

# **City of Cookeville, Tennessee**

Annual Financial Report  
For the Year Ended June 30, 2025

**City of Cookeville, Tennessee**  
 Annual Financial Report  
 For the Year Ended June 30, 2025

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## **Introductory Section**

**City of Cookeville, Tennessee**  
Roster of Officials (Unaudited)  
As of June 30, 2025

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**Elected**

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

**Appointed**

James Mills	City Manager
Jennifer Nisewander, 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the 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, 2025, 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 \$327,161,884 and total revenues of \$510,383,382. 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.

#### **Emphasis of Matter**

As discussed in note 12 to the financial statements, the City adopted new accounting guidance GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

#### **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 92-97 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 98-115 and other schedules on pages 116-123 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 98-115 and other schedules on pages 116-123 and pages 133-134 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 19, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That 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 19, 2025



**City of Cookeville, Tennessee**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2025

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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, 2025. 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, 2025 by approximately \$359,936,000 (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 \$219,774,000) and unrestricted resources available to continue City operations into the next fiscal year (approximately \$128,618,000).
- The government's total net position increased this year by approximately \$32,160,000. Net position of the governmental activities increased by approximately \$10,821,000 and those of the City's business type activities (utilities) increased by approximately \$21,339,000.
- As of June 30, 2025, the City's governmental funds reported combined ending fund balances of approximately \$87,081,000, an increase of \$2,469,000 in comparison with the prior year. Approximately 47% of this total amount, approximately \$41,220,000, 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 \$41,220,000 or 99% of total general fund expenditures.
- The City's total bonds and notes payable increased by approximately \$8,934,000 (22%) during the current fiscal year. There were approximately \$2,708,000 in new state revolving loan funds drawn. A total of approximately \$3,248,000 in debt was repaid.
- The actuarially determined other postemployment liability at June 30, 2025 is approximately \$23,128,000 of which approximately \$16,292,000 represents the liability for governmental activities and \$6,836,000 is for business-type activities. The total liability decreased by approximately \$7,518,000 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 98-99 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 113-115 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 previous 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 \$359,936,000 at fiscal year end.

By far the largest portion of the City's net position (61%) 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, 2025 and 2024  
(amounts expressed in thousands)**

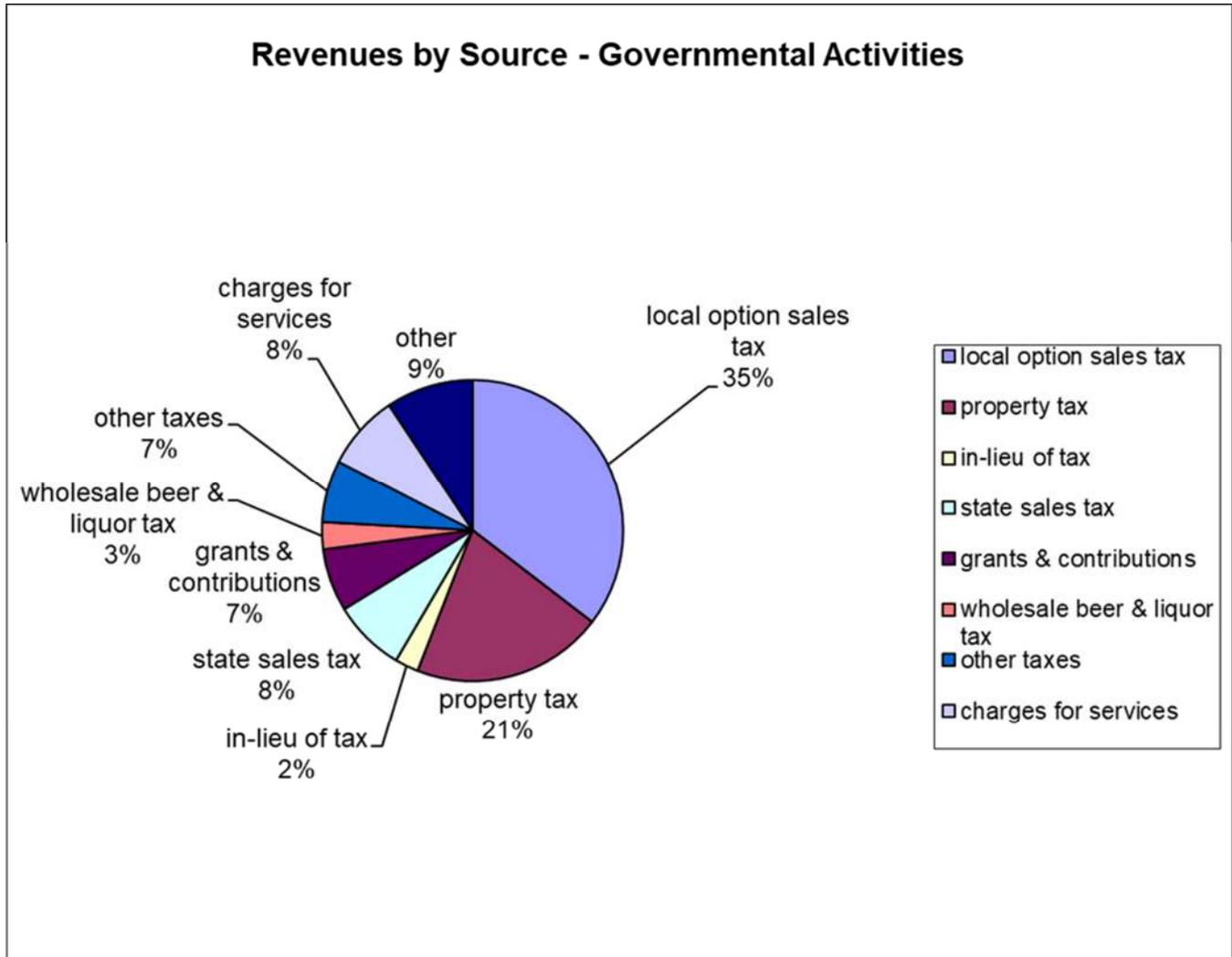
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current assets	\$ 111,069	\$ 110,690	\$89,034	\$ 80,752	\$200,103	\$ 191,442
Capital assets	97,486	81,744	171,973	154,086	269,459	235,830
Other assets	<u>3,967</u>	<u>3,918</u>	<u>110</u>	<u>200</u>	<u>4,077</u>	<u>4,118</u>
Total assets	<u>212,522</u>	<u>196,352</u>	<u>261,117</u>	<u>235,038</u>	<u>473,639</u>	<u>431,390</u>
Deferred outflows of resources	<u>16,179</u>	<u>18,114</u>	<u>6,493</u>	<u>7,135</u>	<u>22,672</u>	<u>25,249</u>
Current liabilities	8,513	9,924	8,461	6,312	16,974	16,236
Long-term debt	38,006	30,050	16,069	13,941	54,075	43,991
Other liabilities	<u>24,743</u>	<u>33,412</u>	<u>9,095</u>	<u>7,452</u>	<u>33,838</u>	<u>40,864</u>
Total liabilities	<u>71,262</u>	<u>73,386</u>	<u>33,625</u>	<u>27,705</u>	<u>104,887</u>	<u>101,091</u>
Deferred inflows of resources	29,707	22,853	1,781	2,785	31,488	25,638
Net position						
Net investment in capital assets	63,426	57,419	156,348	140,639	219,774	198,058
Restricted	11,397	10,823	147	169	11,544	10,992
Unrestricted	<u>52,909</u>	<u>49,985</u>	<u>75,709</u>	<u>70,875</u>	<u>128,618</u>	<u>120,860</u>
Total net position	<b>\$ 127,732</b>	<b>\$ 118,227</b>	<b>\$232,204</b>	<b>\$ 211,683</b>	<b>\$359,936</b>	<b>\$ 329,910</b>

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 \$52,909,000 may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2025, the City of Cookeville is reporting positive balances in all categories of net assets. Net position increased \$10,821,000 for governmental activities and increased \$21,339,000 for business-type activities.

*Governmental Activities*

Governmental activities increased the City's net position by approximately \$10,821,000 thereby accounting for 34% 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, 2025.

**The City's Changes in Net Position**  
**For the years ended June 30, 2025 and 2024**  
**(amounts expressed in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenues</b>						
Charges for services	\$4,584	\$ 4,012	\$106,291	\$ 96,762	\$110,875	\$ 100,774
Operating grants and contributions	2,081	1,730	-	-	2,081	1,730
Capital grants and contributions	1,086	3,597	50	905	1,136	4,502
<b>General revenues</b>						
Local option sales tax	20,081	19,539	-	-	20,081	19,539
Property taxes	11,658	11,141	-	-	11,658	11,141
Payments in-lieu of tax	1,430	1,127	-	-	1,430	1,127
State sales tax	4,397	4,279	-	-	4,397	4,279
Wholesale beer tax	1,101	1,136	-	-	1,101	1,136
Wholesale liquor tax	539	583	-	-	539	583
Other taxes	3,805	3,974	-	-	3,805	3,974
Miscellaneous	<u>5,953</u>	<u>6,219</u>	<u>8,460</u>	<u>4,784</u>	<u>14,413</u>	<u>11,003</u>
<b>Total revenues</b>	<b>56,715</b>	<b>57,337</b>	<b>114,801</b>	<b>102,451</b>	<b>171,516</b>	<b>159,788</b>
<b>Expenses</b>						
General government	4,791	5,164	-	-	4,791	5,164
Economic development	55	58	-	-	55	58
Community development	1,426	1,355	-	-	1,426	1,355
Public safety	20,985	20,306	-	-	20,985	20,306
Parks and maintenance	1,912	1,716	-	-	1,912	1,716
Public works	11,990	11,299	-	-	11,990	11,299
Culture and recreation	4,286	3,233	-	-	4,286	3,233
Community support	1,411	1,106	-	-	1,411	1,106
Interest on debt	858	739	-	-	858	739
Energy	-	-	73,090	66,842	73,090	66,842
Water quality control	<u>-</u>	<u>-</u>	<u>18,552</u>	<u>18,571</u>	<u>18,552</u>	<u>18,571</u>
<b>Total expenses</b>	<b>47,714</b>	<b>44,976</b>	<b>91,642</b>	<b>85,413</b>	<b>139,356</b>	<b>130,389</b>
Increase in net position before transfers	9,001	12,361	23,159	17,038	32,160	29,399
Transfers	<u>1,820</u>	<u>1,625</u>	<u>(1,820)</u>	<u>(1,625)</u>	<u>-</u>	<u>-</u>
Increase in net position	10,821	13,986	21,339	15,413	32,160	29,399
Net position - beginning	118,227	104,241	211,683	196,270	329,910	300,511
Prior period adjustment	<u>(1,317)</u>	<u>-</u>	<u>(817)</u>	<u>-</u>	<u>(2,134)</u>	<u>-</u>
Net position-beginning restated	<u>116,910</u>	<u>104,241</u>	<u>210,866</u>	<u>196,270</u>	<u>327,776</u>	<u>300,511</u>
<b>Net position - ending</b>	<b>\$127,731</b>	<b>\$ 118,227</b>	<b>\$232,205</b>	<b>\$ 211,683</b>	<b>\$359,936</b>	<b>\$ 329,910</b>

### *Business-type Activities*

Business-type activities increased the City's net position by approximately \$21,339,000 accounting for 66% 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 21, 2023, the Cookeville City Council voted to abolish the individual Electric and Gas Departments and create the Cookeville Energy Department. Electric and Gas Divisions continue with individual operations throughout the year and are combined at fiscal year-end for a complete department overview. This fiscal year the Energy Department began the engineering and design process of a new gas division facility. Construction of the facility and the remodel of the current electric division facility will begin in the upcoming fiscal year to combine the two divisions into one location. The estimated completion date is set for 2027 with a combined total project budget of \$23,500,000.

Electric operations continue to be positive. Net assets increased by approximately \$2,496,000 with operating revenues of approximately \$64,338,000 and operating expenses of approximately \$61,507,000. Nonoperating net revenues totaled approximately \$895,000 and transfers to the general government were approximately \$1,231,000. 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 \$264,000 to complete an ongoing transformer changeout project at Cane Creek Substation. Underground projects to convert existing overhead lines to underground in downtown Cookeville totaled \$414,000 and an upgrade at West Stevens Street of \$115,000 are ongoing. The electric division also purchased a \$215,000 bucket truck. The division also continued a project of changing out streetlights to a more energy efficient LED light in numerous areas for approximately \$388,000; this project will continue until all streetlights have been changed to LED. The division continued the process of implementing an Advanced Metering Infrastructure Project with a current year expense of \$1,080,000 and a total project budget of \$3,600,000.

The gas division's net assets increased by approximately \$4,512,000. Operating revenues were approximately \$15,018,000 and operating expenses were approximately \$11,576,000. Nonoperating net revenues totaled approximately \$1,363,000 and transfers to the general government were approximately \$293,000. The division has two supply connections on the East TN Pipeline. The division serves over 10,800 customers and maintains over 388 miles of distribution mains throughout its service territory. 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 fluctuations in the cost of gas from its customers without changing base rates. The division completed utility relocations for the West Stevens Street widening project for approximately \$250,000. The division continued to implement the Advanced Metering Infrastructure Project with approximately \$913,000 spent this fiscal year and a total project budget of \$1,400,000. The division spent approximately \$168,000 on engineering and design on the new facility. Construction will begin next fiscal year with the gas division having a total project budget of \$19,000,000. The gas division added one new utility vehicle this fiscal year for approximately \$69,000. The division has no debt outstanding.

Net assets increased approximately \$14,230,000 for the water quality control department. Operating revenues were approximately \$26,935,000 and operating expenses were approximately \$18,452,000. The department had nonoperating net revenues totaling approximately \$5,994,000 and transfers to the general government were approximately \$296,000. 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 \$17,500,000 has been approved in April 2022 (increased to \$23,000,000 in June 2024) to help finance the project with approximately \$13,524,000 drawn on it as of June 30, 2025. In June of 2024 the City was approved for up to \$5,500,000 through an additional SRF loan. A TDEC grant of \$4,807,000 was also received on the project. A change order proposed in June 2025 and approved on July 3, 2025, increased the construction cost of this project from \$25,900,000 to \$26,000,000, with a new estimated completion date of May 2026. 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 last rate study was completed in early 2024. Based on that study, rates were increased in July 2025, and increases were approved every year up to, and including FY2029 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 50.1% of the water sold by the department and account for approximately 35.8% of the water department's water sales revenue. The rate increase for the retail customers was front loaded more than the wholesale customers which explains why the percentage of revenue for the utility districts' slight decrease even though the usage percentage slightly increased. 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. 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 West End Pump Station, which is being funded in part with a CDBG grant is just now finishing. Also, under construction is an \$11,279,000 wet weather storage facility and including a new pump station for the Tennessee Tech drainage basin which will greatly reduce overflows in that basin. Some large projects that were anticipated to be completed in FY2025 which rolled over to FY2026 are the West End PS replacement and the Spring/Walnut sewer replacement project.

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 2025 and 2024  
(amounts expressed in thousands)**

	2025	2024	Amount change	% change
Energy	\$ 79,356	\$ 73,811	\$ 5,545	7.5%
Water quality control	<u>26,935</u>	<u>22,951</u>	<u>3,984</u>	17.4%
Revenues	<b>\$ 106,291</b>	<b>\$ 96,762</b>	<b>\$ 9,529</b>	<b>9.8%</b>

**Summary of Comparison of Operating Expenses for Fiscal Years 2025 and 2024  
(amounts expressed in thousands)**

	2025	2024	Amount change	% change
Energy	\$ 73,083	\$ 66,831	\$ 6,252	9.4%
Water quality control	<u>18,452</u>	<u>18,451</u>	<u>1</u>	0.0%
Expenses	<b>\$ 91,535</b>	<b>\$ 85,282</b>	<b>\$ 6,353</b>	<b>7.3%</b>

## **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, 2025, the City's governmental funds reported combined ending fund balances of approximately \$87,081,000 an increase of approximately \$2,469,000 in comparison to prior year. There is approximately \$11,093,000 in restricted fund balances which must be used for specific purposes: approximately \$423,000 restricted for pensions, \$4,016,000 restricted for capital projects, \$184,000 restricted for police drug enforcement programs, \$3,392,000 restricted for street maintenance, \$2,186,000 restricted for sanitation operations, and \$890,000 restricted for economic development/tourism. There is approximately \$34,316,000 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, 2025, the unassigned fund balance of the general fund was approximately \$41,220,000 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 99% of total general fund expenditures during fiscal year 2025.

The City's general fund revenue is primarily generated from the local option sales tax and property tax. Of total general fund revenues, approximately \$32,797,000 or 84% was from taxes. Local option sales tax increased by approximately \$542,000 (from \$19,539,000 to \$20,081,000) and was a record high in collections. The City's total property tax rate for fiscal year 2025 (2024 property tax) was \$.92 per \$100 of value, the same as fiscal year 2024. The property tax rate allocated to the general fund was reduced to \$.62 and accounted for approximately \$7,613,000 in general fund property tax revenue. High interest rates have contributed to continued earnings on deposits and investments with interest revenue of \$2,161,000 in the general fund. Departmental budgets have seen increases in the past few years and the departments have been successful in staying within their approved budgets. To remain competitive in attracting and retaining employees, specifically for public safety, police officers and firefighters are eligible for merit increases of up to 4%. All other employees are eligible for up to 2% merit. The City pay scales were adjusted upward 2%. Because of the strength of the fund balance and strong revenues, the City transferred \$1,000,000 and allocated \$0.05 of general fund property tax to the state street aid fund for additional street paving.

The debt service fund has a total fund balance of approximately \$22,074,000, all of which is committed for the payment of principal and interest on outstanding debt. The property tax rate allocated to the debt service fund is \$.02 for 2025. The City's share of state sales tax is also allocated to the debt service fund. Property tax and state sales tax totaled approximately \$4,652,000 in the debt service fund. Interest earned in the fund was \$972,000. General obligation bonds, series 2024 in the amount of \$9,475,000 were issued in December 2024. The proceeds are intended for major street improvement projects, improvements to Cookeville Performing Arts Center and Dogwood Park entrance, construction of two new fire stations, and Cane Creek Park improvements. The overall increase in the fund balance was approximately \$2,604,000 for fiscal year 2025.

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 of 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 2024 for \$9,475,000 are being used for major street improvement , improvements to Cookeville Performing Arts Center and Dogwood Park entrance, construction of two new fire stations, and Cane Creek Park improvements. As of June 30, 2025, unspent bond proceeds totaled approximately \$6,261,000. The major street improvement projects include the widening of 10th Street from Fisk Road to Wilson Avenue. This project is under construction and was completed early FY2026. Construction of the West Stevens Street improvement project is also underway and is expected to be completed in FY2026. Construction of two fire stations to replace Stations 2 and 3 is underway and should be completed in FY2026 as well as the CPAC and Dogwood Park renovations. Additional debt will be required and is planned for FY2026 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 approximately \$44,285,000 including transfers out. The final budget was increased by approximately \$2,529,000 to approximately \$46,814,000. The amendments approved during the year included additional appropriations for public safety for grant expenditures, general department land purchase, and public works capital purchases.

## 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, 2025 was approximately \$97,486,000 and \$171,973,000, respectively. The net investment increased 19% for governmental and 12% 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:

- \$1,557,000 in vehicles including \$196,000 in 3 pickup trucks (public works), \$415,000 sideload garbage truck and \$390,000 frontload garbage truck (sanitation), and \$421,000 in 7 patrol vehicles and 4 SUVs for police department (3 from drug fund)
- purchase of approximately 5 acres at 39 Depot Street for Westside improvement project
- purchase of property for construction of new fire station on N Washington.
- \$677,000 in equipment including \$224,000 for brush truck and \$266,000 for dump trucks (public works)
- \$5,500,000 in construction in progress on the 10<sup>th</sup> Street Phase II improvement project.
- \$1,127,000 in construction in progress on the West Stevens Street widening project.
- \$3,026,000 in construction in progress on fire stations 2 & 3
- \$1,238,000 in construction in progress on CPAC renovations
- \$744,000 construction of Gateway signs
- \$467,000 in developer contributed infrastructure

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

**Capital Assets (net of depreciation)**  
**June 30, 2025 and 2024**  
**(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 24,597	\$ 20,705	\$ 5,371	\$ 4,216	\$ 29,968	\$ 24,921
Water rights	-	-	4,889	4,889	4,889	4,889
Buildings and improvements	20,963	21,546	414	498	21,377	22,044
Improvements other than buildings	2,931	2,442	-	-	2,931	2,442
Utility plant in service	-	-	109,463	99,140	109,463	99,140
Vehicles	4,975	5,002	-	-	4,975	5,002
Machinery and equipment	3,848	4,208	9,440	9,740	13,288	13,948
SBITA Asset	1,008	-	251	314	1,259	314
Software	96	46	-	-	96	46
Infrastructure	23,003	24,645	-	-	23,003	24,645
Furniture and equipment	-	-	3	9	3	9
Plant acquisition adjustment	-	-	4,509	4,889	4,509	4,889
Construction in progress	<u>16,065</u>	<u>3,150</u>	<u>37,633</u>	<u>30,391</u>	<u>53,698</u>	<u>33,541</u>
Net capital assets	<b>\$ 97,486</b>	<b>\$ 81,744</b>	<b>\$ 171,973</b>	<b>\$ 154,086</b>	<b>\$ 269,459</b>	<b>\$ 235,830</b>

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 \$58,420,000, not including pensions and OPEB. Of this amount, approximately \$40,632,000 relates to governmental activities while the remaining approximately \$17,788,000 relates to business-type activities. Of the long-term liabilities of governmental activities, approximately \$36,998,000 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 \$13,524,000 drawn at June 30, 2025 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, 2025 and 2024**  
**(amounts expressed in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
General obligation bonds	\$ 34,780	\$ 28,140	\$ 600	\$ 900	\$ 35,380	\$ 29,040
Direct borrowing notes	-	-	14,222	11,628	14,222	11,628
Unamortized (discount) premium	<u>2,218</u>	<u>1,910</u>	<u>-</u>	<u>-</u>	<u>2,218</u>	<u>1,910</u>
Total	<b>\$ 36,998</b>	<b>\$ 30,050</b>	<b>\$ 14,822</b>	<b>\$ 12,528</b>	<b>\$ 51,820</b>	<b>\$ 42,578</b>

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 289-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. Recently announced, a new shopping center called "The Willows" is being developed with Home Depot and Target being built as well as other new shopping and dining establishments, planned to open in Fall of 2026.

The unemployment rate for Putnam County was 4.4% in June 2025 compared to the State of Tennessee's rate of 3.5% 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 2026. The City remains conservative in revenue forecasts and budgeted a 4% increase in revenues over the 2025 original budget driven by estimated growth in local option sales tax and interest earnings. Revenues and transfers in total approximately \$40,495,000 in the fiscal year 2026 budget. The City also budgeted a 4.8% increase in operating expenditures for fiscal year 2026 over the 2025 budget. The appropriation for operating expenditures is approximately \$39,522,000. The majority of operating expenditures for the general fund are personnel costs. The 2026 budget includes a merit increase of up to 2% for all employees. With budgeted capital purchases, the budget includes a planned use of fund balance in the amount of approximately \$5,695,000. The proposed capital purchases include \$2,200,000 for the purchase of a new fire aerial apparatus. The general fund at June 30, 2025 has an unassigned fund balance of approximately \$41,220,000.

### **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, 2025

	Primary Government			Component Units		Total Reporting Entity
	Governmental activities	Business-type activities	Total	Cookeville Regional Medical Center	Public Building Authority	
<b>Assets</b>						
Cash and cash equivalents	\$ 85,616,071	\$ 70,804,992	\$ 156,421,063	\$ 33,680,725	\$ 179,911	\$ 190,281,699
Accounts receivable, net	269,730	12,250,090	12,519,820	49,905,384	-	62,425,204
Taxes receivable, net	12,678,653	-	12,678,653	-	-	12,678,653
Other receivables	5,509,501	76,599	5,586,100	42,870,753	-	48,456,853
Internal balances	(126,666)	126,666	-	-	-	-
Inventories	-	4,340,305	4,340,305	13,844,573	-	18,184,878
Prepaid expenses and other current assets	437,218	297,589	734,807	4,102,776	900	4,838,483
Restricted cash and cash equivalents	6,684,409	1,137,649	7,822,058	10,000,000	-	17,822,058
Notes receivable, net	-	83,335	83,335	-	-	83,335
Equity interest in joint venture	3,968,064	-	3,968,064	-	-	3,968,064
Long-term investments	-	-	-	16,011,398	-	16,011,398
Net pension asset	-	27,130	27,130	-	-	27,130
Other assets	-	-	-	1,628,193	-	1,628,193
Capital assets not being depreciated	40,662,461	47,892,995	88,555,456	22,932,223	-	111,487,679
Capital assets, net	56,823,854	124,080,326	180,904,180	128,989,021	312,255	310,205,456
Total assets	212,523,295	261,117,676	473,640,971	323,965,046	493,066	798,099,083
<b>Deferred Outflows of Resources</b>	16,178,561	6,493,028	22,671,589	2,703,772	-	25,375,361
<b>Liabilities</b>						
Accounts payable	3,622,125	7,947,518	11,569,643	25,202,756	5,190	36,777,589
Accrued expenses	1,412,304	468,377	1,880,681	49,863,309	2,910	51,746,900
Unearned revenues	1,411,107	45,333	1,456,440	-	1,502	1,457,942
Other liabilities	2,067,869	-	2,067,869	1,737,323	60,855	3,866,047
<b>Noncurrent liabilities</b>						
Compensated absences	2,626,043	1,316,613	3,942,656	164,433	-	4,107,089
Net pension liabilities	5,825,312	245,333	6,070,645	4,963,491	-	11,034,136
OPEB liability	16,291,810	6,836,260	23,128,070	-	-	23,128,070
Other liabilities	-	696,799	696,799	-	-	696,799
Debt and SBITA due within one year	3,766,950	531,072	4,298,022	8,207,621	-	12,505,643
Debt and SBITA due in more than one year	34,239,318	15,538,171	49,777,489	47,282,127	-	97,059,616
Total liabilities	71,262,838	33,625,476	104,888,314	137,421,060	70,457	242,379,831
<b>Deferred Inflows of Resources</b>	29,707,058	1,780,775	31,487,833	1,769,673	-	33,257,506
<b>Net Position</b>						
Net investment in capital assets	63,425,684	156,347,944	219,773,628	96,431,496	312,255	316,517,379
<b>Restricted for</b>						
Pensions	423,404	146,791	570,195	-	-	570,195
Drug Fund	184,245	-	184,245	-	-	184,245
Highways and streets	3,392,496	-	3,392,496	-	-	3,392,496
Sanitation	2,539,520	-	2,539,520	-	-	2,539,520
Economic development and tourism	889,878	-	889,878	-	-	889,878
Equity interest in joint venture	3,968,064	-	3,968,064	-	-	3,968,064
Unrestricted (deficit)	52,908,669	75,709,718	128,618,387	91,046,589	110,354	219,775,330
Total net position	\$ 127,731,960	\$ 232,204,453	\$ 359,936,413	\$ 187,478,085	\$ 422,609	\$ 547,837,107

**City of Cookeville, Tennessee**  
Statement of Activities  
For the Year Ended June 30, 2025

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
<b>Primary Government</b>									
<b>Governmental Activities</b>									
General government	\$ 4,790,613	\$ 273,506	\$ 4,598	\$ -	\$ (4,512,509)	\$ -	\$ (4,512,509)		
Economic development	54,981	-	-	-	(54,981)	-	(54,981)		
Community development	1,426,574	1,072,075	-	-	(354,499)	-	(354,499)		
Public safety	20,984,652	471,939	828,457	-	(19,684,256)	-	(19,684,256)		
Parks and maintenance	1,912,006	-	-	-	(1,912,006)	-	(1,912,006)		
Public works	11,989,797	2,422,379	1,236,224	718,468	(7,612,726)	-	(7,612,726)		
Culture and recreation	4,285,769	343,649	11,633	367,688	(3,562,799)	-	(3,562,799)		
Community support	1,411,200	-	-	-	(1,411,200)	-	(1,411,200)		
Interest	857,980	-	-	-	(857,980)	-	(857,980)		
Total governmental activities	47,713,572	4,583,548	2,080,912	1,086,156	(39,962,956)	-	(39,962,956)		
<b>Business-type Activities</b>									
Energy	73,090,449	79,356,577	-	-	-	6,266,128	6,266,128		
Water quality control	18,551,908	26,934,728	-	50,000	-	8,432,820	8,432,820		
Total business-type activities	91,642,357	106,291,305	-	50,000	-	14,698,948	14,698,948		
Total primary government	\$ 139,355,929	\$ 110,874,853	\$ 2,080,912	\$ 1,136,156	(39,962,956)	14,698,948	(25,264,008)		
<b>Component Units</b>									
Cookeville Regional Medical Center	\$ 495,535,668	\$ 507,217,751	\$ -	\$ -			\$ 11,682,083	\$ -	
Public Building Authority	243,010	272,958	-	-			-	29,948	
Total component units	\$ 495,778,678	\$ 507,490,709	\$ -	\$ -			11,682,083	29,948	
<b>General Revenues and Transfers</b>									
<b>General Revenues</b>									
Taxes									
Property tax					11,657,769	-	11,657,769	-	-
Local option sales tax					20,081,168	-	20,081,168	-	-
Hotel/motel tax					1,007,384	-	1,007,384	-	-
Wholesale beer and liquor taxes					1,640,253	-	1,640,253	-	-
Unrestricted intergovernmental taxes									
State sales and use tax					4,396,643	-	4,396,643	-	-
State income tax					226,483	-	226,483	-	-
State franchise tax					217,582	-	217,582	-	-
Business tax					1,996,304	-	1,996,304	-	-
Payments in lieu of tax					1,430,313	-	1,430,313	-	-
Mixed drink and beer tax					293,810	-	293,810	-	-
Petroleum special tax					63,601	-	63,601	-	-
Other intergovernmental					134,789	-	134,789	-	-
Grants and contributions not restricted to specific programs					648,977	5,211,313	5,860,290	-	-
Unrestricted investment earnings					4,256,228	3,248,265	7,504,493	2,860,639	5,582
Gain (loss) on disposal of capital assets					47,669	-	47,669	-	-
Miscellaneous revenues					865,448	-	865,448	-	26,452
<b>Transfers</b>					1,820,086	(1,820,086)	-	-	-
Total general revenues and transfers					50,784,507	6,639,492	57,423,999	2,860,639	32,034
Change in net position					10,821,551	21,338,440	32,159,991	14,542,722	61,982
Net position, beginning of year, as previously reported					118,227,346	211,682,629	329,909,975	172,935,363	360,627
Change in accounting principle					(1,316,937)	(816,616)	(2,133,553)	-	-
Net position, beginning of year, as restated					116,910,409	210,866,013	327,776,422	172,935,363	360,627
Net position, end of year					\$ 127,731,960	\$ 232,204,453	\$ 359,936,413	\$ 187,478,085	\$ 422,609

**City of Cookeville, Tennessee**  
 Balance Sheet - Governmental Funds  
 June 30, 2025

	General	Debt service	Capital projects	Transportation	Other governmental	Total governmental
<b>Assets</b>						
Cash and cash equivalents	\$ 41,968,805	\$ 21,294,205	\$ 815,995	\$ 4,470,014	\$ 14,104,706	\$ 82,653,725
Receivables, net						
Accounts	-	-	-	-	269,730	269,730
Property taxes	8,598,644	446,251	-	1,593,753	2,040,005	12,678,653
Other	4,170,843	788,366	2,898	15,540	519,485	5,497,132
Due from other funds	353,017	6,639	-	31,877	45,970	437,503
Prepaid items	5,033	-	336,097	-	111,049	452,179
Restricted cash and cash equivalents	404,294	-	6,261,005	-	19,110	6,684,409
<b>Total assets</b>	<b>\$ 55,500,636</b>	<b>\$ 22,535,461</b>	<b>\$ 7,415,995</b>	<b>\$ 6,111,184</b>	<b>\$ 17,110,055</b>	<b>\$ 108,673,331</b>
<b>Liabilities</b>						
Accounts payable	\$ 1,034,580	\$ 16	\$ 2,244,541	\$ 29,442	\$ 311,335	\$ 3,619,914
Accrued expenses	1,313,513	-	-	-	256	1,313,769
Due to other funds	503,020	-	12,126	-	45,036	560,182
Unearned revenues	1,340,189	-	10,000	-	60,918	1,411,107
Other liabilities	1,137,227	15,000	-	-	912,368	2,064,595
<b>Total liabilities</b>	<b>5,328,529</b>	<b>15,016</b>	<b>2,266,667</b>	<b>29,442</b>	<b>1,329,913</b>	<b>8,969,567</b>
<b>Deferred Inflows of Resources</b>						
Property taxes	8,542,521	446,251	-	1,593,753	2,040,005	12,622,530
<b>Fund Balances</b>						
Nonspendable	5,033	-	336,097	-	111,049	452,179
Restricted for						
Pensions	404,294	-	-	-	19,110	423,404
Capital projects	-	-	4,016,486	-	-	4,016,486
Drug Fund	-	-	-	-	184,245	184,245
State street aid	-	-	-	-	3,392,496	3,392,496
Sanitation	-	-	-	-	2,186,057	2,186,057
Economic development and tourism	-	-	-	-	889,878	889,878
Committed	-	22,074,194	796,745	4,487,989	6,957,302	34,316,230
Unassigned	41,220,259	-	-	-	-	41,220,259
<b>Total fund balances</b>	<b>41,629,586</b>	<b>22,074,194</b>	<b>5,149,328</b>	<b>4,487,989</b>	<b>13,740,137</b>	<b>87,081,234</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 55,500,636</b>	<b>\$ 22,535,461</b>	<b>\$ 7,415,995</b>	<b>\$ 6,111,184</b>	<b>\$ 17,110,055</b>	<b>\$ 108,673,331</b>

**City of Cookeville, Tennessee**  
 Reconciliation of the Balance Sheet of  
 Governmental Funds to the Statement of Net Position  
 For the Year Ended June 30, 2025

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

Total governmental fund balances		\$ 87,081,234
Capital assets of \$173,532,763 net of accumulated depreciation of \$76,046,448, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		97,486,315
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	\$ 10,877,122	
Deferred outflows - OPEB related	4,731,897	
Deferred inflows - pension related	(1,578,197)	
Deferred inflows - OPEB related	<u>(14,987,678)</u>	(956,856)
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		3,968,064
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.		2,273,186
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	(34,780,000)	
Compensated absences	(2,626,043)	
SBITA	(1,007,799)	
Accrued interest payable on long-term debt	(98,535)	
Net pension liabilities	(5,694,126)	
OPEB liability	<u>(15,624,184)</u>	(59,830,687)
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	(2,218,469)	
Deferred inflows - gain on refunding	<u>(70,827)</u>	(2,289,296)
Net position of governmental activities		<b>\$ 127,731,960</b>

**City of Cookeville, Tennessee**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2025

	General	Debt service	Capital projects	Transportation	Other governmental	Total governmental
<b>Revenues</b>						
Taxes	\$ 32,796,531	\$ 254,931	\$ -	\$ 1,592,601	\$ 2,963,422	\$ 37,607,485
Licenses and permits	1,145,564	-	-	-	-	1,145,564
Fines and forfeitures	142,526	-	-	-	72,541	215,067
Charges for services	543,666	-	-	-	2,679,251	3,222,917
Intergovernmental	1,793,539	4,396,643	648,977	-	1,588,526	8,427,685
Uses of money and property	2,161,196	972,166	243,860	203,591	676,052	4,256,865
Other	569,056	26,172	5,350	-	563,185	1,163,763
Total revenues	<u>39,152,078</u>	<u>5,649,912</u>	<u>898,187</u>	<u>1,796,192</u>	<u>8,542,977</u>	<u>56,039,346</u>
<b>Expenditures</b>						
Current						
General government	4,680,278	2,694	385	179	-	4,683,536
Public safety	18,770,673	-	-	-	643,768	19,414,441
Community development	1,433,730	-	-	-	-	1,433,730
Parks and maintenance	1,977,068	-	-	-	-	1,977,068
Public works	4,803,426	-	-	95,493	4,921,574	9,820,493
Culture and recreation	2,520,901	-	-	-	48,067	2,568,968
Community support	911,200	-	-	-	500,000	1,411,200
Economic development	-	-	-	-	6,211	6,211
Debt service						
Principal	251,950	2,835,000	-	-	-	3,086,950
Interest	-	1,050,368	-	-	-	1,050,368
Issuance costs	-	-	139,387	-	-	139,387
Capital outlay	6,435,019	-	12,187,684	22,035	2,494,271	21,139,009
Total expenditures	<u>41,784,245</u>	<u>3,888,062</u>	<u>12,327,456</u>	<u>117,707</u>	<u>8,613,891</u>	<u>66,731,361</u>
Excess (deficiency) of revenues over expenditures	(2,632,167)	1,761,850	(11,429,269)	1,678,485	(70,914)	(10,692,015)
<b>Other Financing Sources (Uses)</b>						
Transfers in	1,945,536	842,551	250,000	-	1,174,500	4,212,587
Transfers out	(1,424,500)	-	-	(842,551)	(125,450)	(2,392,501)
Bonds issued	-	-	9,475,000	-	-	9,475,000
Premium on bonds issued	-	-	516,648	-	-	516,648
SBITA issued	1,259,749	-	-	-	-	1,259,749
Insurance proceeds	26,575	-	-	-	-	26,575
Sale of capital assets	48,144	-	-	-	14,550	62,694
Total other financing sources (uses)	<u>1,855,504</u>	<u>842,551</u>	<u>10,241,648</u>	<u>(842,551)</u>	<u>1,063,600</u>	<u>13,160,752</u>
Net change in fund balances	(776,663)	2,604,401	(1,187,621)	835,934	992,686	2,468,737
Fund balances, beginning of year	<u>42,406,249</u>	<u>19,469,793</u>	<u>6,336,949</u>	<u>3,652,055</u>	<u>12,747,451</u>	<u>84,612,497</u>
Fund balances, end of year	<b>\$ 41,629,586</b>	<b>\$ 22,074,194</b>	<b>\$ 5,149,328</b>	<b>\$ 4,487,989</b>	<b>\$ 13,740,137</b>	<b>\$ 87,081,234</b>

**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, 2025

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

Net change in fund balances, total governmental funds		\$ 2,468,737
<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>		
		14,894,013
<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		50,563
<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	\$ 856,449	
(Gain) loss on sale of assets	<u>(47,669)</u>	808,780
<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>		
Issuance of bonds	(9,475,000)	
Premium	(516,648)	
SBITA issued	(1,259,749)	
Principal paid on bonds, notes, and SBITAs	<u>3,086,950</u>	(8,164,447)
<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>		
		46,260
<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	(27,328)	
Amortization of bond premiums and discounts and deferred amounts of refunding	219,726	
Compensated absences	34,604	
Changes in pension assets and liabilities and related deferred outflows and inflows of resources	(856,982)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>1,347,625</u>	717,645
Change in net position of governmental activities		<b>\$ 10,821,551</b>

**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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
Property taxes current	\$ 7,456,550	\$ 7,456,550	\$ 7,612,637	\$ 156,087
Property taxes delinquent	145,000	145,000	187,625	42,625
Property taxes penalty and interest	35,000	35,000	53,937	18,937
PILOT Highlands Residential	40,000	40,000	73,966	33,966
PILOT Laurel Creek	800	800	1,495	695
PILOT Academy LTD	70,000	70,000	74,463	4,463
PILOT Ficosa North America	62,500	62,500	79,229	16,729
PILOT Automation Tool Company	6,890	6,890	6,890	-
PILOT TTI Floor Care	-	60,125	70,982	10,857
PILOT Cookeville Regional MC	700,000	700,000	700,000	-
Local option sales tax	20,077,700	20,077,700	20,081,168	3,468
Wholesale beer tax	1,100,000	1,100,000	1,100,864	864
Wholesale liquor tax	550,000	550,000	539,389	(10,611)
Business tax	1,791,715	1,791,715	1,996,304	204,589
Cable TV franchise tax	247,000	247,000	217,582	(29,418)
Licenses and permits				
Beer permits	3,893	3,893	5,550	1,657
Beer license	12,568	12,568	13,501	933
Liquor license	36,057	36,057	54,438	18,381
Building permits	475,000	475,000	635,287	160,287
Electrical permits	118,750	118,750	136,084	17,334
Plumbing permits	52,250	52,250	66,760	14,510
Mechanical permits	61,750	61,750	75,250	13,500
Plan review fees	104,500	104,500	85,981	(18,519)
Fireworks permits	11,657	11,657	17,500	5,843
Miscellaneous permits	37,126	37,126	55,213	18,087
Intergovernmental revenues				
State excise tax	175,158	175,158	226,309	51,151
State income tax	-	-	174	174
State beer tax	16,027	16,027	14,663	(1,364)
Mixed drink tax	250,000	250,000	279,147	29,147
Gasoline inspection fee	63,761	63,761	63,601	(160)
Telecommunications sales tax	55,000	55,000	56,574	1,574
TVA in-lieu tax	425,072	425,072	423,288	(1,784)
State sports gaming	62,716	62,716	78,215	15,499
Training supplement	112,800	167,800	156,000	(11,800)
State opioid settlement	100,000	125,000	123,953	(1,047)
State direct appropriation grant	-	-	-	-
Grants-other	617,273	817,607	371,615	(445,992)
Fines, forfeitures, and penalties				
Court fines and fees	178,055	178,055	127,996	(50,059)
Parking violations	1,799	1,799	94	(1,705)
Other	20,864	20,864	14,436	(6,428)
Charges for services				
Clerk's fee	14,895	14,895	200,017	185,122
Recreation concessions	58,164	58,164	98,030	39,866
Recreational rentals/admissions	122,318	122,318	186,336	64,018
Day camp fees	50,309	50,309	59,283	8,974
Miscellaneous				
Uses of money and property	875,100	1,875,100	2,161,196	286,096
Contributions	2,500	2,500	4,598	2,098
Admin charges to other funds	488,200	488,200	490,560	2,360
Other	38,552	38,552	73,898	35,346
Total revenues	<u>36,925,269</u>	<u>38,265,728</u>	<u>39,152,078</u>	<u>886,350</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, 2025

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
<b>Expenditures</b>				
General government				
Salaries and wages	2,029,000	2,029,000	1,920,791	108,209
Payroll taxes and fringes	881,130	881,130	791,019	90,111
Contractual services	356,250	356,250	370,105	(13,855)
Utilities	1,170,000	1,170,000	1,022,731	147,269
Supplies and maintenance	781,950	531,950	363,785	168,165
Fixed charges	41,000	41,000	30,811	10,189
Grants and contributions	100,000	125,000	123,953	1,047
Miscellaneous	47,100	47,100	57,083	(9,983)
Public safety - police				
Salaries and wages	7,360,000	7,566,148	7,169,802	396,346
Payroll taxes and fringes	3,258,630	3,269,930	2,909,828	360,102
Supplies and maintenance	1,399,050	1,399,050	1,257,580	141,470
Fixed charges	246,000	246,000	196,855	49,145
Miscellaneous	20,000	60,052	70,774	(10,722)
Public safety - fire				
Salaries and wages	4,635,200	4,635,200	4,470,415	164,785
Payroll taxes and fringes	2,198,306	2,198,306	2,070,721	127,585
Supplies and maintenance	530,300	592,634	574,018	18,616
Fixed charges	133,000	133,000	48,758	84,242
Miscellaneous	5,000	5,000	1,922	3,078
Community development				
Salaries and wages	984,000	984,000	968,403	15,597
Payroll taxes and fringes	411,760	411,760	404,848	6,912
Supplies and maintenance	125,800	125,800	51,044	74,756
Fixed charges	17,600	17,600	4,990	12,610
Miscellaneous	5,700	5,700	4,445	1,255
Parks and maintenance				
Salaries and wages	1,246,750	1,246,750	1,091,236	155,514
Payroll taxes and fringes	454,860	454,860	402,231	52,629
Supplies and maintenance	397,600	535,600	464,957	70,643
Fixed charges	31,000	31,000	17,968	13,032
Miscellaneous	500	500	676	(176)
Public works				
Salaries and wages	2,831,000	2,831,000	2,606,029	224,971
Payroll taxes and fringes	1,320,500	1,320,500	1,155,432	165,068
Supplies and maintenance	873,250	1,063,250	977,472	85,778
Fixed charges	107,400	107,400	43,370	64,030
Miscellaneous	25,750	25,750	21,123	4,627
Debt service - SBITA principal	252,000	252,000	251,950	50
Capital outlay	4,882,000	6,920,135	6,435,019	485,116
Culture and recreation				
Salaries and wages	1,603,550	1,628,550	1,506,228	122,322
Payroll taxes and fringes	602,450	604,400	533,139	71,261
Supplies and maintenance	486,145	527,145	393,328	133,817
Fixed charges	61,900	61,900	40,303	21,597
Miscellaneous	35,700	35,700	47,903	(12,203)

*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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures</b>				
Community support - non-profit contributions				
Putnam County Library	407,451	407,451	407,451	-
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	-
WCTE Public Television	12,500	12,500	12,500	-
Operation CityScape	50,000	50,000	50,000	-
Genesis House, Inc.	12,000	12,000	12,000	-
Putnam Educational	7,500	7,500	7,500	-
Kids Putnam, Inc.	6,000	6,000	6,000	-
Cookeville - PC Clean Commission	5,000	5,000	5,000	-
Helping Hands of Putnam County	15,000	15,000	15,000	-
Cookeville Senior Citizens	65,000	65,000	65,000	-
UC Family Justice Center	15,000	15,000	15,000	-
UC Child Advocacy Center	6,000	6,000	6,000	-
TN Central Heritage Rail Trail	10,450	10,450	10,450	-
Thirteenth Judicial District Recovery Courts	7,500	7,500	7,500	-
El Puente	5,000	5,000	5,000	-
Exceptional Bean	4,000	4,000	4,000	-
Mana Hana's Riding Center	2,500	2,500	2,500	-
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	-
Snug as a Bug Foundation	2,500	2,500	2,500	-
Cookeville Regional Foundation - Comm Health Fund	10,000	10,000	10,000	-
<b>Total expenditures</b>	<b>42,860,331</b>	<b>45,389,250</b>	<b>41,784,245</b>	<b>3,605,005</b>
Excess (deficiency) of revenues over expenditures	(5,935,062)	(7,123,522)	(2,632,167)	4,491,355
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,912,739	1,912,739	1,945,536	32,797
Transfers out	(1,424,500)	(1,424,500)	(1,424,500)	-
SBITA issued	-	-	1,259,749	1,259,749
Insurance proceeds	-	21,575	26,575	5,000
Sale of capital assets	-	-	48,144	48,144
<b>Total other financing sources (uses)</b>	<b>488,239</b>	<b>509,814</b>	<b>1,855,504</b>	<b>1,345,690</b>
<b>Net change in fund balance</b>	<b>(5,446,823)</b>	<b>(6,613,708)</b>	<b>(776,663)</b>	<b>5,837,045</b>
Fund balance, beginning of year	42,406,249	42,406,249	42,406,249	-
<b>Fund balance, end of year</b>	<b>\$ 36,959,426</b>	<b>\$ 35,792,541</b>	<b>\$ 41,629,586</b>	<b>\$ 5,837,045</b>

**City of Cookeville, Tennessee**

Statement of Net Position

Proprietary Funds

June 30, 2025

	<b>Business-type Activities - Enterprise funds</b>			<b>Governmental Activities - Internal service funds</b>
	<b>Energy department</b>	<b>Water quality control department</b>	<b>Total</b>	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 49,324,441	\$ 20,986,121	\$ 70,310,562	\$ 3,456,777
Receivables				
Accounts, net	8,735,269	3,532,317	12,267,586	-
Due from other funds	107,755	507,312	615,067	35,753
Other	-	-	-	16,518
Unbilled utility revenues	-	-	-	-
Inventories	2,438,690	1,901,615	4,340,305	-
Prepaid expenses and other current assets	352,543	-	352,543	-
Restricted cash and cash equivalents	<u>1,064,724</u>	<u>72,925</u>	<u>1,137,649</u>	<u>40,133</u>
Total current assets	62,023,422	27,000,290	89,023,712	3,549,181
Noncurrent assets				
Capital assets, net of accumulated depreciation	62,057,993	109,615,157	171,673,150	300,171
Net pension asset	19,572	7,558	27,130	-
Other assets	<u>83,335</u>	<u>-</u>	<u>83,335</u>	<u>-</u>
Total noncurrent assets	<u>62,160,900</u>	<u>109,622,715</u>	<u>171,783,615</u>	<u>300,171</u>
Total assets	124,184,322	136,623,005	260,807,327	3,849,352
<b>Deferred Outflows of Resources</b>				
Pension related items	3,158,602	2,112,083	5,270,685	451,877
OPEB related items	585,125	178,080	763,205	117,665
Other items	<u>-</u>	<u>459,138</u>	<u>459,138</u>	<u>-</u>
Total deferred outflows of resources	3,743,727	2,749,301	6,493,028	569,542
<b>Liabilities</b>				
Current liabilities				
Accounts payable and other payables	5,866,297	2,048,921	7,915,218	34,487
Due to other funds	245,325	94,799	340,124	188,017
Unearned revenues	45,333	-	45,333	3,274
Other current liabilities	46,286	-	46,286	-
Long-term debt, current maturities	<u>300,000</u>	<u>231,072</u>	<u>531,072</u>	<u>54,948</u>
Total current liabilities	6,503,241	2,374,792	8,878,033	280,726
Noncurrent liabilities				
Customer deposits	-	-	-	16,888
TVA heat pump notes payable	72,949	-	72,949	-
Compensated absences	885,446	760,320	1,645,766	92,962
Other noncurrent liabilities	606,962	-	606,962	-
Long-term debt, net of current maturities	300,000	15,009,221	15,309,221	174,002
Net pension liability	237,060	8,273	245,333	131,186
OPEB liability	<u>4,529,114</u>	<u>2,307,146</u>	<u>6,836,260</u>	<u>667,626</u>
Total noncurrent liabilities	<u>6,631,531</u>	<u>18,084,960</u>	<u>24,716,491</u>	<u>1,082,664</u>
Total liabilities	13,134,772	20,459,752	33,594,524	1,363,390
<b>Deferred Inflows of Resources</b>				
Pension related items	149,303	425,646	574,949	14,698
OPEB related items	402,434	788,120	1,190,554	433,128
Gain on debt refunding	<u>15,272</u>	<u>-</u>	<u>15,272</u>	<u>-</u>
Total deferred inflows of resources	567,009	1,213,766	1,780,775	447,826
<b>Net Position</b>				
Net investment in capital assets	61,442,721	93,234,892	154,677,613	71,221
Restricted	66,308	80,483	146,791	25,383
Unrestricted	<u>52,717,239</u>	<u>24,383,413</u>	<u>77,100,652</u>	<u>2,511,074</u>
Total net position	<b>\$ 114,226,268</b>	<b>\$ 117,698,788</b>	231,925,056	<b>\$ 2,607,678</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>279,397</u>	
Net position of business-type activities			<b>\$ 232,204,453</b>	

**City of Cookeville, Tennessee**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise funds			Governmental Activities - Internal service funds
	Energy department	Water quality control department	Total	
<b>Operating Revenues</b>				
Charges for services	\$ 77,762,510	\$ 25,566,137	\$ 103,328,647	\$ 8,681,278
Other revenues from operations	<u>1,594,067</u>	<u>1,368,591</u>	<u>2,962,658</u>	<u>586</u>
Total operating revenues	79,356,577	26,934,728	106,291,305	8,681,864
<b>Operating Expenses</b>				
Purchased electricity and gas	58,774,765	-	58,774,765	-
Operations	5,781,689	5,725,595	11,507,284	1,573,691
General and administrative	2,764,673	4,673,426	7,438,099	6,990,847
Maintenance	1,980,807	1,020,988	3,001,795	69,695
Utilities	-	2,537,308	2,537,308	-
Claims, net of rebates	-	-	-	50,749
Depreciation and amortization	<u>3,781,015</u>	<u>4,494,639</u>	<u>8,275,654</u>	<u>28,173</u>
Total operating expenses	73,082,949	18,451,956	91,534,905	8,713,155
Operating income (loss)	6,273,628	8,482,772	14,756,400	(31,291)
Nonoperating revenues (expenses)				
Uses of money and property	2,266,065	982,200	3,248,265	148,496
Capital grants	-	5,211,313	5,211,313	-
Gain on sale of property and equipment	-	-	-	12,849
Interest expense	<u>(7,500)</u>	<u>(199,671)</u>	<u>(207,171)</u>	<u>-</u>
Total nonoperating revenues (expenses)	2,258,565	5,993,842	8,252,407	161,345
Income (loss) before transfers	8,532,193	14,476,614	23,008,807	130,054
Capital contributions	-	50,000	50,000	-
Transfers out	(1,523,601)	(296,485)	(1,820,086)	-
Change in net position	7,008,592	14,230,129	21,238,721	130,054
Net position, beginning of year	107,499,412	103,912,342	211,411,754	2,520,968
Change in accounting principle	<u>(281,736)</u>	<u>(443,683)</u>	<u>(725,419)</u>	<u>(43,344)</u>
Net position, beginning of year, as restated	<u>107,217,676</u>	<u>103,468,659</u>	<u>210,686,335</u>	<u>2,477,624</u>
Net position, end of year	<b>\$ 114,226,268</b>	<b>\$ 117,698,788</b>	<b>\$ 231,925,056</b>	<b>\$ 2,607,678</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>99,719</u>	
Change in net position of business-type activities			<b>\$ 21,338,440</b>	

**City of Cookeville, Tennessee**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2025

	<b>Business-type Activities - Enterprise funds</b>			<b>Governmental</b>
	<b>Energy department</b>	<b>Water quality control department</b>	<b>Total</b>	<b>Activities - Internal service funds</b>
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 78,637,212	\$ 26,547,527	\$ 105,184,739	\$ 8,878,186
Cash paid to suppliers for goods and services	(61,885,628)	(10,153,800)	(72,039,428)	(609,410)
Cash paid to employees for services	(5,936,553)	(4,464,585)	(10,401,138)	(1,056,989)
Cash paid for claims	-	-	-	(6,947,962)
Cash received from (paid to) other City funds	437,468	(363,426)	74,042	(368,804)
Net cash provided (used) by operating activities	<u>11,252,499</u>	<u>11,565,716</u>	<u>22,818,215</u>	<u>(104,979)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers out	(1,523,601)	(296,485)	(1,820,086)	-
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	(7,390,141)	(17,148,901)	(24,539,042)	-
Capital grants	-	5,235,547	5,235,547	-
Proceeds from sales of equipment	-	-	-	12,849
Proceeds from issuance of debt	-	2,707,647	2,707,647	-
Payments on SBITA	-	-	-	(54,948)
Principal payments on debt	(300,000)	(224,989)	(524,989)	-
Interest payments on debt	(7,500)	(199,671)	(207,171)	-
Net cash provided (used) by capital and related financing activities	<u>(7,697,641)</u>	<u>(9,630,367)</u>	<u>(17,328,008)</u>	<u>(42,099)</u>
<b>Cash flows from investing activities</b>				
Interest received	2,211,111	982,200	3,193,311	148,496
Net change in cash and cash equivalents	4,242,368	2,621,064	6,863,432	1,418
Cash and cash equivalents, beginning of year	46,146,797	18,437,982	64,584,779	3,495,492
Cash and cash equivalents, end of year	<b>\$ 50,389,165</b>	<b>\$ 21,059,046</b>	<b>\$ 71,448,211</b>	<b>\$ 3,496,910</b>
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	\$ 49,324,441	\$ 20,986,121	\$ 70,310,562	\$ 3,456,777
Restricted cash and cash equivalents	1,064,724	72,925	1,137,649	40,133
	<b>\$ 50,389,165</b>	<b>\$ 21,059,046</b>	<b>\$ 71,448,211</b>	<b>\$ 3,496,910</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 6,273,628	\$ 8,482,772	\$ 14,756,400	\$ (31,291)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,765,742	4,494,639	8,260,381	90,899
Change in:				
Accounts receivable, net	(718,790)	(387,201)	(1,105,991)	245,914
Inventories	362,580	(672,105)	(309,525)	-
Due from other City funds	347,780	(383,262)	(35,482)	19,788
Prepaid expenses and other current assets	(16,352)	5,000	(11,352)	-
TVA heat pump notes receivable	27,398	-	27,398	-
Accounts payable and other payables	404,642	(97,351)	307,291	(5,441)
Accrued expenses	-	(44,643)	(44,643)	-
Due to other City funds	89,688	19,836	109,524	(388,592)
Other current liabilities	1,764	10,772	12,536	(49,592)
Compensated absences	234,491	(41,653)	192,838	1,765
TVA heat pump notes payable	(27,973)	-	(27,973)	-
Net pension and OPEB assets and liabilities	861,167	107,879	969,046	(184,456)
Deferred outflows of resources related to pensions and OPEB	(777,598)	(238,861)	(1,016,459)	152,389
Deferred inflows of resources related to pensions and OPEB	294,539	309,894	604,433	43,638
Customer deposits and other noncurrent liabilities	129,793	-	129,793	-
Net cash provided (used) by operating activities	<b>\$ 11,252,499</b>	<b>\$ 11,565,716</b>	<b>\$ 22,818,215</b>	<b>\$ (104,979)</b>
<b>Supplemental disclosure of noncash operating activities</b>				
Contributions of capital assets	\$ -	\$ 50,000	\$ 50,000	\$ -
Acquisition of inventory with accounts payable	\$ 550,198	\$ 1,599,110	\$ 2,149,308	\$ -

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**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 289-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, 2025

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**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 64), as audited by other auditors.

The City has recorded \$700,000 in payments in lieu of taxes and \$3,182,373 for utilities services from the Medical Center during the year ended June 30, 2025.

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, 2025

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**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, 2025

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**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 general improvement bond 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 and/or property taxes. Budgetary restriction is achieved through the bond issues and grant restrictions.

Transportation – The transportation capital projects 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, 2025

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**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 2025 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 \$29,000 for the year ended June 30, 2025.

**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 \$6,203,000 as of June 30, 2025.

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**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, 2025

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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 vacation and sick leave. Upon retirement, an employee will receive pay for only one-half of accumulated sick leave. Earned vacation time can be accrued up to certain maximums, based upon years of service. As of June 30, 2025, the liability for accrued leave is approximately \$4,272,000.

Compensated absences for accrued vacation and sick leave and a 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.

**Subscription-Based Information Technology Arrangements**

SBITA right-to-use assets and liabilities are recognized upon the commencement of the contract term in relation to contracts in which the City is contracting for the right to use this type of asset. These assets include all subscription-based software contracts including cloud-based software contracts. These are measured at the present value of payments expected to be made by the City during the contract term in addition to certain other costs related to the assets. The interest rate utilized to calculate the present value of lease payments is calculated annually and represents the weighted cost of debt.

**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.

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**Note 1. Summary of Significant Accounting Policies**

**Net Position and Fund Balances**

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.

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, 2025

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**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, 2025.

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, 2025. 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 \$10,450 to the Rail Trail Authority for the year ended June 30, 2025.

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 \$407,451 to the Putnam County Library for the year ended June 30, 2025.

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, 2025

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**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 \$439,000 for the year ended June 30, 2025.

**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.

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**Note 1. Summary of Significant Accounting Policies**

**Change in Accounting Principle**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which revises the recognition and measurement guidance for compensated absences. Effective for financial statements for periods beginning after December 15, 2023, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Additionally, that objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previous required disclosures. As a result of implementing GASB Statement No. 101, beginning net position adjustments of (\$1,316,937) for the governmental activities and (\$816,616) for the business type activities have been presented to reflect the implementation of this standard.

**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, 2025

**Note 3. Interfund Balances and Transactions**

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

	<b>Interfund receivable</b>	<b>Interfund payable</b>
<b>Governmental activities</b>		
General	\$ 353,017	\$ 503,020
Debt service	6,639	-
Capital projects	-	12,126
Transportation	31,877	-
Nonmajor	45,970	45,036
Internal service fund elimination	(3,987)	-
	<u>433,516</u>	<u>560,182</u>
Net governmental activities payable		<b>\$ 126,666</b>
<b>Business-type activities</b>		
Energy department	\$ 107,755	\$ 245,325
Water quality control department	507,312	94,799
Internal service fund elimination	(148,277)	-
	<u>466,790</u>	<u>340,124</u>
Net business-type activities receivable	<b>\$ 126,666</b>	

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

	<b>Transfers in</b>	<b>Transfers out</b>
<b>Governmental activities</b>		
General	\$ 1,945,536	\$ 1,424,500
Debt service	842,551	-
Capital projects	250,000	-
Transportation	-	842,551
Nonmajor	1,174,500	125,450
	<u>4,212,587</u>	<u>2,392,501</u>
Net governmental activities transfers	<b>\$ 1,820,086</b>	
<b>Business-type activities</b>		
Energy department	\$ -	\$ 1,523,601
Water quality control department	-	296,485
Net business-type activities transfers		<b>\$ 1,820,086</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

**Note 4. Capital Assets**

Capital assets activity for the year was as follows:

	<b>Beginning balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance</b>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 20,704,646	\$ 3,892,560	\$ -	\$ 24,597,206
Construction in progress	3,150,497	13,658,334	(743,576)	16,065,255
Total capital assets not being depreciated	23,855,143	17,550,894	(743,576)	40,662,461
Capital assets being depreciated				
Buildings and structures	28,726,446	-	-	28,726,446
Improvements other than buildings	5,245,825	754,976	-	6,000,801
Vehicles	17,316,933	1,557,018	(573,115)	18,300,836
Machinery and equipment	9,555,169	959,618	(67,173)	10,447,614
Software	341,449	69,075	-	410,524
SBITA asset	-	1,259,749	-	1,259,749
Infrastructure	67,249,621	502,116	(27,405)	67,724,332
Total capital assets being depreciated	128,435,443	5,102,552	(667,693)	132,870,302
Less: accumulated depreciation				
Buildings and structures	(7,180,218)	(583,340)	-	(7,763,558)
Improvements other than buildings	(2,803,870)	(265,540)	-	(3,069,410)
Vehicles	(12,314,739)	(1,448,249)	436,756	(13,326,232)
Machinery and equipment	(5,347,388)	(1,319,650)	67,173	(6,599,865)
Software	(295,870)	(18,307)	-	(314,177)
SBITA asset	-	(251,950)	-	(251,950)
Infrastructure	(42,604,619)	(2,144,042)	27,405	(44,721,256)
Total accumulated depreciation	(70,546,704)	(6,031,078)	531,334	(76,046,448)
Governmental activities capital assets, net	<b>\$ 81,743,882</b>	<b>\$ 16,622,368</b>	<b>\$ (879,935)</b>	<b>\$ 97,486,315</b>

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

General government	\$ 135,462
Community Development	495,354
Public safety	2,079,708
Public works	2,915,096
Parks and maintenance	50,916
Culture and recreation	354,551
Total depreciation expense, governmental activities	<b>\$ 6,031,078</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

Note 4. **Capital Assets**

	<b>Beginning balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance</b>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 4,216,455	\$ 1,154,202	\$ -	\$ 5,370,657
Water rights	4,889,052	-	-	4,889,052
Construction in progress	30,391,019	16,421,972	(9,179,705)	37,633,286
Total capital assets not being depreciated	39,496,526	17,576,174	(9,179,705)	47,892,995
Capital assets being depreciated				
Utility plant in service	222,234,960	16,793,927	(1,092,870)	237,936,017
Buildings, structures, and improvements	3,812,541	-	-	3,812,541
Machinery and equipment	17,883,237	1,140,003	(376,750)	18,646,490
Furniture and fixtures	535,839	-	(15,151)	520,688
SBITA asset	627,250	-	-	627,250
Plant acquisition adjustment	4,888,691	-	(379,750)	4,508,941
Total capital assets being depreciated	249,982,518	17,933,930	(1,864,521)	266,051,927
Less: accumulated depreciation				
Utility plant in service	(122,838,132)	(6,585,463)	950,622	(128,472,973)
Buildings, structures, and improvements	(3,314,197)	(84,268)	-	(3,398,465)
Machinery and equipment	(8,399,770)	(1,157,698)	351,442	(9,206,026)
Furniture and fixtures	(527,188)	(5,750)	15,151	(517,787)
SBITA asset	(313,625)	(62,725)	-	(376,350)
Total accumulated depreciation	(135,392,912)	(7,895,904)	1,317,215	(141,971,601)
Business type activities capital assets, net	<b>\$ 154,086,132</b>	<b>\$ 27,614,200</b>	<b>\$ (9,727,011)</b>	<b>\$ 171,973,321</b>

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

Energy department	\$ 3,781,015
Water quality control department	4,494,639
Total depreciation expense, business-type activities	<b>\$ 8,275,654</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

**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>
<b>Governmental activities</b>					
General obligation					
bonds	\$ 28,140,000	9,475,000	\$ (2,835,000)	\$ 34,780,000	\$ 3,515,000
Bond premiums	<u>1,909,566</u>	<u>516,648</u>	<u>(207,745)</u>	<u>2,218,469</u>	<u>-</u>
Total bonds	30,049,566	9,991,648	(3,042,745)	36,998,469	3,515,000
Compensated absences, as restated	2,658,883	114,315	(147,155)	2,626,043	525,209
SBITA liability	<u>-</u>	<u>1,259,749</u>	<u>(251,950)</u>	<u>1,007,799</u>	<u>251,950</u>
Total governmental activities	<b>\$ 32,708,449</b>	<b>\$ 11,434,787</b>	<b>\$ (3,441,810)</b>	<b>\$ 40,632,311</b>	<b>\$ 4,292,159</b>
<b>Business-type activities</b>					
General obligation					
bonds	\$ 900,000	\$ -	\$ (300,000)	\$ 600,000	\$ 300,000
Direct borrowing notes	<u>11,627,566</u>	<u>2,707,647</u>	<u>(113,184)</u>	<u>14,222,029</u>	<u>116,052</u>
Total bonds and notes	12,527,566	2,707,647	(413,184)	14,822,029	416,052
Compensated absences, as restated	1,451,163	225,518	(30,914)	1,645,767	329,153
SBITA liability	283,898	-	(54,948)	228,950	54,948
TVA heat pump notes	100,922	-	(22,973)	72,949	-
Water storage rights	<u>1,130,069</u>	<u>-</u>	<u>(111,805)</u>	<u>1,018,264</u>	<u>115,020</u>
Total business-type activities	<b>\$ 15,493,618</b>	<b>\$ 2,933,165</b>	<b>\$ (633,824)</b>	<b>\$ 17,787,959</b>	<b>\$ 915,173</b>

As a result of implementing GASB Statement No. 101, beginning compensated absences adjustments of \$1,316,937 for the governmental activities and \$816,616 for the business type activities have been presented to reflect the implementation of this standard. Beginning balances have been restated as follows:

	<b>Governmental activities</b>	<b>Business-type activities</b>
Compensated absences, beginning of year, as previously reported	\$ 1,341,946	\$ 634,547
Change in accounting principle	<u>1,316,937</u>	<u>816,616</u>
Compensated absences, beginning of year, as restated	<b>\$ 2,658,883</b>	<b>\$ 1,451,163</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

**Note 5. Long-term Liabilities**

*Governmental Activities*

In the current fiscal year, the City issued \$9,475,000 in general obligation bonds, series 2024, with interest rates of 4.00%-5.00% and annual installments of \$680,000 through 2030 and annual installments of \$675,000 through maturity during 2039, for purpose of financing the acquisition of property and facilities and equipment related to street improvements, and construction, installation, and equipping of several city buildings and facilities.

**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:

	<b>Original borrowing</b>	<b>Interest rates</b>	<b>Final maturity</b>	<b>Outstanding at year-end</b>
<b>Governmental activities</b>				
Series 2013	\$ 4,300,000	2.00% - 3.20%	2029	\$ 1,245,000
Series 2020	\$ 8,875,000	3.00%	2035	5,900,000
Refunding, Series 2021A	\$ 6,570,000	1.15% - 2.00%	2031	3,930,000
Series 2021B	\$ 9,175,000	2.00% - 3.00%	2035	6,550,000
Series 2022	\$ 9,650,000	4.00% - 5.00%	2037	7,680,000
Series 2024	\$ 9,475,000	4.00% - 5.00%	2039	<u>9,475,000</u>
Total governmental activities				<b>\$ 34,780,000</b>
<b>Business-type activities</b>				
Refunding, Series 2021C (Electric System)	\$ 1,505,000	1.00%	2027	\$ 600,000

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 \$697,652.

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 \$13,524,377.



**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**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:

<b>Year ended June 30,</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 115,020	\$ 29,275
2027	118,327	25,968
2028	121,729	22,566
2029	125,229	19,066
2030	128,829	15,466
2031-2033	<u>409,130</u>	<u>23,748</u>
<b>Totals</b>	<b>\$ 1,018,264</b>	<b>\$ 136,089</b>

**Subscription-Based Information Technology Arrangements (SBITAs)**

The City has SBITAs for certain technology systems. The most significant contracts are within its governmental activities for public safety cameras software in a contract that ends in fiscal year 2029. Its business-type activities also include contracts that are recorded for which additional disclosures are omitted as they are not material. There were no termination penalties, no material variable payments not included in the lease term, no commitments prior to the commencement of the SBITA contracts, and no impairments to subscription liabilities for the year ended June 30, 2025.

Principal and interest requirements on these SBITAs are as follows:

<b>Year ended June 30,</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 251,950	\$ -
2027	251,950	-
2028	251,950	-
2029	<u>251,949</u>	<u>-</u>
<b>Totals</b>	<b>\$ 1,007,779</b>	<b>\$ -</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

**Note 6. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources consist of the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Pension related items	\$ 11,328,999	\$ 5,270,685
OPEB related items	4,849,562	763,205
Other	<u>-</u>	<u>459,138</u>
	<b>\$ 16,178,561</b>	<b>\$ 6,493,028</b>

Deferred inflows of resources consist of the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Property taxes		
2025 estimated levy	\$ 12,622,530	\$ -
Debt refunding	70,827	15,272
Pension related items	1,592,895	574,949
OPEB related items	<u>15,420,806</u>	<u>1,190,554</u>
	<b>\$ 29,707,058</b>	<b>\$ 1,780,775</b>

**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, 2025, the two plans had the following balances reported in the financial statements:

	<b>TCRS Legacy</b>	<b>TCRS Hybrid</b>	<b>Total pension plans</b>
Total pension liabilities	\$ 143,317,503	\$ 1,825,708	\$ 145,143,211
Net pension assets	\$ 27,130	\$ -	\$ 27,130
Net pension liabilities	\$ 6,017,912	\$ 52,733	\$ 6,070,645
Government wide net pension liability	\$ 5,990,782	\$ 52,733	\$ 6,043,515
Deferred outflows of resources	\$ 15,926,124	\$ 673,560	\$ 16,599,684
Deferred inflows of resources	\$ 2,146,820	\$ 21,024	\$ 2,167,844
Pension expense (negative pension expense)	\$ 4,557,768	\$ 140,130	\$ 4,697,898

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**Note 7. Defined Benefit Pension Plans**

**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.

*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.

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**Note 7. Defined Benefit Pension Plans**

**General Information**

*Employees Covered by Benefit Terms*

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

*TCRS Legacy*

Inactive employees or beneficiaries currently receiving benefits	317
Inactive employees entitled to but not yet receiving benefits	218
Active employees	<u>270</u>
	<b>805</b>

*TCRS Hybrid*

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	105
Active employees	<u>180</u>
	<b>285</b>

The TCRS Legacy plan is closed to new entrants.

*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, 2025, the employer contributions for the City were \$2,941,588 based on a rate of 15.83% 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, 2025, the employer contributions by the City were \$292,321 based on a rate of 2.91% 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, animal control, and customer service funds and the energy and water quality control departments.

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**Note 7. Defined Benefit Pension Plans**

**Net Pension Liabilities (Assets)**

*Pension Liabilities (Assets)*

The City's net pension liabilities (assets) were measured as of June 30, 2024, 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, 2024 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.

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

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

<b>Asset class</b>	<b>Long-term expected real rate of return</b>	<b>Target allocation</b>
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%
		<hr/> <b>100%</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

**Note 7. Defined Benefit Pension Plans**

**Net Pension Liabilities (Assets)**

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.

**Changes in the Net Pension Liabilities (Assets)**

*TCRS Legacy*

	<b>Total pension liability (a)</b>	<b>Plan fiduciary net position (b)</b>	<b>Net pension liability (asset) (a)-(b)</b>
Balance, June 30, 2023	\$ 135,461,402	\$ 129,840,527	\$ 5,620,875
Service cost	1,619,899	-	1,619,899
Interest	9,001,249	-	9,001,249
Experience differences	4,693,874	-	4,693,874
Changes in assumptions	-	-	-
Contributions, employer	-	2,564,297	(2,564,297)
Contributions, employee	-	317	( 317)
Net investment income	-	12,433,983	(12,433,983)
Benefit payments, including refunds of employee contributions	(7,458,921)	(7,458,921)	-
Administrative expenses	-	(53,482)	53,482
Other changes	-	-	-
Net changes	<u>7,856,101</u>	<u>7,486,194</u>	<u>369,907</u>
Balance, June 30, 2024	<b>\$ 143,317,503</b>	<b>\$ 137,326,721</b>	<b>\$ 5,990,782</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

**Note 7. Defined Benefit Pension Plans**

**Changes in the Net Pension Liabilities (Assets)**

*TCRS Hybrid*

	<b>Total pension liability (a)</b>	<b>Plan fiduciary net position (b)</b>	<b>Net pension liability (asset) (a)-(b)</b>
Balance, June 30, 2023	\$ 1,113,167	\$ 1,032,531	\$ 80,636
Service cost	470,389	-	470,389
Interest	106,050	-	106,050
Experience differences	161,002	-	161,002
Changes in Assumptions	-	-	-
Contributions, employer	-	245,319	(245,319)
Contributions, employee	-	401,793	(401,793)
Net investment income	-	130,569	(130,569)
Benefit payments, including refunds of employee contributions	(24,900)	(24,900)	-
Administrative expenses	-	(12,337)	(12,337)
Net change	<u>712,541</u>	<u>740,444</u>	<u>(27,903)</u>
Balance, June 30, 2024	<b>\$ 1,825,708</b>	<b>\$ 1,772,975</b>	<b>\$ 52,733</b>

*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:

	<b>1% Decrease (5.75%)</b>	<b>Current rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
TCRS Legacy net pension liability (asset)	\$ 25,444,395	\$ 5,990,782	\$ (10,089,560)
TCRS Hybrid net pension liability (asset)	\$ 486,529	\$ 52,733	\$ (262,846)

**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, 2025, the City recognized pension expense (negative pension expense) of \$4,557,768 for the Legacy plan and \$140,130 for the Hybrid plan.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the Legacy pension plan from the following sources:

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

Note 7. **Defined Benefit Pension Plans**

**Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources Related to Pensions**  
*TCRS Legacy Plan*

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Differences between expected and actual experience	\$ 10,625,433	\$ 287,425
Net difference between projected and actual earnings on pension plan investments	-	1,859,395
Changes in assumptions	2,359,103	-
Contributions subsequent to the measurement date of June 30, 2024	<u>2,941,588</u>	<u>-</u>
	<b>\$ 15,926,124</b>	<b>\$ 2,146,820</b>

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:

<b>Year ended June 30,</b>	
2026	\$ 1,883,989
2027	6,313,793
2028	2,468,506
2029	171,428
2030	-
Thereafter	-

At June 30, 2025, 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*

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Differences between expected and actual experience	\$ 364,697	\$ -
Net difference between projected and actual earnings on pension plan investments	-	21,024
Changes in assumptions	16,542	-
Contributions subsequent to the measurement date of June 30, 2024	<u>292,321</u>	<u>-</u>
	<b>\$ 673,560</b>	<b>\$ 21,024</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**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:

<b>Year ended June 30,</b>		
2026	\$	43,239
2027		49,079
2028		49,619
2029		40,577
2030		48,635
Thereafter		138,066

The amounts shown in the tables above for "Contributions subsequent to the measurement date of June 30, 2024," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period. In the tables shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Payable to the Pension Plans**

At June 30, 2025, the City reported payables of \$300,927 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2025.

**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 2025 pension contributions. A summary of the pension-related activity follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Net pension assets	\$ -	\$ 27,130
Net pension liabilities	\$ 5,825,312	\$ 245,333
Deferred outflows	\$ 11,328,999	\$ 5,270,685
Deferred inflows	\$ 1,592,895	\$ 574,949

**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, 2025 for the fiscal year ended June 30, 2025.

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**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 fully 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, 2025, the following were covered by the benefit terms:

Active in valuation (with medical, dental, or life coverage)	347
Active employees with medical coverage	319
Active employees with dental coverage	327
Active employees with life insurance coverage	225
Retirees, beneficiaries, and spouses in valuation (with any benefit)	207
Retirees and beneficiaries with medical coverage	156
Spouses with medical coverage	62
Retirees and beneficiaries with dental coverage	167
Spouses with dental coverage	78
Retirees with life insurance coverage	162

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**Note 8. OPEB Plan**

**General Information about the OPEB Plan**

The City's total OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2025.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the July 1, 2025 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	4.81% per annum based on the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2025
Healthcare cost trend rates	
Medical	7.50% graded uniformly to 6.60% over 3 years and following the Getzen model thereafter to an ultimate rate of 4.04% in the year 2075 for pre-Medicare ages, and 4.00% per year for post-Medicare ages
Dental	4.00%
Mortality	
Pre-decrement	PUB-16 general headcount-weighted below median mortality tables with generational mortality using mortality improvement scale MP-2021
Post-decrement	PUB-16 general headcount-weighted below median mortality tables weighted 102% for males and 116% 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*

<b>Age</b>	<b>Unisex</b>
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, 2025

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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%	13.5%	11.0%	14.0%
61	15.0%	18.0%	13.0%	16.0%
62	20.0%	23.0%	18.0%	21.0%
63 – 64	17.5%	20.5%	16.0%	19.0%
65	24.0%	27.0%	22.0%	25.0%
66	18.5%	21.5%	19.0%	22.0%
67 – 68	16.0%	19.0%	19.0%	22.0%
69	16.5%	19.5%	19.0%	22.0%
70 – 74	18.0%	21.0%	19.0%	22.0%
75	100.0%	100.0%	100.0%	100.0%

*TCRS Local Government Withdrawal Rates – Estimated Experience*

Age	1 <sup>st</sup> year unisex	2 <sup>nd</sup> 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, 2025

**Note 8. OPEB Plan**

**Summary of Assumptions**

*Discount Rate*

The discount rate used to measure the total OPEB liability was 4.81%. 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, 2025.

The actuarial demographic assumptions used in the June 30, 2025 valuation were developed from results of an actuarial experience study of plan data as of July 1, 2025, 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) The discount rate is 4.81% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2025, compared to the prior discount rate of 4.13% based on the S&P 500 High Grade 20 Year Rate Index; (2) The medical trend assumption was updated to 7.50% grading uniformly to 6.60% over 3 years and following the Getzen model thereafter to an ultimate rate of 4.04% in 2075 for pre-Medicare ages, and 4.00% per year for post-Medicare ages, compared 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; (3) Mortality rates were updated to the Pub-16 General Below Median Headcount weighted tables with adjustments to match the 2024 TCRS experience study compared to the Pub-10 General Headcount weighted tables with adjustments to match the June 30, 2022 TCRS actuarial report; and (4) Retirement rates were updated to match the 2024 TCRS experience study.

**OPEB Liability**

The City's OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation as of that date.

	<b>Total OPEB liability (a)</b>	<b>Plan net position (b)</b>	<b>OPEB liability (a)-(b)</b>
Balance, July 1, 2024	\$ 30,646,023	\$ -	\$ 30,646,023
Service cost	606,278	-	606,278
Interest	1,248,964	-	1,248,964
Changes in benefit terms	-	-	-
Experience losses (gains)	(4,823,993)	-	(4,823,993)
Changes in assumptions	(3,538,170)	-	(3,538,170)
Contributions, employer	-	1,011,032	(1,011,032)
Contributions, employees	-	-	-
Net investment income	-	-	-
Benefits paid	<u>(1,011,032)</u>	<u>(1,011,032)</u>	<u>-</u>
Net change	<u>(7,517,953)</u>	<u>-</u>	<u>(7,517,953)</u>
Balance, June 30, 2025	<b>\$ 23,128,070</b>	<b>\$ -</b>	<b>\$ 23,128,070</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

**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:

	<b>1% Decrease in trend rates</b>	<b>Assumed trend rates</b>	<b>1% Increase in trend rates</b>
OPEB liability	\$ 20,240,764	\$ 23,128,070	\$ 26,728,492

**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:

	<b>1% Decrease (3.81%)</b>	<b>Current rate (4.81%)</b>	<b>1% Increase (5.81%)</b>
OPEB liability	\$ 26,100,940	\$ 23,128,070	\$ 20,641,911

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

*OPEB Expense*

For the fiscal year ended June 30, 2025, the City recognized negative OPEB expense as follows:

Service cost	\$ 354,341
Interest	730,510
Changes in benefits	-
Experience losses (gains)	-
Changes in assumptions	-
Amortization of or change in beginning balances	<u>(1,972,268)</u>
	<b>\$ (887,417)</b>

*Deferred Outflows of Resources and Deferred Inflows of Resources*

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

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Difference between expected and actual experience	\$ 2,953,132	\$ 5,479,664
Changes in assumptions	<u>2,659,635</u>	<u>11,131,696</u>
	<b>\$ 5,612,767</b>	<b>\$ 16,611,360</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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**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:

<b>Year ended June 30,</b>	
2026	\$ (2,215,552)
2027	(1,864,225)
2028	(3,450,383)
2029	(1,079,245)
2030	(1,194,595)
Thereafter	(1,194,593)

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, 2025, 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:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
OPEB liability	\$ 16,291,810	\$ 6,836,260
Deferred outflows	\$ 4,849,562	\$ 763,205
Deferred inflows	\$ 15,420,806	\$ 1,190,554

**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:

<b>Plan name</b>	<b>Plan administrator</b>	<b>Plan type</b>
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, 2025

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**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 \$501,996. 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, 2025**

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**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. 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, 2025 totaled approximately \$160,000 for general liability and \$232,000 for workers' compensation. Liabilities for claims incurred but not reported as of June 30, 2025 are not calculated by an actuary. The plan administrator reported claims payable of approximately \$245,000 as of June 30, 2025, 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.

**Note 12. Restatement of Beginning Net Position**

During the current fiscal year, the City implemented GASB Statement No. 101 (Statement 101), *Compensated Absences*. Statement 101 updates the recognition and measurement criteria for liabilities related to employee leave benefits, such as vacation and sick leave. Implementation of this standard resulted in an increase to its previously reported liabilities for compensated absences. Restatements were made to the City's compensated absences liabilities and net position as of July 1, 2024. The effect of the change in accounting principle on the City's net position was as follows:

	<b>Governmental activities</b>	<b>Business-type activities</b>
Net position, beginning of year, as previously reported	\$ 118,227,346	\$ 211,682,629
Change in accounting principle	<u>(1,316,937)</u>	<u>(816,616)</u>
Net position, beginning of year, as restated	<b>\$ 116,910,409</b>	<b>\$ 210,866,013</b>

**City of Cookeville, Tennessee**  
Notes to Financial Statements  
For the Year Ended June 30, 2025

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Note 12. **Restatement of Beginning Net Position**

	<b>Energy department</b>	<b>Water quality control department</b>
Net position, beginning of year, as previously reported	\$ 107,499,412	\$ 103,912,342
Change in accounting principle	<u>(281,736)</u>	<u>(443,683)</u>
Net position, beginning of year, as restated	<b>\$ 107,217,676</b>	<b>\$ 103,468,659</b>

Note 13. **Subsequent Events**

On October 22, 2025, the City conducted a competitive public sale of its \$10,525,000 General Obligation Bonds, Series 2025. The bonds were issued and delivered on November 21, 2025. No material events affecting the Bonds or the security for the Bonds have occurred between the date of issuance and the date of this report.

**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, 2025 and 2024*

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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 289-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, 2025 and 2024***

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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

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

*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

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institutions. Collateral requirements are not applicable for financial institutions that participate in 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, 2025, 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, 2025 and 2024, the Medical Center had \$2,056,237 and \$3,029,218, 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, 2025 and 2024*

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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 represent 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

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

*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

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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.

*Compensated Absences:* The Medical Center recognizes the cost of vacation, sick and other absences when earned and it is more likely than not that the earned leave will get paid out or settled through non-cash means. Paid days off are earned based on years of service. Sick leave is not paid out upon termination. As of June 30, 2025, management has recorded \$8,776,798 as the current portion of compensated absences estimated to be paid out over the next twelve-months in accrued salaries and related liabilities on the statement of net position. The medical Center recorded \$164,433 as the long-term portion of the liability.

*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 is 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

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

*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

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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 are 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, 2025, have 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. Non-exchange revenue, including grants and 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, were approximately \$1,071,000 and \$1,063,000 in 2025 and 2024, respectively.

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

*Implementation of Recently Issued Accounting Pronouncements:* In June 2022, GASB issued Statement No. 101. Compensated Absences. This standard updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. The requirements for this Statement are effective for fiscal years beginning after December 31, 2023. The Medical Center effectively implemented this Statement for the fiscal year ended June 30, 2024. This implementation did not result in a significant change to the Medical Center’s combined financial statements at June 30, 2025 and 2024.

**NOTE C--PATIENT ACCOUNTS RECEIVABLE**

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

	<b><i>2025</i></b>	<b><i>2024</i></b>
Gross patient accounts receivable	\$ 116,737,608	\$ 101,483,426
Less: Estimated allowance for uncollectible accounts	(66,832,224)	(59,425,182)
Patient accounts receivable, net	<u>\$ 49,905,384</u>	<u>\$ 42,058,244</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, 2025 and 2024, were as follows:

	<b><i>June 30,</i></b>	
	<b><i>2025</i></b>	<b><i>2024</i></b>
Medicare and Medicare Advantage	51%	53%
Medicaid/TennCare	6%	2%
Blue Cross and commercial	24%	25%
Patients, including self-insured	19%	20%
	<u>100%</u>	<u>100%</u>

**NOTE D--OTHER RECEIVABLES**

Other current and long-term receivables at June 30, 2025 and 2024, includes \$395,095 and \$1,628,193 and \$720,113 and \$534,383, 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

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

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:

	<b><i>2025</i></b>	<b><i>2024</i></b>
Medical and surgical supplies	\$ 9,267,419	\$ 8,889,780
General store supplies	111,191	281,559
Pharmacy and drugs	4,409,878	3,473,563
Dietary foods	56,085	57,790
	<b><u>\$ 13,844,573</u></b>	<b><u>\$ 12,702,692</u></b>

**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.

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

	<b><i>June 30,</i></b>	
	<b><i>2025</i></b>	<b><i>2024</i></b>
Carrying amount:		
Cash and cash equivalents	\$ 22,568,575	\$ 30,173,443
Investments	16,011,398	16,423,662
Total deposits and investments	<b><u>\$ 38,579,973</u></b>	<b><u>\$ 46,597,105</u></b>
Included in the following statements of net position captions:		
Cash and cash equivalents	\$ 12,568,575	\$ 20,173,443
Long-term investments	16,011,398	16,423,662
Assets internally designated for capital acquisition	10,000,000	10,000,000
	<b><u>\$ 38,579,973</u></b>	<b><u>\$ 46,597,105</u></b>

***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.

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

The distribution of the Medical Center’s cash and cash equivalents, investments, and assets limited as to use by maturity as of June 30, 2025, 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	\$ 16,011,398	\$ 3,334,885	\$ 2,527,343	\$ 5,011,652	\$ 5,137,519
Assets internally designated for capital acquisition	10,000,000	10,000,000	-	-	-
Cash and cash equivalents	12,568,575	12,568,575	-	-	-
Total	\$ 38,579,973	\$ 25,903,460	\$ 2,527,343	\$ 5,011,652	\$ 5,137,519

*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, 2025 and 2024, \$5,385,128 and \$5,597,219 of the Medical Center’s investments was backed by the full faith of the U.S. Government and \$10,626,270 and \$10,826,443 was invested in securities with a Moody’s Investment Service rating of AAA and Standard and Poor’s Rating Agency rating of AA+, respectively.

*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 deposit, and repurchase agreements. No more than \$1,500,000 may be invested in any one security. At June 30, 2025, no more than \$1,500,000 is invested in any one investment security. As of June 30, 2025 and 2024, 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:

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

	<b>2025</b>	<b>2024</b>
Interest income and net realized gains/losses	\$ 2,716,472	\$ 2,962,427
Unrealized gain (loss) on investments	144,167	213,385
	<b>\$ 2,860,639</b>	<b>\$ 3,175,812</b>

**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:

	<i>Balance at July 1, 2024</i>	<i>Additions</i>	<i>Retirements</i>	<i>Transfers</i>	<i>Balance at June 30, 2025</i>
<u>Capital assets not being depreciated:</u>					
Land	\$ 17,470,974	\$ -	\$ -	\$ -	\$ 17,470,974
Construction in progress	10,380,050	4,306,245	-	(9,225,046)	5,461,249
Total capital assets not being depreciated	27,851,024	4,306,245	-	(9,225,046)	22,932,223
<u>Capital assets being depreciated:</u>					
Land improvements	6,019,466	850	-	-	6,020,316
Building	208,836,932	5,591,713	-	8,884,063	223,312,708
Automobiles	371,804	-	-	-	371,804
Equipment	130,763,876	5,879,389	-	340,983	136,984,248
Total capital assets being depreciated	345,992,078	11,471,952	-	9,225,046	366,689,076
Less: accumulated depreciation:					
Land improvements	5,149,475	212,660	-	-	5,362,135
Building	107,045,599	5,529,803	-	-	112,575,402
Automobiles	351,649	18,303	-	-	369,952
Equipment	121,068,421	7,637,526	-	-	128,705,947
Total accumulated depreciation	233,615,144	13,398,292	-	-	247,013,436
Total capital assets being depreciated, net	112,376,934	(1,926,340)	-	9,225,046	119,675,640
<u>Capital assets being amortized:</u>					
Right-of-use lease assets - building	3,421,921	4,816,362	-	-	8,238,283
Right-of-use subscription assets	4,596,855	3,018,082	-	-	7,614,937
Total capital assets being amortized	8,018,776	7,834,444	-	-	15,853,220
Less: accumulated amortization:					
Right-of-use lease assets - building	2,115,838	877,347	-	-	2,993,185
Right-of-use subscription assets	1,725,655	1,820,999	-	-	3,546,654
Total accumulated amortization	3,841,493	2,698,346	-	-	6,539,839
Total capital assets being amortized, net	4,177,283	5,136,098	-	-	9,313,381
Total capital assets, net	<b>\$ 144,405,241</b>	<b>\$ 7,516,003</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 151,921,244</b>

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

	<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>
<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
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 - building	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 - building	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

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.

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

Construction in progress at June 30, 2025, consists of facility renovations and expansions. Estimated costs to complete the projects amounted to approximately \$16,000,000 at 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:

	<i>Balance at</i>			<i>Amounts Due</i>	
	<i>July 1, 2024</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at</i>	<i>Within</i>
				<i>June 30, 2025</i>	<i>One Year</i>
Series 2009 Bonds	\$ 19,231,396	\$ -	\$ (477,085)	\$ 18,754,311	\$ 1,479,875
Series 2010-A Bonds	4,446,885	-	(368,790)	4,078,095	1,143,953
Series 2010-B Bonds	6,003,547	-	(496,915)	5,506,632	1,541,384
Series 2010-C Bonds	18,538,500	-	(483,500)	18,055,000	1,490,500
	<u>\$ 48,220,328</u>	<u>\$ -</u>	<u>\$ (1,826,290)</u>	<u>\$ 46,394,038</u>	<u>\$ 5,655,712</u>

	<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>\$ 48,220,328</u>	<u>\$ 3,696,575</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.

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

Effective May 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 5.07% and 5.90% at June 30, 2025 and 2024, 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, 2040. Each Series requires semiannual principal reductions payable on each June 1<sup>st</sup> and December 1<sup>st</sup> and is 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, 2025, related to long-term debt are as follows:

<i>Year Ending June 30,</i>	<i>Bonds</i>	
	<i>Principal</i>	<i>Interest</i>
2026	\$ 5,655,712	\$ 2,210,905
2027	3,876,022	2,017,762
2028	3,968,404	1,820,002
2029	5,291,148	1,561,498
2030	2,171,913	1,428,864
2031 - 2035	11,614,669	5,152,275
2036 - 2040	13,816,170	1,996,048
<b>TOTAL</b>	<b>\$ 46,394,038</b>	<b>\$ 16,187,354</b>

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, or received a waiver related to, these covenants as of June 30, 2025.

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 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 was classified as a cash flow hedge, the Medical Center paid interest monthly at a fixed rate of 1.83% and received 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 were included in interest expense. The interest rate swap agreement was recorded at fair value, with fair value being determined based upon quoted year-end market rates. Changes in the fair value of the interest rate swap were recorded as either deferred inflows or deferred outflows in the statement of net position (deferred inflow as of June 30, 2024). The agreement terminated 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.

**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</i>			<i>Amounts Due</i>	
	<i>July 1, 2024</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at</i>	<i>Within</i>
				<i>June 30, 2025</i>	<i>One Year</i>
Building	\$ 1,333,185	\$ 4,816,362	\$ (889,017)	\$ 5,260,530	\$ 886,324

	<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>
Building	\$ 1,996,145	\$ 30,801	\$ (693,761)	\$ 1,333,185	\$ 700,106

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

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

*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

<i>Year Ending June 30,</i>	<i>Principal Payments</i>	<i>Interest Payments</i>	<i>Total</i>
2026	\$ 886,324	\$ 192,294	\$ 1,078,618
2027	537,811	169,689	707,500
2028	427,452	151,939	579,391
2029	414,590	134,544	549,134
2030	443,532	116,656	560,188
Thereafter	2,550,821	270,017	2,820,838
<b>TOTAL</b>	<b>\$ 5,260,530</b>	<b>\$ 1,035,139</b>	<b>\$ 6,295,669</b>

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. Additions are measured at the risk-free discount rate at the agreement 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, 2024</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at June 30, 2025</i>	<i>Amounts Due Within One Year</i>
Subscription liabilities	\$ 2,786,204	\$ 3,018,082	\$ (1,969,106)	\$ 3,835,180	\$ 1,665,585

	<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

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>
2026	\$ 1,665,585	\$ 119,880	\$ 1,785,465
2027	1,214,840	60,682	1,275,522
2028	517,612	27,755	545,367
2029	437,143	6,181	443,324
<b>TOTAL</b>	<b>\$ 3,835,180</b>	<b>\$ 214,498</b>	<b>\$ 4,049,678</b>

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

*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

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**NOTE K--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 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, 2025.

**COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY**  
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*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

On June 30, 2025 the Centers for Medicare and Medicaid Services gave final approval of Tennessee’s Hospital Improvement Program (HIP) for Fiscal Year 2025, a directed payment program funded by provider obligations and federal supplemental match that is designed to help close the gap between actual Medicaid reimbursement and the average commercial rate hospitals would be paid. As such, the Medical Center was awarded a gross amount of approximately \$49,863,000, with offsetting expenditures of \$15,225,000 for provider obligations and \$152,000 in administrative fees to the Tennessee Hospital Association.

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

	<i>June 30,</i>	
	<i>2025</i>	<i>2024</i>
Gross patient service revenue	\$ 1,443,482,005	\$ 1,343,250,378
Less: Provisions for contractual adjustments	(956,854,165)	(884,059,599)
Less: Provisions for bad debt	(29,849,748)	(26,971,132)
Less: Charity care	(3,933,244)	(3,645,476)
Net patient service revenue	<u>\$ 452,844,848</u>	<u>\$ 428,574,171</u>

The composition of gross revenue for patient services rendered for the years ended June 30, 2025 and 2024, were as follows:

	<i>Total</i>	<i>Ratio</i>
<b>2025</b>		
Medicare and Medicare Advantage	\$ 815,359,241	56%
Medicaid/TennCare	140,279,070	10%
Blue Cross and commercial	447,537,543	31%
Patients, including self-insured	40,306,151	3%
Total	<u>\$ 1,443,482,005</u>	<u>100%</u>
<b>2024</b>		
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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**(Cookeville Regional Medical Center and Affiliates)**

*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

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NOTE L--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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	687
Inactive employees entitled to but not yet receiving benefits	446
Active employees	185
Total employees	1,318

**COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY**  
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*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

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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 who 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, 2025 and 2024, the employer contributions for the Medical Center were \$2,703,772 and \$2,795,034, respectively, based on a rate of 18.21 percent 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, 2024, 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, 2024, 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.

The actuarial assumptions used in the June 30, 2024, 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.

**COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY**  
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*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

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 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>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>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, 2024	\$ 203,772,547	\$ 192,883,017	\$ 10,889,530
Changes for the year:			
Service Cost	1,407,220	-	1,407,220

**COOKEVILLE REGIONAL MEDICAL CENTER AUTHORITY**  
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*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

	<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>
Interest	13,563,399	-	13,563,399
Differences between expected and actual experience	394,131	-	394,131
Changes in Assumptions	-	-	-
Contributions – employer	-	2,795,034	(2,795,034)
Contributions – employees	-	234	(234)
Net investment income	-	18,549,746	(18,549,746)
Benefit payments, including refunds of employee contributions	(8,481,055)	(8,481,055)	-
Administrative expense	-	(54,225)	54,225
Other	-	-	-
Net Changes	6,883,695	12,809,734	(5,926,039)
Balance at June 30, 2025	\$ 210,656,242	\$ 205,692,751	\$ 4,963,491

*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)	\$ 30,962,727	\$ 4,963,491	\$ (16,818,576)

*Pension Expense:* For the year ended June 30, 2025, the Medical Center recognized negative pension expense of (\$1,611,677).

*Deferred Outflows of Resources and Deferred Inflows of Resources:* For the year ended June 30, 2025, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,769,673
Changes in assumptions	-	-
Contributions subsequent to the measurement date of June 30, 2024	2,703,772	-
Total	<u>\$ 2,703,772</u>	<u>\$ 1,769,673</u>

The amount shown above for “contributions subsequent to the measurement date of June 30, 2024,” 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>	
2026	\$ 202,166
2027	3,011,175
2028	(1,134,468)
2029	(1,144,774)
2030	-
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, 2025, the Medical Center reported a payable of \$260,196 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, 2025.

**NOTE M--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

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

*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

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pension plan until they terminate or lose full-time status. The Medical Center's special non-elective contributions to the Plan for these employees was \$105,934 and \$106,005 for the years ended June 30, 2025 and 2024, 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 non-elective contributions, to the Plan were \$3,471,585 and \$3,210,477 for the years ended June 30, 2025 and 2024, respectively. The Plan members' contributions to the Plan were \$2,795,034 and \$2,813,680 for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, the Medical Center reported a payable of \$192,365 and \$148,747, 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 \$154,000 and \$147,000, respectively, for the years ended June 30, 2025 and 2024.

**NOTE N--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 \$300,000 in the aggregate for all persons in any one accident, occurrence, or act) or the amount of insurance purchased by the governmental entity.

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

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, 2025, 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, 2025:

<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	\$ 2,720,562	\$ 20,932,437	\$ 20,841,139	\$ 2,811,860
Workers' compensation	875,193	872,384	658,587	1,088,990
Total	<u>\$ 3,595,755</u>	<u>\$ 21,804,821</u>	<u>\$ 21,499,726</u>	<u>\$ 3,900,850</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

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

*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

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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, 2025.

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 five reporting periods. The five-year term of the Medical Center's CIA has now concluded.

The Centers for Medicare and Medicaid Services (CMS) has 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 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, 2025 and 2024, 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.

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

*Notes to Financial Statements – Continued*

*Years Ended June 30, 2025 and 2024*

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NOTE O--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, 2025, are as follows:

<u>Year Ending June 30,</u>	
2026	\$ 8,548,976
2027	4,189,126
2028	2,134,923
2029	181,885
	<u>\$ 15,054,910</u>

NOTE P--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, 2025 and 2024. Operating expenses also include \$3,182,373 and \$3,514,056 in 2025 and 2024, 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, 2025 and 2024, were approximately \$286,000 and \$271,000, respectively.

NOTE Q--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 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

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

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, 2025 and 2024, and their respective classification under GASB Statement No. 72 valuation hierarchy:

*Fair Value Measurement on a Recurring Basis as of June 30, 2025:*

	<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	\$ 14,275,915	\$ -	\$ 14,275,915	\$ -
United States government sponsored enterprise securities	1,735,483	-	1,735,483	-
	<u>\$ 16,011,398</u>	<u>\$ -</u>	<u>\$ 16,011,398</u>	<u>\$ -</u>

*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 Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
Assets:				
United States government agency bonds	\$ 12,757,099	\$ -	\$ 12,757,099	\$ -

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

*Notes to Financial Statements – Continued*

***Years Ended June 30, 2025 and 2024***

	<i>Fair Value Measurement on a Recurring Basis as of June 30, 2024:</i>			
	<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>
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>

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 R--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, 2025, financial statements.

*Cybersecurity Event:* Subsequent to June 30, 2025, the Medical Center discovered that it was the victim of a ransomware attack. Upon discovering the incident, the Medical Center promptly began an investigation, secured its systems, and notified law enforcement. Through its counsel, the Medical Center also engaged a forensic security firm to assist with its investigation. The investigation determined that an unauthorized third party accessed the Medical Center’s computer network and may have viewed or acquired certain files between July 11, 2025, and July 14, 2025. The Medical Center notified federal regulators and 126 individuals on September 12, 2025. The Medical Center will notify additional individuals and regulators based on the results of its ongoing document review. The U.S. Department of Health and Human Services has commenced an investigation into the incident as a matter of course. The incident has also resulted in certain litigation.

**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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 1,619,899	\$ 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
Interest	9,001,249	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
Changes in benefit terms	-	-	-	-	-	-	-	-	4,282,656	-
Differences between expected and actual experience	4,693,874	6,288,348	6,194,655	(47,218,099)	(1,398,911)	755,974	950,502	257,036	(542,888)	(713,628)
Changes in assumptions	-	-	-	7,077,311	-	-	-	2,798,873	-	-
Benefit payments/refunds	(7,458,921)	(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)
Net change in total pension liability	7,856,101	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
Total pension liability, beginning	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
Total pension liability, ending (a)	143,317,503	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
<b>Plan Fiduciary Net Position</b>										
Contributions, employer	2,564,297	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
Contributions, employee	317	437	95,928	5,817	28,553	48,821	30,229	12,956	55,959	64,305
Net investment income	12,433,983	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
Benefit payments, including refunds of employee contributions	(7,458,921)	(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)
Administrative expenses	(53,482)	(45,277)	(32,365)	(31,886)	(35,305)	(37,724)	(40,079)	(35,258)	(31,075)	(20,940)
Other changes	-	(1,558)	-	(27,586,317)	-	-	-	-	-	-
Net change in plan fiduciary net position	7,486,194	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
Plan fiduciary net position, beginning	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
Plan fiduciary net position, ending (b)	137,326,721	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
Net pension liability (asset), ending (a)-(b)	\$ 5,990,782	\$ 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
Plan fiduciary net position as a percentage of total pension liability	95.82%	95.85%	99.95%	114.15%	88.19%	88.14%	87.11%	85.89%	84.04%	89.76%
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	\$ 19,317,797
Net pension liability (asset) as a percentage of covered payroll	31.26%	29.78%	0.32%	-88.71%	91.17%	87.45%	95.38%	101.81%	109.88%	63.76%

**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 2025, is June 30, 2024).

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially-determined contribution	\$ 2,941,588	\$ 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
Contributions in relation to the actuarially-determined contribution	<u>2,941,588</u>	<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>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,354)	\$ -
Covered payroll	\$ 18,576,819	\$ 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
Contributions as a percentage of covered payroll	15.83%	13.38%	12.91%	21.54%	21.56%	21.58%	21.70%	19.68%	18.14%	17.22%

**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 2025 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 470,389	\$ 334,552	\$ 197,158	\$ 82,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	106,050	60,427	29,509	11,591	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	77,937	-	-	-	-	-
Differences between expected and actual experience	161,002	157,521	96,285	43,968	-	-	-	-	-	-
Changes in assumptions	-	-	-	27,570	-	-	-	-	-	-
Benefit payments/refunds	(24,900)	-	(4,591)	(1,396)	-	-	-	-	-	-
Net change in total pension liability	712,541	552,500	318,361	164,369	77,937	-	-	-	-	-
Total pension liability, beginning	1,113,167	560,667	242,306	77,937	-	-	-	-	-	-
Total pension liability, ending (a)	1,825,708	1,113,167	560,667	242,306	77,937	-	-	-	-	-
<b>Plan Fiduciary Net Position</b>										
Contributions, employer	245,319	177,619	81,594	44,375	17,001	-	-	-	-	-
Contributions, employee	401,793	299,767	191,837	109,357	68,166	-	-	-	-	-
Net investment income	130,569	50,274	(15,302)	40,616	2,042	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(24,900)	(8,718)	(4,591)	(1,396)	-	-	-	-	-	-
Administrative expenses	(12,337)	-	(11,067)	(6,224)	(2,819)	-	-	-	-	-
Net change in plan fiduciary net position	740,444	518,942	242,471	186,728	84,390	-	-	-	-	-
Plan fiduciary net position, beginning	1,032,531	513,589	271,118	84,390	-	-	-	-	-	-
Plan fiduciary net position, ending (b)	1,772,975	1,032,531	513,589	271,118	84,390	-	-	-	-	-
Net pension liability (asset), ending (a)-(b)	\$ 52,733	\$ 80,636	\$ 47,078	\$ (28,812)	\$ (6,453)	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of total pension liability	97.11%	92.76%	91.60%	111.89%	108.28%	n/a	n/a	n/a	n/a	n/a
Covered payroll	\$ 8,035,858	\$ 6,005,271	\$ 3,836,728	\$ 2,187,135	\$ 837,145	n/a	n/a	n/a	n/a	n/a
Net pension liability (asset) as a percentage of covered payroll	0.66%	1.34%	1.23%	-1.32%	-0.77%	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 2025, is June 30, 2024).

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially-determined contribution	\$ 292,321	\$ 245,319	\$ 177,619	\$ 81,594	\$ 44,375	\$ 17,001	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially-determined contribution	<u>292,321</u>	<u>245,319</u>	<u>177,619</u>	<u>81,594</u>	<u>44,375</u>	<u>17,001</u>	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,039,893	\$ 8,035,858	\$ 6,005,271	\$ 3,836,728	\$ 2,187,135	\$ 837,145	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	2.91%	3.05%	2.96%	2.13%	2.03%	2.03%	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 2025 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

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>								
Service cost	\$ 606,278	\$ 753,921	\$ 780,798	\$ 2,304,545	\$ 2,194,805	\$ 1,656,278	\$ 1,577,408	\$ 1,922,342
Interest	1,248,964	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	(4,823,993)	-	2,532,176	-	5,271,598	-	(10,758,504)	-
Changes in assumptions	(3,538,170)	-	(1,724,762)	(16,597,942)	5,831,529	-	7,947,881	-
Benefit payments/refunds	(1,011,032)	(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	(7,517,953)	683,183	(17,347,578)	(14,348,166)	13,041,476	2,014,637	(944,933)	2,601,618
Total OPEB liability, beginning	30,646,023	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)	23,128,070	30,646,023	29,962,840	47,310,418	61,658,584	48,617,108	46,602,471	47,547,404
<b>Plan Fiduciary Net Position</b>								
Contributions, employer	1,011,032	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	(1,011,032)	(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)	<b>\$ 23,128,070</b>	<b>\$ 30,646,023</b>	<b>\$ 29,962,840</b>	<b>\$ 47,310,418</b>	<b>\$ 61,658,584</b>	<b>\$ 48,617,108</b>	<b>\$ 46,602,471</b>	<b>\$ 47,547,404</b>
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%	0.00%
Covered-employee payroll	\$ 22,600,575	\$ 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	102.33%	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	4.81%
Healthcare cost trend rate	7.50% graded uniformly to 6.60% over 3 years and following the Getzen Model thereafter to an ultimate rate of 4.04% in the year 2075 for pre-Medicare ages, and 4.00% for post-Medicare ages
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 2025, the following changes were made to the actuarial assumptions and methods for this measurement period: (1) The discount rate is 4.81% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2025, compared to the prior discount rate of 4.13% based on the S&P 500 High Grade 20 Year Rate Index; (2) The medical trend assumption was updated to 7.50% grading uniformly to 6.60% over 3 years and following the Getzen model thereafter to an ultimate rate of 4.04% in 2075 for pre-Medicare ages, and 4.00% per year for post-Medicare ages, compared 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; (3) Mortality rates were updated to the Pub-16 General Below Median Headcount weighted tables with adjustments to match the 2024 TCRS experience study compared to the Pub-10 General Headcount weighted tables with adjustments to match the June 30, 2022 TCRS actuarial report; and (4) Retirement rates were updated to match the 2024 TCRS experience study.

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, 2025

	Drug	State street aid	Sanitation	Animal control board	Economic development	Quality of life	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 242,254	\$ 4,069,326	\$ 1,980,961	\$ 1,818,768	\$ 3,918,650	\$ 2,074,747	\$ 14,104,706
Accounts receivable	-	-	271,233	-	-	-	271,233
Taxes receivable	-	637,502	765,002	-	510,001	127,500	2,040,005
Other receivables	817	393,931	6,571	2,675	13,698	101,793	519,485
Less: allowance for bad debts	-	-	(1,503)	-	-	-	(1,503)
Due from other funds	-	19,759	13,728	-	9,981	2,502	45,970
Prepaid items	-	-	-	-	-	111,049	111,049
Restricted cash and cash equivalents	-	-	11,237	7,873	-	-	19,110
<b>Total assets</b>	<b>\$ 243,071</b>	<b>\$ 5,120,518</b>	<b>\$ 3,047,229</b>	<b>\$ 1,829,316</b>	<b>\$ 4,452,330</b>	<b>\$ 2,417,591</b>	<b>\$ 17,110,055</b>
<b>Liabilities</b>							
Accounts payable	\$ 163	\$ 234,064	\$ 53,575	\$ 21,754	\$ 848	\$ 931	\$ 311,335
Accrued expenses	-	-	256	-	-	-	256
Due to other funds	-	8,979	31,100	3,657	1,000	300	45,036
Unearned revenues	-	4,677	-	1,588	-	54,653	60,918
Other liabilities	58,663	842,800	-	905	10,000	-	912,368
<b>Total liabilities</b>	<b>58,826</b>	<b>1,090,520</b>	<b>84,931</b>	<b>27,904</b>	<b>11,848</b>	<b>55,884</b>	<b>1,329,913</b>
<b>Deferred Inflows of Resources</b>							
Deferred property tax revenues	-	637,502	765,002	-	510,001	127,500	2,040,005
<b>Fund Balances</b>							
Restricted	184,245	3,392,496	2,197,296	7,873	-	889,878	6,671,788
Committed	-	-	-	1,793,539	3,930,481	1,344,329	7,068,349
<b>Total fund balances</b>	<b>184,245</b>	<b>3,392,496</b>	<b>2,197,296</b>	<b>1,801,412</b>	<b>3,930,481</b>	<b>2,234,207</b>	<b>13,740,137</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 243,071</b>	<b>\$ 5,120,518</b>	<b>\$ 3,047,229</b>	<b>\$ 1,829,316</b>	<b>\$ 4,452,330</b>	<b>\$ 2,417,591</b>	<b>\$ 17,110,055</b>

**City of Cookeville, Tennessee**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2025

	Drug	State street aid	Sanitation	Animal control board	Economic development	Quality of life	Total
<b>Revenues</b>							
Local taxes	\$ -	\$ 619,282	\$ 700,062	\$ -	\$ 509,367	\$ 1,134,711	\$ 2,963,422
Fines and forfeitures	72,541	-	-	-	-	-	72,541
Charges for services	-	-	2,422,379	256,872	-	-	2,679,251
Intergovernmental	-	1,452,576	-	135,950	-	-	1,588,526
Rent	-	-	-	-	9,930	-	9,930
Uses of money and property	10,710	205,987	76,041	84,212	174,173	124,929	676,052
Other	-	-	7,942	165,812	-	379,501	553,255
Total revenues	<u>83,251</u>	<u>2,277,845</u>	<u>3,206,424</u>	<u>642,846</u>	<u>693,470</u>	<u>1,639,141</u>	<u>8,542,977</u>
<b>Expenditures</b>							
Current							
Public safety	1,359	-	-	642,409	-	-	643,768
Public works	-	2,759,960	2,161,614	-	-	-	4,921,574
Culture and recreation	-	-	-	-	-	48,067	48,067
Community support	-	-	-	-	-	500,000	500,000
Economic development	-	-	-	-	6,211	-	6,211
Capital outlay	<u>87,678</u>	<u>186,745</u>	<u>805,687</u>	<u>-</u>	<u>48,770</u>	<u>1,365,391</u>	<u>2,494,271</u>
Total expenditures	<u>89,037</u>	<u>2,946,705</u>	<u>2,967,301</u>	<u>642,409</u>	<u>54,981</u>	<u>1,913,458</u>	<u>8,613,891</u>
Excess (deficiency) of revenues over expenditures	(5,786)	(668,860)	239,123	437	638,489	(274,317)	(70,914)
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	1,061,000	-	113,500	-	-	1,174,500
Transfers out	-	-	-	-	(90,000)	(35,450)	(125,450)
Sale of capital assets	-	4,550	10,000	-	-	-	14,550
Total other financing sources (uses)	<u>-</u>	<u>1,065,550</u>	<u>10,000</u>	<u>113,500</u>	<u>(90,000)</u>	<u>(35,450)</u>	<u>1,063,600</u>
Net change in fund balances	(5,786)	396,690	249,123	113,937	548,489	(309,767)	992,686
Fund balances, beginning of year	<u>190,031</u>	<u>2,995,806</u>	<u>1,948,173</u>	<u>1,687,475</u>	<u>3,381,992</u>	<u>2,543,974</u>	<u>12,747,451</u>
Fund balances, end of year	<b>\$ 184,245</b>	<b>\$ 3,392,496</b>	<b>\$ 2,197,296</b>	<b>\$ 1,801,412</b>	<b>\$ 3,930,481</b>	<b>\$ 2,234,207</b>	<b>\$ 13,740,137</b>

**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, 2025

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 35,000	\$ 35,000	\$ 72,541	\$ 37,541
Uses of money and property	<u>1,000</u>	<u>1,000</u>	<u>10,710</u>	<u>9,710</u>
Total revenues	36,000	36,000	83,251	47,251
<b>Expenditures</b>				
Investigative	20,000	20,000	-	(20,000)
Seized property	2,500	2,500	850	(1,650)
Equipment and materials	15,000	60,000	-	(60,000)
Travel training	5,000	5,000	-	(5,000)
K-9 unit, training & supplies	-	-	9,200	9,200
Other expenses	500	500	509	9
Other equipment	4,000	4,000	-	(4,000)
Capital outlay	<u>90,000</u>	<u>90,000</u>	<u>78,478</u>	<u>(11,522)</u>
Total expenditures	137,000	182,000	89,037	(92,963)
Excess (deficiency) of revenues over expenditures	(101,000)	(146,000)	(5,786)	140,214
<b>Other Financing Sources (Uses)</b>				
Insurance proceeds	-	-	-	-
Net change in fund balance	(101,000)	(146,000)	(5,786)	140,214
Fund balance, beginning of year	<u>190,031</u>	<u>190,031</u>	<u>190,031</u>	<u>-</u>
Fund balance, end of year	<b>\$ 89,031</b>	<b>\$ 44,031</b>	<b>\$ 184,245</b>	<b>\$ 140,214</b>

**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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 601,300	\$ 601,300	\$ 619,282	\$ 17,982
Intergovernmental				
State gasoline and motor fuel	1,219,470	1,219,470	625,185	(594,285)
State - 3 cent tax	-	-	180,846	180,846
State - Gas 1989	-	-	97,940	97,940
State - Gas 2017	-	-	314,934	314,934
Transportation modernization	5,000	5,000	17,319	12,319
STBG allocations	422,000	422,000	9,474	(412,526)
TDOT grants	950,000	950,000	206,878	(743,122)
Uses of money and property	44,000	144,000	205,987	61,987
Total revenues	<u>3,241,770</u>	<u>3,341,770</u>	<u>2,277,845</u>	<u>(1,063,925)</u>
<b>Expenditures</b>				
Paving and street maintenance	2,299,000	2,908,000	2,521,554	(386,446)
Intersection improvements	162,000	162,000	74,060	(87,940)
Grant construction projects	1,300,000	1,300,000	244,627	(1,055,373)
Professional services	-	15,000	14,167	(833)
Vehicles and equipment	138,000	138,000	42,809	(95,191)
Other	58,220	58,220	49,488	(8,732)
Total expenditures	<u>3,957,220</u>	<u>4,581,220</u>	<u>2,946,705</u>	<u>(1,634,515)</u>
Excess (deficiency) of revenues over expenditures	(715,450)	(1,239,450)	(668,860)	570,590
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,061,000	1,061,000	1,061,000	-
Sale of capital assets	-	-	4,550	4,550
Total other financing sources (uses)	<u>1,061,000</u>	<u>1,061,000</u>	<u>1,065,550</u>	<u>4,550</u>
Net change in fund balance	345,550	(178,450)	396,690	575,140
Fund balance, beginning of year	2,995,806	2,995,806	2,995,806	-
Fund balance, end of year	<b>\$ 3,341,356</b>	<b>\$ 2,817,356</b>	<b>\$ 3,392,496</b>	<b>\$ 575,140</b>

**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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 668,200	\$ 668,200	\$ 700,062	\$ 31,862
Charges for services	2,163,000	2,263,000	2,422,379	159,379
Uses of money and property	30,000	55,000	76,041	21,041
Other	<u>1,700</u>	<u>1,700</u>	<u>7,942</u>	<u>6,242</u>
Total revenues	2,862,900	2,987,900	3,206,424	218,524
<b>Expenditures</b>				
Personnel	844,000	844,000	819,901	(24,099)
Taxes and fringes	382,043	382,043	358,056	(23,987)
Contractual services	382,550	382,550	348,779	(33,771)
Materials & supplies	293,700	293,700	223,025	(70,675)
Other charges	45,500	45,500	51,004	5,504
Other operating expense	108,573	108,573	101,399	(7,174)
Landfill services	76,000	96,000	99,588	3,588
Other equipment	196,000	196,000	159,862	(36,138)
Capital outlay, vehicles	<u>815,000</u>	<u>815,000</u>	<u>805,687</u>	<u>(9,313)</u>
Total expenditures	3,143,366	3,163,366	2,967,301	(196,065)
Excess (deficiency) of revenues over expenditures	(280,466)	(175,466)	239,123	414,589
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	10,000	10,000	-
Net change in fund balance	(280,466)	(165,466)	249,123	414,589
Fund balance, beginning of year	<u>1,948,173</u>	<u>1,948,173</u>	<u>1,948,173</u>	<u>-</u>
Fund balance, end of year	<b>\$ 1,667,707</b>	<b>\$ 1,782,707</b>	<b>\$ 2,197,296</b>	<b>\$ 414,589</b>

**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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 256,000	\$ 261,000	\$ 256,872	\$ (4,128)
Intergovernmental				
Putnam County allocation	113,500	113,500	113,500	-
City of Algood allocation	10,400	10,400	10,400	-
Town of Baxter allocation	7,500	7,500	6,000	(1,500)
Town of Monterey allocation	10,400	10,400	6,050	(4,350)
Uses of money and property	65,000	65,000	84,212	19,212
Other	<u>68,040</u>	<u>165,696</u>	<u>165,812</u>	<u>116</u>
Total revenues	530,840	633,496	642,846	9,350
<b>Expenditures</b>				
Personnel	252,000	252,000	238,147	(13,853)
Taxes and fringes	97,108	97,108	77,183	(19,925)
Contracted services	117,200	142,200	82,480	(59,720)
Supplies and maintenance	87,300	87,300	80,852	(6,448)
Spay and neuter services	140,000	165,000	155,351	(9,649)
Other	<u>11,500</u>	<u>11,500</u>	<u>8,396</u>	<u>(3,104)</u>
Total expenditures	705,108	755,108	642,409	(112,699)
Excess (deficiency) of revenues over expenditures	(174,268)	(121,612)	437	122,049
<b>Other Financing Sources (Uses)</b>				
Transfers in	113,500	113,500	113,500	-
Net change in fund balance	(60,768)	(8,112)	113,937	122,049
Fund balance, beginning of year	<u>1,687,475</u>	<u>1,687,475</u>	<u>1,687,475</u>	<u>-</u>
Fund balance, end of year	<b>\$ 1,626,707</b>	<b>\$ 1,679,363</b>	<b>\$ 1,801,412</b>	<b>\$ 122,049</b>

**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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 487,700	\$ 487,700	\$ 509,367	\$ 21,667
Rental income	3,232	3,232	9,930	6,698
Uses of money and property	<u>60,000</u>	<u>60,000</u>	<u>174,173</u>	<u>114,173</u>
Total revenues	550,932	550,932	693,470	142,538
<b>Expenditures</b>				
Capital outlay	750,000	750,000	48,770	(701,230)
Economic development	51,000	51,000	5,950	(45,050)
Industrial recruitment	10,000	10,000	-	(10,000)
Other	<u>210</u>	<u>210</u>	<u>261</u>	<u>51</u>
Total expenditures	811,210	811,210	54,981	(756,229)
Excess (deficiency) of revenues over expenditures	(260,278)	(260,278)	638,489	898,767
<b>Other Financing Sources (Uses)</b>				
Transfers out	(90,000)	(90,000)	(90,000)	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	(90,000)	(90,000)	(90,000)	-
Net change in fund balance	(350,278)	(350,278)	548,489	898,767
Fund balance, beginning of year	<u>3,381,992</u>	<u>3,381,992</u>	<u>3,381,992</u>	<u>-</u>
Fund balance, end of year	<b>\$ 3,031,714</b>	<b>\$ 3,031,714</b>	<b>\$ 3,930,481</b>	<b>\$ 898,767</b>

**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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
Current property taxes	\$ 122,650	\$ 122,650	\$ 127,327	\$ 4,677
Room occupancy tax	850,000	850,000	1,007,384	157,384
Contributions	31,879	431,879	379,321	(52,558)
Uses of money and property	35,000	115,000	124,929	9,929
Other	-	-	180	180
Total revenues	<u>1,039,529</u>	<u>1,519,529</u>	<u>1,639,141</u>	<u>119,612</u>
<b>Expenditures</b>				
Contractual services	43,064	63,064	47,763	(15,301)
Contributions	500,000	500,000	500,000	-
Materials and supplies	-	-	-	-
Other equipment	-	-	-	-
Capital outlay	1,598,815	2,035,815	1,365,391	(670,424)
Other	750	750	304	(446)
Total expenditures	<u>2,142,629</u>	<u>2,599,629</u>	<u>1,913,458</u>	<u>(686,171)</u>
Excess (deficiency) of revenues over expenditures	(1,103,100)	(1,080,100)	(274,317)	805,783
<b>Other Financing Sources (Uses)</b>				
Sale of assets	-	-	-	-
Transfers out	<u>(35,450)</u>	<u>(35,450)</u>	<u>(35,450)</u>	<u>-</u>
Total other financing sources (uses)	(35,450)	(35,450)	(35,450)	-
Net change in fund balance	(1,138,550)	(1,115,550)	(309,767)	805,783
Fund balance, beginning of year	<u>2,543,974</u>	<u>2,543,974</u>	<u>2,543,974</u>	<u>-</u>
Fund balance, end of year	<b>\$ 1,405,424</b>	<b>\$ 1,428,424</b>	<b>\$ 2,234,207</b>	<b>\$ 805,783</b>

**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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
Current property taxes	\$ 247,350	\$ 247,350	\$ 254,931	\$ 7,581
Intergovernmental				
State shared sales tax	4,320,408	4,320,408	4,396,643	76,235
Rent	26,172	26,172	26,172	-
Uses of money and property	<u>388,000</u>	<u>688,000</u>	<u>972,166</u>	<u>284,166</u>
Total revenues	4,981,930	5,281,930	5,649,912	367,982
<b>Expenditures</b>				
Administrative	3,800	3,800	2,694	(1,106)
Debt service				
Principal	3,535,000	2,835,000	2,835,000	-
Interest	<u>1,421,152</u>	<u>1,121,152</u>	<u>1,050,368</u>	<u>(70,784)</u>
Total expenditures	4,959,952	3,959,952	3,888,062	(71,890)
Excess (deficiency) of revenues over (under) expenditures	21,978	1,321,978	1,761,850	439,872
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	842,551	842,551	-
Net change in fund balance	21,978	2,164,529	2,604,401	439,872
Fund balance, beginning of year	<u>19,469,793</u>	<u>19,469,793</u>	<u>19,469,793</u>	<u>-</u>
Fund balance, end of year	<b>\$ 19,491,771</b>	<b>\$ 21,634,322</b>	<b>\$ 22,074,194</b>	<b>\$ 439,872</b>

**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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental				
American Rescue Plan Act	\$ -	\$ 648,000	\$ 648,977	\$ 977
Uses of money and property	10,000	10,000	243,860	233,860
Other revenues	-	-	5,350	5,350
Total revenues	<u>10,000</u>	<u>658,000</u>	<u>898,187</u>	<u>240,187</u>
<b>Expenditures</b>				
Administrative	400	400	385	(15)
Cultural and Rec Facilities	5,700,000	5,700,000	1,283,337	(4,416,663)
Public safety				
Fire facilities	9,320,000	9,320,000	3,955,313	(5,364,687)
Fire apparatus	-	-	-	-
Public works				
Road projects	12,794,072	12,794,072	6,949,034	(5,845,038)
Debt service				
Issuance costs	300,000	300,000	139,387	(160,613)
Total expenditures	<u>28,114,472</u>	<u>28,114,472</u>	<u>12,327,456</u>	<u>(15,787,016)</u>
Excess (deficiency) of revenues over expenditures	(28,104,472)	(27,456,472)	(11,429,269)	16,027,203
<b>Other Financing Sources (Uses)</b>				
Bonds issued	20,000,000	20,000,000	9,475,000	(10,525,000)
Premium on bonds issued	-	516,000	516,648	648
Transfers in	250,000	250,000	250,000	-
Total other financing sources (uses)	<u>20,250,000</u>	<u>20,766,000</u>	<u>10,241,648</u>	<u>(10,524,352)</u>
Net change in fund balance	(7,854,472)	(6,690,472)	(1,187,621)	5,502,851
Fund balance, beginning of year	<u>6,336,949</u>	<u>6,336,949</u>	<u>6,336,949</u>	<u>-</u>
Fund balance, end of year	<b>\$ (1,517,523)</b>	<b>\$ (353,523)</b>	<b>\$ 5,149,328</b>	<b>\$ 5,502,851</b>

**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, 2025

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
Current property taxes	\$ 1,539,900	\$ 1,539,900	\$ 1,592,601	\$ 52,701
Uses of money and property	<u>100,000</u>	<u>175,000</u>	<u>203,591</u>	<u>28,591</u>
Total revenues	1,639,900	1,714,900	1,796,192	81,292
<b>Expenditures</b>				
Public works				
Street maintenance	99,500	99,500	95,493	(4,007)
Capital outlay	860,000	860,000	22,035	(837,965)
Other	<u>200</u>	<u>200</u>	<u>179</u>	<u>(21)</u>
Total expenditures	959,700	959,700	117,707	(841,993)
Excess (deficiency) of revenues over expenditures	680,200	755,200	1,678,485	923,285
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(842,551)	(842,551)	-
Net change in fund balance	680,200	(87,351)	835,934	923,285
Fund balance, beginning of year	<u>3,652,055</u>	<u>3,652,055</u>	<u>3,652,055</u>	<u>-</u>
Fund balance, end of year	<b>\$ 4,332,255</b>	<b>\$ 3,564,704</b>	<b>\$ 4,487,989</b>	<b>\$ 923,285</b>

**City of Cookeville, Tennessee**  
Energy Department  
Combining Statement of Net Position  
June 30, 2025

	<b>Gas Division</b>	<b>Electric Division</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 31,969,221	\$ 17,355,220	\$ 49,324,441
Accounts receivable, net	750,267	7,985,002	8,735,269
Due from other City funds	8,865	98,890	107,755
Prepaid expenses and other current assets	54,954	297,589	352,543
Inventories	698,893	1,739,797	2,438,690
Restricted cash and cash equivalents	<u>114,108</u>	<u>950,616</u>	<u>1,064,724</u>
Total current assets	33,596,308	28,427,114	62,023,422
Noncurrent assets			
TVA heat pump notes receivable	-	83,335	83,335
Net pension asset	19,572	-	19,572
Property, plant, and equipment	26,982,511	88,500,656	115,483,167
Less: accumulated depreciation	<u>(18,865,120)</u>	<u>(34,560,054)</u>	<u>(53,425,174)</u>
Total noncurrent assets	<u>8,136,963</u>	<u>54,023,937</u>	<u>62,160,900</u>
Total assets	41,733,271	82,451,051	124,184,322
<b>Deferred Outflows of Resources</b>			
Pension related items	793,557	2,365,045	3,158,602
OPEB related items	<u>65,619</u>	<u>519,506</u>	<u>585,125</u>
Total deferred outflows of resources	859,176	2,884,551	3,743,727
Total assets and deferred outflows of resources	<b>\$ 42,592,447</b>	<b>\$ 85,335,602</b>	<b>\$ 127,928,049</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 577,568	\$ 5,288,729	\$ 5,866,297
Due to other City funds	57,303	188,022	245,325
Unearned revenues	45,333	-	45,333
Other current liabilities	16,906	29,380	46,286
Long-term debt, current portion	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total current liabilities	697,110	5,806,131	6,503,241
Noncurrent liabilities			
Compensated absences	217,395	668,051	885,446
TVA heat pump notes payable	-	72,949	72,949
Customer deposits	-	-	-
Net pension liability	870	236,190	237,060
OPEB liability	943,644	3,585,470	4,529,114
Other noncurrent liabilities	103,435	503,527	606,962
Long-term debt, net of current portion	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total noncurrent liabilities	<u>1,265,344</u>	<u>5,366,187</u>	<u>6,631,531</u>
Total liabilities	1,962,454	11,172,318	13,134,772
<b>Deferred Inflows of Resources</b>			
Pension related items	467	148,836	149,303
OPEB related items	275,779	126,655	402,434
Gain on debt refunding	<u>-</u>	<u>15,272</u>	<u>15,272</u>
Total deferred inflows of resources	276,246	290,763	567,009
<b>Net Position</b>			
Net investment in capital assets	8,117,391	53,325,330	61,442,721
Restricted for pensions	30,245	36,063	66,308
Unrestricted	<u>32,206,111</u>	<u>20,511,128</u>	<u>52,717,239</u>
Total net position	40,353,747	73,872,521	114,226,268
Total liabilities, deferred inflows of resources, and net position	<b>\$ 42,592,447</b>	<b>\$ 85,335,602</b>	<b>\$ 127,928,049</b>

**City of Cookeville, Tennessee**  
 Energy Department  
 Combining Statement of Revenues, Expenses, and Changes in Net Position  
 For the Year Ended June 30, 2025

	<b>Gas Division</b>	<b>Electric Division</b>	<b>Total</b>
<b>Operating Revenues</b>			
Sale of gas and electricity	\$ 14,762,228	\$ 63,000,282	\$ 77,762,510
Other	<u>256,037</u>	<u>1,338,030</u>	<u>1,594,067</u>
Total operating revenues	15,018,265	64,338,312	79,356,577
<b>Operating Expenses</b>			
Purchased gas and power	8,189,239	50,585,526	58,774,765
Operating	1,521,924	4,259,765	5,781,689
Maintenance	74,656	1,906,151	1,980,807
Administrative and general	1,137,787	1,626,886	2,764,673
Depreciation	<u>652,440</u>	<u>3,128,575</u>	<u>3,781,015</u>
Total operating expenses	11,576,046	61,506,903	73,082,949
Operating income (loss)	3,442,219	2,831,409	6,273,628
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	1,363,181	902,884	2,266,065
Interest expense	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>
Total nonoperating revenues (expenses)	1,363,181	895,384	2,258,565
Interfund transfers out	(292,933)	(1,230,668)	(1,523,601)
Change in net position	4,512,467	2,496,125	7,008,592
Net position, beginning of year, as previously reported	35,919,237	71,580,175	107,499,412
Change in accounting principle	<u>(77,957)</u>	<u>(203,779)</u>	<u>(281,736)</u>
Net position, beginning of year, as restated	35,841,280	71,376,396	107,217,676
Net position, end of year	<b>\$ 40,353,747</b>	<b>\$ 73,872,521</b>	<b>\$ 114,226,268</b>

**City of Cookeville, Tennessee**  
**Energy Department**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2025**

	<b>Gas Division</b>	<b>Electric Division</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 15,040,280	\$ 63,596,932	\$ 78,637,212
Cash paid to suppliers for goods and services	(9,062,141)	(52,823,487)	(61,885,628)
Cash paid to employees for services	(1,493,557)	(4,442,996)	(5,936,553)
Cash received from other funds	<u>179,028</u>	<u>258,440</u>	<u>437,468</u>
Net cash provided (used) by operating activities	4,663,610	6,588,889	11,252,499
<b>Cash flows from noncapital financing activities</b>			
Interfund transfers out	(292,933)	(1,230,668)	(1,523,601)
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of property, plant, and equipment	(1,623,331)	(5,766,810)	(7,390,141)
Principal payments on debt	-	(300,000)	(300,000)
Interest payments on debt	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>
Net cash provided (used) by capital and related financing activities	(1,623,331)	(6,074,310)	(7,697,641)
<b>Cash flows from investing activities</b>			
Interest received	1,308,227	902,884	2,211,111
Net change in cash and cash equivalents	4,055,573	186,795	4,242,368
Cash and cash equivalents, beginning of year	<u>28,027,756</u>	<u>18,119,041</u>	<u>46,146,797</u>
Cash and cash equivalents, end of year	<b>\$ 32,083,329</b>	<b>\$ 18,305,836</b>	<b>\$ 50,389,165</b>

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	\$ 31,969,221	\$ 17,355,220	\$ 49,324,441
Restricted cash and cash equivalents	<u>114,108</u>	<u>950,616</u>	<u>1,064,724</u>
	<b>\$ 32,083,329</b>	<b>\$ 18,305,836</b>	<b>\$ 50,389,165</b>

**Supplemental disclosure of noncash operating activities**

Acquisition of inventory with accounts payable	\$ 550,198	\$ -	\$ 550,198
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**City of Cookeville, Tennessee**  
 Energy Department  
 Combining Statement of Cash Flows  
 For the Year Ended June 30, 2025

	<b>Gas Division</b>	<b>Electric Division</b>	<b>Total</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 3,442,219	\$ 2,831,409	\$ 6,273,628
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	652,440	3,113,302	3,765,742
Change in:			
Accounts receivable, net	22,015	(740,805)	(718,790)
Inventories	205,388	157,192	362,580
Due from other city funds	165,478	182,302	347,780
Prepaid expenses and other current assets	-	(16,352)	(16,352)
TVA heat pump notes receivable	-	27,398	27,398
Accounts payable	59,902	344,740	404,642
Due to other City funds	13,550	76,138	89,688
Other current liabilities	873	891	1,764
Compensated absences	48,089	186,402	234,491
TVA heat pump notes payable	-	(27,973)	(27,973)
Net pension and OPEB assets and liabilities	(13,885)	875,052	861,167
Other noncurrent liabilities	25,426	104,367	129,793
Deferred outflows of resources related to pensions and OPEB	18,891	(796,489)	(777,598)
Deferred inflows of resources related to pensions and OPEB	23,224	271,315	294,539
Net cash provided (used) by operating activities	<u>\$ 4,663,610</u>	<u>\$ 6,588,889</u>	<u>\$ 11,252,499</u>

**City of Cookeville, Tennessee**  
Internal Service Funds  
Combining Statement of Net Position  
June 30, 2025

	Health	Customer service	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 2,962,347	\$ 494,430	\$ 3,456,777
Receivables			
Due from other funds	-	35,753	35,753
Other	12,369	4,149	16,518
Restricted cash and cash equivalents	-	40,133	40,133
Total current assets	<u>2,974,716</u>	<u>574,465</u>	<u>3,549,181</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	-	300,171	300,171
Total assets	<u>2,974,716</u>	<u>874,636</u>	<u>3,849,352</u>
<b>Deferred Outflows of Resources</b>			
Pension related items	-	451,877	451,877
OPEB related items	-	117,665	117,665
Total deferred outflows of resources	<u>-</u>	<u>569,542</u>	<u>569,542</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and other payables	2,211	32,276	34,487
Due to other funds	-	188,017	188,017
Unearned revenues	3,274	-	3,274
SBITA liabilities, current maturities	-	54,948	54,948
Total current liabilities	<u>5,485</u>	<u>275,241</u>	<u>280,726</u>
Noncurrent liabilities			
Customer deposits	-	16,888	16,888
Compensated absences	-	92,962	92,962
SBITA liabilities, net of current maturities	-	174,002	174,002
Net pension liability	-	131,186	131,186
OPEB liability	-	667,626	667,626
Total noncurrent liabilities	<u>-</u>	<u>1,082,664</u>	<u>1,082,664</u>
Total liabilities	<u>5,485</u>	<u>1,357,905</u>	<u>1,363,390</u>
<b>Deferred Inflows of Resources</b>			
Pension related items	-	14,698	14,698
OPEB related items	-	433,128	433,128
Total deferred inflows of resources	<u>-</u>	<u>447,826</u>	<u>447,826</u>
<b>Net Position</b>			
Net investment in capital assets	-	71,221	71,221
Restricted	-	25,383	25,383
Unrestricted	2,969,231	(458,157)	2,511,074
Total net position	<u>\$ 2,969,231</u>	<u>\$ (361,553)</u>	<u>\$ 2,607,678</u>

**City of Cookeville, Tennessee**  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2025

	<b>Health</b>	<b>Customer service</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 6,990,427	\$ 1,690,851	\$ 8,681,278
Other revenues from operations	<u>-</u>	<u>586</u>	<u>586</u>
Total operating revenues	6,990,427	1,691,437	8,681,864
<b>Operating Expenses</b>			
Operations	-	1,573,691	1,573,691
General and administrative	6,990,847	-	6,990,847
Maintenance	-	69,695	69,695
Claims, net of rebates	50,749	-	50,749
Depreciation	<u>-</u>	<u>28,173</u>	<u>28,173</u>
Total operating expenses	7,041,596	1,671,559	8,713,155
Operating income (loss)	(51,169)	19,878	(31,291)
Nonoperating revenues (expenses)			
Uses of money and property	104,783	43,713	148,496
Gain on sale of property and equipment	<u>-</u>	<u>12,849</u>	<u>12,849</u>
Total nonoperating revenues (expenses)	104,783	56,562	161,345
Change in net position	53,614	76,440	130,054
Net position, beginning of year, as previously reported	2,915,617	(394,649)	2,520,968
Change in accounting principle	<u>-</u>	<u>(43,344)</u>	<u>(43,344)</u>
Net position, beginning of year, as restated	2,915,617	(437,993)	2,477,624
Net position, end of year	<b>\$ 2,969,231</b>	<b>\$ (361,553)</b>	<b>\$ 2,607,678</b>

**City of Cookeville, Tennessee**  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2025

	Health	Customer service	Total
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 7,238,671	\$ 1,639,515	\$ 8,878,186
Cash paid to suppliers for goods and services	(93,147)	(516,263)	(609,410)
Cash paid to employees for services	-	(1,056,989)	(1,056,989)
Cash paid for claims	(6,947,962)	-	(6,947,962)
Cash received from (paid to) other City funds	-	(368,804)	(368,804)
Net cash provided (used) by operating activities	<u>197,562</u>	<u>(302,541)</u>	<u>(104,979)</u>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from sales of equipment	-	12,849	12,849
Payments on SBITA	-	(54,948)	(54,948)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(42,099)</u>	<u>(42,099)</u>
<b>Cash flows from investing activities</b>			
Interest received	104,783	43,713	148,496
Net change in cash and cash equivalents	302,345	(300,927)	1,418
Cash and cash equivalents, beginning of year	2,660,002	835,490	3,495,492
Cash and cash equivalents, end of year	<u>\$ 2,962,347</u>	<u>\$ 534,563</u>	<u>\$ 3,496,910</u>

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	\$ 2,962,347	\$ 494,430	\$ 3,456,777
Restricted cash and cash equivalents	-	40,133	40,133
	<u>\$ 2,962,347</u>	<u>\$ 534,563</u>	<u>\$ 3,496,910</u>

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

Operating income (loss)	\$ (51,169)	\$ 19,878	\$ (31,291)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	90,899	90,899
Change in:			
Accounts receivable, net	249,631	(3,717)	245,914
Due from other City funds	-	19,788	19,788
Accounts payable and other payables	487	(5,928)	(5,441)
Accrued expenses	-	-	-
Due to other City funds	-	(388,592)	(388,592)
Other current liabilities	(1,387)	(48,205)	(49,592)
Compensated absences	-	1,765	1,765
Net pension and OPEB assets and liabilities	-	(184,456)	(184,456)
Deferred outflows of resources related to pensions and OPEB	-	152,389	152,389
Deferred inflows of resources related to pensions and OPEB	-	43,638	43,638
Net cash provided (used) by operating activities	<u>\$ 197,562</u>	<u>\$ (302,541)</u>	<u>\$ (104,979)</u>

**City of Cookeville, Tennessee**  
Schedule of Internal Receivables and Payables  
For the Year Ended June 30, 2025

Due to	General	Capital projects	State street aid	Sanitation	Animal control board	Economic development	Quality of life	Energy department		Water quality control department	Customer service	Total
								Electric	Gas			
General	\$ -	\$ 180	\$ 8,979	\$ 30,646	\$ 3,657	\$ 1,000	\$ 300	\$ 172,266	\$ 54,284	\$ 78,116	\$ 3,589	\$ 353,017
Debt service	6,639	-	-	-	-	-	-	-	-	-	-	6,639
Capital projects	31,877	-	-	-	-	-	-	-	-	-	-	31,877
State street aid	7,813	11,946	-	-	-	-	-	-	-	-	-	19,759
Sanitation	13,330	-	-	-	-	-	-	-	-	-	398	13,728
Economic development	9,981	-	-	-	-	-	-	-	-	-	-	9,981
Quality of life	2,502	-	-	-	-	-	-	-	-	-	-	2,502
Energy department - Electric	-	-	-	-	-	-	-	-	84	75	98,731	98,890
Energy department - Gas	-	-	-	-	-	-	-	-	-	-	8,865	8,865
Water quality control department	430,878	-	-	-	-	-	-	-	-	-	76,434	507,312
Customer service	-	-	-	454	-	-	-	15,756	2,935	16,608	-	35,753
<b>Total</b>	<b>\$ 503,020</b>	<b>\$ 12,126</b>	<b>\$ 8,979</b>	<b>\$ 31,100</b>	<b>\$ 3,657</b>	<b>\$ 1,000</b>	<b>\$ 300</b>	<b>\$ 188,022</b>	<b>\$ 57,303</b>	<b>\$ 94,799</b>	<b>\$ 188,017</b>	<b>\$ 1,088,323</b>

**City of Cookeville, Tennessee**  
 Schedule of Transfers by Individual Fund  
 For the Year Ended June 30, 2025

	<b>Transfers in</b>					
	<b>General</b>	<b>Debt service</b>	<b>Capital</b>	<b>State street</b>	<b>Animal</b>	<b>Total</b>
<b>Transfers out</b>						
General	\$ -	\$ -	\$ 250,000	\$ 1,061,000	\$ 113,500	\$ 1,424,500
Transportation	-	842,551	-	-	-	842,551
Economic development	90,000	-	-	-	-	90,000
Quality of life	35,450	-	-	-	-	35,450
Energy department - Electric	1,230,668	-	-	-	-	1,230,668
Energy department - Gas	292,933	-	-	-	-	292,933
Water quality control department	296,485	-	-	-	-	296,485
Total	<b>\$ 1,945,536</b>	<b>\$ 842,551</b>	<b>\$ 250,000</b>	<b>\$ 1,061,000</b>	<b>\$ 113,500</b>	<b>\$ 4,212,587</b>

**City of Cookeville, Tennessee**  
 Schedule of Changes in Property Taxes Receivable  
 For the Year Ended June 30, 2025

<b>Tax year</b>	<b>Beginning balance</b>	<b>Property tax levied</b>	<b>Anticipated levy</b>	<b>Abatements and adjustments</b>	<b>Collections</b>	<b>Ending balance</b>
2025	\$ -	\$ -	\$ 12,622,530	\$ -	\$ -	\$ 12,622,530
2024	11,500,983	11,711,576	(11,500,983)	(28,976)	(11,380,904)	301,696
2023	409,703	-	-	(32,905)	(264,971)	111,827
2022	54,802	-	-	(10,992)	(20,760)	23,050
2021	25,334	-	-	-	(6,591)	18,743
2020	16,182	-	-	-	(3,203)	12,979
2019	15,644	-	-	-	(2,823)	12,821
2018	9,938	-	-	-	(1,999)	7,939
2017	3,800	-	-	-	(897)	2,903
2016	3,245	-	-	-	(1,368)	1,877
2015	1,755	-	-	-	(88)	1,667
2014	1,733	-	-	-	(1,733)	-
	<b>\$ 12,043,119</b>	<b>\$ 11,711,576</b>	<b>\$ 1,121,547</b>	<b>\$ (72,873)</b>	<b>\$ (11,685,337)</b>	<b>13,118,032</b>
					Less: allowance	(439,379)
					Net	<b>\$ 12,678,653</b>

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

**City of Cookeville, Tennessee**  
 Schedule of Tax Rates and Assessments  
 June 30, 2025

	<b>Tax year</b>	<b>Tax rate *</b>	<b>Assessed value</b>
	2025	0.99	\$1,273,794,575
	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

\* 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, 2025

	Original amount of issue	Interest rate	Date of issue	Last maturity date	Balance July 1, 2024	Issued during period	Paid and/or matured during period	Refunded during period	Balance June 30, 2025
<b>Governmental Activities</b>									
<b>Bonds Payable</b>									
General Obligation Bonds									
Series 2013	\$ 4,300,000	2.00% - 3.20%	12/19/13	06/01/29	\$ 1,530,000	\$ -	\$ (285,000)	\$ -	\$ 1,245,000
Series 2020	\$ 8,875,000	3.00%	09/18/20	06/01/35	6,495,000	-	(595,000)	-	5,900,000
Series 2021A Refunding	\$ 6,570,000	1.15% - 2.00%	07/30/21	06/01/31	4,590,000	-	(660,000)	-	3,930,000
Series 2021B	\$ 9,175,000	2.00% - 3.00%	08/13/21	06/01/35	7,205,000	-	(655,000)	-	6,550,000
Series 2022	\$ 9,650,000	4.00% - 5.00%	12/09/22	06/01/37	8,320,000	-	(640,000)	-	7,680,000
Series 2024	\$ 9,475,000	4.00% - 5.00%	12/31/24	06/01/39	-	9,475,000	-	-	9,475,000
Total bonds payable through debt service fund					28,140,000	9,475,000	(2,835,000)	-	34,780,000
Total governmental activities					<b>\$ 28,140,000</b>	<b>\$ 9,475,000</b>	<b>\$ (2,835,000)</b>	<b>\$ -</b>	<b>\$ 34,780,000</b>
<b>Business-type Activities</b>									
<b>Bonds Payable</b>									
Payable through energy department									
General Obligation Refunding									
Bonds, Series 2021C	\$ 1,505,000	1.00%	12/01/21	06/30/27	\$ 900,000	\$ -	\$ (300,000)	\$ -	\$ 600,000
<b>Notes Payable</b>									
Payable through water quality control department									
State Revolving Loan	\$ 2,074,887	2.50%	09/03/09	02/01/31	810,836	-	(113,184)	-	697,652
State Revolving Loan	\$ 23,000,000	1.07%	04/26/22	TBD	10,816,730	2,707,647	-	-	13,524,377
Total notes payable					11,627,566	2,707,647	(113,184)	-	14,222,029
Total business-type activities					<b>\$ 12,527,566</b>	<b>\$ 2,707,647</b>	<b>\$ (413,184)</b>	<b>\$ -</b>	<b>\$ 14,822,029</b>

**City of Cookeville, Tennessee**  
 General Long-term Debt  
 Summary of Bonds Payable Debt Service Requirements  
 June 30, 2025

Fiscal year maturity	2013 General Obligation Bonds	2020 General Obligation Bonds	2021A General Obligation Bonds	2021B General Obligation Bonds	2022 General Obligation Bonds	2024 General Obligation Bonds	Total	Future interest requirements
2026	\$ 295,000	\$ 590,000	\$ 655,000	\$ 655,000	\$ 640,000	\$ 680,000	\$ 3,515,000	\$ 1,182,415
2027	305,000	590,000	655,000	655,000	640,000	680,000	3,525,000	1,056,525
2028	315,000	590,000	655,000	655,000	640,000	680,000	3,535,000	930,315
2029	330,000	590,000	655,000	655,000	640,000	680,000	3,550,000	803,785
2030	-	590,000	655,000	655,000	640,000	680,000	3,220,000	693,000
2031	-	590,000	655,000	655,000	640,000	675,000	3,215,000	592,775
2032	-	590,000	-	655,000	640,000	675,000	2,560,000	492,800
2033	-	590,000	-	655,000	640,000	675,000	2,560,000	409,400
2034	-	590,000	-	655,000	640,000	675,000	2,560,000	326,000
2035	-	590,000	-	655,000	640,000	675,000	2,560,000	242,600
2036	-	-	-	-	640,000	675,000	1,315,000	159,200
2037	-	-	-	-	640,000	675,000	1,315,000	106,600
2038	-	-	-	-	-	675,000	675,000	54,000
2039	-	-	-	-	-	675,000	675,000	27,000
	<b>\$ 1,245,000</b>	<b>\$ 5,900,000</b>	<b>\$ 3,930,000</b>	<b>\$ 6,550,000</b>	<b>\$ 7,680,000</b>	<b>\$ 9,475,000</b>	<b>\$ 34,780,000</b>	<b>\$ 7,076,415</b>

**City of Cookeville, Tennessee**  
 Energy Department - Proprietary Fund  
 Bonds Payable Debt Service Requirements  
 June 30, 2025

<b>Fiscal year maturity</b>	<b>General Obligation Refunding Bonds Series 2021C principal</b>	<b>Future interest requirements</b>
2026	\$ 300,000	4,500
2027	<u>300,000</u>	<u>1,500</u>
	<b>\$ 600,000</b>	<b>\$ 6,000</b>

**City of Cookeville, Tennessee**  
Water Quality Control Board - Proprietary Fund  
Notes Payable Debt Service Requirements  
June 30, 2025

<b>Fiscal year maturity</b>	<b>State of Tennessee 2.50% Revolving</b>	<b>Interest requirements</b>	<b>Total</b>
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	<u>87,308</u>	<u>721</u>	88,029
	<b>\$ 697,652</b>	<b>\$ 51,217</b>	748,869
	State revolving loan funds*		13,524,377
			<b>\$ 14,273,246</b>

\* 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, 2025

**Retail Rate**  
**6/1/2025**  
**w/wholesale FCA**  
**\$0.02691 (all other**  
**\$0.02553 (LMS)**  
**.02529 (LGS)**

<b>Residential</b>	Customer Charge	\$10.44
<b>Alternate Usage Blocks</b>	Block1 kWh (1st 800 kwh)	\$0.11258
	Block2 kWh (additional kwh)	\$0.10756
<b>GSA1</b>	Customer Charge	\$20.65
	All kWh	\$0.12259
<b>GSA2</b>	Customer Charge	\$51.62
	1st 15,000 kWh	\$0.12323
	Additional kWh	\$0.07248
	kWh, 0-50	\$0.00
	kWh, 51-1,000	\$15.06
<b>GSA3</b>	Customer Charge	\$103.25
	All kWh	\$0.07690
	kWh, 0-1,000	\$13.90
	kWh, 1,001 - 5,000	\$13.88
<b>TOU-General Power</b>	Customer Charge	\$1,500.00
<b>SGSB</b>	Demand Charge	
	Onpeak	\$11.95
	Maximum	\$5.58
	Excess Over Contract	\$11.95
	Energy Charge	
	Onpeak	\$0.09758
	Offspeak First 200 hours	\$0.07017
	Offpeak Next 200 hours	\$0.03215
	Offpeak Additional kWh	\$0.02839
<b>TOU-Manufacturing</b>	Customer Charge	\$1,500.00
<b>SMSB</b>	Demand Charge	
	Onpeak	\$11.27
	Maximum	\$2.33
	Excess Over Contract	\$11.27
	Energy Charge	
	Onpeak	\$0.08975
	Offpeak First 200 hours	\$0.06225
	Offpeak Next 200 hours	\$0.02961
	Offpeak Additional kWh	\$0.02680
<b>Outdoor Lighting</b>	Customer Charge	\$2.58
	All kWh	\$0.07662
	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, 2025

**Residential Rate - Rate 622 & 613 at July 1, 2025**

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, 2025**

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, 2025**

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, 2025

**Inside Water Rates**

Zero Usage (Base Charge)	\$10.10 (minimum bill)
All gallons over zero usage	\$4.88 per 1,000 gallons

**Outside Water Rates**

Zero Usage (Base Charge)	\$15.15 (minimum bill)
All gallons over zero usage	\$7.32 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	\$6.62 per 1,000 gallons \$12.15 (minimum bill)
--	--

**City of Cookeville, Tennessee**  
Schedule of Utility Customers (Unaudited)  
As of June 30, 2025

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At June 30, 2025, the utility departments/divisions serviced the following number of customers:

<b>Department/Division</b>	<b>Number of customers</b>
Electric	20,140
Gas	10,893
Water	16,838
Sewer	16,709
Sanitation	1,229

**City of Cookeville, Tennessee**  
 List of Official Bonds of Principal Officials and Bonded Amounts (Unaudited)  
 As of June 30, 2025

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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 **	Jennifer Nisewander, 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, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents, and have issued our report thereon dated December 23, 2025. 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 19, 2025



## **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, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 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 19, 2025

**City of Cookeville, Tennessee**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2025

Grantor / Pass-through Grantor	Program name	Assistance Listing	Contract number	Expenditures
<b>Federal Awards</b>				
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	\$ 427,485
Department of Justice / Tennessee Department of Finance and Administration	Crime Victim Assistance	16.575	2020-VS-GX-0012	54,764
N/A - Direct	Bulletproof Vest Partnership Program	16.607	10052537	7,956
Department of Transportation / Tennessee Department of Safety and Homeland Security	<u>Highway Safety Cluster</u> State and Community Highway Safety	20.600	Z24THSO69	1,817
		20.600	Z24THSO70	6,231
		20.600	Z25THSO71	<u>21,407</u>
	Total Highway Safety Cluster			29,455
Tennessee Department of Safety and Homeland Security	Alcohol Open Container Requirements	20.607	Z24THSO68	7,986
	Alcohol Open Container Requirements	20.607	Z25THSO70	<u>51,111</u>
	Total Assistance Listing 20.607			59,097
US Department of the Treasury / N/A - Direct	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	5,432,807
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	66.468	DWF 22-244	<u>2,707,647</u>
	Total DWSRF Cluster			2,707,647
Executive Office of the President, Office of National Drug Control Policy / Laurel County Fiscal Court	High Intensity Drug Trafficking Areas Program	95.001	G24AP0001A	11,640
		95.001	G25AP0001A	<u>10,118</u>
	Total Assistance Listing 95.001			<u>21,758</u>
Total federal awards				8,740,969

Continued

**City of Cookeville, Tennessee**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2025

Grantor / Pass-through Grantor	Program name	Assistance Listing	Contract number	Expenditures
<b>State Financial Assistance</b>				
Tennessee Department of Transportation / Nashville Police Department	Internet Crimes Against Children (ICAC)	NA	69807	10,000
Tennessee Department of Transportation / N/A - Direct	Multi-Modal Access	NA	71LPLM-S3-025	31,851
		NA	71LPLM-S3-047	178,971
		NA	71LPLM-FS-033	9,474
State of Tennessee, Department of Commerce and Insurance	Rescue Squads Grant Program	NA	33501-2425597	62,334
	TLETA Cost Sharing Grant	NA	33501-2425102	45,000
	POST Law Enforcement Hiring, Training, and Recruitment Program	NA	33501-242523	28,000
Tennessee Department of Agriculture, Division of Forestry	TAEP Community Tree Planting	NA	21005	4,598
Tennessee Arts Commission / Upper Cumberland Development District	Arts Build Communities Grant	NA	1806-06220	990
Total state financial assistance				<u>371,218</u>
Total federal awards and state financial assistance				<b>\$ 9,112,187</b>

**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, 2025. The information in this Schedule is presented in accordance with the requirements of Title 20US 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, 2025, loan program outstanding balances consist of the following:

Capitalization Grants for Drinking Water State Revolving Funds, CWA 09-235	\$ 697,652
Capitalization Grants for Drinking Water State Revolving Funds, DWF 22-244	\$ 13,524,377

**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, 2025

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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:

<b>Assistance Listing No.</b>	<b>Name of Federal Program or Cluster</b>
21.027	US Department of the Treasury COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee?        Yes   X   No

**City of Cookeville, Tennessee**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

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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, 2025

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**Financial Statement Findings**

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

**Federal Award Findings and Questioned Costs**

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