewage. The replacement of the Deberry Heights Pump Station was completed in FY 2024 and a project to replace the West End Pump Station, which is being funded in part with a CDBG grant is under construction and will be completed in the spring of 2025. Also under construction is an \$11,278,600 wet weather storage facility and including a new pump station for the Tenn Tech drainage basin which will greatly reduce overflows in that basin. It is anticipated to be completed in mid-2026. The \$ 6.3 million water line replacement project in South Jefferson Ave is underway and is anticipated to be completed before the end of the 2025 budget year.

The tables on the following page present a summary of the charges for services and expenses of the energy and water quality control departments for the City.

Summary of Comparison of Operating Revenues for Fiscal Years 2024 and 2023
(amounts expressed in thousands)

	2024	2023	Amount change	% change
Energy	\$ 73,811	\$ 77,833	\$ (4,022)	(5.2)%
Water quality control	<u>22,951</u>	<u>22,283</u>	<u>668</u>	3.0%
Revenues	\$ 96,762	\$ 100,116	\$ (3,354)	(3.4)%

Summary of Comparison of Operating Expenses for Fiscal Years 2024 and 2023
(amounts expressed in thousands)

	2023	2022	Amount change	% change
Energy	\$ 66,831	\$ 64,777	\$ 2,054	3.2%
Water quality control	<u>18,451</u>	<u>13,494</u>	<u>4,957</u>	36.7%
Expenses	\$ 85,282	\$ 78,271	\$ 7,011	9.0%

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

As of June 30, 2024, the City's governmental funds reported combined ending fund balances of approximately \$84,612,000 an increase of approximately \$6,491,000 in comparison to prior year. There is approximately \$12,984,000 in restricted fund balances which must be used for specific purposes: approximately \$281,000 restricted for pensions, \$5,808,000 restricted for capital projects, \$190,000 restricted for police drug enforcement programs, \$2,996,000 restricted for street maintenance, \$1,941,000 restricted for sanitation operations, and \$1,768,000 restricted for economic development/tourism. There is approximately \$29,483,000 in committed fund balances, predominantly for the payment of principal and interest on the City's general obligation debt. The general fund is the chief operating fund of the City. At June 30, 2024, the unassigned fund balance of the general fund was approximately \$42,131,000 and is available to be expended for any valid governmental purpose by the City. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 111% of total general fund expenditures during fiscal year 2024.

The City's general fund revenue is primarily generated from the local option sales tax and property tax. Of total General Fund revenues, approximately \$36,708,000 or 78% was from taxes. Local option sales tax increased by approximately \$408,000 (from \$19,131,000 to \$19,539,000) and was a record high in collections. The city's total property tax rate for fiscal year 2024 (2023 property tax) was \$.92 per \$100 of value. While this is a 10 cent increase over the prior year, the tax rate remains relatively low compared to other cities across the state. The property tax rate allocated to the general fund was \$.67 and accounted for approximately \$7,829,000 in general fund property tax revenue. The rise in interest rates have contributed to increased earnings on deposits and investments with interest revenue of \$2,509,000 in the general fund. Departmental budgets have seen increases in the past two years and the departments have been successful in staying within their approved budgets. To remain competitive in attracting and retaining employees, additional salary adjustments were made based on a completed salary survey with targeted increases specifically for police officers and firefighters and merit increases of up to 2%. The city pay scales were adjusted upward 4%. Because of the strength of the fund balance and strong revenues, the city transferred \$1,000,000 to the State Street Aid Fund for additional street paving.

The debt service fund has a total fund balance of approximately \$19,470,000, all of which is committed for the payment of principal and interest on outstanding debt. The allocation of property tax was reduced to \$.02 cents for 2024. The city's share of state sales tax is also allocated to the debt service fund. Property tax and state sales tax totaled approximately \$4,531,000 in the debt service fund. In lieu payments are received from entities that are exempt from property tax but have agreed to make payments because they receive the same city services that other taxpayers receive. The city allocated \$700,000 of in lieu tax payments to the debt service fund for fiscal year 2024. Interest earned in the fund was \$971,000. While no general obligation debt was issued during the year, debt is planned in the next fiscal year to complete significant planned projects. The overall increase in the fund balance was approximately \$3,415,000 for Fiscal Year 2024.

The capital projects fund is used to account for expenditures related to infrastructure projects such as road construction, facility improvements, property acquisition and specialized equipment purchases. Funding for these type expenditures is typically handled through bond issues or variable rate loan agreements with the Tennessee Municipal Bond Fund (TMBF). The most recent debt issue, general obligation bonds, series 2022 for \$9,650,000 are being used for major street improvement projects and property purchase for future use. As of June 30, 2024, unspent bond proceeds totaled approximately \$5,808,000. The major street improvement projects include the widening of 10th street from Fisk Rd to Wilson Avenue. This project is under construction and is expected to be completed in FY 2025. Design and ROW acquisition for the W. Stevens Street improvement project is also underway, with the construction expected to start in FY 2025. Other capital projects include the construction of two fire stations to replace Stations 2 and 3. Renovations to CPAC are also under design. Additional debt will be required and is planned for FY 2025 for these projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business type activities.

General Fund Budgetary Highlights

The statements, subtitled Budget and Actual, report on the City's compliance with the budget adoption and execution requirements. These statements for the general fund can be found beginning on page 23. The statements for the other funds can be found in the supplementary information.

Original and Final Budgeted Amounts

The original general fund budget was \$42,422,995 including transfers out. The final budget was increased by \$4,402,263 to \$46,825,258. The amendments approved during the year included additional appropriations for public safety for a significant grant expenditure, leisure services property purchase for park expansion, and ARPA expenditures.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2024 was approximately \$81,744,000 and \$154,086,000, respectively. The net investment increased 5.7% for governmental and 10.8% for business-type activities, respectively. See Business-Type Activities section for discussion of major capital assets for those funds.

This year's major capital asset additions for governmental activities included:

- \$1,742,000 in vehicles including \$321,000 armored rescue vehicle (police department), \$406,000 sideload garbage truck (sanitation), \$166,000 dump truck (public works) and \$490,000 in 4 pickup trucks and 7 patrol vehicles for police department
- purchase of approximately 6 acres for future expansion of Cane Creek Park
- purchase of property for construction of new fire station on Gould Drive.
- \$2,240,000 in equipment including \$197,000 mobile command trailer (police department), \$1,554,000 in radio communication equipment (police department) and \$151,000 excavator (public works)
- \$2,100,000 in construction in progress on the 10th Street Phase II improvement project.
- \$1,367,000 in developer contributed infrastructure

A table summarizing the City's capital assets is presented below.

Capital Assets (net of depreciation)
June 30, 2024 and 2023
(amounts expressed in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Land	\$ 20,705	\$ 19,227	\$ 4,216	\$ 3,664	\$ 24,921	\$ 22,891
Water rights	-	-	4,889	4,889	4,889	4,889
Buildings and improvements	21,546	22,136	498	545	22,044	22,681
Improvements other than buildings	2,442	4,213	-	-	2,442	4,213
Utility plant in service	-	-	99,140	96,325	99,140	96,325
Vehicles	5,002	4,573	-	-	5,002	4,573
Machinery and equipment	4,208	2,778	9,740	9,678	13,948	12,456
SBITA Asset	-	-	314	376	314	376
Software	46	15	-	-	46	15
Infrastructure	24,645	22,207	-	-	24,645	22,207
Furniture and equipment	-	-	9	28	9	28
Plant acquisition adjustment	-	-	4,889	5,268	4,889	5,268
Construction in progress	<u>3,150</u>	<u>2,208</u>	<u>30,391</u>	<u>18,243</u>	<u>33,541</u>	<u>20,451</u>
Net capital assets	\$ 81,744	\$ 77,357	\$ 154,086	\$ 139,016	\$235,830	\$216,373

Additional information on the City's capital assets can be found in note 4 of this report.

Long-term Liabilities

At the end of the fiscal year, the Primary Government had total long-term liabilities of approximately \$46,069,000. Of this amount, approximately \$31,392,000 relates to governmental activities while the remaining approximately \$14,677,000 relates to business type activities. Of the long-term liabilities of governmental activities, approximately \$30,050,000 was debt related to a bond or note issuance and is backed by the full faith and credit of the City. No new debt was issued during the fiscal year. The Water Quality Control Department had \$10,817,000 drawn at June 30, 2024 on the SRF approved loan of \$23,000,000. Additional information on the City's long-term debt can be found in the notes to the financial statements.

A table summarizing the City's outstanding debt is presented below.

Outstanding Debt
June 30, 2023 and 2022
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 28,140	\$ 30,965	\$ 900	\$ 1,200	\$ 29,040	\$ 32,165
Revenue bonds	-	-	-	-	-	-
Direct borrowing notes	-	-	11,628	2,768	11,628	2,768
Unamortized (discount) premium	<u>1,910</u>	<u>2,097</u>	<u>-</u>	<u>-</u>	<u>1,910</u>	<u>2,097</u>
Total	\$ 30,050	\$ 33,062	\$ 12,528	\$ 3,968	\$ 42,578	\$ 37,030

Additional information on the City's long-term debt can be found in note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

Cookeville, the county seat of Putnam County is located at the intersection of Interstate 40 and Highway 111 at the foothills of the Cumberland Mountains. It is 80 miles east of Nashville, 100 miles west of Knoxville, and 90 miles north of Chattanooga. Cookeville is home to Tennessee Tech University. The university is a four-year, state supported, co-educational university with an enrollment of 10,000 students. Also, Cookeville is home to the Cookeville Regional Medical Center, a 269-bed acute care hospital providing quality care to the 14 county Upper Cumberland region.

The 2020 Census data show City's population increased 3,688 to 34,842. Cookeville is also the regional center for employment, shopping, dining, education, health care and recreational/cultural activities for the approximately 200,000 people that live in the surrounding counties. The City, County and Chamber of Commerce are actively recruiting new industry and commercial growth for the Upper Cumberland Area.

The unemployment rate for Putnam County was 3.9% in June 2024 compared to the State of Tennessee's rate of 3.0% and a national average of 4.1%. Construction of new single family and multi-family homes remains strong.

All these factors were considered in adopting the general fund budget for fiscal year 2025. The City remains conservative in revenue forecasts and budgeted a 4% increase in revenues over the 2024 original budget driven by estimated growth in local option sales tax and interest earnings. Revenues and transfers in total approximately \$38,805,000 in the fiscal year 25 budget. The city also budgeted a 7.6% increase in operating expenditures for fiscal year 2025 over the 2024 budget. The appropriation for operating expenditures is approximately \$37,717,000. The majority of operating expenditures for the general fund are personnel costs. The 2025 budget includes a merit increase of up to 4% for police officers and firefighters and 2% for all other employees. With budgeted capital purchases, the budget includes a planned use of fund balance in the amount of approximately \$5,474,000. The proposed capital purchases include \$2.2 million for the purchase of a new fire aerial apparatus. The general fund at June 30, 2024 has an unassigned fund balance of approximately \$ 42,131,000.

Requests for Information

This financial summary is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Cookeville, 45 East Broad Street, Cookeville, TN, 38501.

City of Cookeville, Tennessee
Statement of Net Position
June 30, 2024

	Primary Government			Component Units		Total Reporting Entity
	Governmental activities	Business-type activities	Total	Cookeville Regional Medical Center	Public Building Authority	
Assets						
Cash and cash equivalents	\$ 86,480,538	\$ 64,384,702	\$ 150,865,240	\$ 46,600,288	\$ 240,257	\$ 197,705,785
Accounts receivable, net	237,551	11,158,331	11,395,882	42,058,244	-	53,454,126
Taxes receivable, net	11,614,209	-	11,614,209	-	-	11,614,209
Other receivables	5,395,395	27,930	5,423,325	2,631,856	-	8,055,181
Internal balances	172,083	(172,083)	-	-	-	-
Inventories	-	4,030,780	4,030,780	12,702,692	-	16,733,472
Prepaid expenses and other current assets	14,883	286,237	301,120	3,770,408	891	4,072,419
Restricted cash and cash equivalents	6,774,916	1,035,567	7,810,483	10,000,000	-	17,810,483
Notes receivable, net	-	110,733	110,733	-	-	110,733
Equity interest in joint venture	3,917,501	-	3,917,501	-	-	3,917,501
Long-term investments	-	-	-	16,423,662	-	16,423,662
Net pension assets	-	89,015	89,015	-	-	89,015
Other assets	-	-	-	2,239,041	-	2,239,041
Capital assets not being depreciated	23,855,143	39,496,526	63,351,669	27,851,024	-	91,202,693
Capital assets, net	57,888,739	114,589,606	172,478,345	116,554,217	247,149	289,279,711
Total assets	196,350,958	235,037,344	431,388,302	280,831,432	488,297	712,708,031
Deferred Outflows of Resources	18,114,250	7,135,193	25,249,443	4,869,261	-	30,118,704
Liabilities						
Accounts payable	1,663,027	6,266,229	7,929,256	21,190,210	36,715	29,156,181
Claims payable	-	-	-	-	-	-
Accrued expenses	1,404,971	-	1,404,971	20,781,838	3,024	22,189,833
Unearned revenues	6,855,993	45,333	6,901,326	-	8,783	6,910,109
Other liabilities	-	-	-	3,553,451	69,674	3,623,125
Noncurrent liabilities						
Compensated absences	1,341,946	634,547	1,976,493	-	-	1,976,493
Net pension liabilities	5,593,007	197,519	5,790,526	10,889,530	-	16,680,056
OPEB liability	24,669,110	5,976,913	30,646,023	-	-	30,646,023
Other liabilities	1,807,692	643,184	2,450,876	-	-	2,450,876
Debt and SBITA due within one year	2,835,000	524,990	3,359,990	5,589,088	1,974	8,951,052
Debt and SBITA due in more than one year	27,214,566	13,416,543	40,631,109	46,750,629	-	87,381,738
Total liabilities	73,385,312	27,705,258	101,090,570	108,754,746	120,170	209,965,486
Deferred Inflows of Resources	22,852,550	2,784,650	25,637,200	4,010,584	7,500	29,655,284
Net Position						
Net investment in capital assets	57,419,357	140,638,833	198,058,190	92,065,524	245,175	290,368,889
Restricted for						
Pensions	-	169,248	169,248	-	-	169,248
Drug Fund	190,031	-	190,031	-	-	190,031
Highways and streets	2,995,806	-	2,995,806	-	-	2,995,806
Sanitation	1,951,426	-	1,951,426	-	-	1,951,426
Economic development and tourism	1,767,849	-	1,767,849	-	-	1,767,849
Equity interest in joint venture	3,917,501	-	3,917,501	-	-	3,917,501
Unrestricted (deficit)	49,985,376	70,874,548	120,859,924	80,869,839	115,452	201,845,215
Total net position	\$ 118,227,346	\$ 211,682,629	\$ 329,909,975	\$ 172,935,363	\$ 360,627	\$ 503,205,965

City of Cookeville, Tennessee
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net position				
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			Component units	
					Governmental activities	Business-type activities	Total	Cookeville Regional Medical Center	Public Building Authority
Primary Government									
Governmental Activities									
General government	\$ 5,163,752	\$ 108,452	\$ 2,963	\$ -	\$ (5,052,337)	\$ -	\$ (5,052,337)		
Economic development	58,013	-	22,456	-	(35,557)	-	(35,557)		
Community development	1,355,124	974,805	-	-	(380,319)	-	(380,319)		
Public safety	20,306,193	410,781	484,419	2,225,659	(17,185,334)	-	(17,185,334)		
Parks and maintenance	1,716,263	-	-	-	(1,716,263)	-	(1,716,263)		
Public works	11,298,882	2,194,975	1,218,519	1,371,652	(6,513,736)	-	(6,513,736)		
Culture and recreation	3,232,442	322,900	1,761	-	(2,907,781)	-	(2,907,781)		
Community support	1,106,267	-	-	-	(1,106,267)	-	(1,106,267)		
Interest	738,925	-	-	-	(738,925)	-	(738,925)		
Total governmental activities	44,975,861	4,011,913	1,730,118	3,597,311	(35,636,519)	-	(35,636,519)		
Business-type Activities									
Energy	66,841,566	73,810,900	-	-	-	6,969,334	6,969,334		
Water quality control	18,571,558	22,950,970	-	905,356	-	5,284,768	5,284,768		
Total business-type activities	85,413,124	96,761,870	-	905,356	-	12,254,102	12,254,102		
Total primary government	\$ 130,388,985	\$ 100,773,783	\$ 1,730,118	\$ 4,502,667	(35,636,519)	12,254,102	(23,382,417)		
Component Units									
Cookeville Regional Medical Center	\$ 430,490,579	\$ 434,205,208	\$ -	\$ -			\$ 3,714,629	\$ -	
Public Building Authority	252,009	298,614	-	-			-	46,605	
Total component units	\$ 430,742,588	\$ 434,503,822	\$ -	\$ -			3,714,629	46,605	
General Revenues and Transfers									
General Revenues			155,605						
Taxes									
Property tax					11,140,804	-	11,140,804	-	-
Local option sales tax					19,538,654	-	19,538,654	-	-
Hotel/motel tax					952,170	-	952,170	-	-
Wholesale beer and liquor taxes					1,719,101	-	1,719,101	-	-
Unrestricted intergovernmental taxes									
State sales and use tax					4,279,077	-	4,279,077	-	-
State income tax					264,759	-	264,759	-	-
State franchise tax					244,630	-	244,630	-	-
Business tax					2,138,979	-	2,138,979	-	-
Payments in lieu of tax					1,126,992	-	1,126,992	-	-
Mixed drink and beer tax					304,585	-	304,585	-	-
Petroleum special tax					69,013	-	69,013	-	-
Other intergovernmental					123,279	-	123,279	-	-
Grants and contributions not restricted to specific programs					344,746	1,500,762	1,845,508	-	-
Unrestricted investment earnings					4,385,949	3,198,795	7,584,744	3,183,228	3,176
Gain (loss) on disposal of capital assets					152,088	-	152,088	10,094	(1,699)
Miscellaneous revenues					1,213,011	83,794	1,296,805	-	-
Transfers					1,625,288	(1,625,288)	-	-	-
Total general revenues and transfers					49,623,125	3,158,063	52,781,188	3,193,322	1,477
Change in net position					13,986,606	15,412,165	29,398,771	6,907,951	48,082
Net position, beginning of year					104,240,740	196,270,464	300,511,204	166,027,412	312,545
Net position, end of year					\$ 118,227,346	\$ 211,682,629	\$ 329,909,975	\$ 172,935,363	\$ 360,627

City of Cookeville, Tennessee
Balance Sheet - Governmental Funds
June 30, 2024

	General	Debt service	Capital projects	Transportation	Other governmental	Total governmental
Assets						
Cash and cash equivalents	\$ 47,577,904	\$ 18,727,931	\$ 529,143	\$ 3,668,251	\$ 13,317,308	\$ 83,820,537
Receivables, net						
Accounts	-	-	-	-	237,551	237,551
Property taxes	7,863,889	250,021	-	1,562,633	1,937,666	11,614,209
Other	4,056,983	750,128	-	-	326,285	5,133,396
Due from other funds	199,045	1,789	-	3,406	2,905	207,145
Prepaid items	4,883	-	10,000	-	-	14,883
Restricted cash and cash equivalents	270,295	-	6,493,444	-	11,177	6,774,916
Total assets	\$ 59,972,999	\$ 19,729,869	\$ 7,032,587	\$ 5,234,290	\$ 15,832,892	\$ 107,802,637
Liabilities						
Accounts payable	\$ 702,559	\$ 55	\$ 685,638	\$ 19,602	\$ 253,453	\$ 1,661,307
Accrued expenses	1,333,509	-	-	-	255	1,333,764
Due to other funds	8,550	-	-	-	26,512	35,062
Unearned revenues	6,772,996	-	10,000	-	72,997	6,855,993
Other liabilities	998,473	10,000	-	-	794,558	1,803,031
Total liabilities	9,816,087	10,055	695,638	19,602	1,147,775	11,689,157
Deferred Inflows of Resources						
Property taxes	7,750,663	250,021	-	1,562,633	1,937,666	11,500,983
Fund Balances						
Nonspendable	4,883	-	10,000	-	-	14,883
Restricted for						
Pensions	270,295	-	-	-	11,177	281,472
Capital projects	-	-	5,807,839	-	-	5,807,839
Drug Fund	-	-	-	-	190,031	190,031
State street aid	-	-	-	-	2,995,806	2,995,806
Sanitation	-	-	-	-	1,940,943	1,940,943
Economic development and tourism	-	-	-	-	1,767,849	1,767,849
Committed	-	19,469,793	519,110	3,652,055	5,841,645	29,482,603
Unassigned	42,131,071	-	-	-	-	42,131,071
Total fund balances	42,406,249	19,469,793	6,336,949	3,652,055	12,747,451	84,612,497
Total liabilities, deferred inflows of resources, and fund balances	\$ 59,972,999	\$ 19,729,869	\$ 7,032,587	\$ 5,234,290	\$ 15,832,892	\$ 107,802,637

City of Cookeville, Tennessee
 Reconciliation of the Balance Sheet of
 Governmental Funds to the Statement of Net Position
 For the Year Ended June 30, 2024

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

Total governmental fund balances		\$ 84,612,497
Capital assets of \$152,290,586 net of accumulated depreciation of \$70,546,704, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		81,743,882
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	\$ 10,326,763	
Deferred outflows - OPEB related	7,134,347	
Deferred inflows - pension related	(380,190)	
Deferred inflows - OPEB related	<u>(10,553,182)</u>	6,527,738
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.		
Equity interest in joint venture		3,917,501
Internal service funds are used by management to charge the costs of utility billing and collection and the costs of health insurance management to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		2,250,094
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
General obligation bonds payable	(28,140,000)	
Compensated absences	(1,341,946)	
Accrued interest payable on long-term debt	(71,207)	
Net pension liabilities	(5,470,094)	
OPEB liability	<u>(23,808,755)</u>	(58,832,002)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Premium on general obligation bonds	(1,909,566)	
Deferred inflows - gain on refunding	<u>(82,798)</u>	(1,992,364)
Net position of governmental activities		\$ 118,227,346

City of Cookeville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Debt service	Capital projects	Transportation	Other governmental	Total governmental
Revenues						
Taxes	\$ 31,977,531	\$ 952,333	\$ -	\$ 1,541,135	\$ 2,237,516	\$ 36,708,515
Licenses and permits	1,068,052	-	-	-	-	1,068,052
Fines and forfeitures	136,916	-	-	-	19,330	156,246
Charges for services	338,105	-	-	-	2,449,510	2,787,615
Intergovernmental	4,045,075	4,279,077	-	-	1,374,572	9,698,724
Uses of money and property	2,508,916	970,533	26,472	205,240	675,097	4,386,258
Other	<u>748,339</u>	<u>26,172</u>	<u>-</u>	<u>-</u>	<u>104,856</u>	<u>879,367</u>
Total revenues	40,822,934	6,228,115	26,472	1,746,375	6,860,881	55,684,777
Expenditures						
Current						
General government	4,919,642	2,708	344	178	-	4,922,872
Public safety	17,982,716	-	-	-	653,377	18,636,093
Community development	1,364,870	-	-	-	-	1,364,870
Parks and maintenance	1,733,230	-	-	-	-	1,733,230
Public works	4,187,421	-	-	245,330	3,930,796	8,363,547
Culture and recreation	2,339,160	-	-	-	106,354	2,445,514
Community support	906,267	-	-	-	200,000	1,106,267
Economic development	-	-	-	-	58,014	58,014
Debt service						
Principal	-	2,825,000	-	-	-	2,825,000
Interest	-	945,435	-	-	-	945,435
Capital outlay	<u>4,533,902</u>	<u>-</u>	<u>3,193,591</u>	<u>-</u>	<u>1,011,194</u>	<u>8,738,687</u>
Total expenditures	37,967,208	3,773,143	3,193,935	245,508	5,959,735	51,139,529
Excess (deficiency) of revenues over expenditures	2,855,726	2,454,972	(3,167,463)	1,500,867	901,146	4,545,248
Other Financing Sources (Uses)						
Transfers in	1,750,055	960,000	-	-	1,151,000	3,861,055
Transfers out	(1,151,000)	-	-	(960,000)	(124,767)	(2,235,767)
Insurance proceeds	44,943	-	-	-	78,350	123,293
Sale of capital assets	<u>48,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,503</u>	<u>197,065</u>
Total other financing sources (uses)	692,560	960,000	-	(960,000)	1,253,086	1,945,646
Net change in fund balances	3,548,286	3,414,972	(3,167,463)	540,867	2,154,232	6,490,894
Fund balances, beginning of year	<u>38,857,963</u>	<u>16,054,821</u>	<u>9,504,412</u>	<u>3,111,188</u>	<u>10,593,219</u>	<u>78,121,603</u>
Fund balances, end of year	\$ 42,406,249	\$ 19,469,793	\$ 6,336,949	\$ 3,652,055	\$ 12,747,451	\$ 84,612,497

City of Cookeville, Tennessee
 Reconciliation of Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2024

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

Net change in fund balances, total governmental funds	\$	6,490,894
<p>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 expense in the current period.</p>		
		3,064,388
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Equity in current year earnings of joint venture		9,864
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) and other long-term assets is to increase net position.</p>		
Donation of capital assets	\$ 1,367,155	
(Gain) loss on sale of assets	<u>(44,977)</u>	1,322,178
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal paid on bonds and notes		2,825,000
<p>The internal service funds are used by management to charge the costs of utility billing and collection and the costs of health insurance management. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		270,741
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Accrued interest on long-term debt	7,579	
Amortization of bond premiums and discounts and deferred amounts of refunding	186,960	
Compensated absences	(203,077)	
Changes in pension assets and liabilities and related deferred outflows and inflows of resources	(516,048)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>528,127</u>	3,541
Change in net position of governmental activities	\$	13,986,606

City of Cookeville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Taxes				
Property taxes current	\$ 7,853,650	\$ 7,853,650	\$ 7,828,523	\$ (25,127)
Property taxes delinquent	135,000	135,000	197,985	62,985
Property taxes penalty and interest	35,000	35,000	35,482	482
PILOT Highlands Residential	50,000	50,000	37,869	(12,131)
PILOT Laurel Creek	700	700	1,365	665
PILOT Academy LTD	70,000	70,000	74,463	4,463
PILOT Ficosa North America	62,500	62,500	63,529	1,029
PILOT Automation Tool Company	6,890	6,890	6,890	-
PILOT TTI Floor Care	-	-	90,061	90,061
Local option sales tax	19,296,300	19,676,300	19,538,654	(137,646)
Wholesale beer tax	1,100,000	1,100,000	1,136,132	36,132
Wholesale liquor tax	525,000	525,000	582,969	57,969
Business tax	1,760,463	1,760,463	2,138,979	378,516
Cable TV franchise tax	277,000	277,000	244,630	(32,370)
Licenses and permits				
Beer permits	3,907	3,907	6,700	2,793
Beer license	12,508	12,508	13,536	1,028
Liquor license	34,280	34,280	48,418	14,138
Building permits	400,000	500,000	585,864	85,864
Electrical permits	100,000	100,000	141,932	41,932
Plumbing permits	40,000	40,000	77,055	37,055
Mechanical permits	52,000	52,000	78,725	26,725
Plan review fees	112,000	112,000	64,158	(47,842)
Fireworks permits	11,600	11,600	13,300	1,700
Miscellaneous permits	36,367	36,367	38,364	1,997
Intergovernmental revenues				
State excise tax	153,036	153,036	264,125	111,089
State income tax	-	-	634	634
State beer tax	16,027	16,027	15,315	(712)
Mixed drink tax	230,000	230,000	289,270	59,270
Gasoline inspection fee	63,761	63,761	69,013	5,252
Telecommunications sales tax	60,000	60,000	57,056	(2,944)
TVA in-lieu tax	418,104	418,104	426,992	8,888
State sports gaming	34,842	34,842	66,223	31,381
Training supplement	112,800	112,800	101,600	(11,200)
State direct appropriation grant	96,746	346,746	344,746	(2,000)
Grants-other	843,177	2,958,682	2,410,101	(548,581)
Fines, forfeitures, and penalties				
Court fines and fees	215,458	215,458	119,598	(95,860)
Parking violations	1,818	1,818	808	(1,010)
Other	22,843	22,843	16,510	(6,333)
Charges for services				
Clerk's fee	14,127	14,127	15,205	1,078
Recreation concessions	51,511	51,511	87,348	35,837
Recreational rentals/admissions	117,107	117,107	180,358	63,251
Day camp fees	51,280	51,280	55,194	3,914
Miscellaneous				
Uses of money and property	540,100	1,870,100	2,508,916	638,816
Contributions	2,500	2,500	5,288	2,788
Admin charges to other funds	480,756	480,756	474,389	(6,367)
Other	39,118	227,346	268,662	41,316
Total revenues	<u>35,540,276</u>	<u>39,904,009</u>	<u>40,822,934</u>	<u>918,925</u>

Continued

City of Cookeville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
General government				
Salaries and wages	1,760,000	1,855,000	1,786,079	68,921
Payroll taxes and fringes	766,200	791,200	739,071	52,129
Contractual services	282,000	282,000	299,936	(17,936)
Utilities	1,180,000	1,180,000	1,026,163	153,837
Supplies and maintenance	429,400	484,400	393,938	90,462
Fixed charges	43,000	43,000	30,228	12,772
Grants and contributions	-	600,758	600,758	-
Miscellaneous	48,100	48,100	43,469	4,631
Public safety - police				
Salaries and wages	7,041,000	7,041,000	6,664,979	376,021
Payroll taxes and fringes	3,044,544	3,044,544	2,771,315	273,229
Supplies and maintenance	1,255,720	1,255,720	1,163,762	91,958
Fixed charges	250,000	250,000	217,750	32,250
Collaborative grant	-	466,230	446,229	20,001
Miscellaneous	19,500	115,250	83,271	31,979
Public safety - fire				
Salaries and wages	4,399,200	4,399,200	4,222,441	176,759
Payroll taxes and fringes	2,101,529	2,101,529	1,892,606	208,923
Supplies and maintenance	540,200	540,200	471,052	69,148
Fixed charges	143,000	143,000	47,155	95,845
Miscellaneous	5,000	5,000	2,156	2,844
Community development				
Salaries and wages	953,600	953,600	895,090	58,510
Payroll taxes and fringes	402,865	402,865	361,933	40,932
Supplies and maintenance	123,300	123,300	61,285	62,015
Fixed charges	17,600	42,600	42,007	593
Miscellaneous	4,700	4,700	4,555	145
Parks and maintenance				
Salaries and wages	1,186,385	1,186,385	1,048,725	137,660
Payroll taxes and fringes	474,510	474,510	369,840	104,670
Supplies and maintenance	284,700	284,700	293,789	(9,089)
Fixed charges	31,000	31,000	20,615	10,385
Miscellaneous	500	500	261	239
Public works				
Salaries and wages	2,680,500	2,730,500	2,402,160	328,340
Payroll taxes and fringes	1,212,045	1,212,045	1,067,862	144,183
Supplies and maintenance	818,400	818,400	625,974	192,426
Fixed charges	106,200	106,200	76,888	29,312
Miscellaneous	23,250	23,250	14,537	8,713
Capital outlay	6,209,150	9,127,675	4,533,902	4,593,773
Culture and recreation				
Salaries and wages	1,482,550	1,518,550	1,430,615	87,935
Payroll taxes and fringes	505,480	505,480	484,328	21,152
Supplies and maintenance	460,000	490,000	341,620	148,380
Fixed charges	61,900	61,900	30,396	31,504
Miscellaneous	23,700	23,700	52,201	(28,501)

Continued

City of Cookeville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
Community support - non-profit contributions				
Putnam County Library	398,201	398,201	398,201	-
Putnam County Imagination Library	5,000	5,000	5,000	-
Cookeville Arts Council	20,000	20,000	20,000	-
Cumberland Arts Society, Inc.	2,000	2,000	2,000	-
Tennessee Rehabilitation Center	43,149	43,149	43,149	-
U C Regional Airport	35,000	35,000	35,000	-
Chamber of Commerce	14,750	14,750	14,750	-
Chamber of Commerce-Highlands	50,000	50,000	50,000	-
Chamber of Commerce- Workforce Development	25,000	25,000	25,000	-
Chamber of Commerce- Visitors Bureau	25,000	25,000	25,000	-
Emergency Management Agency	25,400	25,400	25,400	-
Operation CityScape	50,000	50,000	50,000	-
Genesis House, Inc.	12,000	12,000	12,000	-
Kids Putnam, Inc.	6,000	6,000	6,000	-
Cookeville - PC Clean Commission	5,000	5,000	5,000	-
Helping Hands of Putnam County	12,000	17,000	17,000	-
Cookeville Senior Citizens	65,000	65,000	65,000	-
UC Family Justice Center	12,000	12,000	12,000	-
UC Child Advocacy Center	8,000	8,000	8,000	-
TN Central Heritage Rail Trail	9,767	9,767	9,767	-
Thirteenth Judicial District Recovery Courts	15,000	15,000	15,000	-
UCHRA - CASA	8,000	8,000	8,000	-
Cookeville Rescue Mission	2,500	2,500	2,500	-
Veterans Honor Guard	5,000	5,000	5,000	-
Biz Foundry (UCEF)	15,000	15,000	15,000	-
Butterfly Blessings Effect	2,500	2,500	2,500	-
Snug as a Bug Foundation	5,000	5,000	5,000	-
Cookeville Regional Foundation - Comm Health Fund	10,000	10,000	10,000	-
Volunteer Behavioral Health Care System Path	15,000	15,000	15,000	-
Total expenditures	<u>41,271,995</u>	<u>45,674,258</u>	<u>37,967,208</u>	<u>7,707,050</u>
Excess (deficiency) of revenues over expenditures	(5,731,719)	(5,770,249)	2,855,726	8,625,975
Other Financing Sources (Uses)				
Transfers in	1,794,614	1,794,614	1,750,055	(44,559)
Transfers out	(1,151,000)	(1,151,000)	(1,151,000)	-
Insurance proceeds	-	-	44,943	44,943
Sale of capital assets	-	20,000	48,562	28,562
Total other financing sources (uses)	<u>643,614</u>	<u>663,614</u>	<u>692,560</u>	<u>28,946</u>
Net change in fund balance	(5,088,105)	(5,106,635)	3,548,286	8,654,921
Fund balance, beginning of year	38,857,963	38,857,963	38,857,963	-
Fund balance, end of year	\$ 33,769,858	\$ 33,751,328	\$ 42,406,249	\$ 8,654,921

City of Cookeville, Tennessee

Statement of Net Position

Proprietary Funds

June 30, 2024

	Business-type Activities - Enterprise funds			Governmental
	Energy department	Water quality control department	Total	Activities - Internal service funds
Assets				
Current assets				
Cash and cash equivalents	\$ 45,246,082	\$ 18,386,924	\$ 63,633,006	\$ 3,411,698
Receivables				
Accounts, net	8,016,479	1,431,288	9,447,767	-
Due from other funds	455,535	124,050	579,585	55,541
Other	-	-	-	262,432
Unbilled utility revenues	-	1,738,062	1,738,062	-
Inventories	2,801,270	1,229,510	4,030,780	-
Prepaid expenses and other current assets	281,237	5,000	286,237	-
Restricted cash and cash equivalents	900,715	51,058	951,773	83,794
Total current assets	<u>57,701,318</u>	<u>22,965,892</u>	<u>80,667,210</u>	<u>3,813,465</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	58,448,867	95,246,194	153,695,061	391,070
Net pension assets	37,142	51,873	89,015	-
Other assets	110,733	-	110,733	-
Total noncurrent assets	<u>58,596,742</u>	<u>95,298,067</u>	<u>153,894,809</u>	<u>391,070</u>
Total assets	<u>116,298,060</u>	<u>118,263,959</u>	<u>234,562,019</u>	<u>4,204,535</u>
Deferred Outflows of Resources				
Pension related items	3,208,163	2,055,622	5,263,785	468,343
OPEB related items	1,025,912	394,696	1,420,608	184,797
Other items	-	524,729	524,729	-
Total deferred outflows of resources	<u>4,234,075</u>	<u>2,975,047</u>	<u>7,209,122</u>	<u>653,140</u>
Liabilities				
Current liabilities				
Accounts payable and other payables	5,461,653	673,995	6,135,648	39,927
Due to other funds	155,637	74,963	230,600	576,609
Unearned revenues	45,333	-	45,333	4,661
Other current liabilities	44,522	-	44,522	-
Long-term debt, current maturities	300,000	224,990	524,990	54,948
Total current liabilities	<u>6,007,145</u>	<u>973,948</u>	<u>6,981,093</u>	<u>676,145</u>
Noncurrent liabilities				
Customer deposits	78,009	-	78,009	65,093
TVA heat pump notes payable	100,922	-	100,922	-
Compensated absences	369,219	265,328	634,547	47,854
Other noncurrent liabilities	399,160	-	399,160	-
Long-term debt, net of current maturities	600,000	12,532,645	13,132,645	228,950
Net pension liability	185,769	11,750	197,519	122,913
OPEB liability	3,736,808	2,240,105	5,976,913	860,355
Total noncurrent liabilities	<u>5,469,887</u>	<u>15,049,828</u>	<u>20,519,715</u>	<u>1,325,165</u>
Total liabilities	<u>11,477,032</u>	<u>16,023,776</u>	<u>27,500,808</u>	<u>2,001,310</u>
Deferred Inflows of Resources				
Pension related items	-	124,877	124,877	-
OPEB related items	1,525,146	1,178,011	2,703,157	335,397
Gain on debt refunding	30,545	-	30,545	-
Total deferred inflows of resources	<u>1,555,691</u>	<u>1,302,888</u>	<u>2,858,579</u>	<u>335,397</u>
Net Position				
Net investment in capital assets	57,518,322	83,013,288	140,531,610	107,172
Restricted	66,317	102,931	169,248	18,686
Unrestricted	49,914,773	20,796,123	70,710,896	2,395,110
Total net position	<u>\$ 107,499,412</u>	<u>\$ 103,912,342</u>	<u>211,411,754</u>	<u>\$ 2,520,968</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			270,875	
Net position of business-type activities			<u>\$ 211,682,629</u>	

City of Cookeville, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise funds			Governmental Activities - Internal service funds
	Energy department	Water quality control department	Total	
Operating Revenues				
Charges for services	\$ 72,219,432	\$ 21,777,317	\$ 93,996,749	\$ 1,615,372
Other revenues from operations	<u>1,591,468</u>	<u>1,173,653</u>	<u>2,765,121</u>	<u>65,912</u>
Total operating revenues	73,810,900	22,950,970	96,761,870	1,681,284
Operating Expenses				
Purchased electricity and gas	53,521,718	-	53,521,718	-
Operations	3,285,431	7,192,466	10,477,897	1,610,839
General and administrative	2,226,340	4,521,799	6,748,139	93,634
Maintenance	4,123,070	-	4,123,070	65,754
Utilities	-	2,357,928	2,357,928	-
Claims, net of rebates	-	-	-	(232,487)
Depreciation and amortization	<u>3,674,507</u>	<u>4,379,005</u>	<u>8,053,512</u>	<u>24,813</u>
Total operating expenses	66,831,066	18,451,198	85,282,264	1,562,553
Operating income (loss)	6,979,834	4,499,772	11,479,606	118,731
Nonoperating revenues (expenses)				
Uses of money and property	2,373,636	860,006	3,233,642	179,349
Capital grants	-	1,500,762	1,500,762	-
Gain on sale of property and equipment	-	-	-	12,229
Interest expense	<u>(10,500)</u>	<u>(120,360)</u>	<u>(130,860)</u>	<u>-</u>
Total nonoperating revenues (expenses)	2,363,136	2,240,408	4,603,544	191,578
Income (loss) before transfers	9,342,970	6,740,180	16,083,150	310,309
Capital contributions	-	905,356	905,356	-
Transfers in	-	-	-	-
Transfers out	(1,369,678)	(255,610)	(1,625,288)	-
Change in net position	7,973,292	7,389,926	15,363,218	310,309
Net position, beginning of year	<u>99,526,120</u>	<u>96,522,416</u>		<u>2,210,659</u>
Net position, end of year	\$ 107,499,412	\$ 103,912,342		\$ 2,520,968
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>48,947</u>	
Change in net position of business-type activities			\$ 15,412,165	

City of Cookeville, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise funds			Governmental
	Energy department	Water quality control department	Total	Activities - Internal service funds
Cash flows from operating activities				
Cash received from customers	\$ 73,110,582	\$ 22,921,215	\$ 96,031,797	\$ 1,706,850
Cash paid to suppliers for goods and services	(56,626,051)	(10,367,922)	(66,993,973)	(477,533)
Cash paid to employees for services	(5,949,975)	(4,371,777)	(10,321,752)	(1,194,939)
Cash paid for claims	-	-	-	(173,798)
Cash received from (paid to) other City funds	(448,285)	(69,033)	(517,318)	425,793
Net cash provided (used) by operating activities	10,086,271	8,112,483	18,198,754	286,373
Cash flows from noncapital financing activities				
Transfers out	(1,369,678)	(255,610)	(1,625,288)	-
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(6,756,365)	(15,623,645)	(22,380,010)	(27,212)
Capital grants	-	6,346,845	6,346,845	-
Proceeds from sales of equipment	-	167,039	167,039	12,229
Proceeds from issuance of debt	-	8,970,125	8,970,125	-
Payments on SBITA	-	-	-	(54,948)
Principal payments on debt	(300,000)	(219,080)	(519,080)	-
Interest payments on debt	(25,773)	(120,360)	(146,133)	-
Net cash provided (used) by capital and related financing activities	(7,082,138)	(479,076)	(7,561,214)	(69,931)
Cash flows from investing activities				
Interest received	2,373,636	860,006	3,233,642	179,349
Net change in cash and cash equivalents	4,008,091	8,237,803	12,245,894	395,791
Cash and cash equivalents, beginning of year	42,138,706	10,200,179	52,338,885	3,099,701
Cash and cash equivalents, end of year	\$ 46,146,797	\$ 18,437,982	\$ 64,584,779	\$ 3,495,492
The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net position that sum to the total of the same such amounts shown in the statement of cash flows:				
Cash and cash equivalents	\$ 45,246,082	\$ 18,386,924	\$ 63,633,006	\$ 3,411,698
Restricted cash and cash equivalents	900,715	51,058	951,773	83,794
	\$ 46,146,797	\$ 18,437,982	\$ 64,584,779	\$ 3,495,492
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 6,979,834	\$ 4,499,772	\$ 11,479,606	\$ 118,731
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,674,507	4,379,005	8,053,512	87,538
Change in:				
Accounts receivable, net	(700,432)	(29,755)	(730,187)	(118,693)
Inventories	(214,243)	(264,050)	(478,293)	-
Due from other City funds	(398,708)	(55,289)	(453,997)	(17,653)
Prepaid expenses and other current assets	20,597	-	20,597	-
TVA heat pump notes receivable	14,872	-	14,872	-
Other assets	-	324,020	324,020	-
Accounts payable and other payables	378,576	(923,200)	(544,624)	2,253
Accrued expenses	-	(24,334)	(24,334)	(287,822)
Due to other City funds	(49,577)	(13,744)	(63,321)	443,446
Other current liabilities	(2,500)	(804)	(3,304)	25,796
Compensated absences	30,944	30,606	61,550	2,595
TVA heat pump notes payable	(15,258)	-	(15,258)	-
Net pension and OPEB assets and liabilities	1,378,791	866,583	2,245,374	214,939
Deferred outflows of resources related to pensions and OPEB	(449,623)	(243,491)	(693,114)	(54,845)
Deferred inflows of resources related to pensions and OPEB	(609,009)	(432,836)	(1,041,845)	(129,912)
Customer deposits and other noncurrent liabilities	47,500	-	47,500	-
Net cash provided (used) by operating activities	\$ 10,086,271	\$ 8,112,483	\$ 18,198,754	\$ 286,373
Supplemental disclosure of noncash operating activities				
Acquisition of inventory with accounts payable	\$ 483,147	\$ -	\$ 483,147	\$ -

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

The City of Cookeville, Tennessee (the City) was incorporated under Chapter 542 of House Bill No. 1082 of 1903, as amended. The City operates under a City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, water, sewer, gas, electric, health, culture and recreation, public improvements, planning and zoning, and general administrative services.

Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, as such, need to be included in its financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide a specific financial burden to the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, the following is a brief review of each potential component unit included in the City's financial statements.

Cookeville Regional Medical Center Authority (the Authority) was established by a Private Act of the State of Tennessee legislature during 1999 for the purpose of operating Cookeville Regional Medical Center (the Medical Center), its affiliates, and all other hospital, clinical, and related health care facilities of the City. The Private Act effectively reconstituted the Board of Trustees of the Medical Center as that of the Authority and granted such powers to the Authority as permitted under the State of Tennessee Private Act Hospital Authority Act of 1996. The initial members of the Board of Trustees of the Authority, a quasi-municipal corporation independent of the City, were the same as those of the Medical Center and were elected by the City Council as provided in the Private Act. The Authority is considered a component unit of the City for the City's financial reporting purposes. The Medical Center was originally a department of the City and previously operated as an Enterprise Fund of the City.

The City and the Authority entered into an agreement effective December 10, 1999, which specified the arrangements relative to the Private Act. The Private Act which created the Authority was also amended by a subsequent Private Act in May 2000. This amended Private Act clarified the empowerment of the Authority. The Authority has sole and complete authority to operate and control the facilities of the Medical Center. The ownership of the real estate, improvements, tangible personal property, licenses, permits, and provider numbers of the Medical Center remain with the City. The Authority also has rights to working capital, including cash, accounts receivable, and future revenues, subject to any and all amounts necessary to retire indebtedness at the date of the creation of the Authority. The Authority also has the obligation to repay debt of the City with respect to which assets and revenues have been pledged.

There was no change to the basis of assets and liabilities as a result of the creation of the Authority. In addition, approval of the City Council is required for all borrowings and purchases of any real property by the Authority. The City Council also retains approval authority over the budget of the Medical Center's operations. All rights of the Authority cease upon sale, lease, or transfer of the Medical Center by the City.

Operations of the Medical Center consist primarily of a 269-bed acute care hospital providing healthcare services in Putnam County, Tennessee. The Medical Center also owns and operates Highland Rim Home Health Agency as a department of the Medical Center.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Due to the significant relationship between the City and the Authority, we have included as part of the notes of these financial statements the notes of the Cookeville Regional Medical Center Authority (beginning on page 63), as audited by other auditors.

The City has recorded \$700,000 in payments in lieu of taxes and \$3,514,056 for utilities services from the Medical Center during the year ended June 30, 2024.

The financial statements for the Authority can be obtained by contacting the organization.

The Public Building Authority (PBA) of the City was established as a public non-profit corporation and public instrumentality of the City in accordance with *Tennessee Code Annotated* Section 12-10-109 for the purpose of operating, maintaining, and managing Town Centre. The appointment of the PBA's directors is subject to confirmation by the City Council. All of the facilities of the PBA are owned by the City, without which the PBA would have no means of revenue. The PBA is considered a nonmajor, discretely presented component unit of the City for the City's financial reporting purposes. The financial statements of the PBA can be obtained by contacting the organization.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements, with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part by fees charged to external customers.

The statement of activities reports the expenses of a given function, offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or may summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services which report fees, fines, and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets, and include fees to developers. These revenues are subject to externally-imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for nonmajor funds.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements and financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in those statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, hotel/motel taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

Payments in lieu of taxes were reported as transfers out of the proprietary funds and transfers into the general fund. These payments are not equivalent in value to services provided.

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

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Fund Types and Major Funds

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds as major funds, which had either outstanding debt or specific community focus.

The nonmajor funds are combined in a single column in the fund financial statements and are detailed in the combining section.

The City reports the following major governmental funds:

General – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service – The debt service fund is used to account for the accumulation of resources for the payment of principal, interest, and related costs on long-term general obligation debt of the governmental funds.

Capital Projects – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities of the City, other than those financed by proprietary funds. Budgetary restriction is achieved through the bond issues and grant restrictions.

Transportation – The transportation fund is used to account for financial resources to be used for the acquisition or construction of transportation infrastructure of the City, with financing provided mostly by property taxes.

The City reports the following major proprietary funds:

Energy Department – The energy department accounts for the operating activities of the City's electric and gas utilities services.

Water Quality Control Department – The water quality control department accounts for the operating activities of the City's water and sewer utilities services.

Additionally, the City reports the following fund types:

Internal Service – The internal service funds account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. The internal services funds are used to make health claim payments and perform billing and collection services for sanitation and utility services.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Budgets and Budgetary Accounting

As set forth in the City Charter, the City Council adopts an annual budget for the General Fund, Special Revenue Fund, Debt Service Fund, and Utility Funds. The annual budgets for the governmental type funds are prepared on a basis consistent with generally accepted accounting principles of the United States of America (GAAP), except that depreciation, certain capital expenses, and nonoperating income and expense items are not considered. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures/expenses must be approved by the City Council at year-end. The City Council has amended the 2024 fiscal budget, which approved such additional expenditures/expenses.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.

Use of Estimates

The preparation of the City's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term (original maturities of three months or less) certificates of deposit.

Statutes authorize the City to invest in: (1) securities and obligations guaranteed by the US Government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; and (3) the Local Government Investment Pool of the State of Tennessee. During the current fiscal year, the City invested funds that were not immediately needed in savings. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions holding the deposits. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the state of Tennessee's collateral pool.

Accounts Receivable

An allowance for doubtful accounts has been established, based on the amount of accounts receivable that are 90 days or more past due. Accounts are written off when they are deemed uncollectible by management. Accounts are considered to be past due if they have not been collected according to contractual terms. The allowance was approximately \$39,000 for the year ended June 30, 2024.

Unbilled Revenues

The practice of the utility funds is to record revenues on the basis of meter readings. Unbilled revenues, representing utility usage from the date of the last meter reading to June 30, was recognized in the amount of approximately \$5,732,000 as of June 30, 2024.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Interfund Receivable/Payables

During the year, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as due to/from other funds. Other activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are also referred to as due to/from other funds.

Inventories and Prepaid Expenses

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost, which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund and similar component unit inventories are recorded at the lower of cost or market on a first-in, first-out basis.

Prepaid expenses record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaid expenses are similarly reported in government-wide and fund financial statements.

Restricted Assets

Certain assets of the general fund and the electric, gas, and water quality control departments are classified as restricted assets because their use is limited by applicable debt or other agreements. Additionally, amounts held in pension stabilization reserve trusts and any unspent bond proceeds are included in this classification.

Capital Assets

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective funds and combining component units' financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets, not including infrastructure assets, with cost of \$7,500 or more as purchase and construction outlays occur. Infrastructure assets with a cost of \$250,000 or more are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5 – 50 years
Plant and distribution system	5 – 50 years
Improvements	2 – 50 years
Vehicles	3 – 30 years
Furniture, machinery, and equipment	3 – 40 years
Software	3 – 5 years
Infrastructure	30 years

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Capital Assets

Water storage rights are recorded at historical cost and amortized over 30 years using the straight-line method. See note 4 for detail capital assets disclosures. Detailed disclosures for SBITA assets and related liabilities are excluded as the amounts are not material to the financial statements.

Compensated Absences

The City allows employees to accumulate unused sick leave. Upon retirement, an employee will receive pay for only one-half of accumulated sick leave. Sick leave has not been accrued because the amount cannot be reasonably estimated. Earned vacation time can be accrued up to certain maximums, based upon years of service. As of June 30, 2024, the liability for accrued vacation leave is approximately \$2,058,000.

Compensated absences for accrued vacation are reported as accrued in the government-wide, governmental activities, proprietary, fiduciary, and component unit financial statements. The General Fund has historically been required to liquidate compensated absences for governmental activities. The amount expected to be paid from current resources is not considered significant.

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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are 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.

Net Position and Fund Balances

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources in the government-wide and business-type fund financial statements. Net position is displayed in three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, after adding back unspent proceeds.

Net position is reported as restricted when there are limitations imposed on its use, either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Net Position and Fund Balances

Governmental funds utilize a fund balance presentation for equity. Fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned.

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

Restricted – Amounts with external constraints placed on the use of the resources (e.g., by debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed – Amounts can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by the same type of action previously used to commit those amounts, either by resolution or by ordinance.

Assigned – Amounts the City intends to use for specific purposes, as expressed by the City Council. This is the residual classification for all governmental funds other than the general fund.

Unassigned – Amounts that remain for any purpose or deficit balances in other funds.

The City's policy is to use funds in the order of the most restrictive to the least restrictive. Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category: (1) Amounts relating to pensions and other postretirement benefits which may result from differences between expected and actual actuarial experience, differences between expected and actual investment earnings of the pension plan, certain changes in actuarial assumptions, and amounts of employer contributions to the plans made subsequent to the measurement date. (2) Other amounts paid for utility customers.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Deferred Outflows/Inflows of Resources

The City has the following types of deferred inflows of resources: (1) The unavailable revenues reported in the governmental funds balance sheet, which arise under a modified accrual basis of accounting, representing amounts that are deferred and recognized as an inflow of resources in the periods in which the amounts become available. These amounts relate primarily to unavailable property taxes and other receivables not within the collection period. The deferred inflows of resources reported in the statement of net position arise from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year, but levied in the subsequent year. (2) Pension and other postretirement benefit-related deferred inflows of resources may result from actuarial gains related to the difference between expected and actual experience for the plan's adopted economic and demographic assumptions, and differences between expected and actual earnings on plan investments. (3) Deferred gain on bond refunding resulting from the difference in the carrying amount of refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Joint Ventures

The Upper Cumberland Regional Airport (UCRA) was established as a joint venture between Putnam County, White County, the City, and the City of Sparta. The airport operates the regional airport for the two-county area. The five-member board of the airport includes one member appointed by each of the four participating governments with the fifth member of the board being the chief executive officer of one of the participating governments. This fifth board position serves a one-year term and rotates among the four participating governments in a prescribed order. Each participant retains a 25% ownership in the airport. The City contributed \$35,000 to the UCRA for the year ended June 30, 2024.

The Cookeville – Putnam County Emergency Management Agency (the Agency) was established in 1951 as a joint venture between the City and Putnam County. The purpose of the Agency is to plan and prepare for emergency operations and to assist other emergency services during emergencies or disasters. The City contributed \$25,400 to the Agency for the year ended June 30, 2024. An interlocal agreement has been approved that transfers sole responsibility for the Agency to Putnam County. Under this agreement, the City would continue to make a contribution of \$25,400 per year for services provided.

The Tennessee Central Heritage Rail Trail Authority was created through an interlocal agreement between Putnam County, the City, and the cities of Algood and Monterey. The Town of Monterey has subsequently withdrawn from this agreement. The agreement created a 10-member board to construct and manage a rail trail on the right-of-way owned by the Nashville Eastern Railroad Authority. The county and cities will each appoint two members, the ninth member will be appointed by the Putnam County Chamber of Commerce, and the tenth member will be appointed by the Upper Cumberland Heritage Association. The county and cities will each approve the budget of the Rail Trail Authority. The City contributed \$9,767 to the Rail Trail Authority for the year ended June 30, 2024.

The Putnam County Library has been in existence for a number of years but was formally recognized as a joint venture between the City and Putnam County under an agreement dated June 30, 2011. The seven-member board includes four members appointed by the county and three members appointed by the City. The City contributed \$398,201 to the Putnam County Library for the year ended June 30, 2024.

The City does not have an equity interest in any of the above-noted joint ventures, except for UCRA. Complete financial statements for all of these entities may be obtained from their administrative offices.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1. Summary of Significant Accounting Policies

Property Tax

Property taxes attach as an enforceable lien on property as of January 1, and taxes receivable and deferred revenues are recorded at that time. Taxes are levied on October 1 and are payable by February 28, with this five-month period being the primary collection period.

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

Public utility property	55%
Industrial and commercial property	
Real property	40%
Personal property	30%
Residential, agricultural, home belt, forest, and farm property	25%

The City bills and collects its own property taxes. An allowance for uncollectible taxes is provided based on the experience of amounts not collected in the year of levy. The allowance was approximately \$429,000 for the year ended June 30, 2024.

Pensions – TCRS Legacy and Hybrid Plans

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

Other Postemployment Benefits (OPEB)

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

Note 2. Deposits and Investments

The City's amounts reported for cash and cash equivalents consist of cash on hand or in demand deposit accounts with financial institutions located in the City and deposits with the State of Tennessee Local Government Investment Pool (LGIP). All deposits are stated at fair value and are accessible on demand. The City has no formal investment policy. The City Municipal Code identifies official depositories for City funds as financial institutions located within the corporate limits of the City whose deposits are insured through the Tennessee Bank Collateral Pool or who have placed governmental securities (at market value) in escrow in amounts sufficient to secure at least 105% or more of the deposits. Funds may also be deposited in the LGIP. An annual report of the LGIP may be obtained from the Treasury Department of the State of Tennessee. The City's financial statements include restricted cash and investments held in pension stabilization reserve trusts. The City has omitted the related disclosures as the amounts are immaterial.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 3. Interfund Balances and Transactions

Interfund receivables and payables are attributable to charges between funds that are outstanding and are as follows:

	Interfund receivable	Interfund payable
Governmental activities		
General	\$ 199,045	\$ 8,550
Debt service	1,789	-
Capital projects	-	-
Transportation	3,406	-
Nonmajor	<u>2,905</u>	<u>26,512</u>
	<u>207,145</u>	<u>35,062</u>
Net governmental activities receivable	\$ 172,083	
Business-type activities		
Energy department	\$ 455,535	\$ 155,637
Water quality control department	175,229	74,963
Internal payable created by internal service fund elimination	<u>-</u>	<u>521,068</u>
	<u>580,159</u>	<u>751,668</u>
Net business-type activities payable		\$ 172,083

Interfund transfers for the year are attributable to the budgeted allocation of resources from one fund to another, and consist of the following:

	Transfers in	Transfers out
Governmental activities		
General	\$ 1,750,055	\$ 1,151,000
Debt service	960,000	-
Capital projects	-	-
Transportation	-	960,000
Nonmajor	1,151,000	124,767
Internal service	<u>-</u>	<u>-</u>
	<u>3,861,055</u>	<u>2,235,767</u>
Net governmental activities transfers	\$ 1,625,288	
Business-type activities		
Energy department	\$ -	\$ 1,369,678
Water quality control department	<u>-</u>	<u>255,610</u>
Net business-type activities transfers		\$ 1,625,288

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 4. Capital Assets

Capital assets activity for the year was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 19,227,197	\$ 1,510,613	\$ (33,165)	\$ 20,704,646
Construction in progress	<u>2,208,275</u>	<u>2,644,191</u>	<u>(1,701,970)</u>	<u>3,150,497</u>
Total capital assets not being depreciated	21,435,472	4,154,804	(1,735,135)	23,855,143
Capital assets being depreciated				
Buildings and structures	28,726,446	-	-	28,726,446
Improvements other than buildings	4,957,462	288,363	-	5,245,825
Vehicles	15,981,213	2,056,848	(721,128)	17,316,933
Machinery and equipment	7,420,542	2,240,027	(105,400)	9,555,169
Software	292,621	48,828	-	341,449
Infrastructure	<u>64,494,503</u>	<u>2,755,118</u>	<u>-</u>	<u>67,249,621</u>
Total capital assets being depreciated	121,872,787	7,389,184	(826,528)	128,435,443
Less: accumulated depreciation				
Buildings and structures	(6,590,563)	(589,655)	-	(7,180,218)
Improvements other than buildings	(2,555,559)	(248,311)	-	(2,803,870)
Vehicles	(11,408,512)	(1,627,355)	721,128	(12,314,739)
Machinery and equipment	(4,641,974)	(810,814)	105,400	(5,347,388)
Software	(277,935)	(17,935)	-	(295,870)
Infrastructure	<u>(40,476,401)</u>	<u>(2,128,218)</u>	<u>-</u>	<u>(42,604,619)</u>
Total accumulated depreciation	<u>(65,950,944)</u>	<u>(5,103,559)</u>	<u>826,528</u>	<u>(70,546,704)</u>
Governmental activities capital assets, net	\$ 77,357,316	\$ 6,440,429	\$ (1,735,135)	\$ 81,743,882

Depreciation expense was charged to functions/programs for the year as follows:

General government	\$ 126,811
Community Development	443,157
Public safety	1,494,655
Public works	2,656,013
Parks and maintenance	42,947
Culture and recreation	<u>337,977</u>
Total depreciation expense, governmental activities	\$ 5,103,559

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 4. **Capital Assets**

	Beginning balance	Increases	Decreases	Ending balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 3,663,823	\$ 552,632	\$ -	\$ 4,216,455
Water rights	4,889,052	-	-	4,889,052
Construction in progress	18,242,604	16,745,905	(4,597,490)	30,391,019
Total capital assets not being depreciated	26,795,479	17,298,537	(4,597,490)	39,496,526
Capital assets being depreciated				
Utility plant in service	214,581,363	9,124,906	(1,471,311)	222,234,958
Buildings, structures, and improvements	3,779,441	33,100	-	3,812,541
Machinery and equipment	17,855,395	1,120,546	(1,092,704)	17,883,237
Furniture and fixtures	543,324	9,990	(17,475)	535,839
SBITA asset	627,250	-	-	627,250
Plant acquisition adjustment	5,268,441	-	(379,750)	4,888,691
Total capital assets being depreciated	242,655,214	10,288,543	(2,961,240)	249,982,518
Less: accumulated depreciation				
Utility plant in service	(118,256,073)	(6,407,630)	1,825,571	(122,838,132)
Buildings, structures, and improvements	(3,234,328)	(109,945)	30,076	(3,314,197)
Machinery and equipment	(8,177,706)	(807,730)	585,666	(8,399,770)
Furniture and fixtures	(515,635)	(23,962)	12,409	(527,188)
SBITA asset	(250,900)	(62,725)	-	(313,625)
Total accumulated depreciation	(130,434,642)	(7,411,992)	2,453,722	(135,392,912)
Business type activities capital assets, net	\$ 139,016,051	\$ 20,175,088	\$ (5,105,088)	\$ 154,086,132

Depreciation expense was charged to functions/programs for the year as follows:

Energy department	\$ 3,674,507
Water quality control department	4,379,005
Total depreciation expense, business-type activities	\$ 8,053,512

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 5. **Long-term Liabilities**

During the year the changes in long-term liabilities were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities					
General obligation					
bonds	\$ 30,965,000	\$ -	\$ (2,825,000)	\$ 28,140,000	\$ 2,835,000
Bond premiums	<u>2,096,526</u>	<u>-</u>	<u>(186,960)</u>	<u>1,909,566</u>	<u>-</u>
Total bonds	33,061,526	-	(3,011,960)	30,049,566	2,835,000
Compensated absences	<u>1,136,274</u>	<u>205,672</u>	<u>-</u>	<u>1,341,946</u>	<u>-</u>
Total governmental activities	\$ 34,197,800	\$ 205,672	\$ (3,011,960)	\$ 31,391,512	\$ 2,835,000
Business-type activities					
General obligation					
bonds	\$ 1,200,000	\$ -	\$ (300,000)	\$ 900,000	\$ 300,000
Direct borrowing notes	<u>2,767,841</u>	<u>8,970,125</u>	<u>(110,400)</u>	<u>11,627,566</u>	<u>113,184</u>
Total bonds and notes	3,967,841	8,970,125	(410,400)	12,527,566	413,184
Compensated absences	618,256	16,291	-	634,547	-
SBITA payable	338,846	-	(54,948)	283,898	54,948
TVA heat pump notes	116,180	-	(15,258)	100,922	-
Water storage rights	<u>1,238,749</u>	<u>-</u>	<u>(108,680)</u>	<u>1,130,069</u>	<u>111,806</u>
Total business-type activities	\$ 6,279,872	\$ 8,986,416	\$ (589,286)	\$ 14,677,002	\$ 579,938

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 5. **Long-term Liabilities**

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 6 to 30 years. General obligation bonds outstanding are as follows:

	Original borrowing	Interest rates	Final maturity	Outstanding at year-end
Governmental activities				
Series 2013	\$ 4,300,000	2.00% - 3.20%	2029	\$ 1,530,000
Series 2020	\$ 8,875,000	3.00%	2035	6,495,000
Refunding, Series 2021A	\$ 6,570,000	1.15% - 2.00%	2031	4,590,000
Series 2021B	\$ 9,175,000	2.00% - 3.00%	2035	7,205,000
Series 2022	\$ 9,650,000	4.00% - 5.00%	2037	<u>8,320,000</u>
Total governmental activities				\$ 28,140,000
Business-type activities				
Refunding, Series 2021C (Electric System)	\$ 1,505,000	1.00%	2027	\$ 900,000

The above bonds contain provisions that, in the event of default, the lenders can exercise one or more of the following options: 1) make the outstanding bond payable due and payable immediately, with accrued interest, or 2) use any other remedy permitted by state or federal law.

Direct Borrowings

In 2009 the City issued a note payable in the amount of \$2,074,887 to the State of Tennessee through its state revolving loan fund. The note pays interest at a rate of 2.50% and matures in 2031. The outstanding balance at year-end is \$810,836.

In 2022 the City issued a note payable in the amount of \$17,500,000 to the State of Tennessee through its state revolving loan fund (increased to \$23,000,000 in June 2024). The note pays interest at a rate of 1.07% and matures after the full note amount has been drawn. The outstanding balance at year end is \$10,816,730.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 5. **Long-term Liabilities**

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding are as follows:

Year	Governmental Activities	
	Bonds	
	Principal	Interest
2025	\$ 2,835,000	\$ 854,485
2026	2,835,000	762,665
2027	2,845,000	670,775
2028	2,855,000	578,565
2029	2,870,000	486,035
2030-2034	10,735,000	1,413,475
2035-2037	<u>3,165,000</u>	<u>184,400</u>
	\$ 28,140,000	\$ 4,950,400

Year	Business-type Activities		Business-type Activities		Total Business-type Activities	
	Bonds		Direct borrowing notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2025	\$ 300,000	\$ 7,500	\$ 113,184	\$ 18,984	\$ 413,184	\$ 26,484
2026	300,000	4,500	116,052	16,116	416,052	20,616
2027	300,000	1,500	118,980	13,188	418,980	14,688
2028	-	-	121,992	10,176	121,992	10,176
2029	-	-	125,076	7,092	125,076	7,092
2030-2031	-	-	215,552	4,645	215,552	4,645
*	-	-	<u>10,816,730</u>	<u>-</u>	<u>10,816,730</u>	<u>-</u>
	\$ 900,000	\$ 13,500	\$ 11,627,566	\$ 70,201	\$ 12,527,566	\$ 83,701

Year	Total Primary Government	
	Principal	Interest
2025	\$ 3,248,184	\$ 880,969
2026	3,251,052	783,281
2027	3,263,980	685,463
2028	2,976,992	588,741
2029	2,955,076	493,127
2030-2034	10,950,552	1,418,120
2035-2037	3,165,000	184,400
*	<u>10,816,730</u>	<u>-</u>
	\$ 40,667,566	\$ 5,034,101

*This is for certain state revolving loan funds drawn down in 2023 and 2024; amortization will be over 30 years and will begin upon completion of the project.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 5. Long-term Liabilities

Water Storage Rights Payable

The City has entered into an agreement with the US Army Corps of Engineers to purchase water storage rights at the Center Hill Reservoir. The purchase price was \$2,816,877 to be paid over a period of 30 years. The contract is payable in annual installments of \$144,295 which includes interest based on an adjusted interest rate of 2.875%. The interest rate will be adjusted at five year intervals throughout the repayment period. The rate is the yield rate as determined by the Secretary of the Treasury plus 1/8%.

Principal and interest payments to be made according to the agreement are as follows:

Year ended June 30,	Principal	Interest
2025	\$ 111,806	\$ 32,489
2026	115,020	29,275
2027	118,327	25,968
2028	121,729	22,566
2029	125,229	19,067
2030-2033	<u>537,958</u>	<u>39,213</u>
Totals	\$ 1,130,069	\$ 168,578

Note 6. Deferred Outflows and Inflows of Resources

Deferred outflows of resources consist of the following:

	Governmental Activities	Business-type Activities
Pension related items	\$ 10,795,106	\$ 5,189,856
OPEB related items	7,319,144	1,420,608
Other	<u>-</u>	<u>524,729</u>
	\$ 18,114,250	\$ 7,135,193

Deferred inflows of resources consist of the following:

	Governmental Activities	Business-type Activities
Property taxes		
2024 estimated levy	\$ 11,500,983	\$ -
Debt refunding	82,798	30,545
Pension related items	380,190	50,948
OPEB related items	<u>10,888,579</u>	<u>2,703,157</u>
	\$ 22,852,550	\$ 2,784,650

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 7. Defined Benefit Pension Plans

General Information about the Pension Plans

Plans

The City contributes to two defined benefit pension plans: the Public Employee Retirement Plan (Legacy) of the TCRS (TCRS Legacy) and the Public Employee Retirement Plan (Hybrid with Cost Controls) of the TCRS (TCRS Hybrid). As of and for the year ended June 30, 2024, the two plans had the following balances reported in the financial statements:

	TCRS Legacy	TCRS Hybrid	Total pension plans
Total pension liabilities	\$ 135,461,402	\$ 1,113,167	\$ 136,574,569
Net pension assets	\$ 89,015	\$ -	\$ 89,015
Net pension liabilities	\$ 5,709,890	\$ 80,636	\$ 5,790,526
Government wide net pension liability	\$ 5,620,875	\$ 80,636	\$ 5,701,511
Deferred outflows of resources	\$ 15,456,714	\$ 528,248	\$ 15,984,962
Deferred inflows of resources	\$ 431,137	\$ -	\$ 431,137
Pension expense (negative pension expense)	\$ 3,587,078	\$ 88,831	\$ 3,675,853

General Information

Plan Description

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

Benefits Provided – TCRS Legacy

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

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 7. Defined Benefit Pension Plans

General Information

Benefits Provided – TCRS Hybrid

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

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

Employees Covered by Benefit Terms

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

TCRS Legacy

Inactive employees or beneficiaries currently receiving benefits	315
Inactive employees entitled to but not yet receiving benefits	224
Active employees	285
	824

TCRS Hybrid

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	73
Active employees	153
	226

The TCRS Legacy plan is closed to new entrants.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 7. Defined Benefit Pension Plans

General Information

Contributions – TCRS Legacy

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are noncontributory. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the employer contributions for the City were \$2,564,297 based on a rate of 13.38% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Contributions – TCRS Hybrid

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4% except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. For the year ended June 30, 2024, the employer contributions by the City were \$245,319 based on a rate of 3.05% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Contributions are paid from the general, sanitation, and animal control funds and the energy and water quality control departments.

Net Pension Liabilities (Assets)

Pension Liabilities (Assets)

The City's net pension liabilities (assets) were measured as of June 30, 2023, and the total pension liabilities used to calculate net pension liabilities (assets) were determined by actuarial valuations as of that date.

Actuarial Assumptions

The total pension liabilities as of the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 7. Defined Benefit Pension Plans

Net Pension Liabilities (Assets)

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

Asset class	Long-term expected real rate of return	Target allocation
US equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
US fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

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

Discount Rate

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

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 7. Defined Benefit Pension Plans

Changes in the Net Pension Liabilities (Assets)

TCRS Legacy

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a)-(b)
Balance, June 30, 2022	\$ 126,148,050	\$ 126,089,418	\$ 58,632
Service cost	1,598,535	-	1,598,535
Interest	8,387,945	-	8,387,945
Experience differences	6,288,348	-	6,288,348
Changes in assumptions	-	-	-
Contributions, employer	-	2,437,039	(2,437,039)
Contributions, employee	-	437	(437)
Net investment income	-	8,321,944	(8,321,944)
Benefit payments, including refunds of employee contributions	(6,961,476)	(6,961,476)	-
Administrative expenses	-	(45,277)	45,277
Other changes	-	(1,558)	1,558
Net changes	<u>9,313,352</u>	<u>3,751,109</u>	<u>5,562,243</u>
Balance, June 30, 2023	\$ 135,461,402	\$ 129,840,527	\$ 5,620,875

TCRS Hybrid

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a)-(b)
Balance, June 30, 2022	\$ 560,667	\$ 513,589	\$ 47,078
Service cost	334,552	-	334,552
Interest	60,427	-	60,427
Experience differences	157,521	-	157,521
Changes in Assumptions	-	-	-
Contributions, employer	-	177,619	(177,619)
Contributions, employee	-	299,767	(299,767)
Net investment income	-	50,274	(50,274)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expenses	-	(8,718)	8,718
Net change	<u>552,500</u>	<u>518,942</u>	<u>33,558</u>
Balance, June 30, 2023	\$ 1,113,167	\$ 1,032,531	\$ 80,636

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 7. Defined Benefit Pension Plans

Changes in the Net Pension Liabilities (Assets)

Sensitivity of the Net Pension Liabilities (Assets) to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current rate (6.75%)	1% Increase (7.75%)
TCRS Legacy net pension liability (asset)	\$ 24,123,504	\$ 5,620,875	\$ (9,663,768)
TCRS Hybrid net pension liability (asset)	\$ 428,067	\$ 80,636	\$ (174,113)

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

Pension Expense (Negative Pension Expense)

For the year ended June 30, 2024, the City recognized pension expense (negative pension expense) of \$3,587,078 for the Legacy plan and \$88,831 for the Hybrid plan.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the Legacy pension plan from the following sources:

TCRS Legacy Plan

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 9,160,447	\$ 431,137
Net difference between projected and actual earnings on pension plan investments	193,315	-
Changes in assumptions	3,538,655	-
Contributions subsequent to the measurement date of June 30, 2023	<u>2,564,297</u>	<u>-</u>
	\$ 15,456,714	\$ 431,137

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 7. Defined Benefit Pension Plans

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

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

Year ended June 30,	
2025	\$ 2,309,276
2026	1,712,568
2027	6,142,365
2028	2,297,071
2029	-
Thereafter	-

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

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the Hybrid pension plan from the following sources:

TCRS Hybrid Plan

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 249,573	\$ -
Net difference between projected and actual earnings on pension plan investments	14,057	-
Changes in Assumptions	19,299	-
Contributions subsequent to the measurement date of June 30, 2023	<u>245,319</u>	<u>-</u>
	\$ 528,248	\$ -

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 7. Defined Benefit Pension Plans

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

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

Year ended June 30,		
2025	\$	35,386
2026		35,197
2027		41,037
2028		32,577
2029		32,535
Thereafter		106,197

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

Payable to the Pension Plans

At June 30, 2024, the City reported payables of \$260,023 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2024.

Allocation of Pension-related Activity

The pension-related activity has been allocated to the governmental activities and respective business-type activities by use of an allocation ratio derived from the fiscal year 2024 pension contributions. A summary of the pension-related activity follows:

	Governmental Activities	Business-type Activities
Net pension assets	\$ -	\$ 89,015
Net pension liabilities	\$ 5,593,007	\$ 197,519
Deferred outflows	\$ 10,795,106	\$ 5,189,856
Deferred inflows	\$ 380,190	\$ 50,948

Note 8. OPEB Plan

General Information about the OPEB Plan

Plan Description

In addition to the pension plan sponsored by the City, the City provides single-employer health care benefits (medical, dental, vision, life insurance) for all retired employees hired prior to January 1, 2023, and their spouses through the City of Cookeville Postemployment Benefits Other Than Pensions plan (the plan). These benefit provisions and all other requirements are established by City policy. The City's latest actuarial valuation was prepared as of July 1, 2023 for the fiscal year ended June 30, 2024.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 8. OPEB Plan

General Information about the OPEB Plan

Benefits Provided

Employees hired prior to January 1, 2023, are eligible for these retirement benefits at age 55 with a minimum of 5 years of service. The participants are required to pay a portion of the cost of the Plan, which may range anywhere from 20% to 100% of the annual premiums. Surviving spouses of employees who were eligible for these benefits at the time of death will be eligible for the same benefits, with the exception of life insurance. Retirees and spouses pay a percentage of the self-insured health premiums, based on the retiree's years of service at retirement. Retirees and spouses contribute 100% of the pooled premium rate for active employees and retirees under the self-insured dental plan. The retirees and spouses have limited life insurance and vision benefits and they must contribute toward the cost of the coverage.

Effective July 1, 2017, new employees hired on or after July 1, 2017 will be covered under the plan up to age 65. Once the employee becomes Medicare eligible, he or she is no longer eligible for medical coverage through the City.

This plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of GASB Statement No. 75, paragraph 4.

Employees Covered by the Benefit Terms

At July 1, 2023, the following were covered by the benefit terms:

Active in valuation (with medical, dental, or life coverage)	416
Active employees with medical coverage	382
Active employees with dental coverage	403
Active employees with life insurance coverage	242
Retirees, beneficiaries, and spouses in valuation (with any benefit)	190
Retirees and beneficiaries with medical coverage	154
Spouses with medical coverage	64
Retirees and beneficiaries with dental coverage	162
Spouses with dental coverage	68
Retirees with life insurance coverage	152

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 8. OPEB Plan

General Information about the OPEB Plan

The City's total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Discount rate	4.13% per annum based on the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2023, compared to the prior discount rate of 4.09%
Healthcare cost trend rates	
Medical	6.25% graded uniformly to 5.20% over 2 years and following the Getzen model thereafter, to an ultimate rate of 3.94% in the year 2075
Dental	4.00%
Mortality	
Pre-decrement	PUB-10 general headcount-weighted mortality tables with generational mortality using mortality improvement scale MP-2021
Post-decrement	PUB-10 general headcount-weighted below median table weighted 106% for males and 114% for females with mortality improvement scale MP-2021
Salary increases	4.50% per annum
Retirement age	Age 55 and 5 years of service

TCRS Local Government Disability Rates

Age	Unisex
20	0.0322%
25	0.0322%
30	0.0319%
35	0.0332%
40	0.0843%
45	0.1987%
50	0.3750%
55	0.4935%
60	0.0000%

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 8. **OPEB Plan**

Summary of Assumptions

TCRS Rates are used. Sample rates for ages 60-75 are shown.

TCRS Local Government Retirement Rates

Age	Male Service		Female Service	
	0-14 years	15+ years	0-14 years	15+ years
60	10.5%	12.5%	11.0%	13.0%
61	15.0%	17.0%	13.0%	15.0%
62	20.0%	22.0%	18.0%	20.0%
63 – 64	17.5%	19.5%	16.0%	18.0%
65	24.0%	26.0%	22.0%	24.0%
66	18.5%	20.5%	19.0%	21.0%
67 – 68	16.0%	18.0%	19.0%	21.0%
69	16.5%	18.5%	19.0%	21.0%
70 – 74	18.0%	20.0%	19.0%	21.0%
75	100.0%	100.0%	100.0%	100.0%

TCRS Local Government Withdrawal Rates – Estimated Experience

Age	1 st year unisex	2 nd year unisex	Ultimate male	Ultimate female
20	25.192%	19.595%	13.7344%	19.6101%
25	22.107%	17.226%	10.2858%	15.0742%
30	20.960%	16.073%	7.3626%	11.0655%
35	19.843%	15.301%	5.0962%	7.7157%
40	18.431%	14.270%	3.4720%	5.4122%
45	16.975%	12.646%	2.7525%	4.1474%
50	16.305%	11.739%	2.7752%	3.7905%
55	16.740%	11.735%	3.6002%	4.3322%
60	19.590%	13.395%	4.6200%	5.3201%

Plan Participation

It is assumed that 90% of future eligible retirees will elect medical coverage upon retirement. Similarly, of the future eligible retirees currently married, it is assumed that 60% of these spouses will elect coverage. Life insurance coverage is assumed to be elected by 90% of future retirees and spouses.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 8. OPEB Plan

Summary of Assumptions

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. This rate reflects the interest rate derived from yields on the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2023.

The actuarial demographic assumptions used in the June 30, 2023 valuation were developed from results of an actuarial experience study of plan data as of July 1, 2023, with concurrence by the actuary. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. Actual disability and withdrawal rate experiences were used to develop the level of personnel expected to become disabled or those to withdraw from the plan before reaching full retirement age. Actual plan retirement rates and plan participation rates of employees and eligible dependents were also used in the valuation.

Changes in Assumptions

The following changes were made to the actuarial assumptions and methods for this measurement period: (1) All health insurance plans have moved to a fully insured BCBS plan; (2) Postretirement medical and dental benefits are no longer provided to employees hired after January 1, 2023; (3) The discount rate is 4.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023, compared to the prior discount rate of 4.09% based on the S&P 500 High Grade 20 Year Rate Index; (4) The medical trend assumption was updated to 6.25% grading uniformly to 5.20% over 2 years and following the Getzen model thereafter to an ultimate rate of 3.94% in 2075; (5) Mortality rates were updated to the Pub-10 General Headcount weighted tables with adjustments to match the June 30, 2022 TCRS actuarial report; and (6) Withdrawal rates were updated to match the June 30, 2022 TCRS actuarial report.

OPEB Liability

The City's OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

	Total OPEB liability (a)	Plan net position (b)	OPEB liability (a)-(b)
Balance, July 1, 2023	\$ 29,962,840	\$ -	\$ 29,962,840
Service cost	753,921	-	753,921
Interest	1,215,481	-	1,215,481
Changes in benefit terms	-	-	-
Experience losses (gains)	-	-	-
Changes in assumptions	-	-	-
Contributions, employer	-	1,286,219	(1,286,219)
Contributions, employees	-	-	-
Net investment income	-	-	-
Benefits paid	<u>(1,286,219)</u>	<u>(1,286,219)</u>	<u>-</u>
Net change	<u>683,183</u>	<u>-</u>	<u>683,183</u>
Balance, June 30, 2024	\$ 30,646,023	\$ -	\$ 30,646,023

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 8. OPEB Plan

Sensitivity of OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the OPEB liability calculated using the stated healthcare cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the assumed trend rate:

	1% Decrease in trend rates	Assumed trend rates	1% Increase in trend rates
OPEB liability	\$ 26,194,930	\$ 30,646,023	\$ 36,321,011

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following represents the OPEB liability calculated using the stated discount rate, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (3.13%)	Current rate (4.13%)	1% Increase (5.13%)
OPEB liability	\$ 35,065,095	\$ 30,646,023	\$ 27,013,532

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

OPEB Expense

For the fiscal year ended June 30, 2024, the City recognized negative OPEB expense as follows:

Service cost	\$ 753,921
Interest	1,215,481
Changes in benefits	-
Experience losses (gains)	-
Changes in assumptions	-
Amortization of or change in beginning balances	(1,020,958)
	\$ 948,444

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 4,253,556	\$ 2,875,227
Changes in assumptions	4,486,196	10,716,509
	\$ 8,739,752	\$ 13,591,736

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 8. OPEB Plan

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year ended June 30,	\$	
2025	\$	(1,020,958)
2026		(1,020,957)
2027		(669,630)
2028		(2,255,788)
2029		115,349
Thereafter		-

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

Amounts Payable to the OPEB Plan

At June 30, 2024, the City had no payables relating to contributions to the Plan.

Allocation of OPEB-related Activity

The OPEB-related activity has been allocated to the governmental activities and respective business-type activities of the City according to the actuarial study. A summary of the OPEB-related activity follows:

	Governmental Activities	Business-type Activities
OPEB liability	\$ 24,669,110	\$ 5,976,913
Deferred outflows	\$ 7,319,144	\$ 1,420,608
Deferred inflows	\$ 10,888,579	\$ 2,703,157

Note 9. Defined Contribution Pension Plans

City employees are eligible to participate in the following defined contribution pension plans depending on date of hire and certain eligibility factors:

Plan name	Plan administrator	Plan type
State of Tennessee Deferred Compensation Plan II – 401(k)	TCRS	401(k)
Tennessee State Employees Deferred Compensation Plan and Trust – 457(b)	TCRS	457(b)

Participation in the defined contribution pension plans permits participants to defer a portion of their salary to future years. The deferred compensation is not available to them until termination, retirement, death, or unforeseeable emergency.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 9. Defined Contribution Pension Plans

The City has determined that none of its defined contribution pension plans are fiduciary component units or fiduciary activities of the government.

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

The City's participating employer agreement for the State of Tennessee Deferred Compensation Plan II – 401(k) (State 401(k) Plan) was most recently amended and restated effective July 1, 2019. The plan's investments are held in trust by Empower Retirement.

Each employee hired on or after July 1, 2019, who works more than 40 hours per week for the City is eligible to participate in the plan for the purpose of making elective deferrals and receiving non-matching contributions. Employee salary reduction contributions are voluntary. Employees who are members of the City TCRS Legacy defined benefit pension plan (TCRS Legacy DB Plan) are not eligible for non-matching contributions. Employees who are members of the City TCRS Hybrid defined benefit pension plan (TCRS Hybrid DB Plan) are fully vested immediately in non-matching contributions. Forfeitures of any unvested amounts for employees that leave employment prior to becoming fully vested will be used first to reduce any non-matching contributions and then to offset plan expenses.

For employees who are members of the City TCRS Hybrid DB Plan, the City's non-matching contribution amount is 5% of the employee's compensation.

Benefit terms and contribution rates are established and may be amended by formal resolution of the City Council.

The City's contributions to the State 401(k) Plan recognized in pension expense for the year totaled \$380,242. No forfeitures were used by the City during the year and there were no amounts relating to required contributions payable to the plan.

Tennessee State Employees Deferred Compensation Plan and Trust – 457(b)

The District's participating employer agreement for the Tennessee State Employees Deferred Compensation Plan and Trust – 457(b) (State 457(b) Plan) was most recently amended and restated effective June 1, 2018. The plan's investments are held in trust by Empower Retirement.

Each employee hired on or after June 1, 2018, and each employee grandfathered in, is eligible to participate in the plan for the purpose of making elective deferrals. Employee salary reduction contributions are voluntary. The City does not make matching or non-matching contributions and, as such, forfeiture policies are not applicable.

Benefit terms and contribution rates are established and may be amended by formal resolution of the City Council.

Note 10. Risk Management

The City is the defendant in various legal actions. The opinion of management and the City's legal counsel is that the City has adequate legal defense, and intends to vigorously defend all matters in which a settlement cannot be reached.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 10. Risk Management

The City is partially self-insured with regard to its general liability, workers' compensation, and employee health insurance coverages. Effective July 1, 2023, the City moved to a fully insured plan for employee health insurance. The City remains responsible for any claims incurred prior to July 1, 2023, under the contractual run-out period of the self-insured employee health insurance. Other insurance needs are met through the purchase of commercial insurance. The City is self-insured with excess coverage in these areas:

Workers' compensation liability, with a \$50,000 deductible per incident and statutory limits on coverage

General liability, with a \$410,000 deductible in aggregate

Claims expensed during the year ended June 30, 2024 totaled approximately \$239,000 for general liability and \$164,000 for workers' compensation. Liabilities for claims incurred but not reported as of June 30, 2024 are not calculated by an actuary. The plan administrator reported claims payable of approximately \$245,000 as of June 30, 2024, which have been included in these financial statements.

The employee health care coverage program moved to a fully insured plan as of July 1, 2023. Insurance costs are funded from payroll deductions and from City contributions for employee coverage.

There has been no reduction in insurance coverage from the prior year and no settlements have exceeded insurance coverage for the past four fiscal years.

Note 11. Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that expenditures have been made in accordance with the agreements and any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to grantors.

City of Cookeville, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 12. **Subsequent Events**

On October 3, 2024, the City Council authorized the issuance of up to \$20,000,000 in general obligation bonds. The City sold \$9,475,000 of general obligation bonds on November 13, 2024. The City's bond rating was upgraded by Moody's from Aa2 to Aa1.

**Notes to Financial Statements – Cookeville Regional Medical Center Authority
(Audited by Other Auditors)**

**COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY
(Cookeville Regional Medical Center and Affiliates)**

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

NOTE A--REPORTING ENTITY

Cookeville Regional Medical Center Authority (the Authority) was established by a Private Act of the State of Tennessee legislature during 1999 (the Private Act) for the purpose of operating Cookeville Regional Medical Center (CRMC) and all other hospital, clinical and related healthcare facilities of the City of Cookeville, Tennessee. The Private Act effectively reconstituted the Board of Trustees of CRMC as that of the Authority and granted such powers to the Authority as permitted under the State of Tennessee Private Act Hospital Authority Act of 1996. The initial members of the Board of Trustees of the Authority, a quasi-municipal corporation independent of the City of Cookeville (the City), were the same as those of the Medical Center and were elected by the Cookeville City Council as provided in the Private Act. The Authority is considered a component unit of the City for the City's financial reporting purposes. The Authority consists of CRMC and its component units (collectively, the Medical Center) as disclosed below.

The City of Cookeville and the Authority entered into an agreement effective December 10, 1999, which specified the arrangements relative to the Private Act. The Private Act which created the Authority has also since been amended by multiple subsequent Private Acts. The amended Private Act of 2000 clarified the empowerment of the Authority. The amended Private Act of 2007 amended the terms and membership requirements of the Board of Trustees. The amended Private Act of 2011 further amended the terms and membership requirements of the Board of Trustees and restricted any Board of Trustees member from conducting business with the Authority. The amended Private Act of 2016 removed the requirement that any joint ownership arrangements of the Authority be on City-owned property and that all joint ownership arrangements be approved by the Cookeville City Council.

The Authority has sole and complete authority to operate and control the facilities of the Medical Center. The ownership of the real estate, improvements, tangible personal property, licenses, permits and provider numbers of the Medical Center remain with the City. The Authority also has rights to working capital, including cash, accounts receivable and future revenues, subject to that necessary to retire indebtedness at the date of the creation of the Authority, and the Authority has the obligation to repay debt of the City with respect to which such assets and revenues have been pledged. In addition, approval of the Cookeville City Council is required for all borrowings and purchase of any real property by the Authority. The Cookeville City Council also retains approval authority over the budget of the Medical Center's operations. All rights of the Authority cease upon sale, lease, or transfer of the Medical Center by the City.

Operations of the Medical Center consist primarily of a 269-bed acute care hospital providing healthcare services in Putnam County, Tennessee. The Medical Center also owns and operates Cookeville Regional Home Health Agency as a department of the Medical Center.

**COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY
(Cookeville Regional Medical Center and Affiliates)**

Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

The primary mission of the Medical Center is to provide inpatient and outpatient healthcare services to the citizens of Cookeville, Tennessee, Putnam County, and surrounding areas.

Blended Component Units: The accompanying financial statements include the accounts of three blended component units as the governing bodies of each are essentially the same as that of CRMC.

Cookeville Regional Medical Group, Inc. began operations during the year ended June 30, 2005. In March 2012, the former CRMC MSO, Inc. (the MSO) was formally renamed Cookeville Regional Medical Group, Inc. (CRMG). CRMG was established to provide physician services to the City of Cookeville and the surrounding areas. In January 2012, CRMC MSO Sub 1 (MSO Sub 1) was established to provide cardiology services. CRMC and its blended component units are individually considered major funds as the Medical Center believes these funds are important to financial statement users. The due to/from the blended component units and the Hospital noted in the statements of net position relate to the accumulation of funding provided by the Hospital to support the operations of these entities.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Medical Center utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis using the economic resources measurement focus approach to accounting. The Medical Center follows Governmental Accounting Standards Board (GASB) standards of accounting and financial reporting.

Performance Indicator: Increase (decrease) in net position reflected in the accompanying statements of revenue, expenses, and changes in net position is a performance indicator.

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

Cash and Cash Equivalents: The Medical Center considers all highly liquid investments with a maturity of three months or less when originally purchased, excluding amounts limited as to use, to be cash equivalents. Cash and cash equivalents consists of deposit accounts with financial institutions and cash deposits with a financial services company. The financial institutions utilized by the Medical Center are participating in the State of Tennessee Collateral Pool and/or are members of the Federal Deposit Insurance Corporation (FDIC). The Medical Center's deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. Collateral requirements are not applicable for financial institutions that participate in

COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY
(Cookeville Regional Medical Center and Affiliates)

Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

the State of Tennessee's Collateral Pool. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the State of Tennessee's Collateral Pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the State of Tennessee's Collateral Pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the State of Tennessee's Collateral Pool are considered to be insured for purposes of credit risk disclosure. At June 30, 2024, all of the Medical Center's deposits in financial institutions were within FDIC insurance limits or covered by the State of Tennessee Collateral Pool.

The cash deposits with the financial services company are comprised of deposits at various FDIC insured financial institutions and are structured so that deposits in each of the respective financial institutions is not in excess of FDIC insurance limits and, as such, are fully insured. As of June 30, 2024 and 2023, the Medical Center had \$3,029,218 and \$4,670,343, respectively, in these cash deposits. These deposits are held by the financial services company's trust department or agent in the Medical Center's name.

Patient Accounts Receivable and Patient Service Revenue: The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third party payers, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are considered in the recognition and accrual of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Current operations are charged with an estimated provision for bad debts based upon management's evaluation of collectability. Such evaluation includes historical experience, aging of the receivables and other factors which affect the collectability of the receivables. The estimated provision for bad debts is reported as a reduction in net patient service revenue.

The primary third-party programs include Medicare and Medicaid (TennCare), which account for a significant portion of the Medical Center's revenues. The laws and regulations under which Medicare and Medicaid programs operate are extremely complex and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Medical Center's compliance with these laws and regulations. Such review may result in adjustments to program reimbursement previously received and subject the Medical Center to fines and penalties. Although no assurance can be given, management believes it has complied with the requirements of these programs.

**COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY
(Cookeville Regional Medical Center and Affiliates)**

Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

The Medical Center's policy does not require collateral or other security for patient accounts receivable. The Medical Center routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans, or policies such as those related to Medicare, TennCare, health maintenance organizations, and commercial insurance carriers.

Estimated amounts due to third-party payers reflected on the statement of net position represents management's estimate of final settlement under these third-party payer arrangements.

Inventories: Inventories consist principally of medical and surgical supplies, general store supplies, pharmacy items and dietary foods and are stated at the lower of cost (first-in, first-out method) or net realizable value.

Assets Limited as to Use: Assets limited as to use include cash and cash equivalents designated by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion use for other purposes.

Capital Assets: Capital asset acquisitions are recorded at cost. Depreciation is computed by the straight-line method over the estimated useful life of the asset, generally 20 to 40 years for buildings, 5 to 20 years for land improvements and 4 to 20 years for furniture and equipment. A right-of-use asset is recorded equal to the lease or subscription liability plus any initial direct costs, prepayments, or incentives and is amortized over the shorter of the lease or subscription term or estimated useful life of the asset. The Medical Center has established a capitalization threshold for capital assets of \$5,000, except for computer software and hardware, which has a threshold of \$10,000. The Medical Center reviews the carrying values of long-lived assets to determine if facts and circumstances indicate that the carrying value may have been impaired. Costs of maintenance and repairs are expensed as incurred.

Investments: Investments consist of United States government agency collateral-backed bonds and sponsored enterprise securities. These investments are reported at fair market value in accordance with GASB. The Medical Center generally holds its investments until maturity. The portion of investments related to financial instruments with remaining maturities of less than one year is classified as current assets. Investment income is reported as nonoperating revenue. Any changes in fair market value in the current year are recognized in the statement of revenue, expenses, and changes in net position as a component of investment income.

Lease Liabilities and Right-of-Use Lease Assets: The present value of lease payments is recorded as a lease liability at the commencement of a contract that has a term in excess of one year. The present value is determined by discounting the required payments using the stated or implicit interest rate in the lease or, if not stated or implied, the Medical Center's incremental borrowing rate. Payments include options to extend, or terminate, if the Medical Center determines that it is

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Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

reasonably certain that such options will be exercised. A right-of-use asset is also recorded equal to the lease liability plus any initial direct costs, prepayments, or incentives.

Subscription Liabilities and Right-of-Use Subscription Assets: The present value of subscription payments is recorded as a subscription liability at the commencement of a contract that has a term in excess of one year. The present value is determined by discounting the required payments using the stated or implicit interest rate in the agreement or, if not stated or implied, the Medical Center's incremental borrowing rate. Payments include options to extend, or terminate, if the Medical Center determines that it is reasonably certain that such options will be exercised. A right-of-use asset is also recorded equal to the subscription liability plus any implementation costs, prepayments, or incentives.

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

Accrual for Compensated Absences: The Medical Center recognizes an expense and accrues a liability for compensated future employee vacation and other absences in the period in which employees' rights to such compensated absences are earned. Compensated absences consist of paid days off including holidays, vacation, and bereavement days to regular full-time employees. Paid days off are earned based on years of service.

Refundable (Accrued) Advances: Refundable (accrued) advances represent non-reciprocal, non-exchange transactions with governmental agencies that have conditional terms to the uses of those funds (conditional grants), which generally, the Medical Center must attest to those terms and conditions. When the terms and conditions have reasonably been met during a reporting period, the Medical Center recognizes the amounts as follows:

- Department of Health and Human Services (HHS) Provider Relief Funds and other grants are reported as grant income as nonoperating revenue on the statement of revenues, expenses, and changes in net position. Interest earned on HHS Provider Relief Funds is reported as investment income on the statement of revenue, expenses, and changes in net position. No interest was earned for the years ended June 30, 2024 and 2023.
- Medicare Accelerated and Advance Payments are included within net patient service revenue on the statement of revenues, expenses, and changes in net position.

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Years Ended June 30, 2024 and 2023

The portion of conditional grants that have not reasonably been met at the end of a reporting period are shown as refundable advances on the statement of net position. The portion of conditional grants that the Medical Center has reasonably met at the end of a reporting period, however, have not yet been received from the governmental agency are reported as accrued advances and are included within other receivables on the statements of net position.

Contributed Resources: From time to time, the Medical Center receives grants and contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted for specific operating purposes are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported as other increases in net position.

Net Position: Net position of the Medical Center is classified into three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization and reduced by the remaining balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is the noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Medical Center, including amounts deposited with trustees for pension related purposes. Unrestricted is the remaining net position that does not meet the definition of net investment in capital assets or restricted. The Medical Center first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Income Taxes: The Medical Center is classified as an organization exempt from federal income taxes as a quasi-municipal corporation and formerly as an enterprise fund of the City. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

CRMG and MSO Sub 1 are for-profit corporations and are taxed under Subchapter “C” of the Internal Revenue Code. These for-profit corporations have incurred significant tax losses. Due to the uncertainty of future taxable income, net deferred tax assets at June 30, 2024, has been fully reserved. The most significant deferred items relate to net operating loss carryforwards and the allowance for doubtful accounts. These entities have federal and state net operating loss carryforwards available to offset future taxable income. The federal carryforwards expire in various years beginning in 2024, and the state carryforwards began to expire in 2021.

Operating Revenue and Expenses: The Medical Center’s statement of revenue, expenses, and changes in net position distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing healthcare services - the Medical Center’s principal activity. Nonexchange revenue, including grants and

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Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

contributions received for purposes other than capital asset acquisition and investment income, are reported as nonoperating revenue. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs and losses on disposal of assets.

Charity Care: The Medical Center accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Medical Center. In assessing a patient’s inability to pay, the Medical Center utilizes generally recognized poverty income levels. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, charges related to charity care are not included in net patient service revenue. In addition to these charity care services, the Medical Center provides a number of other services to benefit underprivileged patients for which little or no payment is received, including providing services to TennCare and state indigent patients and providing various public health education, health evaluation and screening programs. The direct and indirect costs associated with these services cannot be identified to specific charity care patients. Therefore, management estimated the costs of these services by calculating a cost to gross charge ratio and multiplying it by the charges associated with services provided to patients meeting the Medical Center’s charity care guidelines. Costs incurred for charity, based on the cost to charge ratio, was approximately \$1,063,000 and \$1,097,000 in 2024 and 2023, respectively.

NOTE C--PATIENT ACCOUNTS RECEIVABLE

Net patient accounts receivable reported as current assets by the Medical Center consisted of the following at June 30:

	<u>2024</u>		<u>2023</u>
Gross patient accounts receivable	\$ 101,483,426	\$	100,044,098
Less: Estimated allowance for uncollectible accounts	(59,425,182)	(59,722,778)	
Patient accounts receivable, net	<u>\$ 42,058,244</u>	<u>\$</u>	<u>40,321,320</u>

The Medical Center’s primary concentration of credit risk is patient accounts receivable, which consist of amounts owed by various governmental agencies, insurance companies and patients. The Medical Center manages the receivable by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. The mix of receivables from patient and third-party payers as of June 30, 2024 and 2023, were as follows:

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Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

	<i>June 30,</i>	
	<i>2024</i>	<i>2023</i>
Medicare and Medicare Advantage	53%	49%
Medicaid/TennCare	2%	4%
Blue Cross and commercial	25%	22%
Patients, including self-insured	20%	25%
	100%	100%

NOTE D--OTHER RECEIVABLES

Other current and long-term receivables at June 30, 2024 and 2023, includes \$720,113 and \$534,383 and \$762,262 and \$1,011,431, respectively, in receivables from agreements with certain physicians which were made as part of the Medical Center's recruitment program to attract physicians to the Medical Center's service area. Under terms of the related agreements, such receivables will be forgiven over a period of time, generally over three years, as long as the physician continues to practice in the area. The Medical Center is amortizing these loans over the physicians' service commitments.

NOTE E--INVENTORIES

Inventories consisted of the following at June 30:

	<i>June 30,</i>	
	<i>2024</i>	<i>2023</i>
Medical and surgical supplies	\$ 8,889,780	\$ 7,792,957
General store supplies	281,559	325,912
Pharmacy and drugs	3,473,563	3,214,267
Dietary foods	57,790	81,394
	\$ 12,702,692	\$ 11,414,530

NOTE F--INVESTMENTS AND ASSETS LIMITED AS TO USE

The Medical Center's investments (including assets limited as to use) are reported at estimated fair value based on quoted market prices. The Medical Center invests in U.S. government agency collateral-backed bonds and sponsored enterprise securities and certificates of deposit that are in accordance with the Medical Center's investment policy.

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Years Ended June 30, 2024 and 2023

The carrying amounts of deposits and investments included in the Medical Center’s statements of net position are as follows:

	<i>June 30,</i>	
	<i>2024</i>	<i>2023</i>
Carrying amount:		
Cash and cash equivalents	\$ 30,173,443	\$ 38,480,930
Investments	16,423,662	16,035,263
Total deposits and investments	<u>\$ 46,597,105</u>	<u>\$ 54,516,193</u>
Included in the following statements of net position captions:		
Cash and cash equivalents	\$ 20,173,443	\$ 28,480,930
Long-term investments	16,423,662	16,035,263
Assets internally designated for capital acquisition	10,000,000	10,000,000
	<u>\$ 46,597,105</u>	<u>\$ 54,516,193</u>

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Medical Center’s investment policy limits the “average life” or repricing period of the portfolio as a whole to 5.50 years in order to minimize market value fluctuations.

The distribution of the Medical Center’s cash and cash equivalents, investments and assets limited as to use by maturity as of June 30, 2024, is as follows:

	<i>Fair Value</i>	<i>Investment Maturities (in Years)</i>			
		<i>Less Than 1</i>	<i>1 - 5</i>	<i>6 - 10</i>	<i>More Than 10</i>
Undesignated	\$ 16,423,662	\$ 2,539,587	\$ 7,178,765	\$ 2,130,808	\$ 4,574,502
Assets internally designated for capital acquisition	10,000,000	10,000,000	-	-	-
Cash and cash equivalents	20,173,443	20,173,443	-	-	-
Total	<u>\$ 46,597,105</u>	<u>\$ 32,713,030</u>	<u>\$ 7,178,765</u>	<u>\$ 2,130,808</u>	<u>\$ 4,574,502</u>

Credit Risk: The Medical Center’s investment policy requires that investments be made only in U.S. government agency securities, U.S. Treasury securities, mortgage-backed securities, collateralized mortgage obligations, certificates of deposits, and repurchase agreements. The Medical Center has no investment policy that would further limit its investment choices. As of June 30, 2024 and 2023, \$5,597,219 and \$4,920,081 of the Medical Center’s investments was backed by the full faith of the U.S. Government and \$10,826,443 and \$11,115,182 was invested in securities with a Moody’s Investment Service rating of AAA and Standard and Poor’s Rating Agency rating of AA+, respectively.

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Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

Custodial Credit Risk: The Medical Center’s investment securities may be exposed to custodial credit risk at certain times when the securities are uninsured, are not registered in the name of the Medical Center, and are held by either the counterparty or the counterparty’s trust department or agent but not in the Medical Center’s name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Medical Center will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Medical Center’s investments are held by the counterparty, or by its trust department or agent, in the Medical Center’s name.

Concentration of Credit Risk: The Medical Center places limits on the portfolio composition of the following investment types: U.S. Treasury and agency securities, mortgage-backed securities, collateralized mortgage obligations, certificates of deposits, and repurchase agreements. No more than \$1,500,000 may be invested in any one security. At June 30, 2024, no more than \$1,500,000 is invested in any one investment security. As of June 30, 2024 and 2023, the Medical Center’s investments consist of collateral-backed bonds and sponsored enterprise securities, all of which are issued by U.S. government or sponsored agencies.

Investment income for assets limited as to use and other investments is comprised of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest income and net realized gains/losses	\$ 2,962,427	\$ 1,731,705
Unrealized gain (loss) on investments	213,385	(120,265)
	<u>\$ 3,175,812</u>	<u>\$ 1,611,440</u>

NOTE G--CAPITAL ASSETS, NET

The Authority’s rights to use of the capital assets of the Medical Center, which belong to the City of Cookeville, are defined in the Private Act and in the agreement between the City and the Authority as discussed in Note A. A summary of capital assets and schedule of activity is as follows:

	<u>Balance at</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at</u> <u>June 30, 2024</u>
<u>Capital assets not being depreciated:</u>					
Land	\$ 17,470,974	\$ -	\$ -	\$ -	\$ 17,470,974
Construction in progress	1,772,048	8,692,197	-	(84,195)	10,380,050
Total capital assets not being depreciated	19,243,022	8,692,197	-	(84,195)	27,851,024
<u>Capital assets being depreciated:</u>					
Land improvements	6,019,466	-	-	-	6,019,466
Building	207,930,331	822,406	-	84,195	208,836,932

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Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

	<i>Balance at</i>				<i>Balance at</i>
	<i>July 1, 2023</i>	<i>Additions</i>	<i>Retirements</i>	<i>Transfers</i>	<i>June 30, 2024</i>
Automobiles	371,804	-	-	-	371,804
Equipment	128,136,937	3,454,585	(827,646)	-	130,763,876
Total capital assets being depreciated	342,458,538	4,276,991	(827,646)	84,195	345,992,078
Less: accumulated depreciation:					
Land improvements	4,934,607	214,868	-	-	5,149,475
Building	101,598,378	5,447,221	-	-	107,045,599
Automobiles	328,209	23,440	-	-	351,649
Equipment	113,330,964	8,565,103	(827,646)	-	121,068,421
Total accumulated depreciation	220,192,158	14,250,632	(827,646)	-	233,615,144
Total capital assets being depreciated, net	122,266,380	(9,973,641)	-	84,195	112,376,934
<u>Capital assets being amortized:</u>					
Right-of-use lease assets	3,520,681	30,801	(129,561)	-	3,421,921
Right-of-use subscription assets	2,788,544	1,808,311	-	-	4,596,855
Total capital assets being amortized	6,309,225	1,839,112	(129,561)	-	8,018,776
Less: accumulated amortization:					
Right-of-use lease assets	1,560,485	685,654	(129,561)	(740)	2,115,838
Right-of-use subscription assets	772,409	994,263	-	(41,017)	1,725,655
Total accumulated amortization	2,332,894	1,679,917	(129,561)	(41,757)	3,841,493
Total capital assets being amortized, net	3,976,331	159,195	-	41,757	4,177,283
Total capital assets, net	\$ 145,485,733	\$ (1,122,249)	\$ -	\$ 41,757	\$ 144,405,241

	<i>Balance at</i>				<i>Balance at</i>
	<i>July 1, 2022</i>	<i>Additions</i>	<i>Retirements</i>	<i>Transfers</i>	<i>June 30, 2023</i>
<u>Capital assets not being depreciated:</u>					
Land	\$ 16,717,688	\$ 753,286	\$ -	\$ -	\$ 17,470,974
Construction in progress	2,848,652	5,389,304	-	(6,465,908)	1,772,048
Total capital assets not being depreciated	19,566,340	6,142,590	-	(6,465,908)	19,243,022
<u>Capital assets being depreciated:</u>					
Land improvements	6,019,466	-	-	-	6,019,466
Building	207,761,016	169,315	-	-	207,930,331
Automobiles	371,804	-	-	-	371,804
Equipment	118,946,941	2,736,713	(7,967)	6,461,250	128,136,937
Total capital assets being depreciated	333,099,227	2,906,028	(7,967)	6,461,250	342,458,538
Less: accumulated depreciation:					
Land improvements	4,698,558	236,049	-	-	4,934,607
Building	95,740,171	5,858,207	-	-	101,598,378
Automobiles	300,550	27,659	-	-	328,209
Equipment	104,779,156	8,564,433	(7,967)	(4,658)	113,330,964
Total accumulated depreciation	205,518,435	14,686,348	(7,967)	(4,658)	220,192,158
Total capital assets being depreciated, net	127,580,792	(11,780,320)	-	6,465,908	122,266,380

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Years Ended June 30, 2024 and 2023

	<i>Balance at</i> <i>July 1, 2022</i>	<i>Additions</i>	<i>Retirements</i>	<i>Transfers</i>	<i>Balance at</i> <i>June 30, 2023</i>
<u>Capital assets being amortized:</u>					
Right-of-use lease assets	3,382,919	137,762	-	-	3,520,681
Right-of-use subscription assets	-	2,788,544	-	-	2,788,544
Total capital assets being amortized	3,382,919	2,926,306	-	-	6,309,225
Less: accumulated amortization:					
Right-of-use lease assets	743,221	817,264	-	-	1,560,485
Right-of-use subscription assets	-	772,409	-	-	772,409
Total accumulated amortization	743,221	1,589,673	-	-	2,332,894
Total capital assets being amortized, net	2,639,698	1,336,633	-	-	3,976,331
Total capital assets, net	\$ 149,786,830	\$ (4,301,097)	\$ -	\$ -	\$ 145,485,733

The Medical Center has recorded right-of-use lease assets in accordance with GASB Statement No. 87. The right-of-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the asset into service. The right-of-use lease assets are amortized on a straight-line basis over the lesser of the lease term or estimated useful life of the asset. Further discussion regarding the related lease liabilities can be found in Note J.

The Medical Center has recorded right-of-use subscription assets in accordance with GASB Statement No. 96. The right-of-use subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any payments made prior to the agreement term, less any incentives, plus any implementation costs that can be capitalized. The right-of-use subscription assets are amortized on a straight-line basis over the life of the related agreement. Further discussion regarding the related subscription liabilities can be found in Note J.

Construction in progress at June 30, 2024, consists of facility renovations and expansions. Estimated costs to complete the projects amounted to approximately \$3,003,000 at June 30, 2024, and all projects are anticipated to be completed by the year ending June 30, 2025.

NOTE H--LONG-TERM DEBT

The obligations of the Authority with respect to repayment of the City's debt related to the Medical Center facilities are defined in the Private Act and in the agreement between the City and the Authority as discussed in Note A. A schedule of changes in the Medical Center's long-term debt is as follows:

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Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

	<i>Balance at</i>			<i>Amounts Due</i>	
	<i>July 1, 2023</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at</i>	<i>Within</i>
				<i>June 30, 2024</i>	<i>One Year</i>
Series 2009 Bonds	\$ 20,173,788	\$ -	\$ (942,392)	\$ 19,231,396	\$ 966,249
Series 2010-A Bonds	5,175,359	-	(728,474)	4,446,885	746,916
Series 2010-B Bonds	6,985,106	-	(981,559)	6,003,547	1,006,410
Series 2010-C Bonds	19,495,500	-	(957,000)	18,538,500	977,000
	<u>\$ 51,829,753</u>	<u>\$ -</u>	<u>\$ (3,609,425)</u>	<u>\$ 48,229,328</u>	<u>\$ 3,696,575</u>

	<i>Balance at</i>			<i>Amounts Due</i>	
	<i>July 1, 2022</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at</i>	<i>Within</i>
				<i>June 30, 2023</i>	<i>One Year</i>
Series 2009 Bonds	\$ 21,092,909	\$ -	\$ (919,121)	\$ 20,173,788	\$ 942,392
Series 2010-A Bonds	5,885,846	-	(710,487)	5,175,359	728,474
Series 2010-B Bonds	7,942,430	-	(957,324)	6,985,106	981,559
Series 2010-C Bonds	20,432,500	-	(937,000)	19,495,500	957,000
	<u>\$ 55,353,685</u>	<u>\$ -</u>	<u>\$ (3,523,932)</u>	<u>\$ 51,829,753</u>	<u>\$ 3,609,425</u>

During the year ended June 30, 2010, the Medical Center issued \$30,000,000 Revenue Refunding Bonds (Series 2009 Bonds) in order to partially redeem the then outstanding balance of the Series 2006 Bonds. Also, during 2010, the Medical Center issued \$12,775,000 Revenue Refunding Bonds (Series 2010-A) and \$17,225,000 Revenue Refunding Bonds (Series 2010-B) (collectively, the Series 2010 Bonds) in order to fully redeem or pay off the then-outstanding balance of the Series 2001 A-2, 2001 A-3, and Series 2006 Bonds.

During the year ended June 30, 2011, the Medical Center issued \$30,000,000 Build America Bonds Series 2010. These Bonds also provide for a refundable tax credit paid to the Medical Center by the United States Treasury Department and the Internal Revenue Service in an amount equal to 35% of the total coupon interest payable on these taxable bonds. The Medical Center recognizes this refund as a reduction to interest expense in the financial statements.

Effective May 22, 2020, the Medical Center entered into a Modification Agreement with all the Bonds Series' whereas certain terms of the original agreements were amended, and the outstanding principal balances of the bonds were reassigned to different lenders.

Each Series bears interest at a variable rate equal to the CME Term Secured Overnight Financing Rate (SOFR) plus 1.824%, multiplied by 0.825, and is payable monthly. The rate was 5.90% and 5.76% at June 30, 2024 and 2023, respectively.

The Series 2009 Bonds and Series 2010 Bonds have extended the maturity dates to June 1, 2040, and December 1, 2029, respectively. The \$30,000,000 Revenue Bond Series 2010-C (Series 2010-C, formerly known as Build America Bond 2010 Series) has extended the maturity date to June 1,

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2040. Each Series requires semiannual principal reductions payable on each June 1st and December 1st and are subject to optional acceleration clauses whereas the Bondholder has the option to call the entire outstanding principal balance and any accrued interest on each subsequent five-year anniversary of the Modification Agreement effective date.

Each Series is subject to prepayment, in whole or in part, for a prepayment price equal to the principal amount to be repaid plus interest accrued, without penalty. Any partial prepayment of the Bonds must be made on a pro rata basis and applied to future scheduled principal payments in reverse chronological order.

The debt service requirements at June 30, 2024, related to long-term debt are as follows:

<i>Year Ending June 30,</i>	<i>Bonds</i>	
	<i>Principal</i>	<i>Interest</i>
2025	\$ 3,696,575	\$ 751,702
2026	3,785,427	692,644
2027	3,876,022	632,167
2028	3,968,404	571,764
2029	5,291,148	506,849
2030 - 2034	11,358,873	1,797,159
2035 - 2039	12,715,713	846,781
2040	3,528,166	28,115
TOTAL	\$ 48,220,328	\$ 5,827,181

The bond indentures related to the various bond issues contain covenants with which the Medical Center must comply. These requirements include maintenance of certain liquidity ratios and insurance coverage, limitations on additional indebtedness and guarantees, use of facilities and disposals of property, among other things. The Medical Center was in compliance with these covenants as of June 30, 2024.

NOTE I--DERIVATIVE FINANCIAL INSTRUMENT

Effective July 1, 2020, in connection with the Modification Agreement of the Revenue Refunding Bonds, the Medical Center entered into an interest rate swap agreement with a financial institution to reduce the impact of changes in interest rates on the bonds. Under the interest rate swap agreement, which is classified as a cash flow hedge, the Medical Center will pay interest monthly at a fixed rate of 1.83% and will receive interest monthly at the CME Term SOFR plus 1.824% multiplied by 0.825. The net amounts paid to or received from the counterparty to the swap are included in interest expense. The interest rate swap agreement is recorded at fair value with fair value being determined based upon quoted year-end market rates. Changes in the fair value of the

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interest rate swap are recorded as either deferred inflows or deferred outflows in the statement of net position (deferred inflow as of June 30, 2024 and 2023). The agreement terminates May 22, 2025, and had an original notional amount of \$62,116,499. Notional amounts do not quantify risk or represent assets or liabilities of the Medical Center but are used in the determination of cash settlements under the agreement.

At June 30, 2024, derivative financial instruments consisted of the following:

Designated for Hedging:

	<i>Balance at Notional</i>	<i>Maturity</i>	<i>Pay Index</i>	<i>Receive Index</i>	<i>Fair Value</i>
				82.5% of CME Term	
Fixed payer	\$ 48,220,328	May 22, 2025	1.83%	SOFR + 1.824%	\$ 1,704,658

NOTE J--LEASE AND SUBSCRIPTION LIABILITIES

The Medical Center entered into agreements to lease certain property. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

There are multiple agreements entered into with various vendors. There are no variable payment components for any lease, included in the liability determined, as these are expensed as incurred. Each lease liability is measured at various discount rates based on the terms, date of service, classification of item and other factors pertaining to the contract. The associated right-of-use lease assets are discussed in more detail in Note G.

A schedule of the Medical Center's lease liabilities is as follows:

	<i>Balance at July 1, 2023</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at June 30, 2024</i>	<i>Amounts Due Within One Year</i>
Building	\$ 1,996,145	\$ 30,801	\$ (693,761)	\$ 1,333,185	\$ 700,106

	<i>Balance at July 1, 2022</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at June 30, 2023</i>	<i>Amounts Due Within One Year</i>
Building	\$ 2,699,365	\$ 137,762	\$ (840,982)	\$ 1,996,145	\$ 684,676

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The Medical Center leases property under lease agreements which expire at various dates. Future minimum lease payments under leases are as follows:

<i>Year Ending June 30,</i>	<i>Principal Payments</i>	<i>Interest Payments</i>	<i>Total</i>
2025	\$ 700,106	\$ 16,974	\$ 717,080
2026	503,695	5,969	509,664
2027	129,384	415	129,799
TOTAL	\$ 1,333,185	\$ 23,358	\$ 1,356,543

The Medical Center has entered into certain SBITAs. The agreements qualify as other than short-term under GASB Statement No. 96 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. There are no variable payment components for any agreement. Each subscription liability measured at July 1, 2022, was measured at a 4.02% discount rate. Any additions during 2023 and 2024 were measured at the risk-free discount rate at the lease inception date. The associated right-of-use subscription assets are discussed in more detail in Note G.

A schedule of the Medical Center's subscription liabilities is as follows:

	<i>Balance at July 1, 2023</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at June 30, 2024</i>	<i>Amounts Due Within One Year</i>
Subscription liabilities	\$ 2,070,743	\$ 1,808,311	\$ (1,092,850)	\$ 2,786,204	\$ 1,192,407

	<i>Balance at July 1, 2022</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at June 30, 2023</i>	<i>Amounts Due Within One Year</i>
Subscription liabilities	\$ -	\$ 2,788,544	\$ (717,801)	\$ 2,070,743	\$ 812,761

The Medical Center has subscription liabilities that expire at various dates. Future minimum agreement payments under the subscription liabilities are as follows:

<i>Year Ending June 30,</i>	<i>Principal Payments</i>	<i>Interest Payments</i>	<i>Total</i>
2025	\$ 1,192,407	\$ 94,761	\$ 1,287,168
2026	888,887	47,926	936,813
2027	365,310	1,883	367,193
2028	222,439	11,550	233,989
2029	117,161	1,979	119,140
TOTAL	\$ 2,786,204	\$ 158,099	\$ 2,944,303

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NOTE K--REFUNDABLE (ACCRUED) ADVANCES

There were no refundable (accrued) advances as of and for the year ended June 30, 2024.

Refundable (accrued) advances consist of the following as of and for the year ended June 30, 2023:

<i>Grantor Agency</i>	<i>Beginning Refundable (Accrued) Advances</i>	<i>Grant Received</i>	<i>Grant Expended or Repaid</i>	<i>Ending Refundable (Accrued) Advances</i>	<i>Amounts Due Within One Year</i>
Department of Health and Human Services (HHS)					
Provider Relief Fund	\$ 3,678,368	\$ -	\$ 3,678,368	\$ -	\$ -
Medicare Accelerated and Advance Payments	12,695,201	-	12,695,201	-	-
	<u>\$ 16,373,569</u>	<u>\$ -</u>	<u>\$ 16,373,569</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE L--PATIENT SERVICE REVENUE

The Medical Center renders services to patients under contractual arrangements with the Medicare and Medicaid programs. Effective January 1, 1994, the Medicaid program in Tennessee was replaced with TennCare, a managed care program designed to cover previous Medicaid eligible enrollees as well as other previously uninsured and uninsurable participants. Amounts earned under these contractual arrangements are subject to review and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. Activity with respect to audits and reviews of governmental programs and reimbursement has increased and is expected to increase in the future. No additional specific reserves or allowances have been established with regard to these increased audits and reviews as management is not able to estimate such amounts. Management believes that any adjustments from these increased audits and reviews will not have a material adverse impact on the financial statements. However, due to uncertainties in the estimation, it is at least reasonably possible that management's estimate will change in the future, although the amount of the change cannot be estimated. In addition, participation in these programs subjects the Medical Center to significant rules and regulations; failure to adhere to such could result in fines, penalties, or expulsion from the programs.

The Medicare program pays for inpatient services on a prospective basis. Payments are based upon diagnostic related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized.

The Medicare program reimburses for outpatient services under a prospective method utilizing an ambulatory payment classification system which classifies outpatient services based upon medical procedures and diagnosis codes.

Laws and regulations governing the Medicare and TennCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates

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will change by a material amount in the near term. The filed cost reports are subject to audits, reviews, and investigations. Effective March 15, 2021, the Hospital became a sole community hospital for purposes of Medicare reimbursement.

The Medical Center has also entered into reimbursement agreements with certain commercial insurance companies, health maintenance organizations and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, per diem rates, case rates and discounts from established charges.

Contractual adjustments under third-party reimbursement programs also include any differences between estimated settlements for prior years and subsequent tentative or final settlements. The adjustments resulting from tentative or final settlements to estimated reimbursement amounts were minimal for the year ended June 30, 2024.

The composition of net patient service revenue for the year ended June 30 was as follows:

	<i>June 30,</i>	
	<i>2024</i>	<i>2023</i>
Gross patient service revenue	\$ 1,343,250,378	\$ 1,198,571,617
Less: Provisions for contractual adjustments	(884,059,599)	(770,144,183)
Less: Provisions for bad debt	(26,971,132)	(26,067,079)
Less: Charity care	(3,645,476)	(3,655,420)
Net patient service revenue	<u>\$ 428,574,171</u>	<u>\$ 398,704,935</u>

The composition of gross revenue for patient services rendered for the years ended June 30, 2024 and 2023, were as follows:

	<i>Total</i>	<i>Ratio</i>
2024		
Medicare and Medicare Advantage	\$ 758,701,831	57%
Medicaid/TennCare	139,980,250	10%
Blue Cross and commercial	403,117,492	30%
Patients, including self-insured	41,450,805	3%
Total	<u>\$ 1,343,250,378</u>	<u>100%</u>

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	<i>Total</i>	<i>Ratio</i>
2023		
Medicare and Medicare Advantage	\$ 692,164,241	58%
Medicaid/TennCare	138,201,710	12%
Blue Cross and commercial	329,409,890	27%
Patients, including self-insured	38,795,776	3%
Total	<u>\$ 1,198,571,617</u>	<u>100%</u>

NOTE M--DEFINED BENEFIT PENSION PLAN

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

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

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

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

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Inactive employees or beneficiaries currently receiving benefits	655
Inactive employees entitled to but not yet receiving benefits	485
Active employees	207
Total employees	<u>1,347</u>

The Medical Center withdrew from TCRS effective July 1, 2006. Employees hired after the date of withdrawal are not eligible to participate in TCRS. Employees active as of the withdrawal date will continue to accrue salary and service credit in TCRS. The employer remains responsible for the pension liability for employees that were active as of the withdrawal date and for retirees of the employer.

Contributions: Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The Medical Center adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The Medical Center makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the years ended June 30, 2024 and 2023, the employer contributions for the Medical Center were \$2,813,680 and \$2,573,455, respectively, based on a rate of 18.21 percent and 16.09 percent, respectively, of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Medical Center’s state shared taxes if required employer contributions are not remitted. The employer’s ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability: The Medical Center’s net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

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The actuarial assumptions used in the June 30, 2023, actuarial valuation are based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	<i>Total Pension Liability</i>	<i>Increase (Decrease) Plan Fiduciary Net Position</i>	<i>Net Pension Liability (Asset)</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balance at July 1, 2023	\$ 201,119,304	\$ 185,769,066	\$ 15,350,238
Changes for the year:			
Service Cost	1,572,999	-	1,572,999
Interest	13,420,884	-	13,420,884
Differences between expected and actual experience	(4,611,853)	-	(4,611,853)
Changes in Assumptions	-	-	-
Contributions-employer	-	2,573,455	(2,573,455)
Contributions-employees	-	-	-
Net investment income	-	12,312,434	(12,312,434)
Benefit payments, including refunds of employee contributions	(7,728,787)	(7,728,787)	-
Administrative expense	-	(44,709)	44,709
Other	-	1,558	(1,558)
Net Changes	2,653,243	7,113,951	(4,460,708)
Balance at June 30, 2024	\$ 203,772,547	\$ 192,883,017	\$ 10,889,530

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the Medical Center calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<i>1% Decrease (5.75%)</i>	<i>Current Discount Rate (6.75%)</i>	<i>1% Increase (7.75%)</i>
The Medical Center's net pension liability (asset)	\$ 36,477,561	\$ 10,889,530	\$ (10,515,601)

Pension Expense: For the year ended June 30, 2024, the Medical Center recognized pension expense of \$1,657,597.

Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2024, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ -	\$ 2,305,926
Net difference between projected and actual earnings on pension plan investments	2,055,581	-
Changes in assumptions	-	-
Contributions subsequent to the measurement date of June 30, 2023	2,813,680	-
Total	\$ 4,869,261	\$ 2,305,926

The amount shown above for “contributions subsequent to the measurement date of June 30, 2023,” will be recognized as a reduction to net pension liability in the subsequent measurement period.

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

<u><i>Year Ending June 30:</i></u>	
2025	\$ (246,084)
2026	(1,356,836)
2027	4,155,949
2028	10,306
2029	-
Thereafter	-

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

Payable to the Pension Plan: At June 30, 2024, the Medical Center reported a payable of \$261,634 for the outstanding amount of contributions to the pension plan in accrued salaries and related liabilities in the statement of net position as of June 30, 2024.

During the year ended June 30, 2022, the Medical Center transferred the TCRS assets and liabilities associated with the Medical Center’s employees that were included in the City of Cookeville’s actuarial valuation but were part of the Medical Center prior to the Medical Center becoming a separate entity within TCRS. The City of Cookeville requested TCRS to transfer TCRS assets in the amount of \$27,586,317 from the City of Cookeville’s TCRS account to the Medical Center’s TCRS account, and to transfer the TCRS liabilities with respect to service rendered through employment with Cookeville General Hospital prior to December 10, 1999,

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provided that the funds consist only of employer contributions and that any associated employee contributions were transferred separately. The Medical Center's net pension asset and deferred inflows and outflows for the year ended June 30, 2022, reflect this transfer. For the year ended June 30, 2023, \$23,779,638 of the pension expense recognized relates to the amortization of the TCRS liabilities associated with the transfer and is being treated as a special item, as defined by GASB, in the statement of revenue, expenses, and changes in net position for the year ended June 30, 2023.

NOTE N--DEFINED CONTRIBUTION RETIREMENT PLAN

Prior to July 1, 2006, the Medical Center offered the TCRS defined benefit pension plan and the CRMC 401(k) Plan (the Plan). Effective July 1, 2006, employees had an option to decline the TCRS defined benefit pension plan and elect an additional 7% employer contribution to the Plan. This election will remain in effect for all employees that declined the TCRS defined benefit pension plan until they terminate or lose full-time status. The Medical Center's special nonelective contributions to the Plan for these employees was \$106,005 and \$110,051 for the years ended June 30, 2024 and 2023, respectively.

Cookeville Regional Medical Center Authority, the Plan Administrator, maintains the records of the trust which holds all investments of the Plan. The Plan Administrator has the authority to establish additional, and amend, benefit terms of the Plan at any time. The Plan is a defined contribution plan covering all eligible employees who have completed three months of service. Voluntary contributions may be made by the participants as a percentage of annual compensation not to exceed the limits established by the Internal Revenue Service. The Medical Center may also make a discretionary matching contribution. The Medical Center may limit the matching contribution to a discretionary percentage of a participant's compensation or a discretionary dollar amount, as determined by the Medical Center. Effective July 1, 2017, the Medical Center would match 100% of the first 1.5% of annual compensation. Effective January 1, 2020, the 1.5% match was increased to 3.0%.

The Medical Center's contributions, including the special nonelective contributions, to the Plan were \$3,210,477 and \$2,810,848 for the years ended June 30, 2024 and 2023, respectively. The Plan members' contributions to the Plan were \$2,813,680 and \$2,573,913 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the Medical Center reported a payable of \$148,747 and \$94,920, respectively, to the Plan in accrued salaries and related liabilities in the statements of net position.

Vesting of the Medical Center's contributions on behalf of the participants in the Plan is as follows: service of one year - 20%, two years - 40%, three years - 60%, four years - 80%, and five or more years - 100%. Forfeitures of unvested amounts are used to pay administrative expenses of the Plan. Forfeitures totaled approximately \$147,000 and \$69,000, respectively, for the years ended June 30, 2024 and 2023.

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NOTE O--COMMITMENTS AND CONTINGENCIES

Medical malpractice liability is limited under provisions of the Tennessee Governmental Tort Liability Act (T.C.A. 29-20-403, et seq.), which removed tort liability from governmental entities which, in the opinion of counsel for the Medical Center, includes the Medical Center. In addition to requiring claims to be made in conformance with this Act, special provisions include, but are not limited to, special notice of requirements imposed upon the claimant, a one-year statute of limitations, and a provision requiring that the governmental entity purchase insurance or be self-insured within certain limits. This Act also prohibits a judgment or award exceeding the minimum amounts of insurance coverage set out in the Act (\$300,000 for bodily injury or death of any one person and \$700,000 in the aggregate for all persons in any one accident, occurrence or act) or the amount of insurance purchased by the governmental entity.

During 2003, the Medical Center became self-insured for medical malpractice claims due to the fact that their professional liability carrier became insolvent. There are known incidents occurring through June 30, 2024, that have resulted in the assertion of claims, although other claims may be asserted, arising from services provided to patients in the past. Management of the Medical Center is of the opinion that such liability, if any, related to these asserted claims will not have a material effect on the Medical Center's financial position. No amounts have been accrued for potential losses related to unreported incidents or reported incidents, which have not yet resulted in asserted claims, as the Medical Center is not able to estimate such amounts.

The Medical Center is self-insured for medical and other healthcare benefits provided to its employees and their families. The Medical Center maintains reinsurance through a commercial excess coverage policy which covers health claims in excess of \$300,000 per employee, with an unlimited lifetime reimbursement. Contributions by the Medical Center and participating employees are based on actual claims experience. Claims liabilities are recorded when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported based on historical experience. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other factors.

The Medical Center is also self-insured for workers' compensation with umbrella coverage in excess of \$600,000 per case up to an aggregate of approximately \$1,000,000. Claim liabilities are recorded when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

The Medical Center's estimated claim liabilities for medical benefits and workers' compensation are included in other accrued expenses on the statements of net position and consist of the following as of June 30, 2024:

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<i>Insurance Type</i>	<i>Beginning Liability</i>	<i>Incurred Claims</i>	<i>Claim Payments</i>	<i>Ending Liability</i>
Medical and other health care benefits	\$ 2,250,972	\$ 21,220,261	\$ 20,750,671	\$ 2,720,562
Workers' compensation	1,302,586	212,572	639,965	875,193
Total	<u>\$ 3,553,558</u>	<u>\$ 21,432,833</u>	<u>\$ 21,390,636</u>	<u>\$ 3,595,755</u>

Healthcare Industry: The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse, and under the provisions of the Health Insurance Portability and Accountability Act of 1996, matters related to patient records, privacy, and security. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. The Medical Center has established what it believes to be adequate accruals for any such matters as of June 30, 2024.

Based on a qui tam investigation conducted by the United States Department of Justice acting on behalf of the United States and the State of Tennessee, the Medical Center negotiated a settlement in February 2020 to pay \$4,100,000 to resolve allegations that the Medical Center had entered into improper contracts with certain physicians. The settlement is neither an admission of liability by the Medical Center nor a concession by the United States or the State of Tennessee that their claims are not well founded. Additionally, the Medical Center entered into a Corporate Integrity Agreement (CIA) with the Office of Inspector General of the United States Department of Health and Human Services (OIG) to promote compliance with the statutes, regulations, and written directives of Medicare, Medicaid, and all other federal health care programs. The CIA became effective in February 2020 with the period of compliance extending five years from the effective date. The Medical Center represents that, prior to the CIA's effective date, the Medical Center voluntarily established a compliance program that addresses all seven elements of an effective compliance program, and it is designed to address compliance with federal health care program requirements. By letters received from the OIG, the Medical Center was deemed to be in compliance with requirements of the CIA for the first four reporting periods.

The Centers for Medicare and Medicaid Services (CMS) have implemented a Recovery Audit Contractors (RAC) program. The purpose of the program is to reduce improper Medicare payments through the detection and recovery of overpayments. CMS has engaged subcontractors to perform these audits, and they are being compensated on a contingency basis based on the amount of

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Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

overpayments that are recovered. While management believes that all Medicare billings are proper and adequate support is maintained, certain aspects of Medicare billing, coding and support are subject to interpretation and may be viewed differently by the RAC auditors. At June 30, 2024 and 2023, the Medical Center recorded a reserve which is shown as a reduction in patient accounts receivable in the accompanying statements of net position. The reserve is based on the percentage success rate and the total dollar of potential claims that are under audit.

Healthcare Reform: In March 2010, Congress adopted comprehensive healthcare insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the “Health Care Reform Legislation”). The Health Care Reform Legislation, among other matters, is designed to expand access to healthcare coverage to substantially all citizens through a combination of public program expansion and private industry health insurance. Changes to existing TennCare coverage and payments have occurred, and are expected to continue to occur, as a result of this legislation. Implementing regulations are required as a result of such legislation over a period of several years. Accordingly, the impact of any future regulations is not determinable.

COVID-19: On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act provides an economic relief package to many businesses in the US as a direct response to the adverse impacts of COVID-19. Additionally, the CARES Act provided for HHS to distribute funds from the Public Health and Social Services Emergency Fund (Provider Relief Fund) to healthcare providers that billed Medicare in 2019 and provided treatment to individuals with possible or actual cases of COVID-19 during 2020, amongst other various certifications required in the Act. The funds are distributed in multiple stages and are grant funds, not loans, to healthcare providers, and may not need to be repaid if the conditional terms for the uses of those funds are met. Within 30 days of receiving the payment, providers must sign an attestation confirming receipt of the funds and agreeing to the terms and conditions of the payment. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the Medical Center is unable to attest to or comply with current or future terms and conditions, the Medical Center’s ability to retain some or all of the distributions received may be affected. Provider Relief Fund payments are subject to government oversight, including potential audits. See Notes B and K.

Additionally, the CARES Act expanded the U.S. Centers for Medicare and Medicaid Services’ (CMS) existing advance payment program to a broader group of providers. As a result, the Medical Center received approximately \$16,373,569 of advance payments from the Medicare program during the year ended June 30, 2020. These advances were recouped from Medicare claims submitted beginning twelve months after the receipt of the funds (April 2021). All amounts remaining had been recouped or repaid as of June 30, 2023.

COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY
(Cookeville Regional Medical Center and Affiliates)

Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

NOTE P--PHYSICIAN EMPLOYMENT COMMITMENTS

Beginning in 2012, certain physicians were offered employment agreements with the Medical Center. Under such agreements, the Medical Center is required to pay annual compensation to these physicians. These agreements are typically for 3-5 years with certain renewal terms allowable. Future minimum compensation commitments under employment agreements at June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 8,850,828
2026	4,617,484
2027	1,571,126
2028	400,000
2029	133,333
	<u>\$ 15,572,771</u>

NOTE Q--RELATED PARTY TRANSACTIONS

Transactions with the primary government, the City of Cookeville, include payments in lieu of taxes of \$700,000 during the years ended June 30, 2024 and 2023. Operating expenses also include \$3,514,056 and \$3,649,427 in 2024 and 2023, respectively, for the purchase of utilities.

The Cookeville Regional Charitable Foundation, Inc. (the Foundation) is a not-for-profit corporation formed to enhance the quality and availability of healthcare in the Upper Cumberland region of Tennessee by offering charitable assistance to local patients, supporting healthcare service for the community, promoting compassionate programs for the patients, and assisting the Medical Center, including the solicitation of gifts, contributions, and community support. The Medical Center pays for certain direct expenses incurred by the Foundation, including salaries and benefits for Foundation employees. Estimated amounts related to these services paid by the Medical Center for the years ended June 30, 2024 and 2023, were approximately \$271,000 and \$245,000, respectively.

NOTE R--FAIR VALUE MEASUREMENT

GASB Statement No. 72 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As such, GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB describes fair value as an exit price where measurement assumes a transaction takes place in an entity's

COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY
(Cookeville Regional Medical Center and Affiliates)

Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

principal market, or most advantageous market in the absence of a principal market, and the market participants are acting in their economic best interests. GASB Statement No. 72 requires an entity to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques should be applied consistently and maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Valuation Hierarchy: GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels which are defined as follows:

- *Level 1:* Inputs to the valuation technique are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2:* Inputs to the valuation technique, other than quoted prices within Level 1, that are observable for an asset or liability, either directly or indirectly.
- *Level 3:* Inputs to the valuation technique are unobservable.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Medical Center’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table presents assets and liabilities reported at fair value on a recurring basis as of June 30, 2024 and 2023, and their respective classification under GASB Statement No. 72 valuation hierarchy:

Fair Value Measurement on a Recurring Basis as of June 30, 2024:

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Observable Inputs (Level 2)</i>	<i>Significant Other Unobservable Inputs (Level 3)</i>
Assets:				
United States government agency bonds	\$ 12,757,099	-	\$ 12,757,099	-
United States government sponsored enterprise securities	3,666,563	-	3,666,563	-
Interest rate swap agreement	1,704,658	-	1,704,658	-
	<u>\$ 18,128,320</u>	<u>\$ -</u>	<u>\$ 18,128,320</u>	<u>\$ -</u>

COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY
(Cookeville Regional Medical Center and Affiliates)

Notes to Financial Statements - Continued

Years Ended June 30, 2024 and 2023

Fair Value Measurement on a Recurring Basis as of June 30, 2023:

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
Assets:				
United States government agency bonds	\$ 11,451,515	\$ -	\$ 11,451,515	\$ -
United States government sponsored enterprise securities	4,583,748	-	4,583,748	-
Interest rate swap agreement	3,435,099	-	3,435,099	-
	<u>\$ 19,470,362</u>	<u>\$ -</u>	<u>\$ 19,470,362</u>	<u>\$ -</u>

United States government agency bonds and sponsored enterprise securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationships to benchmark quoted prices.

The fair value of the interest rate swap agreement is estimated using inputs including the remaining term of the agreement and current market interest rates, that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

NOTE S--SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. During this period, with the exception noted below, management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2024, financial statements.

Subsequent to June 30, 2024, the Medical Center received a reconciliation related to purchased services for hospitalist and emergency room coverage provided during 2024. The reconciliation indicated additional funding of approximately \$3,600,000 was to be paid for actual services provided. As a result, the amount was accrued for and recognized as other accrued expenses and purchased services in the financial statements as of and for the year ended June 30, 2024.

Required Supplementary Information (Unaudited)

City of Cookeville, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios -
TCRS Pension Plan (Legacy) (Unaudited)
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 1,598,535	\$ 1,687,504	\$ 1,669,491	\$ 1,785,579	\$ 1,795,672	\$ 1,796,043	\$ 1,766,958	\$ 1,702,180	\$ 1,689,810	\$ 1,679,057
Interest	8,387,945	7,817,577	10,945,337	10,707,004	10,300,593	9,876,153	9,599,570	8,944,486	8,602,992	8,203,522
Changes in benefit terms	-	-	-	-	-	-	-	4,282,656	-	-
Differences between expected and actual experience	6,288,348	6,194,655	(47,218,099)	(1,398,911)	755,974	950,502	257,036	(542,888)	(713,628)	(64,380)
Changes in assumptions	-	-	7,077,311	-	-	-	2,798,873	-	-	-
Benefit payments/refunds	(6,961,476)	(7,360,263)	(7,932,288)	(7,448,169)	(7,024,788)	(6,511,178)	(5,934,786)	(5,498,724)	(4,577,856)	(4,427,527)
Net change in total pension liability	9,313,352	8,339,473	(35,458,248)	3,645,503	5,827,451	6,111,520	8,487,651	8,887,710	5,001,318	5,390,672
Total pension liability, beginning	126,148,050	117,808,577	153,266,825	149,621,322	143,793,871	137,682,351	129,194,700	120,306,990	115,305,672	109,915,000
Total pension liability, ending (a)	135,461,402	126,148,050	117,808,577	153,266,825	149,621,322	143,793,871	137,682,351	129,194,700	120,306,990	115,305,672
Plan Fiduciary Net Position										
Contributions, employer	2,437,039	3,985,274	4,052,011	4,284,343	4,403,814	3,824,755	3,463,073	3,230,243	3,098,708	2,868,403
Contributions, employee	437	95,928	5,817	28,553	48,821	30,229	12,956	55,959	64,305	21,800
Net investment income	8,321,944	(5,081,440)	30,807,048	6,462,533	9,229,386	9,703,478	12,162,299	2,834,483	3,248,066	15,179,084
Benefit payments, including refunds of employee contributions	(6,961,476)	(7,360,263)	(7,932,288)	(7,448,169)	(7,024,788)	(6,511,178)	(5,934,786)	(5,498,724)	(4,577,856)	(4,427,527)
Administrative expenses	(45,277)	(32,365)	(31,886)	(35,305)	(37,724)	(40,079)	(35,258)	(31,075)	(20,940)	(19,857)
Other changes	(1,558)	-	(27,586,317)	-	-	-	-	-	-	-
Net change in plan fiduciary net position	3,751,109	(8,392,866)	(685,615)	3,291,955	6,619,509	7,007,205	9,668,284	590,886	1,812,283	13,621,903
Plan fiduciary net position, beginning	126,089,418	134,482,284	135,167,899	131,875,944	125,256,435	118,249,230	108,580,946	107,990,060	106,177,777	92,555,874
Plan fiduciary net position, ending (b)	129,840,527	126,089,418	134,482,284	135,167,899	131,875,944	125,256,435	118,249,230	108,580,946	107,990,060	106,177,777
Net pension liability (asset), ending (a)-(b)	\$ 5,620,875	\$ 58,632	\$ (16,673,707)	\$ 18,098,926	\$ 17,745,378	\$ 18,537,436	\$ 19,433,121	\$ 20,613,754	\$ 12,316,930	\$ 9,127,895
Plan fiduciary net position as a percentage of total pension liability	95.85%	99.95%	114.15%	88.19%	88.14%	87.11%	85.89%	84.04%	89.76%	92.08%
Covered payroll	\$ 18,872,877	\$ 18,502,348	\$ 18,796,267	\$ 19,851,037	\$ 20,291,272	\$ 19,434,967	\$ 19,088,349	\$ 18,760,682	\$ 19,317,797	\$ 17,871,672
Net pension liability (asset) as a percentage of covered payroll	29.78%	0.32%	-88.71%	91.17%	87.45%	95.38%	101.81%	109.88%	63.76%	51.07%

Notes to Schedule

Pension schedules are intended to show information for 10 years. Data will be displayed as it becomes available.

In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

Information in this schedule is presented for the fiscal year. The measurement year is the prior period (i.e., the measurement date for fiscal year 2024, is June 30, 2023).

Information regarding the Plan's annual money-weighted rate of return can be obtained in the separate TCRS report at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

City of Cookeville, Tennessee
Schedule of Employer Contributions -
TCRS Pension Plan (Legacy) (Unaudited)
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially-determined contribution	\$ 2,564,297	\$ 2,437,039	\$ 3,985,274	\$ 4,052,011	\$ 4,284,343	\$ 4,403,814	\$ 3,824,755	\$ 3,386,719	\$ 3,230,243	\$ 3,098,708
Contributions in relation to the actuarially-determined contribution	<u>2,564,297</u>	<u>2,437,039</u>	<u>3,985,274</u>	<u>4,052,011</u>	<u>4,284,343</u>	<u>4,403,814</u>	<u>3,824,755</u>	<u>3,463,073</u>	<u>3,230,243</u>	<u>3,098,708</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,354)	\$ -	\$ -
Covered payroll	\$ 19,161,937	\$ 18,872,877	\$ 18,502,348	\$ 18,796,267	\$ 19,851,037	\$ 20,291,272	\$ 19,434,967	\$ 19,088,349	\$ 18,760,682	\$ 19,317,787
Contributions as a percentage of covered payroll	13.38%	12.91%	21.54%	21.56%	21.58%	21.70%	19.68%	18.14%	17.22%	16.04%

Notes to Schedule

Pension schedules are intended to show information for 10 years. Data will be displayed as it becomes available.

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

Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

City of Cookeville, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios -
TCRS Pension Plan (Hybrid) (Unaudited)
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 334,552	\$ 197,158	\$ 82,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	60,427	29,509	11,591	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	77,937	-	-	-	-	-	-
Differences between expected and actual experience	157,521	96,285	43,968	-	-	-	-	-	-	-
Changes in assumptions	-	-	27,570	-	-	-	-	-	-	-
Benefit payments/refunds	-	(4,591)	(1,396)	-	-	-	-	-	-	-
Net change in total pension liability	552,500	318,361	164,369	77,937	-	-	-	-	-	-
Total pension liability, beginning	560,667	242,306	77,937	-	-	-	-	-	-	-
Total pension liability, ending (a)	1,113,167	560,667	242,306	77,937	-	-	-	-	-	-
Plan Fiduciary Net Position										
Contributions, employer	177,619	81,594	44,375	17,001	-	-	-	-	-	-
Contributions, employee	299,767	191,837	109,357	68,166	-	-	-	-	-	-
Net investment income	50,274	(15,302)	40,616	2,042	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(8,718)	(4,591)	(1,396)	-	-	-	-	-	-	-
Administrative expenses	-	(11,067)	(6,224)	(2,819)	-	-	-	-	-	-
Net change in plan fiduciary net position	518,942	242,471	186,728	84,390	-	-	-	-	-	-
Plan fiduciary net position, beginning	513,589	271,118	84,390	-	-	-	-	-	-	-
Plan fiduciary net position, ending (b)	1,032,531	513,589	271,118	84,390	-	-	-	-	-	-
Net pension liability (asset), ending (a)-(b)	\$ 80,636	\$ 47,078	\$ (28,812)	\$ (6,453)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of total pension liability	92.76%	91.60%	111.89%	108.28%	n/a	n/a	n/a	n/a	n/a	n/a
Covered payroll	\$ 6,005,271	\$ 3,836,728	\$ 2,187,135	\$ 837,145	n/a	n/a	n/a	n/a	n/a	n/a
Net pension liability (asset) as a percentage of covered payroll	1.34%	1.23%	-1.32%	-0.77%	n/a	n/a	n/a	n/a	n/a	n/a

Notes to Schedule

Pension schedules are intended to show information for 10 years. Data will be displayed as it becomes available.

In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

Information in this schedule is presented for the fiscal year. The measurement year is the prior period (i.e., the measurement date for fiscal year 2024, is June 30, 2023).

Information regarding the Plan's annual money-weighted rate of return can be obtained in the separate TCRS report at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

City of Cookeville, Tennessee
Schedule of Employer Contributions -
TCRS Pension Plan (Hybrid) (Unaudited)
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially-determined contribution	\$ 245,319	\$ 177,619	\$ 81,594	\$ 44,375	\$ 17,001	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially-determined contribution	245,319	177,619	81,594	44,375	17,001	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,035,858	\$ 6,005,271	\$ 3,836,728	\$ 2,187,135	\$ 837,145	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	3.05%	2.96%	2.13%	2.03%	2.03%	n/a	n/a	n/a	n/a	n/a

Notes to Schedule

Pension schedules are intended to show information for 10 years. Data will be displayed as it becomes available.

The statute governing the plan provides for a minimum employer contribution rate of 4.00% and for contributions in excess of the actuarially determined contribution rate to be deposited into a stabilization reserve. The remaining part of the 4.00% required contribution was made to the Pension Stabilization Reserve Trust.

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

Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

City of Cookeville, Tennessee
Schedule of Changes in OPEB Liability and Related Ratios -
OPEB Plan (Unaudited)
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 753,921	\$ 780,798	\$ 2,304,545	\$ 2,194,805	\$ 1,656,278	\$ 1,577,408	\$ 1,922,342
Interest	1,215,481	1,916,411	1,363,473	1,078,596	1,319,600	1,345,634	1,597,292
Changes in benefit terms	-	(19,616,996)	-	-	-	(163,174)	-
Differences between expected and actual experience	-	2,532,176	-	5,271,598	-	(10,758,504)	-
Changes in assumptions	-	(1,724,762)	(16,597,942)	5,831,529	-	7,947,881	-
Benefit payments/refunds	(1,286,219)	(1,235,205)	(1,418,242)	(1,335,052)	(961,241)	(894,178)	(918,016)
Other	-	-	-	-	-	-	-
Net change in total OPEB liability	683,183	(17,347,578)	(14,348,166)	13,041,476	2,014,637	(944,933)	2,601,618
Total OPEB liability, beginning	29,962,840	47,310,418	61,658,584	48,617,108	46,602,471	47,547,404	44,945,786
Total OPEB liability, ending (a)	30,646,023	29,962,840	47,310,418	61,658,584	48,617,108	46,602,471	47,547,404
Plan Fiduciary Net Position							
Contributions, employer	1,286,219	1,235,205	1,418,242	1,335,052	961,241	894,178	918,016
Contributions, employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,286,219)	(1,235,205)	(1,418,242)	(1,335,052)	(961,241)	(894,178)	(918,016)
Administrative expenses	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-	-	-
Plan fiduciary net position, ending (b)	-	-	-	-	-	-	-
OPEB liability, ending (a)-(b)	\$ 30,646,023	\$ 29,962,840	\$ 47,310,418	\$ 61,658,584	\$ 48,617,108	\$ 46,602,471	\$ 47,547,404
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 23,994,121	\$ 22,960,881	\$ 20,189,568	\$ 19,320,161	\$ 19,974,898	\$ 19,114,735	\$ 18,038,717
OPEB liability as a percentage of covered-employee payroll	127.72%	130.50%	234.33%	319.14%	243.39%	243.80%	263.59%

Notes to Schedule and changes in assumptions on following page.

City of Cookeville, Tennessee
 Schedule of Changes in OPEB Liability and Related Ratios -
 OPEB Plan (Unaudited)
 Last 10 Fiscal Years

Notes to Schedule

OPEB schedules are intended to show information for 10 years. Data will be displayed as it becomes available.

There are no assets accumulating in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Average working lifetime of all participants, currently 7 years
Discount rate	4.13%
Healthcare cost trend rate	6.25% graded uniformly to 5.20% over 2 years and following the Getzen Model thereafter to an ultimate rate of 3.94% in the year 2075
Salary increases	4.50% per annum
Retirement age	Vary by age from 10.5% at age 60 to 100% at age 75, with less than 15 years of City service and 12.5% at age 60 to 100% at age 75, with 15 years or more of City service
Mortality	TCRS Local Government Mortality Rates (projected to 2020) and TCRS Local Government Disability Rates

Changes in assumptions:

In 2023, the following changes were made to the actuarial assumptions and methods for this measurement period: (1) the discount rate is 4.13% based on the S&P 500 Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023, compared to prior discount rate of 4.09% based on the S&P Municipal Bond 20 Year High Grade Rate Index; (2) the medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013; (3) the assumed trend rate for the medical claims was changed from 6.25% graded uniformly to 5.75% over 3 years and following the Getzen Model thereafter to an ultimate rate of 4.04% in the year 2075 to 6.25% graded uniformly to 5.20% over 2 years and following the Getzen Model thereafter to an ultimate rate of 3.94% in the year 2075, and; (4) the disability, retirement, termination, and mortality rates were updated based on the updated decrement rate studies completed for the State of Tennessee. Changes in assumptions in previous years are available in previous year reports.

In 2021, the following changes were made to the actuarial assumptions and methods for this measurement period: (1) the discount rate is 2.18% based on the S&P 500 High Grade 20 Year Rate Index as of June 30, 2021, compared to prior discount rate of 2.79% based on the S&P Municipal Bond 20 Year High Grade Rate Index; (2) the medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013; (3) the assumed trend rate for the medical claims was changed from 7.50% grading uniformly over 3 years and following the Getzen Model thereafter to an ultimate rate of 3.94% in the year 2075 to 6.25% graded uniformly to 5.75% over 3 years and following the Getzen Model thereafter to an ultimate rate of 4.04% in the year 2075, and; (4) the disability, retirement, termination, and mortality rates were updated based on the updated decrement rate studies completed for the State of Tennessee.

**Combining and Individual Fund and Department Information
and Other Supplementary Information**

City of Cookeville, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Drug	State street aid	Sanitation	Animal control board	Economic development	Quality of life	Total
Assets							
Cash and cash equivalents	\$ 287,200	\$ 3,672,932	\$ 1,726,076	\$ 1,705,961	\$ 3,391,707	\$ 2,533,432	\$ 13,317,308
Accounts receivable	-	-	247,241	-	-	-	247,241
Taxes receivable	-	625,053	687,559	-	500,043	125,011	1,937,666
Other receivables	-	212,986	22,200	2,765	-	88,334	326,285
Less: allowance for bad debts	-	-	(9,690)	-	-	-	(9,690)
Due from other funds	-	-	1,501	-	1,122	282	2,905
Restricted cash and cash equivalents	-	-	7,230	3,947	-	-	11,177
Total assets	\$ 287,200	\$ 4,510,971	\$ 2,682,117	\$ 1,712,673	\$ 3,892,872	\$ 2,747,059	\$ 15,832,892
Liabilities							
Accounts payable	\$ 13,743	\$ 189,990	\$ 30,145	\$ 15,355	\$ 837	\$ 3,383	\$ 253,453
Accrued expenses	-	-	255	-	-	-	255
Due to other funds	-	1,638	15,985	1,089	-	7,800	26,512
Unearned revenues	-	4,677	-	1,429	-	66,891	72,997
Other liabilities	83,426	693,807	-	7,325	10,000	-	794,558
Total liabilities	97,169	890,112	46,385	25,198	10,837	78,074	1,147,775
Deferred Inflows of Resources							
Deferred property tax revenues	-	625,053	687,559	-	500,043	125,011	1,937,666
Fund Balances							
Restricted	190,031	2,995,806	1,948,173	3,947	-	1,767,849	6,905,806
Committed	-	-	-	1,683,528	3,381,992	776,125	5,841,645
Total fund balances	190,031	2,995,806	1,948,173	1,687,475	3,381,992	2,543,974	12,747,451
Total liabilities, deferred inflows of resources, and fund balances	\$ 287,200	\$ 4,510,971	\$ 2,682,117	\$ 1,712,673	\$ 3,892,872	\$ 2,747,059	\$ 15,832,892

City of Cookeville, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Drug	State street aid	Sanitation	Animal control board	Economic development	Quality of life	Total
Revenues							
Local taxes	\$ -	\$ -	\$ 670,968	\$ -	\$ 491,434	\$ 1,075,114	\$ 2,237,516
Fines and forfeitures	19,330	-	-	-	-	-	19,330
Charges for services	-	-	2,194,975	254,535	-	-	2,449,510
Intergovernmental	-	1,223,016	-	129,100	22,456	-	1,374,572
Rent	-	-	-	-	9,880	-	9,880
Uses of money and property	17,067	199,322	72,731	93,230	168,388	124,359	675,097
Other	-	21,685	3,918	67,937	-	1,436	94,976
Total revenues	<u>36,397</u>	<u>1,444,023</u>	<u>2,942,592</u>	<u>544,802</u>	<u>692,158</u>	<u>1,200,909</u>	<u>6,860,881</u>
Expenditures							
Current							
Public safety	34,667	-	-	618,710	-	-	653,377
Public works	-	2,004,510	1,926,286	-	-	-	3,930,796
Culture and recreation	-	-	-	-	-	106,354	106,354
Community support	-	-	-	-	-	200,000	200,000
Economic development	-	-	-	-	58,014	-	58,014
Capital outlay	<u>196,646</u>	<u>58,214</u>	<u>448,954</u>	<u>-</u>	<u>-</u>	<u>307,380</u>	<u>1,011,194</u>
Total expenditures	<u>231,313</u>	<u>2,062,724</u>	<u>2,375,240</u>	<u>618,710</u>	<u>58,014</u>	<u>613,734</u>	<u>5,959,735</u>
Excess (deficiency) of revenues over expenditures	(194,916)	(618,701)	567,352	(73,908)	634,144	587,175	901,146
Other Financing Sources (Uses)							
Transfers in	-	1,041,000	-	110,000	-	-	1,151,000
Transfers out	-	-	-	-	(90,000)	(34,767)	(124,767)
Insurance proceeds	-	78,350	-	-	-	-	78,350
Sale of capital assets	-	2,528	48,000	-	87,975	10,000	148,503
Total other financing sources (uses)	<u>-</u>	<u>1,121,878</u>	<u>48,000</u>	<u>110,000</u>	<u>(2,025)</u>	<u>(24,767)</u>	<u>1,253,086</u>
Net change in fund balances	(194,916)	503,177	615,352	36,092	632,119	562,408	2,154,232
Fund balances, beginning of year	<u>384,947</u>	<u>2,492,629</u>	<u>1,332,821</u>	<u>1,651,383</u>	<u>2,749,873</u>	<u>1,981,566</u>	<u>10,593,219</u>
Fund balances, end of year	\$ 190,031	\$ 2,995,806	\$ 1,948,173	\$ 1,687,475	\$ 3,381,992	\$ 2,543,974	\$ 12,747,451

City of Cookeville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Drug
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 35,000	\$ 35,000	\$ 19,330	\$ (15,670)
Uses of money and property	<u>1,000</u>	<u>1,000</u>	<u>17,067</u>	<u>16,067</u>
Total revenues	36,000	36,000	36,397	397
Expenditures				
Investigative	20,000	20,000	8,000	(12,000)
Seized property	2,500	2,500	1,205	(1,295)
Equipment and materials	-	-	5,473	5,473
Travel training	5,000	5,000	-	(5,000)
Other	500	500	390	(110)
Capital outlay	<u>228,000</u>	<u>228,000</u>	<u>216,245</u>	<u>(11,755)</u>
Total expenditures	256,000	256,000	231,313	(24,687)
Excess (deficiency) of revenues over expenditures	(220,000)	(220,000)	(194,916)	25,084
Other Financing Sources (Uses)				
Insurance proceeds	-	-	-	-
Net change in fund balance	(220,000)	(220,000)	(194,916)	25,084
Fund balance, beginning of year	<u>384,947</u>	<u>384,947</u>	<u>384,947</u>	<u>-</u>
Fund balance, end of year	\$ 164,947	\$ 164,947	\$ 190,031	\$ 25,084

City of Cookeville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
State Street Aid
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
State gasoline and motor fuel	1,219,470	1,219,470	625,145	(594,325)
State - 3 cent tax	-	-	180,464	180,464
State - Gas 1989	-	-	97,734	97,734
State - Gas 2017	-	-	315,176	315,176
Surface transportation grants	2,268,404	2,268,404	-	(2,268,404)
TDOT grants	1,679,191	1,679,191	4,497	(1,674,694)
Other	-	-	21,685	21,685
Uses of money and property	<u>22,000</u>	<u>22,000</u>	<u>199,322</u>	<u>177,322</u>
Total revenues	5,189,065	5,189,065	1,444,023	(3,745,042)
Expenditures				
Paving and street maintenance	1,910,000	2,570,000	1,943,415	(626,585)
Intersection improvements	80,000	80,000	9,862	(70,138)
Grant construction projects	4,371,058	4,371,058	58,135	(4,312,923)
Professional services	-	-	4,350	4,350
Vehicles and equipment	42,000	42,000	-	(42,000)
Other	<u>43,220</u>	<u>43,220</u>	<u>46,962</u>	<u>3,742</u>
Total expenditures	6,446,278	7,106,278	2,062,724	(5,043,554)
Excess (deficiency) of revenues over expenditures	(1,257,213)	(1,917,213)	(618,701)	1,298,512
Other Financing Sources (Uses)				
Transfers in	1,041,000	1,041,000	1,041,000	-
Insurance proceeds	-	-	78,350	78,350
Sale of capital assets	<u>-</u>	<u>-</u>	<u>2,528</u>	<u>2,528</u>
Total other financing sources (uses)	1,041,000	1,041,000	1,121,878	80,878
Net change in fund balance	(216,213)	(876,213)	503,177	1,379,390
Fund balance, beginning of year	<u>2,492,629</u>	<u>2,492,629</u>	<u>2,492,629</u>	<u>-</u>
Fund balance, end of year	\$ 2,276,416	\$ 1,616,416	\$ 2,995,806	\$ 1,379,390

City of Cookeville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Sanitation
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Property taxes	\$ 651,050	\$ 651,050	\$ 670,968	\$ 19,918
Charges for services	1,983,000	2,053,000	2,194,975	141,975
Uses of money and property	10,000	20,000	72,731	52,731
Other	<u>825</u>	<u>825</u>	<u>3,918</u>	<u>3,093</u>
Total revenues	2,644,875	2,724,875	2,942,592	217,717
Expenditures				
Personnel	787,000	787,000	748,015	(38,985)
Taxes and fringes	339,655	339,655	308,368	(31,287)
Contractual services	382,550	392,550	262,605	(129,945)
Materials & supplies	266,200	296,200	255,551	(40,649)
Other charges	43,500	43,500	22,451	(21,049)
Other operating expense	121,400	121,400	117,744	(3,656)
Landfill services	70,000	80,000	77,107	(2,893)
Other equipment	196,000	196,000	134,445	(61,555)
Capital outlay, vehicles	<u>839,218</u>	<u>483,218</u>	<u>448,954</u>	<u>(34,264)</u>
Total expenditures	3,045,523	2,739,523	2,375,240	(364,283)
Excess (deficiency) of revenues over expenditures	(400,648)	(14,648)	567,352	582,000
Other Financing Sources (Uses)				
Sale of capital assets	-	25,000	48,000	23,000
Net change in fund balance	(400,648)	10,352	615,352	605,000
Fund balance, beginning of year	<u>1,332,821</u>	<u>1,332,821</u>	<u>1,332,821</u>	<u>-</u>
Fund balance, end of year	\$ 932,173	\$ 1,343,173	\$ 1,948,173	\$ 605,000

City of Cookeville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Animal Control Board
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Charges for services	\$ 224,000	\$ 259,000	\$ 254,535	\$ (4,465)
Intergovernmental				
Putnam County allocation	110,000	110,000	110,000	-
City of Algood allocation	7,500	7,500	7,500	-
Town of Baxter allocation	10,000	10,000	5,000	(5,000)
Town of Monterey allocation	12,500	12,500	6,600	(5,900)
Uses of money and property	59,000	91,000	93,230	2,230
Other	<u>58,500</u>	<u>63,700</u>	<u>67,937</u>	<u>4,237</u>
Total revenues	481,500	553,700	544,802	(8,898)
Expenditures				
Personnel	221,000	237,500	233,472	(4,028)
Taxes and fringes	91,527	94,227	88,249	(5,978)
Contracted services	63,700	78,700	65,777	(12,923)
Supplies and maintenance	79,600	89,600	83,467	(6,133)
Spay and neuter services	130,000	155,000	140,293	(14,707)
Other	<u>11,500</u>	<u>11,500</u>	<u>7,452</u>	<u>(4,048)</u>
Total expenditures	597,327	666,527	618,710	(47,817)
Excess (deficiency) of revenues over expenditures	(115,827)	(112,827)	(73,908)	38,919
Other Financing Sources (Uses)				
Transfers in	110,000	110,000	110,000	-
Net change in fund balance	(5,827)	(2,827)	36,092	38,919
Fund balance, beginning of year	<u>1,651,383</u>	<u>1,651,383</u>	<u>1,651,383</u>	<u>-</u>
Fund balance, end of year	\$ 1,645,556	\$ 1,648,556	\$ 1,687,475	\$ 38,919

City of Cookeville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Economic Development
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Taxes				
Current property taxes	\$ 469,300	\$ 469,300	\$ 478,463	\$ 9,163
Delinquent property taxes	6,000	6,000	11,008	5,008
Penalties and Interest	1,000	1,000	1,963	963
Uses of money and property	50,000	50,000	168,388	118,388
Grant revenue	25,200	25,200	22,456	(2,744)
Rental income	<u>9,832</u>	<u>9,832</u>	<u>9,880</u>	<u>48</u>
Total revenues	561,332	561,332	692,158	130,826
Expenditures				
Capital outlay	50,000	50,000	-	(50,000)
Economic development	69,000	74,000	57,815	(16,185)
Industrial recruitment	190,000	190,000	-	(190,000)
Other	<u>210</u>	<u>210</u>	<u>199</u>	<u>(11)</u>
Total expenditures	309,210	314,210	58,014	(256,196)
Excess (deficiency) of revenues over expenditures	252,122	247,122	634,144	387,022
Other Financing Sources (Uses)				
Transfers out	(90,000)	(90,000)	(90,000)	-
Sale of capital assets	<u>-</u>	<u>88,000</u>	<u>87,975</u>	<u>(25)</u>
Total other financing sources (uses)	(90,000)	(2,000)	(2,025)	(25)
Net change in fund balance	162,122	245,122	632,119	386,997
Fund balance, beginning of year	<u>2,749,873</u>	<u>2,749,873</u>	<u>2,749,873</u>	<u>-</u>
Fund balance, end of year	\$ 2,911,995	\$ 2,994,995	\$ 3,381,992	\$ 386,997

City of Cookeville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Quality of Life
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Taxes				
Current property taxes	\$ 116,850	\$ 116,850	\$ 119,617	\$ 2,767
Delinquent property taxes	1,600	1,600	2,822	1,222
Penalties and interest	400	400	505	105
Room occupancy tax	800,000	800,000	952,170	152,170
Uses of money and property	25,000	50,000	124,359	74,359
Contributions	<u>24,500</u>	<u>24,500</u>	<u>1,436</u>	<u>(23,064)</u>
Total revenues	968,350	993,350	1,200,909	207,559
Expenditures				
Parks and recreation				
Public relations/promotions	44,500	69,500	44,763	(24,737)
Capital outlay	1,225,000	1,225,000	307,380	(917,620)
Other equipment	30,000	30,000	29,588	(412)
Materials and supplies	-	-	31,736	31,736
Contributions	200,000	200,000	200,000	-
Other	<u>750</u>	<u>750</u>	<u>267</u>	<u>(483)</u>
Total expenditures	1,500,250	1,525,250	613,734	(911,516)
Excess (deficiency) of revenues over expenditures	(531,900)	(531,900)	587,175	1,119,075
Other Financing Sources (Uses)				
Sale of assets	-	-	10,000	10,000
Transfers out	<u>(34,767)</u>	<u>(34,767)</u>	<u>(34,767)</u>	<u>-</u>
Total other financing sources (uses)	(34,767)	(34,767)	(24,767)	10,000
Net change in fund balance	(566,667)	(566,667)	562,408	1,129,075
Fund balance, beginning of year	<u>1,981,566</u>	<u>1,981,566</u>	<u>1,981,566</u>	<u>-</u>
Fund balance, end of year	\$ 1,414,899	\$ 1,414,899	\$ 2,543,974	\$ 1,129,075

City of Cookeville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Debt Service
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Taxes				
Current property taxes	\$ 234,650	\$ 234,650	\$ 239,232	\$ 4,582
Delinquent property taxes	6,000	6,000	11,156	5,156
Penalties and interest	1,000	1,000	1,945	945
In-lieu of taxes	700,000	700,000	700,000	-
Intergovernmental				
State shared sales tax	4,181,040	4,181,040	4,279,077	98,037
Uses of money and property	200,000	200,000	970,533	770,533
Rent	<u>26,172</u>	<u>26,172</u>	<u>26,172</u>	<u>-</u>
Total revenues	5,348,862	5,348,862	6,228,115	879,253
Expenditures				
Administrative	3,800	3,800	2,708	(1,092)
Debt service				
Principal	5,055,000	5,055,000	2,825,000	(2,230,000)
Interest	<u>1,475,063</u>	<u>1,475,063</u>	<u>945,435</u>	<u>(529,628)</u>
Total expenditures	6,533,863	6,533,863	3,773,143	(2,760,720)
Excess (deficiency) of revenues over (under) expenditures	(1,185,001)	(1,185,001)	2,454,972	3,639,973
Other Financing Sources (Uses)				
Transfers in	960,000	960,000	960,000	-
Net change in fund balance	(225,001)	(225,001)	3,414,972	3,639,973
Fund balance, beginning of year	<u>16,054,821</u>	<u>16,054,821</u>	<u>16,054,821</u>	<u>-</u>
Fund balance, end of year	\$ 15,829,820	\$ 15,829,820	\$ 19,469,793	\$ 3,639,973

City of Cookeville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Improvement Bond
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Uses of money and property	\$ 10,000	\$ 10,000	\$ 26,472	\$ 16,472
Total revenues	10,000	10,000	26,472	16,472
Expenditures				
Administrative	400	400	344	(56)
Cultural and Rec Facilities	2,500,000	2,500,000	-	(2,500,000)
Public safety				
Fire facilities	9,850,000	9,850,000	797,355	(9,052,645)
Public works				
Road projects	16,140,000	16,140,000	2,396,236	(13,743,764)
Debt service				
Issuance costs	300,000	300,000	-	(300,000)
Total expenditures	28,790,400	28,790,400	3,193,935	(25,596,465)
Excess (deficiency) of revenues over expenditures	(28,780,400)	(28,780,400)	(3,167,463)	25,612,937
Other Financing Sources (Uses)				
Bonds issued	20,000,000	20,000,000	-	(20,000,000)
Net change in fund balance	(8,780,400)	(8,780,400)	(3,167,463)	5,612,937
Fund balance, beginning of year	9,504,412	9,504,412	9,504,412	-
Fund balance, end of year	\$ 724,012	\$ 724,012	\$ 6,336,949	\$ 5,612,937

City of Cookeville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Transportation
For the Year Ended June 30, 2024

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Taxes				
Current property taxes	\$ 1,464,900	\$ 1,464,900	\$ 1,495,197	\$ 30,297
Delinquent property taxes	25,000	25,000	40,144	15,144
Penalties and interest	7,000	7,000	5,794	(1,206)
Uses of money and property	<u>100,000</u>	<u>100,000</u>	<u>205,240</u>	<u>105,240</u>
Total revenues	1,596,900	1,596,900	1,746,375	149,475
Expenditures				
Other	200	200	178	(22)
Public works				
Contracted services	-	30,000	30,000	-
Street maintenance	250,000	275,000	215,330	(59,670)
Capital outlay	<u>805,000</u>	<u>805,000</u>	<u>-</u>	<u>(805,000)</u>
Total expenditures	1,055,200	1,110,200	245,508	(864,692)
Excess (deficiency) of revenues over expenditures	541,700	486,700	1,500,867	1,014,167
Other Financing Sources (Uses)				
Transfers out	(960,000)	(960,000)	(960,000)	-
Net change in fund balance	(418,300)	(473,300)	540,867	1,014,167
Fund balance, beginning of year	<u>3,111,188</u>	<u>3,111,188</u>	<u>3,111,188</u>	<u>-</u>
Fund balance, end of year	\$ 2,692,888	\$ 2,637,888	\$ 3,652,055	\$ 1,014,167

City of Cookeville, Tennessee
Energy Department
Combining Statement of Net Position
June 30, 2024

	Gas Division	Electric Division	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 27,944,191	\$ 17,301,891	\$ 45,246,082
Accounts receivable, net	772,282	7,244,197	8,016,479
Due from other City funds	174,343	281,192	455,535
Prepaid expenses and other current assets	-	281,237	281,237
Inventories	904,281	1,896,989	2,801,270
Restricted cash and cash equivalents	<u>83,565</u>	<u>817,150</u>	<u>900,715</u>
Total current assets	29,878,662	27,822,656	57,701,318
Noncurrent assets			
TVA heat pump notes receivable	-	110,733	110,733
Net pension asset	37,142	-	37,142
Property, plant, and equipment	25,359,180	84,112,249	109,471,429
Less: accumulated depreciation	<u>(18,212,680)</u>	<u>(32,809,882)</u>	<u>(51,022,562)</u>
Total noncurrent assets	7,183,642	51,413,100	58,596,742
Total assets	37,062,304	79,235,756	116,298,060
Deferred Outflows of Resources			
Pension related items	832,489	2,375,674	3,208,163
OPEB related items	<u>187,771</u>	<u>838,141</u>	<u>1,025,912</u>
Total deferred outflows of resources	1,020,260	3,213,815	4,234,075
Total assets and deferred outflows of resources	\$ 38,082,564	\$ 82,449,571	\$ 120,532,135
Liabilities			
Current liabilities			
Accounts payable	\$ 517,666	\$ 4,943,987	\$ 5,461,653
Due to other City funds	43,753	111,884	155,637
Unearned revenues	45,333	-	45,333
Other current liabilities	16,033	28,489	44,522
Long-term debt, current portion	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total current liabilities	622,785	5,384,360	6,007,145
Noncurrent liabilities			
Compensated absences	91,349	277,870	369,219
TVA heat pump notes payable	-	100,922	100,922
Customer deposits	78,009	-	78,009
Net pension liability	1,461	184,308	185,769
OPEB liability	974,508	2,762,300	3,736,808
Other noncurrent liabilities	-	399,160	399,160
Long-term debt, net of current portion	<u>-</u>	<u>600,000</u>	<u>600,000</u>
Total noncurrent liabilities	1,145,327	4,324,560	5,469,887
Total liabilities	1,768,112	9,708,920	11,477,032
Deferred Inflows of Resources			
OPEB related items	395,215	1,129,931	1,525,146
Gain on debt refunding	<u>-</u>	<u>30,545</u>	<u>30,545</u>
Total deferred inflows of resources	395,215	1,160,476	1,555,691
Net Position			
Net investment in capital assets	7,146,500	50,371,822	57,518,322
Restricted for pensions	42,698	23,619	66,317
Unrestricted	<u>28,730,039</u>	<u>21,184,734</u>	<u>49,914,773</u>
Total net position	35,919,237	71,580,175	107,499,412
Total liabilities, deferred inflows of resources, and net position	\$ 38,082,564	\$ 82,449,571	\$ 120,532,135

City of Cookeville, Tennessee
Energy Department
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	Gas Division	Electric Division	Total
Operating Revenues			
Sale of gas and electricity	\$ 14,398,868	\$ 57,820,564	\$ 72,219,432
Other	<u>279,756</u>	<u>1,311,712</u>	<u>1,591,468</u>
Total operating revenues	14,678,624	59,132,276	73,810,900
Operating Expenses			
Purchased gas and power	7,532,289	45,989,429	53,521,718
Operating	1,603,585	1,681,846	3,285,431
Maintenance	88,754	4,034,316	4,123,070
Administrative and general	856,891	1,369,449	2,226,340
Depreciation	<u>625,600</u>	<u>3,048,907</u>	<u>3,674,507</u>
Total operating expenses	10,707,119	56,123,947	66,831,066
Operating income (loss)	3,971,505	3,008,329	6,979,834
Nonoperating Revenues (Expenses)			
Investment income	1,356,128	1,017,508	2,373,636
Interest expense	<u>-</u>	<u>(10,500)</u>	<u>(10,500)</u>
Total nonoperating revenues (expenses)	1,356,128	1,007,008	2,363,136
Interfund transfers out	(183,667)	(1,186,011)	(1,369,678)
Change in net position	5,143,966	2,829,326	7,973,292
Net position, beginning of year	<u>30,775,271</u>	<u>68,750,849</u>	<u>99,526,120</u>
Net position, end of year	\$ 35,919,237	\$ 71,580,175	\$ 107,499,412

City of Cookeville, Tennessee
Energy Department
Combining Statement of Cash Flows
For the Year Ended June 30, 2024

	Gas Division	Electric Division	Total
Cash flows from operating activities			
Cash received from customers	\$ 14,867,827	\$ 58,242,755	\$ 73,110,582
Cash paid to suppliers for goods and services	(7,998,730)	(48,627,321)	(56,626,051)
Cash paid to employees for services	(1,719,499)	(4,230,476)	(5,949,975)
Cash received from other funds	-	-	-
Cash paid to other City funds	<u>(159,475)</u>	<u>(288,810)</u>	<u>(448,285)</u>
Net cash provided (used) by operating activities	4,990,123	5,096,148	10,086,271
Cash flows from noncapital financing activities			
Interfund transfers out	(183,667)	(1,186,011)	(1,369,678)
Cash flows from capital and related financing activities			
Acquisition and construction of property, plant, and equipment	(1,272,909)	(5,483,456)	(6,756,365)
Principal payments on debt	-	(300,000)	(300,000)
Interest payments on debt	<u>-</u>	<u>(25,773)</u>	<u>(25,773)</u>
Net cash provided (used) by capital and related financing activities	(1,272,909)	(5,809,229)	(7,082,138)
Cash flows from investing activities			
Interest received	1,356,128	1,017,508	2,373,636
Net change in cash and cash equivalents	4,889,675	(881,584)	4,008,091
Cash and cash equivalents, beginning of year	<u>23,138,081</u>	<u>19,000,625</u>	<u>42,138,706</u>
Cash and cash equivalents, end of year	\$ 28,027,756	\$ 18,119,041	\$ 46,146,797

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net position that sum to the total of the same such amounts shown in the statement of cash flows:

Cash and cash equivalents	\$ 27,944,191	\$ 17,301,891	\$ 45,246,082
Restricted cash and cash equivalents	<u>83,565</u>	<u>817,150</u>	<u>900,715</u>
	\$ 28,027,756	\$ 18,119,041	\$ 46,146,797

Supplemental disclosure of noncash operating activities

Acquisition of inventory with accounts payable	\$ 483,147	\$ -	\$ 483,147
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City of Cookeville, Tennessee
Energy Department
Combining Statement of Cash Flows
For the Year Ended June 30, 2024

	Gas Division	Electric Division	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 3,971,505	\$ 3,008,329	\$ 6,979,834
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	625,600	3,048,907	3,674,507
Change in:			
Accounts receivable, net	188,703	(889,135)	(700,432)
Inventories	343,074	(557,317)	(214,243)
Due from other city funds	(163,671)	(235,037)	(398,708)
Prepaid expenses and other current assets	28,092	(7,495)	20,597
TVA heat pump notes receivable		14,872	14,872
Accounts payable	(57,684)	436,260	378,576
Due to other City funds	4,196	(53,773)	(49,577)
Other current liabilities	(2,905)	405	(2,500)
Compensated absences	-	30,944	30,944
TVA heat pump notes payable	-	(15,258)	(15,258)
Net pension and OPEB assets and liabilities	350,233	1,028,558	1,378,791
Other noncurrent liabilities	500	47,000	47,500
Deferred outflows of resources related to pensions and OPEB	(170,447)	(279,176)	(449,623)
Deferred inflows of resources related to pensions and OPEB	(127,073)	(481,936)	(609,009)
Net cash provided (used) by operating activities	<u>\$ 4,990,123</u>	<u>\$ 5,096,148</u>	<u>\$ 10,086,271</u>

City of Cookeville, Tennessee
Internal Service Funds
Combining Statement of Net Position
June 30, 2024

	Health	Customer service	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,660,002	\$ 751,696	\$ 3,411,698
Receivables			
Due from other funds	-	55,541	55,541
Other	262,000	432	262,432
Restricted cash and cash equivalents	-	83,794	83,794
Total current assets	<u>2,922,002</u>	<u>891,463</u>	<u>3,813,465</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	-	391,070	391,070
Total assets	<u>2,922,002</u>	<u>1,282,533</u>	<u>4,204,535</u>
Deferred Outflows of Resources			
Pension related items	-	468,343	468,343
OPEB related items	-	184,797	184,797
Total deferred outflows of resources	<u>-</u>	<u>653,140</u>	<u>653,140</u>
Liabilities			
Current liabilities			
Accounts payable and other payables	1,724	38,203	39,927
Due to other funds	-	576,609	576,609
Unearned revenues	4,661	-	4,661
SBITA liabilities, current maturities	-	54,948	54,948
Total current liabilities	<u>6,385</u>	<u>669,760</u>	<u>676,145</u>
Noncurrent liabilities			
Customer deposits	-	65,093	65,093
Compensated absences	-	47,854	47,854
SBITA liabilities, net of current maturities	-	228,950	228,950
Net pension liability	-	122,913	122,913
OPEB liability	-	860,355	860,355
Total noncurrent liabilities	<u>-</u>	<u>1,325,165</u>	<u>1,325,165</u>
Total liabilities	<u>6,385</u>	<u>1,994,925</u>	<u>2,001,310</u>
Deferred Inflows of Resources			
OPEB related items	-	335,397	335,397
Total deferred inflows of resources	<u>-</u>	<u>335,397</u>	<u>335,397</u>
Net Position			
Net investment in capital assets	-	107,172	107,172
Restricted	-	18,686	18,686
Unrestricted	<u>2,915,617</u>	<u>(520,507)</u>	<u>2,395,110</u>
Total net position	<u>\$ 2,915,617</u>	<u>\$ (394,649)</u>	<u>\$ 2,520,968</u>

City of Cookeville, Tennessee
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	Health	Customer service	Total
Operating Revenues			
Charges for services	\$ -	\$ 1,615,372	\$ 1,615,372
Other revenues from operations	<u>65,561</u>	<u>351</u>	<u>65,912</u>
Total operating revenues	65,561	1,615,723	1,681,284
Operating Expenses			
Operations	-	1,610,839	1,610,839
General and administrative	93,634	-	93,634
Maintenance	-	65,754	65,754
Claims, net of rebates	(232,487)	-	(232,487)
Depreciation	<u>-</u>	<u>24,813</u>	<u>24,813</u>
Total operating expenses	(138,853)	1,701,406	1,562,553
Operating income (loss)	204,414	(85,683)	118,731
Nonoperating revenues (expenses)			
Uses of money and property	138,667	40,682	179,349
Gain on sale of property and equipment	<u>-</u>	<u>12,229</u>	<u>12,229</u>
Total nonoperating revenues (expenses)	138,667	52,911	191,578
Change in net position	343,081	(32,772)	310,309
Net position, beginning of year	<u>2,572,536</u>	<u>(361,877)</u>	<u>2,210,659</u>
Net position, end of year	\$ 2,915,617	\$ (394,649)	\$ 2,520,968

City of Cookeville, Tennessee
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2024

	Health	Customer service	Total
Cash flows from operating activities			
Cash received from customers	\$ 64,480	\$ 1,642,370	\$ 1,706,850
Cash paid to suppliers for goods and services	(95,985)	(381,548)	(477,533)
Cash paid to employees for services	-	(1,194,939)	(1,194,939)
Cash paid for claims	(173,798)	-	(173,798)
Cash received from (paid to) other City funds	(34,633)	460,426	425,793
Net cash provided (used) by operating activities	<u>(239,936)</u>	<u>526,309</u>	<u>286,373</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	-	(27,212)	(27,212)
Proceeds from sales of equipment	-	12,229	12,229
Payments on SBITA	-	(54,948)	(54,948)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(69,931)</u>	<u>(69,931)</u>
Cash flows from investing activities			
Interest received	138,667	40,682	179,349
Net change in cash and cash equivalents	(101,269)	497,060	395,791
Cash and cash equivalents, beginning of year	<u>2,761,271</u>	<u>338,430</u>	<u>3,099,701</u>
Cash and cash equivalents, end of year	\$ 2,660,002	\$ 835,490	\$ 3,495,492

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net position that sum to the total of the same such amounts shown in the statement of cash flows:

Cash and cash equivalents	\$ 2,660,002	\$ 751,696	\$ 3,411,698
Restricted cash and cash equivalents	<u>-</u>	<u>83,794</u>	<u>83,794</u>
	\$ 2,660,002	\$ 835,490	\$ 3,495,492

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$ 204,414	\$ (85,683)	\$ 118,731
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	87,538	87,538
Change in:			
Accounts receivable, net	(118,463)	(230)	(118,693)
Due from other City funds	-	(17,653)	(17,653)
Accounts payable and other payables	(2,351)	4,604	2,253
Accrued expenses	(287,822)	-	(287,822)
Due to other City funds	(34,633)	478,079	443,446
Other current liabilities	(1,081)	26,877	25,796
Compensated absences	-	2,595	2,595
Net pension and OPEB assets and liabilities	-	214,939	214,939
Deferred outflows of resources related to pensions and OPEB	-	(54,845)	(54,845)
Deferred inflows of resources related to pensions and OPEB	<u>-</u>	<u>(129,912)</u>	<u>(129,912)</u>
Net cash provided (used) by operating activities	\$ (239,936)	\$ 526,309	\$ 286,373

City of Cookeville, Tennessee
Schedule of Transfers by Individual Fund
For the Year Ended June 30, 2024

	Transfers in	Transfers out
Governmental activities		
General	\$ 1,750,055	\$ 1,151,000
Debt service	960,000	-
Capital projects	-	-
Transportation	-	960,000
State street aid	1,041,000	-
Animal control board	110,000	-
Economic development	-	90,000
Quality of life	-	34,767
Health	-	-
	<u>3,861,055</u>	<u>2,235,767</u>
Business-type activities		
Energy department	-	1,369,678
Water quality control department	-	255,610
Total expenditures	<u>-</u>	<u>1,625,288</u>
	\$ 3,861,055	\$ 3,861,055

City of Cookeville, Tennessee
 Schedule of Changes in Property Taxes Receivable
 For the Year Ended June 30, 2024

Tax year	Beginning balance	Property tax levied	Anticipated levy	Abatements and adjustments	Collections	Ending balance
2024	\$ -	\$ -	\$ 11,500,983	\$ -	\$ -	\$ 11,500,983
2023	11,215,423	11,422,937	(11,215,423)	(8,584)	(11,004,650)	409,703
2022	299,346	-	-	5,589	(250,133)	54,802
2021	35,246	-	-	(3)	(9,909)	25,334
2020	18,635	-	-	-	(2,453)	16,182
2019	18,186	-	-	-	(2,542)	15,644
2018	12,099	-	-	-	(2,161)	9,938
2017	7,563	-	-	-	(3,763)	3,800
2016	5,475	-	-	-	(2,230)	3,245
2015	2,000	-	-	-	(245)	1,755
2014	1,754	-	-	-	(21)	1,733
2013	2,537	-	-	-	(2,537)	-
	\$ 11,618,264	\$ 11,422,937	\$ 285,560	\$ (2,998)	\$ (11,280,644)	12,043,119
					Less: allowance	(428,910)
					Net	\$ 11,614,209

All uncollected delinquent taxes have been filed with the clerk and master

City of Cookeville, Tennessee
 Schedule of Tax Rates and Assessments
 June 30, 2024

	Tax year	Tax rate *	Assessed value
	2024	0.92	\$1,249,138,868
	2023	0.92	\$1,218,141,979
**	2022	0.82	\$1,185,111,932
	2021	0.82	\$1,140,143,591
	2020	0.99	\$ 918,473,528
	2019	0.99	\$ 906,755,137
	2018	0.84	\$ 876,476,137
**	2017	0.84	\$ 845,819,639
	2016	0.84	\$ 822,493,881
	2015	0.90	\$ 745,993,796
	2014	0.90	\$ 738,211,161

* Per \$100 of assessed value

** Reappraisal year

City of Cookeville, Tennessee
Schedule of Changes in Long-term Debt by Individual Issue
For the Year Ended June 30, 2024

	Original amount of issue	Interest rate	Date of issue	Last maturity date	Balance July 1, 2023	Issued during period	Paid and/or matured during period	Refunded during period	Balance June 30, 2024
Governmental Activities									
Bonds Payable									
General Obligation Bonds									
Series 2013	\$ 4,300,000	2.00% - 3.20%	12/19/13	06/01/29	\$ 1,805,000	\$ -	\$ (275,000)	\$ -	\$ 1,530,000
Series 2020	\$ 8,875,000	3.00%	09/18/20	06/01/35	7,090,000	-	(595,000)	-	6,495,000
Series 2021A Refunding	\$ 6,570,000	1.15% - 2.00%	07/30/21	06/01/31	5,250,000	-	(660,000)	-	4,590,000
Series 2021B	\$ 9,175,000	2.00% - 3.00%	08/13/21	06/01/35	7,860,000	-	(655,000)	-	7,205,000
Series 2022	\$ 9,650,000	4.00% - 5.00%	12/09/22	06/01/37	8,960,000	-	(640,000)	-	8,320,000
Total bonds payable through debt service fund					30,965,000	-	(2,825,000)	-	28,140,000
Total governmental activities					\$ 30,965,000	\$ -	\$ (2,825,000)	\$ -	\$ 28,140,000
Business-type Activities									
Bonds Payable									
Payable through energy department									
General Obligation Refunding Bonds, Series 2021C	\$ 1,505,000	1.00%	12/01/21	06/30/27	\$ 1,200,000	\$ -	\$ (300,000)	\$ -	\$ 900,000
Notes Payable									
Payable through water quality control department									
State Revolving Loan	\$ 2,074,887	2.50%	09/03/09	02/01/31	921,236	-	(110,400)	-	810,836
State Revolving Loan	\$ 23,000,000	1.07%	04/26/22	TBD	1,846,605	8,970,125	-	-	10,816,730
Total notes payable					2,767,841	8,970,125	(110,400)	-	11,627,566
Total business-type activities					\$ 3,967,841	\$ 8,970,125	\$ (410,400)	\$ -	\$ 12,527,566

City of Cookeville, Tennessee
 General Long-term Debt
 Summary of Bonds Payable Debt Service Requirements
 June 30, 2024

Fiscal year maturity	2013 General Obligation Bonds	2020 General Obligation Bonds	2021A General Obligation Bonds	2021B General Obligation Bonds	2022 General Obligation Bonds	Total	Future interest requirements
2025	\$ 285,000	595,000	660,000	\$ 655,000	\$ 640,000	\$ 2,835,000	854,485
2026	295,000	590,000	655,000	655,000	640,000	2,835,000	762,665
2027	305,000	590,000	655,000	655,000	640,000	2,845,000	670,775
2028	315,000	590,000	655,000	655,000	640,000	2,855,000	578,565
2029	330,000	590,000	655,000	655,000	640,000	2,870,000	486,035
2030	-	590,000	655,000	655,000	640,000	2,540,000	409,250
2031	-	590,000	655,000	655,000	640,000	2,540,000	343,025
2032	-	590,000	-	655,000	640,000	1,885,000	276,800
2033	-	590,000	-	655,000	640,000	1,885,000	220,400
2034	-	590,000	-	655,000	640,000	1,885,000	164,000
2035	-	590,000	-	655,000	640,000	1,885,000	107,600
2036	-	-	-	-	640,000	640,000	51,200
2037	-	-	-	-	640,000	640,000	25,600
	\$ 1,530,000	\$ 6,495,000	\$ 4,590,000	\$ 7,205,000	\$ 8,320,000	\$ 28,140,000	\$ 4,950,400

City of Cookeville, Tennessee
 Energy Department - Proprietary Fund
 Bonds Payable Debt Service Requirements
 June 30, 2024

Fiscal year maturity	General Obligation Refunding Bonds Series 2021C principal	Future interest requirements
2025	\$ 300,000	7,500
2026	300,000	4,500
2027	300,000	1,500
	\$ 900,000	\$ 13,500

City of Cookeville, Tennessee
Water Quality Control Board - Proprietary Fund
Notes Payable Debt Service Requirements
June 30, 2024

Fiscal year maturity	State of Tennessee 2.50% Revolving	Interest requirements	Total
2025	113,184	18,984	\$ 132,168
2026	116,052	16,116	132,168
2027	118,980	13,188	132,168
2028	121,992	10,176	132,168
2029	125,076	7,092	132,168
2030	128,244	3,924	132,168
2031	87,308	721	88,029
	\$ 810,836	\$ 70,201	881,037
	State revolving loan funds*		10,816,730
			\$ 11,697,767

* 20-year amortization beginning at project completion

Internal Control and Compliance Section

City of Cookeville, Tennessee
Schedule of Utility Rates (Unaudited)
Electric Division
June 30, 2024

		Retail Rate 6/1/2024 w/wholesale FCA
		1.01946
		\$0.01763 (LMS)
		.01814 (LGS)
Residential	Customer Charge	\$10.00
Alternate Usage Blocks	Block1 kWh (1st 800 kWh)	\$0.10116
	Block2 kWh (additional kWh)	\$0.09614
GSA1	Customer Charge	\$20.65
	All kWh	\$0.11096
GSA2	Customer Charge	\$51.62
	1st 15,000 kWh	\$0.11160
	Additional kWh	\$0.06293
	kWh, 0-50	\$0.00
	kWh, 51-1,000	\$14.43
GSA3	Customer Charge	\$103.25
	All kWh	\$0.06718
	kWh, 0-1,000	\$13.27
	kWh, 1,001 - 5,000	\$13.25
TOU-General Power	Customer Charge	\$1,500.00
SGSB	Demand Charge	
	Onpeak	\$11.35
	Maximum	\$5.38
	Excess Over Contract	\$11.35
	Energy Charge	
	Onpeak	\$0.08670
	Offpeak Next 200 hours	\$0.02453
	Offpeak Additional kWh	\$0.02096
TOU-Manufacturing	Customer Charge	\$1,500.00
SMSB	Demand Charge	
	Onpeak	\$10.70
	Maximum	\$2.29
	Excess Over Contract	\$10.70
	Energy Charge	
	Onpeak	\$0.07850
	Offpeak First 200 hours	\$0.05237
	Offpeak Next 200 hours	\$0.02135
	Offpeak Additional kWh	\$0.01869
Outdoor Lighting	Customer Charge	\$2.58
	All kWh	\$0.00672
	w/ other service	\$0.06721
	w/o other service	\$0.06721

Charges for Outdoor Lighting for Individual Customers				
	KWH	FAC Rental	1-Jun-24 Energy	Total
			\$0.06721	
100 WHPS	42	5.13	2.82	7.95
129 LED-FLOOD	49	14.07	3.29	17.36
250 LED-VERD	50	9.34	3.36	12.70
252 LED-FLOOD	93	17.15	6.25	23.40
250 WHPS	105	7.10	7.06	14.16
250 WHPS-FLOOD	105	11.09	7.06	18.15
400 WHPS	165	7.10	11.09	18.19
400 WHPS-FLOOD	165	11.09	11.09	22.18
175 WMV	70	4.21	4.70	8.91
400 WMV	155	5.49	10.42	15.91
250 WMHD	105	7.74	7.06	14.80
350 WMHD-FLOOD	140	8.14	9.41	17.55
350 WMHD-SHOE	140	9.84	9.41	19.25
400 WMHD	165	7.78	11.09	18.87
1000 WMHD	398	9.42	26.75	36.17
LED 50 CARETAKER	18	7.85	1.21	9.06
LED 75 CARETAKER	27	6.16	1.81	7.97
LED TYPE 5 SHO	82	16.89	5.51	22.40

City of Cookeville, Tennessee
Schedule of Utility Rates (Unaudited)
Gas Division
June 30, 2024

Residential Rate - Rate 622 & 613 at July 1, 2024

Monthly rate (inside): First 5,000 cu. ft. for \$1.054 per 100 cu. ft.
Next 5,000 cu. ft. for \$1.010 per 100 cu. ft.
All additional for \$1.001 per 100 cu. ft.

Minimum bill for residential consumers - \$7.00 per month.

Monthly rate (outside): First 5,000 cu. ft. for \$1.163 per 100 cu. ft.
Next 5,000 cu. ft. for \$1.109 per 100 cu. ft.
All additional for \$1.098 per 100 cu. ft.

Minimum bill for residential consumers - \$7.00 per month.

Commercial Rate - Rates 614 and 636 at July 1, 2024

Monthly rate (inside): First 5,000 cu. ft. for \$1.098 per 100 cu. ft.
Next 10,000 cu. ft. for \$1.050 per 100 cu. ft.
All additional for \$1.040 per 100 cu. ft.

Minimum bill for commercial consumers - \$15.00 per month.

Monthly rate (outside): First 5,000 cu. ft. for \$1.218 per 100 cu. ft.
Next 10,000 cu. ft. for \$1.158 per 100 cu. ft.
All additional for \$1.146 per 100 cu. ft.

Minimum bill for commercial consumers - \$15.00 per month.

Industrial Rate - Rate 650 & 651 at July 1, 2024

Monthly rate (inside): First 10,000 cu. ft. for \$1.112 per 100 cu. ft.
Next 20,000 cu. ft. for \$1.062 per 100 cu. ft.
All additional for \$1.053 per 100 cu. ft.

Minimum bill for industrial consumers - \$50.00 per month.

Monthly rate (outside): First 10,000 cu. ft. for \$1.236 per 100 cu. ft.
Next 20,000 cu. ft. for \$1.174 per 100 cu. ft.
All additional for \$1.161 per 100 cu. ft.

Minimum bill for industrial consumers - \$50.00 per month.

Interruptible Rate - Rate Code 690

\$398 per 100 cu. ft. (inside)

Minimum bill for interruptible consumers - \$120.00 per month.

City of Cookeville, Tennessee
Schedule of Utility Rates (Unaudited)
Water Quality Control Department
June 30, 2024

Inside Water Rates

Zero Usage (Base Charge)	\$9.10 (minimum bill)
All gallons over zero usage	\$3.82 per 1,000 gallons

Outside Water Rates

Zero Usage (Base Charge)	\$13.65 (minimum bill)
All gallons over zero usage	\$5.73 per 1,000 gallons

Water Storage Rate

Each 1,000 gallons per month	\$0.19 per 1,000 gallons
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Sewer Rates

Inside - Residential/Commercial/Industrial	\$6.15 per 1,000 gallons \$10.15 (minimum bill)
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City of Cookeville, Tennessee
Schedule of Utility Customers (Unaudited)
As of June 30, 2024

At June 30, 2024, the utility departments/divisions serviced the following number of customers:

Department/Division	Number of customers
Electric	19,840
Gas	10,766
Water	16,567
Sewer	16,462
Sanitation	1,224

City of Cookeville, Tennessee
 List of Official Bonds of Principal Officials and Bonded Amounts (Unaudited)
 As of June 30, 2024

Official Title	Name	Bond *
City Council:		
Mayor	Laurin Wheaton	\$150,000
Vice Mayor	Luke Eldridge	\$150,000
Councilman	Ali Bagci	\$150,000
Councilman	Eric Walker	\$150,000
Councilman	Chad Gilbert	\$150,000
City Manager	James Mills	\$150,000
Finance Director **	Brenda Imel, CPA	\$150,000
City Clerk	Darian Coons	\$150,000

* Bond coverage originates from the City's Public Employee coverage provided by Tennessee Municipal League Risk

** Designated with financial oversight responsibility



**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***

City Council
City of Cookeville

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cookeville, Tennessee (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents, and have issued our report thereon dated December 23, 2024. Our report includes a reference to other auditors who audited the financial statements of Cookeville Regional Medical Center Authority and Public Building Authority of the City of Cookeville, Tennessee, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
December 23, 2024



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

City Council
City of Cookeville

Report on Compliance for Each Major Federal Program *Opinion on Each Major Federal Program*

We have audited the City of Cookeville, Tennessee (the City)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
December 23, 2024

City of Cookeville, Tennessee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2024

Grantor / Pass-through Grantor	Program name	Assistance Listing	Contract number	Expenditures
Federal Awards				
Department of Housing and Urban Development / TN Department of Economic and Community Development	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	14694	\$ 82,130
Department of Justice / Tennessee Department of Finance and Administration	Crime Victim Assistance	16.575	2017-VA-GX-0051	54,773
N/A - Direct	Bulletproof Vest Partnership Program	16.607	10052537	2,938
	<u>Highway Safety Cluster</u>			
Tennessee Department of Safety and Homeland Security	State and Community Highway Safety	20.600	Z24THSO69	17,922
		20.600	Z24THSO70	5,419
		20.600	Z23THSO69	17,614
		20.600	Z23THSO68	<u>2,671</u>
	Total Highway Safety Cluster			43,626
Tennessee Department of Safety and Homeland Security	Alcohol Open Container Requirements	20.607	Z24THSO68	46,987
US Department of the Treasury / N/A - Direct	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,763,378
Environmental Protection Agency / Tennessee Department of Environment and Conservation	<u>Drinking Water State Revolving Fund (DWSRF) Cluster</u> Capitalization Grants For Drinking Water State Revolving Fund Total DWSRF Cluster	66.468	DWF 22-244	<u>8,970,125</u> 8,970,125
Executive Office of the President, Office of National Drug Control Policy / Laurel County Fiscal Court	High Intensity Drug Trafficking Areas Program	95.001	G24AP0001A	9,007
		95.001	G23AP0001A	<u>9,391</u>
	Total Assistance Listing 95.001			<u>18,398</u>
Total federal awards				10,982,355

Continued

City of Cookeville, Tennessee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2024

Grantor / Pass-through Grantor	Program name	Assistance Listing	Contract number	Expenditures
State Financial Assistance				
Tennessee Department of Transportation / Nashville Police Department	Internet Crimes Against Children (ICAC)	NA	69807	10,000
State of Tennessee Department of Finance	Violent Crime Intervention Fund	NA	VCIF 50850	225,904
		NA	VCIF 51355	1,999,755
State of Tennessee, Department of Economic and Community Development	Site Development Grant	NA	2021 SDG	22,456
Tennessee Department of Agriculture, Division of Forestry	TAEP Community Tree Planting	NA	21005	2,963
Tennessee Arts Commission / Upper Cumberland Development District	Arts Build Communities Grant	NA	1806-06220	4,600
Total state financial assistance				2,265,678
Total federal awards and state financial assistance				\$ 13,248,033

Notes

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state award activity of the City under programs of the federal and state governments for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 2. Loans Outstanding

At June 30, 2024, loan program outstanding balances consist of the following: Capitalization Grants for Drinking Water State Revolving Funds, DWF 22-244, \$10,816,730

Note 3. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Cookeville, Tennessee
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2024

Section I. **Summary of Auditor’s Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

Assistance Listing No.	Name of Federal Program or Cluster
21.027	US Department of the Treasury COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
66.468	Environmental Protection Agency Drinking Water State Revolving Fund (DWSRF) Cluster

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

Auditee qualified as low-risk auditee? Yes X No

City of Cookeville, Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II. **Financial Statement Findings**

None

Section III. **Federal Award Findings and Questioned Costs**

None

City of Cookeville, Tennessee
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2024

Financial Statement Findings

Finding Number	Finding Title	Status
2023-001	Employee Theft (Other Matter) (original finding number 2023-001)	Corrected

Federal Award Findings and Questioned Costs

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A