

**TOWN OF OAKLAND, TENNESSEE**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2023**

# TOWN OF OAKLAND, TENNESSEE

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**TOWN OF OAKLAND, TENNESSEE**  
**ROSTER OF PUBLICLY ELECTED AND MANAGEMENT OFFICIALS**  
**JUNE 30, 2023**

**PUBLICLY ELECTED OFFICIALS**

Michael Brown	Mayor
Adrian Wiggins	Vice-Mayor
Frank Cates	Alderman
Jeff Fisher	Alderman
Debbie Hummel	Alderman
Ken Sutton	Alderman

**MANAGEMENT OFFICIALS**

James R. Johnson	Town Manager
Yvonne Bullard	City Recorder/CMFOA
Laura Hodges	Financial Director
Chris Earl	Police Chief
Steve Walls	Fire Chief
Will Loftin	Public Works Director
Eric Armstrong	Water Director
Blake Coker	Wastewater Director
Ed Courton	Planning Director
Rex Wallace	Building Codes
Gary Schmidt	Parks and Recreation Director
Tom Minor	Town Attorney
Mark McDaniel	Town Judge
Nick Pierotti	Town Prosecutor



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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Board of Aldermen  
Town of Oakland, Tennessee

***Qualified and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Town of Oakland, Tennessee (the Town) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Solid Waste Fund	Unmodified
Water and Sewer Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

**Qualified Opinion on the Governmental Activities, Business-Type Activities, and Water and Sewer Fund**

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities and the water and sewer fund of the Town of Oakland, TN, as of June 30, 2023, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions on the General Fund, Solid Waste Fund and Aggregate Remaining Fund Information**

In our opinion, the financial statements referred to above present fairly, in all material respects, the general fund, solid waste fund, and the aggregate remaining fund information of the Town of Oakland, Tennessee, as of June 30, 2023 and the respective changes in financial position thereof and the respective budgetary comparison for the general fund and solid waste fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Qualified Opinion and Unmodified Opinions***

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

**Matter Giving Rise to the Qualified Opinion on the Governmental Activities, Business-Type Activities and Water and Sewer Fund**

Management has not properly accounted for all its capital assets for the governmental activities, business-type activities, and water and sewer fund. Accounting principles generally accepted in the United States of America require that assets be accounted for and recorded properly. The amount by which this departure would affect the assets, net position and expenses of the governmental activities, business-type activities, and water and sewer fund have not been determined.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are no conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise a substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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



or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 – 12 and 52 – 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

The supplementary information on pages 55 – 65, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the Management's Corrective Action Plan 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 27, 2023, on our consideration of the Town of Oakland, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Oakland, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oakland, Tennessee's internal control over financial reporting and compliance.

*Wickberg Accounting, P.C.*

Lewisburg, Tennessee  
December 27, 2023

**TOWN OF OAKLAND, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

As management of the Town of Oakland, Tennessee (the "Town" or the "Town of Oakland"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Oakland for the fiscal year ended June 30, 2023. This analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds. Please consider the information presented here in conjunction with the Town's financial statements.

**Financial Highlights**

- The assets of the Town of Oakland exceeded its liabilities at the close of the most recent fiscal year by \$50,547,948 (net position). Of this amount, \$18,229,268 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$4,971,996. Net position increased by \$1,909,646 within the business-type activities and increased by \$3,062,350 within the governmental activities
- As of the close of the current fiscal year, the Town of Oakland's governmental funds reported combined ending fund balances of \$9,786,958. Approximately 76% of this total amount 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 \$7,440,001 (55%) of general fund operating expenditures.
- The Town of Oakland's total long-term debt increased by \$3,425,529 during the current fiscal year. Long-term liabilities related to compensated absences increased by \$16,394.

**Overview of the Financial Statements**

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

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

The government-wide financial statements are:

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

- **Statement of Activities** – presents information showing how the Town’s net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Oakland include general government, public safety, public works, and health, welfare, and recreation. The business-type activities of the Town of Oakland include the water and sewer operations.

The government-wide financial statements can be found on pages 13 and 14 of this report.

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

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

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

The Town maintains a general fund and four special revenue funds as governmental funds. Information is presented separately in the governmental fund financial statements for the General Fund and the Solid Waste fund since these are considered major funds. Data for the other funds is combined into a single column with individual fund data for each of these non-major governmental funds provided in the supplementary information section of this report.

The basic governmental funds financial statements can be found on pages 15 – 18 of this report.

**Proprietary funds** – Services for which the Town charges customers a fee, are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information. The Town maintains one type of proprietary fund: enterprise fund.

Enterprise funds are the same as business-type activities in the government-wide financial statements but provide more detail and additional information, such as cash flows. The Water and Sewer Fund is the Town’s sole enterprise fund.

The basic proprietary fund financial statements can be found on pages 25 – 27 of this report.



**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 – 51 of this report.

**Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the Town's annual pension cost. This information follows the notes to the financial statements.

**Combining and Individual Fund Statement and Schedules:** The Non-major Governmental Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance referred to earlier is presented immediately following the required supplementary information.

### Government-wide Financial Analysis (The Town as a Whole)

**Net Position:** Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Oakland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,547,948 as of June 30, 2023, an increase of \$4,971,996, or 11%, from last year.

The largest portion of the Town of Oakland's net position (60%) reflects its investments in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The Town of Oakland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Oakland's investment in 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.

#### Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 12,671,328	\$ 13,196,548	\$ 12,793,804	\$ 11,338,860	\$ 25,465,132	\$ 24,535,408
Capital Assets	18,907,689	11,730,311	18,163,582	16,959,818	37,071,271	28,690,129
<b>Total Assets</b>	<b>31,579,017</b>	<b>24,926,859</b>	<b>30,957,386</b>	<b>28,298,678</b>	<b>62,536,403</b>	<b>53,225,537</b>
Deferred outflows of resources	621,998	485,120	2,007,332	164,507	2,629,330	649,627
Long-term liabilities outstanding	4,773,335	1,131,528	2,229,624	2,429,507	7,002,959	3,561,035
Other liabilities	751,178	965,035	2,779,840	1,624,907	3,531,018	2,589,942
<b>Total Liabilities</b>	<b>5,524,513</b>	<b>2,096,563</b>	<b>5,009,464</b>	<b>4,054,414</b>	<b>10,533,977</b>	<b>6,150,977</b>
Deferred inflows of resources	2,243,300	1,944,564	40,508	203,671	2,283,808	2,148,235
<b>Net position:</b>						
Net Investment in Capital Assets	14,333,136	10,782,076	15,973,166	14,568,614	30,306,302	25,350,690
Restricted	2,007,660	3,060,071	4,718	206,375	2,012,378	3,266,446
Unrestricted	8,092,406	7,528,705	10,136,862	9,430,111	18,229,268	16,958,816
<b>Total Net position</b>	<b>\$ 24,433,202</b>	<b>\$ 21,370,852</b>	<b>\$ 26,114,746</b>	<b>\$ 24,205,100</b>	<b>\$ 50,547,948</b>	<b>\$ 45,575,952</b>

At the end of the current fiscal year, the Town of Oakland is able to report a positive balance in both of the governmental and business-type activity categories of net position.

**Governmental activities.** Governmental activities increased the Town's net position by \$3,062,350, which represents decrease of \$2,503,740 from the prior year's change in net position, primarily due to a decrease in capital grants and contributions.

**Business-type activities.** Business-type activities increased the Town's net position by \$1,909,646 which represents a decrease of \$1,367,014 from the prior year's change in net position, primarily due to capital contributions.

**Condensed Statement of Changes in Net Position**

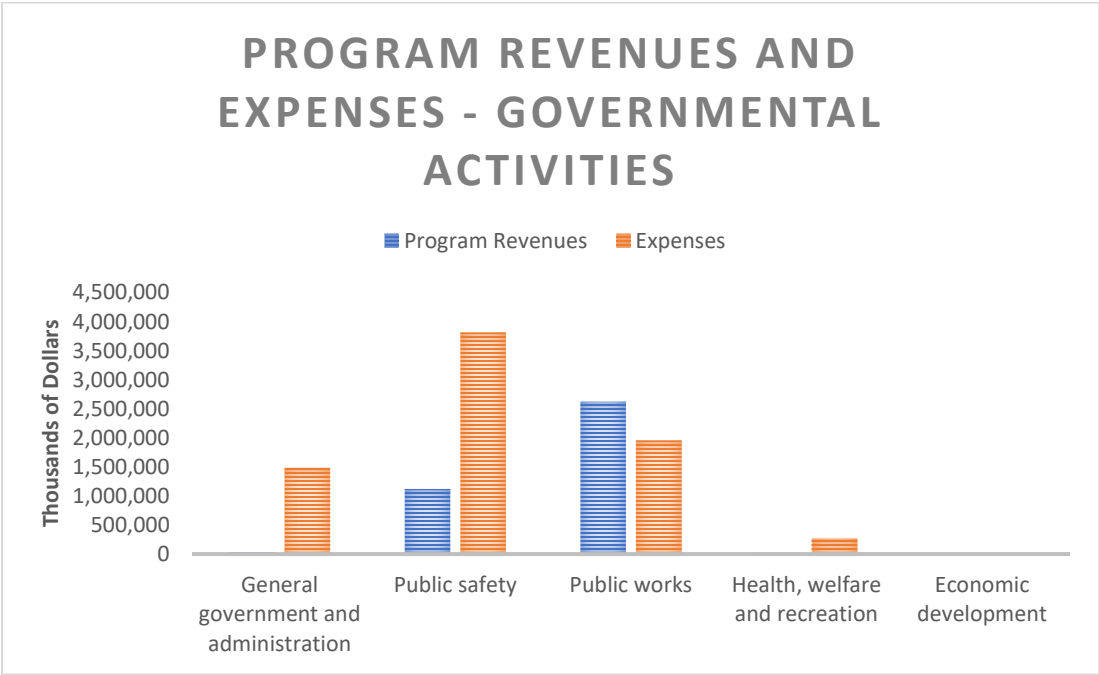
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>						
<b>Program Revenues:</b>						
Fees, fines and charges for services	\$ 1,821,755	\$ 1,888,539	\$ 3,063,353	\$ 3,128,869	\$ 4,885,108	\$ 5,017,408
Operating grants and contributions	371,280	471,111	-	-	371,280	471,111
Capital grants and contributions	1,596,638	3,165,756	1,595,423	2,942,706	3,192,061	6,108,462
<b>General Revenues</b>						
Local taxes	1,482,033	1,401,977	-	-	1,482,033	1,401,977
Intergovernmental	5,247,801	4,972,850	-	-	5,247,801	4,972,850
Interest on investments	149,625	128,508	184,780	148,307	334,405	276,815
Other	17,947	34,511	292	5,462	18,239	39,973
<b>Total revenues</b>	<b>10,687,079</b>	<b>12,063,252</b>	<b>4,843,848</b>	<b>6,225,344</b>	<b>15,530,927</b>	<b>18,288,596</b>
<b>Expenses</b>						
General government and administration	1,490,886	1,081,680	-	-	1,490,886	1,081,680
Public safety	3,815,015	3,201,022	-	-	3,815,015	3,201,022
Public works	1,958,105	1,839,191	-	-	1,958,105	1,839,191
Health, welfare and recreation	289,271	277,217	-	-	289,271	277,217
Economic development	-	-	-	-	-	-
Interest on long-term debt	71,452	12,117	37,106	29,503	108,558	41,620
Water and Sewer	-	-	2,897,096	2,919,181	2,897,096	2,919,181
<b>Total expenses</b>	<b>7,624,729</b>	<b>6,411,227</b>	<b>2,934,202</b>	<b>2,948,684</b>	<b>10,558,931</b>	<b>9,359,911</b>
<b>Sale of capital assets</b>	<b>-</b>	<b>(85,935)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(85,935)</b>
<b>Change in net position</b>	<b>3,062,350</b>	<b>5,566,090</b>	<b>1,909,646</b>	<b>3,276,660</b>	<b>4,971,996</b>	<b>8,842,750</b>
Net position at beginning of year, as originally reported	21,370,852	15,690,530	24,205,100	18,405,984	45,575,952	34,096,514
Prior period adjustments	-	114,232	-	2,522,456	-	2,636,688
Net position at beginning of year, as restated	21,370,852	15,804,762	24,205,100	20,928,440	45,575,952	36,733,202
<b>Net position at end of year</b>	<b>\$ 24,433,202</b>	<b>\$ 21,370,852</b>	<b>\$ 26,114,746</b>	<b>\$ 24,205,100</b>	<b>\$ 50,547,948</b>	<b>\$ 45,575,952</b>

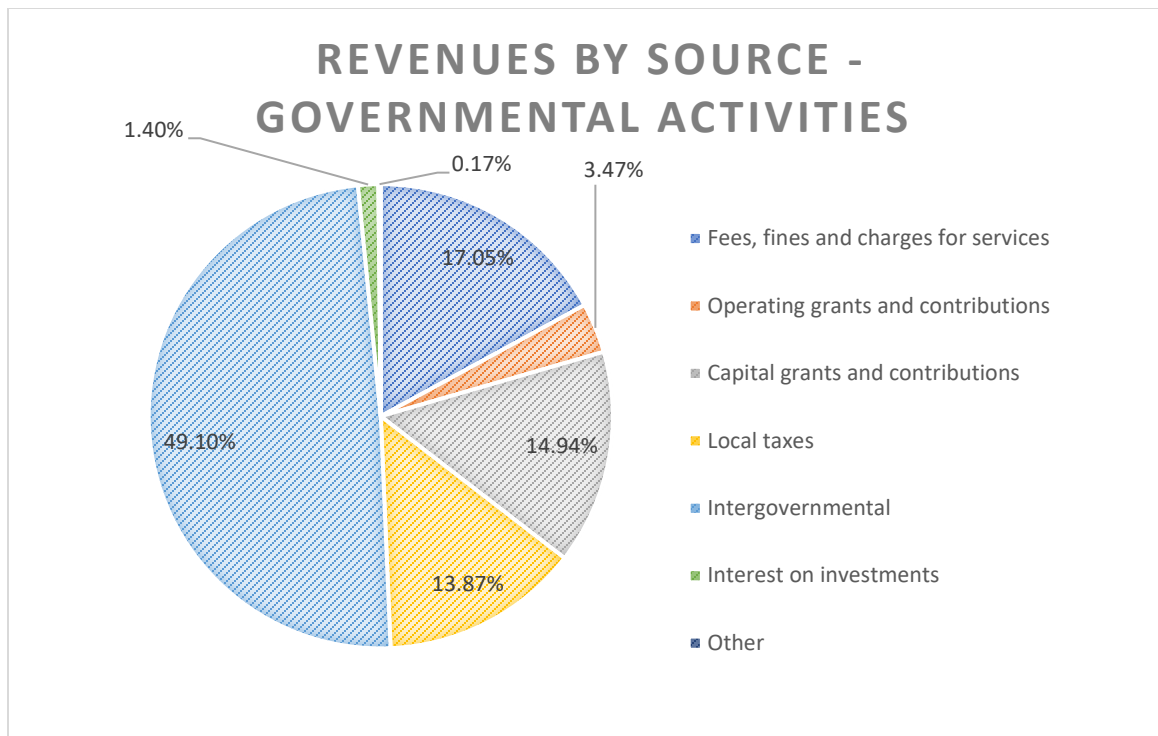
**Governmental Activities:** Current fiscal year revenues for the Town's governmental activities were \$10,687,079 compared to \$12,063,252 last year. Expenses for the same period were \$7,624,729 compared \$6,411,227 last year.

General and program revenue experienced a mixture of increases and decreases for the year; most notable of which are discussed below.

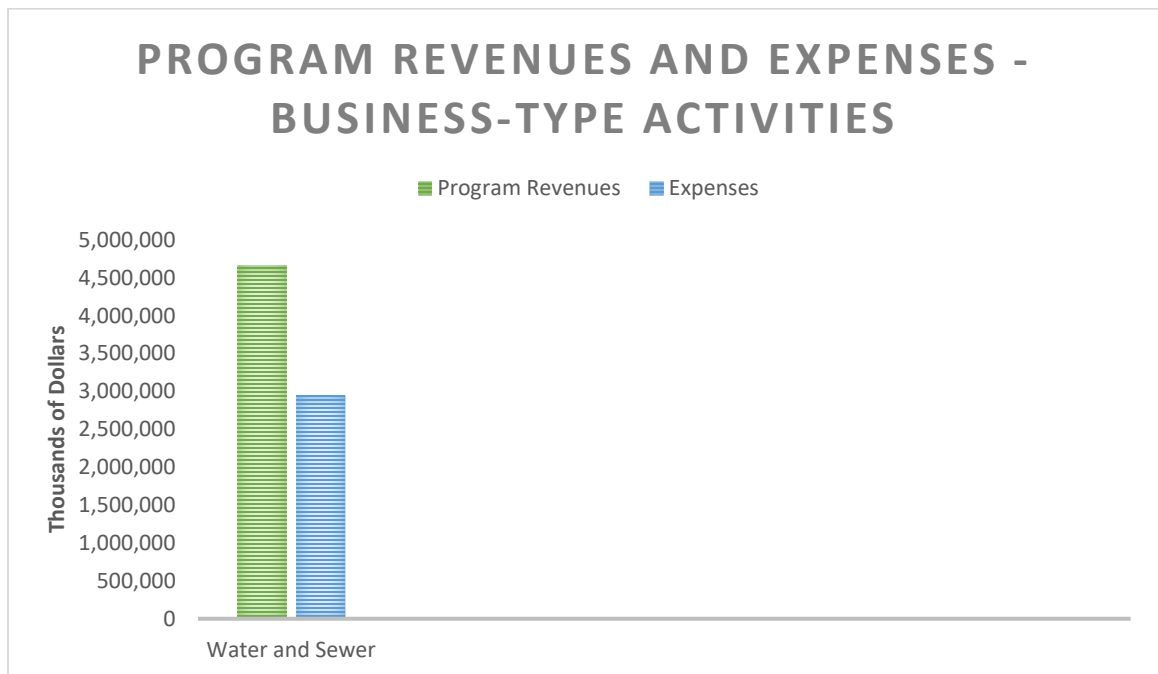
- Capital grants and contributions show a decrease of \$1,569,118. These are primarily made up of contributed infrastructure.

Expenses in governmental activities increased by \$1,213,502. The largest increases were in public safety and primarily had to do with salaries and capital outlay.

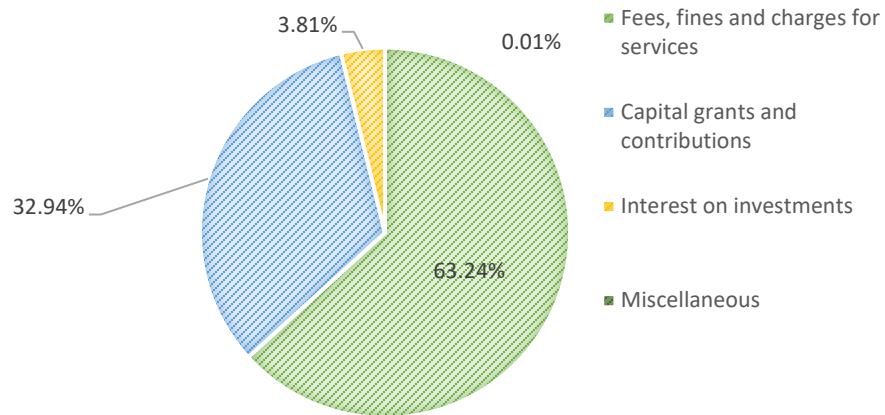




**Business-type activities:** Business-type activities increased the Town's net position by \$1,909,646. Charges for services decreased from prior year by \$65,516 and capital contributions decreased by \$1,347,283. Expenses were \$14,482 less than the previous year.



## REVENUES BY SOURCE - BUSINESS- TYPE ACTIVITIES



### Financial Analysis of the Government's Funds

The following provides a more detailed analysis of the Town's funds.

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,786,958 a decrease of \$406,411, in comparison with the prior year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,440,001 while total fund balance reached \$7,807,149.

**Proprietary Funds:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Water and Sewer Fund had an increase in net position of \$1,909,646 (for the year compared to an increase of \$5,799,116 in the prior year). Factors affecting this amount include:

- The prior year included a prior period adjustment of \$2,522,456.
- A decrease of \$1,347,283 in capital contributions from the prior year.

## **General Fund Budgetary Highlights**

The Town exceeded budgeted appropriations in the General Fund and the Solid Waste Fund. The Town did make some budgeted amendments throughout the year.

### **Capital Asset and Debt Administration**

**Capital assets:** At the end of the current fiscal year, the Town had \$37,071,271 (net of accumulated depreciation) invested in capital assets for its governmental and business-type activities. This investment in capital assets includes land, buildings, improvements, equipment, vehicles, construction in progress and other infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$8,381,142. Depreciation expense for the year was \$1,248,307. Additional information on capital assets is in Note 3.C.

**Debt:** At the end of the current fiscal year, the Town had total debt outstanding of \$6,764,968. Of the total outstanding debt 67% belongs to the General Fund and 33% to the Water and Sewer Fund. Additional information on debt is in Note 3.E.

### **Economic Factors and Next Year's Budgets and Rates**

**Factors considered** in preparing the Town's budget for the 2024 fiscal year are discussed fully in the budget document and include:

- The Town uses conservative revenue forecasts for budgeting purposes. The primary source of funds remains property taxes, intergovernmental taxes, and water/sewer charges. The potential impact of economic conditions in the area has been taken into consideration in projecting resources.
- Property tax revenues were projected to remain relatively the same as the prior year. The property tax rate for FY2024 is set at \$0.6342 per hundred of assessed valuation.
- Sales tax and other state shared revenue are projected to increase as economic growth improves. While inflationary trends in the region compare favorably to national indices, the Town has proposed slight FY2024 increases in sales tax revenues from FY2023 levels.
- The Town is continuing to monitor operations of its Water and Sewer Fund to determine if increased user fees or cost containment measures should be initiated in the near term.
- The Town adopted a General Fund operating budget of \$7,809,245 for FY2023 which is a \$391,708 decrease from the FY2023 General Fund budget of \$8,200,953. There is no scheduled use of unassigned fund balance in FY2023. The unassigned fund balance in the General Fund was \$7,440,001 at June 30, 2023.

## **Requests for Information**



This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town at P.O. Box 56, Oakland, Tennessee.

Yvonne Bullard  
Town Recorder

**TOWN OF OAKLAND, TENNESSEE**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,504,523	\$ 10,226,042	\$ 18,730,565
Receivables:			
Property taxes	2,148,130	-	2,148,130
Accounts receivable, net of allowance	298,225	388,767	686,992
Grants receivable	-	-	-
Other receivables	59,355	-	59,355
Due from other governments	922,698	-	922,698
Internal balances	399,121	(399,121)	-
Restricted cash and cash equivalents	311,425	2,517,322	2,828,747
Inventory	-	55,958	55,958
Prepaid expenses	-	118	118
Net pension asset	27,851	4,718	32,569
Capital assets not being depreciated:			
Land	2,087,304	101,637	2,188,941
Construction in progress	6,236,215	1,665,402	7,901,617
Capital assets (net of accumulated depreciation):			
Property, plant, and equipment	10,584,170	16,396,543	26,980,713
<b>TOTAL ASSETS</b>	<b>31,579,017</b>	<b>30,957,386</b>	<b>62,536,403</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension changes in experience	223,918	74,639	298,557
Pension changes in investment earnings	23,579	7,860	31,439
Pension changes in assumptions	235,324	78,441	313,765
Pension contributions subsequent to measurement date	139,177	46,392	185,569
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>621,998</b>	<b>207,332</b>	<b>829,330</b>
<b>LIABILITIES</b>			
Accounts payable	210,691	33,459	244,150
Accrued expenses	464,328	45,092	509,420
Customer deposits	62,050	199,150	261,200
Unearned revenue	14,109	2,502,139	2,516,248
Noncurrent liabilities:			
Compensated absences	198,782	39,208	237,990
Due within one year	367,000	204,892	571,892
Due in more than one year	4,207,553	1,985,524	6,193,077
<b>TOTAL LIABILITIES</b>	<b>5,524,513</b>	<b>5,009,464</b>	<b>10,533,977</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	2,121,776	-	2,121,776
Pension changes in experience	121,524	40,508	162,032
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,243,300</b>	<b>40,508</b>	<b>2,283,808</b>
<b>NET POSITION</b>			
Net investment in capital assets	14,333,136	15,973,166	30,306,302
Restricted for:			
State Street Aid fund	589,015	-	589,015
Drug fund	272,459	-	272,459
Solid waste	685,449	-	685,449
Fire fund	432,886	-	432,886
Net pension asset	27,851	4,718	32,569
Unrestricted	8,092,406	10,136,862	18,229,268
<b>TOTAL NET POSITION</b>	<b>\$ 24,433,202</b>	<b>\$ 26,114,746</b>	<b>\$ 50,547,948</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities</b>							
General government	\$ 1,490,886	\$ 2	\$ 35,000	\$ -	\$ (1,455,884)	\$ -	\$ (1,455,884)
Public Safety	3,815,015	1,094,538	25,848	-	(2,694,629)	-	(2,694,629)
Public works	1,958,105	707,288	310,432	1,596,638	656,253	-	656,253
Health, welfare and recreation	289,271	19,927	-	-	(269,344)	-	(269,344)
Debt service - interest	71,452	-	-	-	(71,452)	-	(71,452)
Total governmental activities	7,624,729	1,821,755	371,280	1,596,638	(3,835,056)	-	(3,835,056)
<b>Business-type activities</b>							
Water and Sewer	2,934,202	3,063,353	-	1,595,423	-	1,724,574	1,724,574
Total business-type activities	2,934,202	3,063,353	-	1,595,423	-	1,724,574	1,724,574
<b>Total Government</b>	<b>\$ 10,558,931</b>	<b>\$ 4,885,108</b>	<b>\$ 371,280</b>	<b>\$ 3,192,061</b>	<b>(3,835,056)</b>	<b>1,724,574</b>	<b>(2,110,482)</b>
<b>General Revenues</b>							
Taxes:							
Property					1,482,033	-	1,482,033
Sales					5,200,156	-	5,200,156
Public service taxes					47,645	-	47,645
Investment earnings					149,625	184,780	334,405
Insurance recoveries					-	292	292
Miscellaneous					17,947	-	17,947
Total general revenues					6,897,406	185,072	7,082,478
Change in net position					3,062,350	1,909,646	4,971,996
Net position at beginning of year					21,370,852	24,205,100	45,575,952
Net position at end of year					\$ 24,433,202	\$ 26,114,746	\$ 50,547,948

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b>General</b>	<b>Solid Waste Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,146,349	\$ 241,378	\$ 1,116,796	\$ 8,504,523
Receivables				
Property taxes	2,148,130	-	-	2,148,130
Charges receivable	-	118,053	-	118,053
Court fees receivable	663,906	-	-	663,906
Less: allowance for doubtful accounts	(464,734)	(19,000)	-	(483,734)
Other receivables	59,355	-	-	59,355
Due from other governments	869,621	-	53,077	922,698
Due from other funds	51,643	401,014	198,642	651,299
Restricted cash and cash equivalents	311,425	-	-	311,425
<b>Total assets</b>	<u>\$ 10,785,695</u>	<u>\$ 741,445</u>	<u>\$ 1,368,515</u>	<u>\$ 12,895,655</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 147,837	\$ 55,626	\$ 7,228	\$ 210,691
Accrued expenses	421,539	-	-	421,539
Due to other funds	198,990	370	52,818	252,178
Deposits	62,050	-	-	62,050
Unearned revenue	-	-	14,109	14,109
<b>Total liabilities</b>	<u>830,416</u>	<u>55,996</u>	<u>74,155</u>	<u>960,567</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	2,148,130	-	-	2,148,130
	<u>2,148,130</u>	<u>-</u>	<u>-</u>	<u>2,148,130</u>
<b>FUND BALANCE</b>				
<i>Nonspendable</i>				
Prepays	-	-	-	-
<i>Restricted</i>				
State street aid	-	-	589,015	589,015
Drug fund	-	-	272,459	272,459
Fire	-	-	432,886	432,886
Solid waste fund	-	685,449	-	685,449
<i>Assigned</i>				
Park development	367,148	-	-	367,148
<i>Unassigned</i>				
General fund	7,440,001	-	-	7,440,001
<b>Total fund balances</b>	<u>7,807,149</u>	<u>685,449</u>	<u>1,294,360</u>	<u>9,786,958</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 10,785,695</u>	<u>\$ 741,445</u>	<u>\$ 1,368,515</u>	<u>\$ 12,895,655</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET**  
**POSITION**  
**JUNE 30, 2023**

Total fund balance - total governmental funds	\$ 9,786,958
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	18,907,689
Compensated absences are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(198,782)
Net pension asset, deferred outflows of resources, and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported at the fund level.	528,325
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,617,342)
Some property tax will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.	<u>26,354</u>
Net position of governmental activities	<u><u>\$ 24,433,202</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	<b>General</b>	<b>Solid Waste Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 4,414,252	\$ -	\$ -	\$ 4,414,252
Intergovernmental revenues	2,438,690	-	310,432	2,749,122
Licenses and permits	481,594	-	-	481,594
Charges of services	19,929	707,288	-	727,217
Fines, fees, forfeits, and penalties	500,945	-	111,999	612,944
Other revenues	1,728,914	3,714	21,159	1,753,787
<b>Total Revenues</b>	<u>9,584,324</u>	<u>711,002</u>	<u>443,590</u>	<u>10,738,916</u>
<b>Expenditures</b>				
Current				
General government	1,446,805	-	-	1,446,805
Public safety	3,563,503	-	54,130	3,617,633
Public works	552,073	651,627	485,878	1,689,578
Health, welfare, and recreation	264,399	-	-	264,399
Debt service	226,442	-	167,158	393,600
Capital outlay	7,385,419	181,525	151,715	7,718,659
<b>Total Expenditures</b>	<u>13,438,641</u>	<u>833,152</u>	<u>858,881</u>	<u>15,130,674</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,854,317)</u>	<u>(122,150)</u>	<u>(415,291)</u>	<u>(4,391,758)</u>
<b>Other financing sources (uses)</b>				
Transfers in (out)	(90,000)	-	90,000	-
Note proceeds	3,985,317	-	-	3,985,317
Sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>3,895,317</u>	<u>-</u>	<u>90,000</u>	<u>3,985,317</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	41,000	(122,150)	(325,291)	(406,441)
<b>Fund Balance at Beginning of Year</b>	<u>7,766,149</u>	<u>807,599</u>	<u>1,619,651</u>	<u>10,193,399</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 7,807,149</u></u>	<u><u>\$ 685,449</u></u>	<u><u>\$ 1,294,360</u></u>	<u><u>\$ 9,786,958</u></u>

The accompanying notes are an integral part of these financial statements.



**TOWN OF OAKLAND, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

Net change in fund balances - total governmental funds	\$ (406,441)
--	--------------

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

Governmental funds report capital outlay as expenditures.  
However, in the government-wide statement of activities and  
changes in net position, the cost of those assets is allocated  
over their useful lives as depreciation expense. This is the  
amount recorded in the current period.

7,718,659

Depreciation expense on capital assets is reported in the  
government-wide statement of activities and changes in net  
position, but they do not require the use of current financial  
resources. Therefore, depreciation expense is not reported  
as expenditure in governmental funds.

(541,281)

Net effect of various transactions involving capital assets (i.e.,  
sales, trade-ins, and contributed assets)

-

Debt proceeds are recorded as revenue in the governmental funds  
but not in the government wide financials.

(3,985,317)

Increase in compensated absences is not reported for governmental  
funds, but is reported for government-wide statement of activities.

(15,489)

Some expenses reported on the statement of activities do not require  
the use of current resources and, therefore, are not reported  
as expenditures in the government funds.

(14,943)

Debt payments are expenditures that are reported on the governmental funds  
but are not recorded on the government wide financials as expenses.

359,000

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds.

(51,838)

Change in net position of governmental activities

\$ 3,062,350

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Final Budget Positive (Negative)</b>
<b>Revenues</b>				
<b>Taxes</b>				
Property	\$ 1,370,790	\$ 1,370,790	\$ 1,385,565	\$ 14,775
Natural gas tax	42,500	42,500	40,865	(1,635)
Interest and penalty - real estate tax	6,000	6,000	10,423	4,423
Local sales tax	2,426,800	2,426,800	2,577,646	150,846
Wholesale liquor tax	70,250	70,250	103,508	33,258
Wholesale beer tax	280,770	280,770	248,600	(32,170)
Beer privileged tax	8,000	8,000	8,100	100
Franchise tax	68,200	68,200	39,545	(28,655)
Total taxes	<u>4,273,310</u>	<u>4,273,310</u>	<u>4,414,252</u>	<u>140,942</u>
<b>Intergovernmental</b>				
<b>State revenues</b>				
Sales tax	991,895	991,895	1,063,138	71,243
Local option sales tax	1,083,200	1,083,200	1,140,041	56,841
Local sales tax - parks	1,110,600	1,110,600	-	(1,110,600)
Telecommunication tax	600	600	723	123
TVA in lieu of taxes	93,828	93,828	107,440	13,612
Streets and transportation	15,600	15,600	16,371	771
Corporate excise tax	17,000	17,000	15,490	(1,510)
Mixed drink tax	10,500	10,500	14,628	4,128
Beer tax	16,353	16,353	4,080	(12,273)
Sports betting tax	13,404	13,404	15,931	2,527
Police salary supplement	-	-	12,000	12,000
Fire salary supplement	-	-	12,600	12,600
Other local grants	38,500	38,500	35,000	(3,500)
State and federal grant funds	-	-	1,248	1,248
Total intergovernmental revenues	<u>3,391,480</u>	<u>3,391,480</u>	<u>2,438,690</u>	<u>(952,790)</u>
<b>Licenses and permits</b>				
Inspection fees	118,000	118,000	180,170	62,170
Park development fees	90,000	90,000	103,000	13,000
Other subdivision development fees	86,500	86,500	46,603	(39,897)
Building permits	105,875	105,875	56,723	(49,152)
Plumbing permits	56,000	56,000	35,125	(20,875)
Excavation permits	1,500	1,500	3,715	2,215
Mechanical permits	41,000	41,000	26,969	(14,031)
Planning fees	22,000	22,000	13,266	(8,734)
Fence permits	-	-	3,171	3,171
Sign permits	2,000	2,000	2,719	719
Firework permits	4,000	4,000	7,250	3,250
Solicitation permits	3,000	3,000	2,883	(117)
Total licenses and permits	<u>529,875</u>	<u>529,875</u>	<u>481,594</u>	<u>(48,281)</u>
<b>City court fines and vehicle fees</b>	<u>439,500</u>	<u>439,500</u>	<u>500,945</u>	<u>61,445</u>
<b>Charges for services</b>				
Recreation revenue and fees	87,000	87,000	19,927	(67,073)
Fire calls and fees	99,400	99,400	-	(99,400)
Duplication charges	-	-	2	2
Mowing	3,000	3,000	-	(3,000)
Total charges for services	<u>189,400</u>	<u>189,400</u>	<u>19,929</u>	<u>(169,471)</u>
<b>Miscellaneous</b>				
Administrative services	36,000	36,000	-	(36,000)
Interest income	20,000	20,000	114,334	94,334
Contributions in aid of construction	-	-	1,596,638	1,596,638
Miscellaneous revenues	30,250	30,250	17,942	(12,308)
Total miscellaneous	<u>86,250</u>	<u>86,250</u>	<u>1,728,914</u>	<u>1,642,664</u>
<b>Total revenues</b>	<u>8,909,815</u>	<u>8,909,815</u>	<u>9,584,324</u>	<u>674,509</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OAKLAND, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>Expenditures</b>				
<b>General government</b>				
<b>Legislative</b>				
Salaries	481,481	481,481	462,482	18,999
Payroll taxes	33,832	33,832	33,281	551
Employee health insurance	112,422	112,422	93,035	19,387
Retirement	21,832	21,832	20,972	860
Unemployment insurance	1,232	1,232	661	571
Employee education and training	7,000	7,000	895	6,105
Other personnel services	-	-	710	(710)
Election Costs	6,000	6,000	580	5,420
Dues and memberships	15,000	15,000	9,970	5,030
Publications and subscriptions	3,600	3,600	6,282	(2,682)
Legal and accounting	30,000	30,000	22,303	7,697
Other professional services	92,685	92,685	43,221	49,464
Insurance	10,860	10,860	10,269	591
Fuel expense	1,200	1,200	1,203	(3)
Household and janitorial supplies	1,200	1,200	829	371
Office supplies	12,000	12,000	14,956	(2,956)
Operating supplies	-	-	2,170	(2,170)
Postage and box rental	6,500	6,500	3,164	3,336
Accounting and auditing	30,000	30,000	38,120	(8,120)
Public relations	37,800	37,800	391	37,409
Repairs and maintenance	44,600	44,600	10,278	34,322
Small items of equipment	12,000	12,000	4,943	7,057
Travel	8,500	8,500	11,875	(3,375)
Uniforms	1,200	1,200	834	366
Utilities and telephone	12,600	12,600	22,781	(10,181)
Miscellaneous	43,420	43,420	9,630	33,790
Capital outlay	257,050	369,550	27,295	342,255
<b>Total legislative</b>	<b>1,284,014</b>	<b>1,396,514</b>	<b>853,130</b>	<b>543,384</b>
<b>Building and codes</b>				
Salaries	156,206	156,206	154,152	2,054
Payroll taxes	11,666	11,666	10,576	1,090
Employee insurance	33,085	33,085	50,856	(17,771)
Unemployment insurance	120	120	424	(304)
Employee training and education	3,000	3,000	1,018	1,982
Other personnel services	-	-	220	(220)
Retirement	6,875	6,875	6,836	39
Contracted janitorial services	2,000	2,000	7,686	(5,686)
Dues and memberships	3,000	3,000	250	2,750
Fuel expense	3,600	3,600	6,109	(2,509)
Insurance	9,100	9,100	12,392	(3,292)
Janitorial supplies	720	720	386	334
Office supplies	1,800	1,800	3,889	(2,089)
Operating supplies	600	600	1,321	(721)
Postage and box rental	1,200	1,200	-	1,200
Professional services	5,200	5,200	4,730	470
Publications and subscriptions	1,200	1,200	105	1,095
Rent	19,500	19,500	16,621	2,879
Repairs and maintenance - buildings	3,000	3,000	14,623	(11,623)
Repairs and maintenance - vehicles	600	600	1,721	(1,121)
Repairs and maintenance - office equipment	600	600	-	600
Utilities and telephone	9,300	9,300	7,778	1,522
Small items of equipment	1,200	1,200	1,461	(261)
Travel	2,400	2,400	886	1,514
Uniforms and clothing	600	600	2,697	(2,097)
Capital outlay	7,600	17,600	9,948	7,652
<b>Total building inspector</b>	<b>284,172</b>	<b>294,172</b>	<b>316,685</b>	<b>(22,513)</b>
<b>Planning</b>				
Salaries	72,500	72,500	83,129	(10,629)
Payroll taxes	5,508	5,508	6,155	(647)
Employee insurance	7,824	7,824	7,504	320
Unemployment insurance	265	265	203	62
Employee training and education	1,200	1,200	699	501
Retirement	3,600	3,600	3,660	(60)
Memberships	2,400	2,400	583	1,817
Other professional fees	52,400	52,400	96,711	(44,311)
Other services	2,150	2,150	1,391	759
Publicity, subscriptions, etc...	43,600	43,600	22,833	20,767
Repairs and maintenance	600	600	17	583
Supplies	7,370	7,370	2,271	5,099
Utilities and telephone	800	800	2,225	(1,425)
Travel	1,500	1,500	-	1,500
Capital outlay	-	-	1,741	(1,741)
<b>Total planning</b>	<b>201,717</b>	<b>201,717</b>	<b>229,122</b>	<b>(27,405)</b>
<b>Government buildings</b>				
Contracted services	-	-	28,184	(28,184)
Other publicity, subscriptions and dues	-	-	2,100	(2,100)
Repairs and maintenance - buildings	-	-	24,598	(24,598)
Architecture and engineering services	-	-	27,800	(27,800)
Legal services	-	-	58	(58)
Telephone	-	-	1,200	(1,200)
Meals and entertainment	-	-	976	(976)
Miscellaneous	-	-	1,936	(1,936)
Capital outlay	-	-	15,071	(15,071)
	-	-	101,923	(101,923)
<b>Total general government</b>	<b>1,769,903</b>	<b>1,892,403</b>	<b>1,500,860</b>	<b>391,543</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>Expenditures(continued)</b>				
<b>Public safety</b>				
<b>Police department</b>				
Salaries	1,206,245	1,206,245	1,277,537	(71,292)
Payroll taxes	91,398	91,398	88,080	3,318
Employee insurance	288,504	288,504	286,172	2,332
Unemployment insurance	3,542	3,542	2,050	1,492
Retirement	58,855	58,855	62,448	(3,593)
Town judge	18,337	18,337	-	18,337
Town prosecutor	16,087	16,087	-	16,087
Employee education and training	12,000	12,000	7,596	4,404
Dispatch services	2,500	2,500	2,067	433
Dues and memberships	3,600	3,600	1,125	2,475
Firearm supplies	8,500	8,500	5,219	3,281
Fuel expense	99,300	99,300	84,199	15,101
Insurance	119,850	119,850	116,426	3,424
Janitorial supplies	240	240	625	(385)
Legal fee	1,200	1,200	13,724	(12,524)
Medical expense	2,000	2,000	2,839	(839)
Oil and tires	8,000	8,000	7,597	403
Office supplies	4,250	4,250	5,052	(802)
Operating supplies	6,000	6,000	5,099	901
Other contractual services	77,300	77,300	34,476	42,824
Postage and box rental	1,200	1,200	1,034	166
Printing and duplication	600	600	405	195
Publicity, dues, and subscriptions	1,200	1,200	-	1,200
Public relations	600	600	36	564
Publication of legal notices	1,000	1,000	281	719
Repairs and maintenance - vehicles	22,500	22,500	29,326	(6,826)
Repairs and maintenance - building	8,000	8,000	5,436	2,564
Repairs and maintenance - office equipment	1,000	1,000	40	960
Repairs and maintenance - grounds	6,000	6,000	389	5,611
Safety supplies	600	600	-	600
Small items of equipment	70,000	70,000	68,589	1,411
Fees and charges	36,000	36,000	26,558	9,442
Towing expense	1,000	1,000	1,900	(900)
Travel	-	-	671	(671)
Uniforms	11,500	11,500	14,438	(2,938)
Utilities and telephone	27,800	27,800	29,919	(2,119)
Capital outlay	82,000	102,285	111,085	(8,800)
<b>Total police department</b>	<b>2,298,708</b>	<b>2,318,993</b>	<b>2,292,438</b>	<b>26,555</b>
<b>Fire department</b>				
Salaries	974,055	974,055	924,093	49,962
Payroll taxes	72,924	72,924	68,269	4,655
Employee insurance	186,500	186,500	179,433	7,067
Retirement	47,663	47,663	46,890	773
Unemployment insurance	2,464	2,464	1,005	1,459
Employee education and training	7,500	7,500	1,855	5,645
Volunteer fireman	7,200	7,200	8,944	(1,744)
Dues and memberships	7,200	7,200	6,009	1,191
Fuel expense	18,000	18,000	12,849	5,151
Insurance	32,600	32,600	30,134	2,466
Janitorial supplies	2,400	2,400	1,822	578
Medical expense	1,200	1,200	345	855
Chemicals, lab and medical supplies	4,200	4,200	3,541	659
Office supplies	1,200	1,200	840	360
Other supplies	1,200	1,200	1,423	(223)
Operating supplies	12,000	12,000	3,453	8,547
Other contractual services	10,000	10,000	10,261	(261)
Postage and box rental	300	300	-	300
Professional services	1,000	1,000	173	827
Publications and subscriptions	1,200	1,200	827	373
Publications of legal notices	600	600	663	(63)
Publicity, subscriptions and dues	1,200	1,200	-	1,200
Public relations	3,000	3,000	2,990	10
Repairs and maintenance - buildings	2,000	2,000	2,670	(670)
Repairs and maintenance - vehicles	16,000	16,000	13,696	2,304
Repairs and maintenance - equipment	1,500	1,500	3,305	(1,805)
Other repair and maintenance service	-	-	2,194	(2,194)
Safety supplies	100	100	353	(253)
Travel and education	5,000	5,000	2,523	2,477
Small items of equipment	15,200	15,200	11,703	3,497
Equipment rental	2,000	2,000	-	2,000
Uniforms	21,000	21,000	18,276	2,724
Utilities and telephone	16,000	16,000	21,611	(5,611)
Miscellaneous	-	-	-	-
Capital outlay	503,500	503,500	97,898	405,602
<b>Total fire department</b>	<b>1,977,906</b>	<b>1,977,906</b>	<b>1,480,048</b>	<b>497,858</b>
<b>Total public safety</b>	<b>4,276,614</b>	<b>4,296,899</b>	<b>3,772,486</b>	<b>524,413</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF OAKLAND, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
<b>Expenditures(continued)</b>				
<b>Public works</b>				
<b>Highways and streets</b>				
Salaries	361,053	361,053	276,480	84,573
Payroll taxes	25,162	25,162	20,563	4,599
Employee insurance	43,039	43,039	50,976	(7,937)
Unemployment insurance	1,232	1,232	737	495
Retirement	16,446	16,446	13,514	2,932
Employee education and training	1,200	1,200	750	450
Consultant services	-	-	10,065	(10,065)
Engineering services	12,000	12,000	24,493	(12,493)
Fuel and oil	18,000	18,000	14,777	3,223
Chemicals, laboratory, and medical supplies	1,800	1,800	655	1,145
Household and janitorial supplies	240	240	86	154
Insurance	22,000	22,000	34,512	(12,512)
Landfill services	1,200	1,200	751	449
Legal fees	1,200	1,200	1,917	(717)
Machinery and equipment rental	600	600	-	600
Medical expense	600	600	532	68
Memberships, fees, etc...	250	250	20	230
Agriculture and horticulture supplies	5,000	5,000	-	5,000
Office supplies	300	300	304	(4)
Operating supplies	6,000	6,000	1,678	4,322
Other supplies	5,400	5,400	3,996	1,404
Other professional services	1,800	1,800	200	1,600
Printing and duplicating	-	-	743	(743)
Professional and contracted services	600	600	1,084	(484)
Publicity, subscriptions, and dues	300	300	-	300
Public relations	3,000	3,000	-	3,000
Publication of legal notices	600	600	1,020	(420)
Repairs and maintenance - buildings	4,000	4,000	99	3,901
Repairs and maintenance - vehicles	5,000	5,000	2,897	2,103
Repairs and maintenance - equipment	12,000	12,000	2,529	9,471
Repairs and maintenance - streets	18,000	18,000	47,718	(29,718)
Repairs and maintenance - drainage	22,500	22,500	20,130	2,370
Repairs and maintenance - other	-	-	2,503	(2,503)
Small items of equipment	6,000	6,000	3,627	2,373
State fees and charges	200	200	2,500	(2,300)
Travel	600	600	850	(250)
Uniforms	3,000	3,000	4,963	(1,963)
Utilities and telephone	4,000	4,000	4,404	(404)
Capital outlay	520,000	572,697	1,719,497	(1,146,800)
<b>Total highways and streets</b>	<b>1,124,322</b>	<b>1,177,019</b>	<b>2,271,570</b>	<b>(1,094,551)</b>
<b>Total public works</b>	<b>1,124,322</b>	<b>1,177,019</b>	<b>2,271,570</b>	<b>(1,094,551)</b>
<b>Health, welfare, and recreation</b>				
<b>Parks</b>				
Salaries	117,554	117,554	91,785	25,769
Payroll taxes	7,509	7,509	6,899	610
Employee insurance	20,448	20,448	5,901	14,547
Retirement	5,708	5,708	4,007	1,701
Unemployment insurance	462	462	432	30
Employee education and training	600	600	-	600
Contractual services	4,500	4,500	14,941	(10,441)
Dues and memberships	1,000	1,000	195	805
Athletic equipment	4,800	4,800	10,037	(5,237)
Fuel and oil	900	900	1,201	(301)
Agriculture and horticulture supplies	600	600	-	600
Household and janitorial supplies	400	400	1,248	(848)
Insurance	10,200	10,200	11,794	(1,594)
Legal fees	105,600	105,600	1,812	103,788
Office supplies	1,800	1,800	2,032	(232)
Operating supplies	2,100	2,100	2,077	23
Other contractual services	4,000	4,000	-	4,000
Machinery and equipment rental	1,200	1,200	-	1,200
Medical expenses	-	-	268	(268)
Postage and box rental	300	300	-	300
Public relations	32,000	44,500	34,966	9,534
Publications and subscriptions	5,000	5,000	3,905	1,095
Publications of legal notices	1,200	1,200	1,773	(573)
Recreation supplies	4,000	4,000	1,527	2,473
Repairs and maintenance - buildings	4,800	4,800	7,983	(3,183)
Repairs and maintenance - vehicles	1,000	1,000	824	176
Repairs and maintenance - grounds	30,000	37,705	21,879	15,826
Repairs and maintenance - equipment	2,100	2,100	1,327	773
Repairs and maintenance - other	-	-	424	(424)
Building materials	500	500	16	484
Senior adult programs	4,800	4,800	6,043	(1,243)
Sign parts and supplies	7,500	7,500	1,482	6,018
Small items of equipment	5,000	5,000	5,863	(863)
Subscriptions and dues	-	-	2,133	(2,133)
Travel	1,200	1,200	-	1,200
Uniforms	40,000	40,000	5,141	34,859
Utilities and telephone	13,800	13,800	14,464	(664)
Miscellaneous	-	-	20	(20)
Debt service	31,833	31,833	226,442	(194,609)
Capital outlay	480,500	480,500	5,402,884	(4,922,384)
<b>Total parks</b>	<b>954,914</b>	<b>975,119</b>	<b>5,893,725</b>	<b>(4,918,606)</b>
<b>Total health, welfare, and recreation</b>	<b>954,914</b>	<b>975,119</b>	<b>5,893,725</b>	<b>(4,918,606)</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Final Budget Positive (Negative)</b>
<b>Expenditures(continued)</b>				
<b>Economic development</b>				
Development expenses	-	-	-	-
<b>Total economic development</b>	-	-	-	-
<b>Total expenditures</b>	8,125,753	8,341,440	13,438,641	(5,097,201)
<b>Revenues Over (Under) Expenditures</b>	784,062	568,375	(3,854,317)	(4,422,692)
<b>Other financing sources and (uses)</b>				
Note proceeds	-	-	3,985,317	3,985,317
Sale of capital assets	10,000	10,000	-	(10,000)
Operating transfer in	200,000	200,000	-	(200,000)
Operating transfer out	(75,000)	(165,000)	(90,000)	75,000
<b>Total other financing sources and (uses)</b>	135,000	45,000	3,895,317	3,850,317
<b>Net Change In Fund Balance</b>	<u>\$ 919,062</u>	<u>\$ 613,375</u>	41,000	<u>\$ (572,375)</u>
<b>Fund Balance at Beginning of Year</b>			7,766,149	
<b>Fund Balance at End of Year</b>			<u>\$ 7,807,149</u>	

The accompanying notes are an integral part of these financial statements.



**TOWN OF OAKLAND, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SOLID WASTE FUND**  
**YEAR ENDED JUNE 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Charges for services				
Disposal charges	\$ 686,200	\$ 686,200	\$ 706,244	\$ 20,044
Forfeited discounts	-	-	2,042	2,042
Uncollectible accounts	-	-	(998)	(998)
Other revenues				
Interest income	3,000	3,000	3,709	709
Other income	-	-	5	5
Total revenue	<u>689,200</u>	<u>689,200</u>	<u>711,002</u>	<u>21,802</u>
 <b>Expenditures</b>				
Public works				
Contractual services	638,400	638,400	651,314	(12,914)
Public relations	2,400	2,400	-	2,400
Professional fees	600	600	313	287
Other fees	-	-	-	-
Postage	10,000	10,000	-	10,000
Office supplies	250	250	-	250
Other expenses	250	250	-	250
Capital outlay	-	177,726	181,525	(3,799)
Total expenditures	<u>651,900</u>	<u>829,626</u>	<u>833,152</u>	<u>(3,526)</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 37,300</u>	<u>\$ (140,426)</u>	<u>(122,150)</u>	<u>\$ 18,276</u>
 <b>Fund Balance at Beginning of Year</b>			<u>807,599</u>	
 <b>Fund Balance at End of Year</b>			<u>\$ 685,449</u>	

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE  
WATER AND SEWER FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 10,226,042
Accounts receivable, net of allowance	388,767
Inventory	55,958
Prepaid insurance	118
Due from other funds	1,893
Total current assets	<u>10,672,778</u>

**RESTRICTED ASSETS**

Cash and cash equivalents	<u>2,517,322</u>
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**NON-CURRENT ASSETS**

Net pension asset	4,718
Capital assets	
Land	101,637
Construction in process	1,665,402
Property, plant, and equipment	26,425,923
Less: accumulated depreciation	<u>(10,029,380)</u>
Total capital assets	<u>18,163,582</u>
Total non-current assets	<u>18,168,300</u>

**TOTAL ASSETS**

31,358,400

**DEFERRED OUTFLOWS OF RESOURCES**

Pension changes in experience	74,639
Pension changes in investment earnings	7,860
Pension changes in assumptions	78,441
Pension contributions submitted after measurement date	<u>46,392</u>

**TOTAL DEFERRED OUTFLOWS OF RESOURCES**

207,332

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable	33,459
Accrued expenses	45,092
Unearned revenue	2,502,139
Deposits	199,150
Due to other funds	401,014
Current portion of note payable	<u>204,892</u>
Total current liabilities	<u>3,385,746</u>

**Non-current liabilities**

Compensated absences	39,208
Note payable	<u>1,985,524</u>
Total non-current liabilities	<u>2,024,732</u>

**TOTAL LIABILITIES**

5,410,478

**DEFERRED INFLOWS OF RESOURCES**

Pension changes in experience	<u>40,508</u>
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**TOTAL DEFERRED INFLOWS OF RESOURCES**

40,508

**NET POSITION**

Net investment in capital assets	15,973,166
Restricted for net pension asset	4,718
Unrestricted	<u>10,136,862</u>

**TOTAL NET POSITION**

\$ 26,114,746

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE  
WATER AND SEWER FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2023**

<b>OPERATING REVENUES</b>	
Water sales	\$ 1,660,095
Sewer charges	999,739
Uncollectible accounts	(31,621)
Charges for services	295,775
Penalties	136,418
Miscellaneous	2,947
<b>TOTAL OPERATING REVENUES</b>	<u>3,063,353</u>
<b>OPERATING EXPENSES</b>	
Personnel services	1,073,685
Postage	53,127
Contracted services	198,945
Dues and subscriptions	8,574
Fees and permits	15,054
Supplies	291,519
Telephone	22,457
Utilities	254,080
Repairs and maintenance	90,282
Professional services	102,223
Travel	741
Insurance	77,350
Miscellaneous	2,033
Depreciation	707,026
<b>TOTAL OPERATING EXPENSES</b>	<u>2,897,096</u>
<b>OPERATING INCOME</b>	<u>166,257</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	184,780
Insurance recoveries	292
Interest expense	(37,106)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>147,966</u>
<b>NET INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>314,223</u>
<b>CAPITAL CONTRIBUTIONS</b>	
Capital contributions	<u>1,595,423</u>
<b>CHANGE IN NET POSITION</b>	<u>1,909,646</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>24,205,100</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 26,114,746</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE  
WATER AND SEWER FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 3,093,993
Cash received from other funds	(583,348)
Other operating cash receipts	2,947
Cash payments to suppliers for goods and services	(1,180,460)
Cash payments for personnel services	(1,077,111)
Cash payments to other funds	(349)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>255,672</u>

**CASH FLOWS FROM NON-CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Insurance recoveries	<u>292</u>
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**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Acquisition/disposals of fixed assets	(939,247)
Grant proceeds	1,238,037
Capital contributions	607,500
Payments on long-term debt	(200,788)
Interest paid on long-term debt	(37,106)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>668,396</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned	<u>184,780</u>
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**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 1,109,140

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 11,634,224

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 12,743,364

**RECONCILIATION OF INCOME FROM OPERATIONS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

<b>Income (loss) from operating activities</b>	<b>\$ 166,257</b>
Adjustments to reconcile income from operations to net cash	
Depreciation	707,026
Employer contributions in excess of pension expense	(4,331)
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	39,244
(Increase) decrease in due from other funds	(349)
(Increase) decrease in inventories	(14,842)
(Increase) decrease in prepaid expenses	8,764
Increase (decrease) in accounts payable	(50,711)
Increase (decrease) in due to other funds	(583,348)
Increase (decrease) in compensated absences	905
Increase (decrease) in unearned revenue	5,118
Increase (decrease) in customer deposits	(13,845)
Increase (decrease) in accrued liabilities	(7,286)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u><u>\$ 255,672</u></u>

**NONCASH TRANSACTIONS**

Capital asset additions/disposals	\$ 1,910,790
Add amount booked as payable in prior year paid in current year	16,380
Less amount booked as payables in current year	-
Less assets contributed by local developer	(987,923)
Total cash paid for capital asset additions	<u>\$ 939,247</u>
Capital contributions	\$ 1,595,423
Less assets contributed by local developer	(987,923)
Total cash received for capital contributions	<u>\$ 607,500</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.A. REPORTING ENTITY AND INTRODUCTION**

The Town of Oakland, Tennessee (the “Town”) was incorporated in 1919. The Town operates under a Mayor and Alderman form of government and provides the following services as authorized by its charter: public health and safety, public works, water and sewage, and general administrative services.

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

The Town’s financial reporting entity comprises the following:

Primary Government	Town of Oakland
Blended Component Units	None

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, “The Financial Reporting Entity”, and includes all component units of which the Town appointed a voting majority of the units’ board; the Town is either able to impose its will or a financial benefit or burden relationship exists.

*Blended Component Units*

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Board or the component unit provides services entirely to the Town. These component units’ funds are blended into those of the Town’s by appropriate activity type to compose the primary government presentation. Currently, the Town has no blended component units.

*Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units which are required to be included in these financial statements.

**TOWN OF OAKLAND, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1.B. BASIS OF PRESENTATION**

*Government-wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues and expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues and expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:



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**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

**Proprietary Fund**

*Enterprise Fund*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Major and Nonmajor Funds**

The funds are further classified as major or nonmajor as follows:

<b>Fund</b>	<b>Brief Description</b>
<b>Major:</b>	
General	See above for description
Solid Waste	Accounts for the solid waste collection revenue and expenditures related to disposal services.
Water and Sewer Fund	Accounts for operation of the sewage facilities and the distribution of water.
<b>Nonmajor:</b>	
Special Revenue Funds:	
State Street Aid Fund	Accounts for the state gas tax revenue and expenditures legally restricted to street maintenance.
Police Drug Fund	Accounts for revenues and expenditures on drug fines and enforcement costs.

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Fire Fund

Accounts for revenues of fire fees and expenditures for construction of a new fire hall.

**1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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 timing transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met; including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only with the cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The Town does not allocate indirect costs.

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**1.D. BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with the accounting principles generally accepted in the United States of America for all governmental funds.

The Town adopts its budget in accordance with the State's legal requirement which is the level of classification detail at which expenditures may not legally exceed appropriations.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to May 15, the Town Manager submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- The proposed budget is published in the local newspaper with invitations for the public to attend the budget hearings.
- Prior to July 1, the budget is legally adopted by the Town Manager and Board of Aldermen through adoption of the appropriation ordinance upon two readings.
- The Town Manager is responsible for controlling expenditures of the various agencies of the Town government within the appropriated amounts. No expenditures shall be made in excess of the appropriations.

Budgeted amounts of the revenues and expenditures presented for the General and Special Revenue Funds are shown as originally adopted and after final amendments by the Board of Commissioners. Budget appropriations lapse at year end. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, of all the funds are presented as fund financial statements.

**1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OR RESOURCES, AND NET POSITION/FUND BALANCE**

**Cash and cash equivalents**

The Town considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Certain cash and cash equivalents of the Town are classified as restricted assets on the Statement of Net Position because they are maintained in separate accounts and/or their use is limited by Town ordinance, certain agreements, and/or contracts with third parties.

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**Investments**

Investments of the governmental type consist of certificates of deposit and are stated at cost, which approximates fair value. Certain investments of the Town are classified as restricted assets on the Statement of Net Position because they are maintained in separate accounts and/or their use is limited by Town ordinance, certain agreements, and/or contracts with third parties. Restricted balances include contractor deposits.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.F. for details of interfund transactions, including receivables and payables at yearend.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at yearend and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales taxes, and grant. Business-type activities report utilities as their major receivables.

**Inventory**

Inventories consist primarily of supplies, valued at cost, which approximates market. Cost is determined using an average-cost method. All Town inventories are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid expenses are recorded as expenditures/expenses when consumed rather than when purchased.

**Restricted Cash**

Restricted cash on the enterprise fund consists of demand deposit accounts in local banks for ARPA funds for the wastewater treatment plant expansion. The restricted cash on the general fund consists of demand deposit accounts for parks.

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**Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of three years for property, plant and equipment. Contributed assets are recorded at estimated acquisition value at the date received.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Town capitalized no interest expense during the current fiscal year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Land and improvements and construction in progress are not depreciated. The other property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 – 50 years
Equipment	5 – 15 years
Improvements other than buildings	5 – 40 years

***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has three items related to pension that qualify for this reporting category as of year-end.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualifies for reporting in this category: pension related items and current property taxes assessed that are receivable and measurable at year-end but are intended to finance the subsequent period.

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**Compensated Absences**

Employees earn five or more days of vacation each year depending on length of service. Vacation leave is to be taken following the period in which it is earned and up to 360 hours (540 hours for fire department employees) vacation may be carried forward into the next year. Employees also earn one day of sick leave per every month of employment. Sick leave is to be taken the following month in which it is earned and up to 720 hours sick leave may be carried forward into the next year. All annual vacation and sick leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee termination or retirement.

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in government fund operations or proprietary fund operations and whether that are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Net Position Flow Assumption**

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

Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investments in capital assets.”

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Town Council is the government’s highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the treasurer to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal or assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Non-spendable* fund balance is associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

*Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed amounts are constrained to be used for specific purposes by formal action by ordinance adopted by the Town’s highest level of decision-making authority, the Mayor and Board of Aldermen. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the Board reviews or changes the commitment by taking the same action it employed to impose commitment.

The Board of Mayor and Aldermen also established a fire protection fee, the unspent portion of which is shown as committed fund balance for the General Fund.

Assigned amounts are intended to be used by the Town for specific purposes; but are neither restricted nor committed. The intent shall be expressed by the Board of Mayor and Aldermen or a designee, such as the Mayor or a committee, authorized by the Board of Mayor and Aldermen for a specific purpose in accordance with the policy established by the Board of Mayor and Aldermen. The nature of the actions

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necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification.

The Board of Mayor and Aldermen established a parks and recreation fee, the unspent portion of which is shown as assigned fund balance for the General Fund.

Unassigned amounts are available for any purpose in the General Fund.

When expenditures are incurred for purposes, for which both restricted and unrestricted (assigned or unassigned) amounts are available, it shall be the policy of the Town to use the restricted amounts first as permitted under the law. When the expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Town to use the assigned amounts first, followed by the unassigned amounts.

### **Pensions**

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 Town's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Town'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 plan. Investments are reported at fair value.

### **1.F. USE OF ESTIMATES**

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **1.G. REVENUES, EXPENDITURES AND EXPENSES**

#### **Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.



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**Sales Tax**

The Town presently levies a nine and one quarter percent sales tax on taxable sales within the Town. The sales tax is collected by the Tennessee Department of Revenue and remitted to the Town in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the General Fund. Sales tax remitted to the Town in July and August has been accrued and is included under the caption "Due from Other Governments."

**Property Tax**

Property taxes are levied annually on the first of January. The taxes are due and payable from the following October through February in the year succeeding the tax levy. An unperfected lien attaches by statute to property on March 1 for unpaid taxes from the prior year's levy. Taxes uncollected for one year past the due date are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days of year-end.

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from the daily operations are defined as non-operating.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental funds – by Character:	Current (further classified by function)
	Capital Outlay

Proprietary Fund – by Operating and Nonoperating

In fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**Interfund Transfers**

Permanent, reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

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**1.H. IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITAs)*, effective for financial statements for periods beginning after June 15, 2022. GASB Statement No. 96 established uniform accounting and financial reporting requirements for SBITAs; improves the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. The Town has evaluated financial reporting for all subscription based information technology and has determined that there is no change in the reporting as a result of the adoption of the standard.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over the Town resources follows.

**2.A. FUND ACCOUNTING REQUIREMENTS**

<b>Fund</b>	<b>Required By</b>
Police Drug Fund	State Law

**2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain Tennessee or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

The Town's investment policies are governed by State Statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts. Collateral is required for demand deposits, certificates of deposit, and repurchase agreements at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations and the State and its subdivisions. The Town has no policy that further limits allowable investments.

**2.C. REVENUE RESTRICTIONS**

The Town has various restrictions over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<b>Revenue Source</b>	<b>Legal Restrictions of Use</b>
Gasoline excise tax	Street purposes
Grants	Grant program expenditures

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**2.D. FUND EQUITY RESTRICTIONS**

**Deficit Prohibition**

Tennessee Statutes prohibit the creation of a deficit fund balance in any individual fund. The Town had no deficit fund balances at June 30, 2023.

**2.E. BUDGET**

The Board of Mayor and Aldermen annually approves the operating budgets for all governmental funds. The budget is adopted at the department level presented in the basic financial statements. Annual budgets are adopted on a basis consistent with Tennessee Code Annotated, which is not materially different than the modified accrual basis of accounting for governmental funds.

The preliminary budget is compiled from revenue and expenditure projections as well as requests submitted by each department. The Board of Mayor and Aldermen must pass the preliminary budget on two readings before it is adopted and becomes the approved spending plan for the Town.

Any budgetary revisions that alter the total expenditures of any fund must be approved by the Board of Mayor and Aldermen. Expenditures may not exceed appropriations at the department level.

Supplemental appropriations may be authorized by the Board of Mayor and Aldermen through the adoption of appropriate ordinances during the year.

**NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**3.A. CASH AND INVESTMENTS**

**Deposits and Investments**

The Town's policies regarding deposits of cash are discussed in Note 1.E. and Note 2.B. The Town maintains checking accounts with local banks. Also, some funds are held as certificates of deposit at local banks. Deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and cash equivalents" and "investments". Investments consist of certificates of deposits at the local banks whose maturity exceeds three months.

As of June 30, 2023, none of the Town's deposits were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance and pledged collateral or coverage by the State's Bank Collateral Pool).

**3.B. ACCOUNTS RECEIVABLE**

Accounts receivable of the business-type activities consists of utilities receivable. Accounts receivable of the governmental activities consists of amounts due from the various local sources and city citations. Receivables detail at June 30, 2023, is as follows:

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	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Accounts receivable	\$ 781,959	\$ 528,767	\$ 1,310,726
Allowance for doubtful accounts	(483,734)	(140,000)	(623,734)
Net accounts receivable	<u>\$ 298,225</u>	<u>\$ 388,767</u>	<u>\$ 686,992</u>

### 3.C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<b>Balance 7/1/2022</b>	<b>Additions/ Adjustments</b>	<b>Retirements/ Adjustments</b>	<b>Balance 6/30/2023</b>
<b>Government Activities:</b>				
Capital assets not being depreciated				
Land	\$ 2,066,504	\$ 20,800	\$ -	\$ 2,087,304
Construction in Progress	1,091,477	5,144,738	-	6,236,215
Total capital assets not being depreciated	<u>3,157,981</u>	<u>5,165,538</u>	<u>-</u>	<u>8,323,519</u>
Capital assets being depreciated				
Buildings	301,845	-	-	301,845
Equipment	4,525,360	956,483	-	5,481,843
Infrastructure	6,614,122	1,596,638	-	8,210,760
Land improvements	1,223,949	-	-	1,223,949
Total capital assets being depreciated	<u>12,665,276</u>	<u>2,553,121</u>	<u>-</u>	<u>15,218,397</u>
Less accumulated depreciation for:				
Buildings	(152,142)	(12,917)	-	(165,059)
Equipment	(3,625,800)	(272,175)	-	(3,897,975)
Infrastructure	(117,972)	(222,439)	-	(340,411)
Land improvements	(197,032)	(33,750)	-	(230,782)
Total accumulated depreciation	<u>(4,092,946)</u>	<u>(541,281)</u>	<u>-</u>	<u>(4,634,227)</u>
Total capital assets, being depreciated, net	<u>8,572,330</u>	<u>2,011,840</u>	<u>-</u>	<u>10,584,170</u>
Government activities capital assets, net	<u>\$ 11,730,311</u>	<u>\$ 7,177,378</u>	<u>\$ -</u>	<u>\$ 18,907,689</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated				
Land	\$ 101,637	\$ -	\$ -	\$ 101,637
Construction in Progress	785,604	879,798	-	1,665,402
Total capital assets not being depreciated	<u>887,241</u>	<u>879,798</u>	<u>-</u>	<u>1,767,039</u>
Capital assets being depreciated				
Equipment	2,488,567	43,069	-	2,531,636
Buildings and improvements	22,906,364	987,923	-	23,894,287
Total capital assets being depreciated	<u>25,394,931</u>	<u>1,030,992</u>	<u>-</u>	<u>26,425,923</u>
Equipment	(1,286,025)	(11,695)	-	(1,297,720)
Buildings and improvements	(8,036,329)	(695,331)	-	(8,731,660)
Total accumulated depreciation	<u>(9,322,354)</u>	<u>(707,026)</u>	<u>-</u>	<u>(10,029,380)</u>
Total capital assets, being depreciated, net	<u>16,072,577</u>	<u>323,966</u>	<u>-</u>	<u>16,396,543</u>
Business-type activities capital assets, net	<u>\$ 16,959,818</u>	<u>\$ 1,203,764</u>	<u>\$ -</u>	<u>\$ 18,163,582</u>

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Depreciation expense was charged to governmental activities as follows:

Governmental activities:

General government	\$ 44,479
Public safety	202,635
Public works	269,155
Health, welfare, and recreation	25,012
	<u>\$ 541,281</u>

### 3.D. ACCOUNTS PAYABLE

Payables in the general fund, nonmajor governmental funds and proprietary funds are composed of payables to vendors.

### 3.E. LONG-TERM LIABILITIES

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

As of June 30, 2023, Town's long-term debt of the financial reporting entity consisted of the following:

#### Governmental Activities

Type	Maturity Date	Interest Rate	Current Balance
Tennessee Municipal Bond Fund	2/1/2042	2.41%	\$ 3,928,553
Trustmark SSA Note Payable	9/1/2026	1.82%	<u>646,000</u>
Total General Long-term Debt			<u>\$ 4,574,553</u>

**Tennessee Municipal Bond Fund** - The Town entered into a loan agreement for Local Government Loan Program Bond funds for a park project. The total project has an estimated cost of \$8,000,000. The total amount of funds being borrowed is \$5,200,000. The Town had received \$4,133,553 in funding as of June 30, 2023. The Town was still drawing on this debt as of June 30, 2023. This general obligation bond is a direct obligation and pledges the full faith, credit and taxing authority of the government.

**Trustmark SSA Note Payable** – The Town entered into a general obligation paving capital outlay note payable for street paving costs during the year. The Town had received the entire note amount as of June 30, 2023. This capital outlay note is a direct obligation and pledges the full faith, credit and taxing authority of the government.

**TOWN OF OAKLAND, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**Business-Type Activities**

The Water and Sewer Fund had the following notes payable on June 30, 2023:

<b>Type</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Current Balance</b>
State Revolving Loan Fund	07/2037	1.12%	\$ 544,456
Clean Water State Revolving Loan Fund	5/2040	1.60%	866,960
Tennessee Municipal Bond Fund	Dec-28	1.97%	779,000
Total Long-Term Debt			<u>\$ 2,190,416</u>

**State Revolving Loan Fund 2016-369** - The Town entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan in the amount of \$1,010,365 for purpose of financing a wastewater facilities project. The loan included a portion that was treated as loan forgiveness by the State of Tennessee that occurred during the fiscal year 2018. The loan is secured by revenues of the Town.

**Clean Water State Revolving Loan Fund 2016-179** - The Town entered into a construction loan agreement to borrow funds from U.S. Environmental Protection Agency and the State of Tennessee under a capitalization grant for clean water state revolving funds in the amount of \$1,249,850. The loan is secured by revenues of the Town.

**Sewer Capital Outlay Notes** - The Town entered into a loan agreement with TML Bond Fund Alternative Loan Program for capital outlay note proceeds for a wastewater treatment plant project. The Town had received the full \$900,000 in funding as of June 30, 2022. The loan is secured by revenues of the Town.

**Other**

The Town has no unused lines of credit.

Outstanding notes from direct borrowings through the State of Tennessee Revolving Loan Program contain a provision that in the event of default, the State of Tennessee shall withhold such sum or part of sum from any State-Shared Taxes which are otherwise apportioned to the Local Government and pay only such sums necessary to liquidate the delinquency of the Local Government to the Tennessee Local Development Authority for deposit into the fund.

The government's other outstanding note and bonds from direct borrowings and direct placements contain provisions that, upon event of default, the lender may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies.

**TOWN OF OAKLAND, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

The following is a summary of total future debt service requirements for the Town:

Year Ending June 30,	<u>Notes Payable</u> Governmental Activities		<u>Bonds Payable</u> Governmental Activities		<u>Notes Payable</u> Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 157,000	\$ 10,329	\$ 210,000	\$ 120,380	\$ 204,892	\$ 33,589
2025	160,000	7,443	215,000	115,318	208,032	29,986
2026	163,000	4,504	221,000	110,137	212,172	26,335
2027	166,000	1,511	226,000	104,811	215,336	22,610
2028	-	-	231,000	99,364	218,512	18,833
2029-2033	-	-	1,244,000	410,448	581,836	57,284
2034-2038	-	-	1,401,000	253,193	439,276	24,060
2039-2040	-	-	1,247,000	76,010	110,360	1,770
Totals	<u>\$ 646,000</u>	<u>\$ 23,787</u>	<u>\$ 4,995,000</u>	<u>\$ 1,289,661</u>	<u>\$ 2,190,416</u>	<u>\$ 214,467</u>

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance 7/1/2022	Issues or Additions	Retirements or Refundings	Balance 6/30/2023	Due Within One Year
<b>Governmental Activities</b>					
Notes payable	\$ 800,000	\$ -	\$ 154,000	\$ 646,000	\$ 157,000
Bonds payable	148,235	3,985,317	205,000	3,928,552	210,000
Compensated absences	183,293	15,489	-	198,782	-
Total governmental activities	<u>1,131,528</u>	<u>4,000,806</u>	<u>359,000</u>	<u>4,773,334</u>	<u>367,000</u>
<b>Business-type Activities</b>					
Notes payable	2,391,204	-	200,788	2,190,416	204,892
Compensated absences	38,303	905	-	39,208	-
Total business-type activities	<u>2,429,507</u>	<u>905</u>	<u>200,788</u>	<u>2,229,624</u>	<u>204,892</u>
Total government	<u>\$ 3,561,035</u>	<u>\$ 4,001,711</u>	<u>\$ 559,788</u>	<u>\$ 7,002,958</u>	<u>\$ 571,892</u>

Governmental-type compensated absences have been paid in prior years by the General Fund.

**TOWN OF OAKLAND, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**3.F. INTERFUND TRANSACTIONS AND BALANCES**

**Interfund Receivables Payables**

	Due To:					Total
	General	Fire Fund	State Street Aid	Solid Waste	Water & Sewer	
<b>Due From:</b>						
General	\$ -	\$ 78,631	\$ 120,011	\$ -	\$ 348	\$ 198,990
State Street Aid	46,603	-	-	-	1,545	48,148
Solid Waste	370	-	-	-	-	370
Drug	4,670	-	-	-	-	4,670
Water and Sewer	-	-	-	401,014	-	401,014
	<u>\$ 51,643</u>	<u>\$ 78,631</u>	<u>\$ 120,011</u>	<u>\$ 401,014</u>	<u>\$ 1,893</u>	<u>\$ 653,192</u>

At June 30, 2023, amounts to be received or paid with current available resources are reported as receivable and payable to other funds. Outstanding balances result from the time lag between the dates reimbursable expenditures occur and payments between funds are made.

**Operating Transfers**

The transfer from the General Fund to the Fire Fund of \$90,000 is an operating transfer.

**NOTE 4. PUBLIC EMPLOYEE PENSION PLAN OF TCRS**

**4.A. General Information about the Pension Plan**

*Plan Description*

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

*Benefits Provided*

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



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benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> 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 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 Term**

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	66
Active employees	76
Total Employees	<u>159</u>

**Contributions**

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Town makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions were \$185,570 based on a rate of 5.19 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Town's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution ("ADC") and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**4.B. Net Pension Liability (Asset)**

**Pension Liabilities (Assets)**

The Town's net pension liability (asset) was measured as of June 30, 2022, and the total liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability as of the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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Cost-of-living Adjustment      2.125%

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

The actuarial assumptions used in the June 30, 2022 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 2.5 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:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
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%
		<u>100%</u>

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 Town will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board 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 benefits payments to determine the total pension liability.

**TOWN OF OAKLAND, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**Changes in the Net Pension Liability (Asset)**

	<b>Total Pension Liability</b>	<b>Increase(Decrease) Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at 6/30/21	\$ 4,819,569	\$ 5,658,765	\$ (839,196)
Changes for the year:			
Service cost	307,987	-	307,987
Interest	342,697	-	342,697
Differences between expected and actual experience	252,720	-	252,720
Changes in assumptions	-	-	-
Contributions - employer	-	161,367	(161,367)
Contributions - employees	-	162,997	(162,997)
Net investments income	-	(220,620)	220,620
Benefit payments, including refunds of employee contributions	(101,135)	(101,135)	-
Administration expenses	-	(6,967)	6,967
Net changes	802,269	(4,358)	806,627
Balances at 6/03/22	\$ 5,621,838	\$ 5,654,407	\$ (32,569)

*Sensitivity of the Net Position Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of the Town 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:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Oakland's net pension liability (asset)	\$ 1,004,927	\$ (32,569)	\$ (865,842)

**4.C. Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pensions**

*Pension Expense.* For the year ended June 30, 2023, the Town recognized pension expense (negative pension expense) of \$159,502.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 298,557	\$ 162,032
Net difference between projected and actual earnings on pension plan investments	31,439	-
Changes in assumptions	313,765	-
Contributions subsequent to the measurement date of June 30, 2022	185,569	(n/a)
	<u>\$ 829,330</u>	<u>\$ 162,032</u>

The amount shown above for “contributions subsequent to the measurement date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the following 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:

Year Ended June 30:

2024	\$ 60,920
2025	54,827
2026	35,502
2027	217,235
2028	77,153
Thereafter	36,103

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, 2023, the Town reported a payable of \$27,677 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

**TOWN OF OAKLAND, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 5. OTHER NOTES**

**5.A. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town considers it more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for its general liability, workers' compensation, and property and casualty insurance. As such, the Town participates in the Public Entity Partners Insurance Pool ("PEP Pool"), which is a public entity risk pool consisting of member political subdivisions of the State of Tennessee that works in many ways like a traditional insurer. Members can obtain typical insurance coverage limits and deductible options at reasonable rates according to their risk tolerance while the PEP Pool provides traditional underwriting, re-insurance, claims processing and loss control services. Unlike commercial insurance, the PEP Pool offers the opportunity to earn a pro-rata refund of the surplus premiums according to the Town's premiums paid and its favorable loss experience in recent years. Each political subdivision that has participated in the PEP Pool is subject to assessment if the funds it paid as premiums are insufficient to meet the obligations of the PEP Pool. The PEP Pool may reinsure through the Local Government Reinsurance Fund of Tennessee or a commercial insurance company. The Town has not incurred any losses in excess of commercial insurance coverage for the past three fiscal years.

**5.B. COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

From time to time, lawsuits against the Town are ongoing. The ultimate outcome of the actions is not determinable; however, Town officials believe that the outcome of these proceedings, either singularly or in aggregate, will not have a material adverse effect on the accompanying general purpose financial statements.

The Town has committed to a Wastewater Treatment Plant Project with an estimated cost of \$27 million. As of June 30, 2023, the Town received \$2,476,073 in ARPA funds and received their allocation of ARPA monies of \$593,894 to enable this amount of Grant to be given to the Town for this project. A bond of \$18,000,000 has been approved with TMLF with an additional line of credit of \$7,000,000 to complete this project. The Town has recorded \$1,620,110 in total costs in construction as of June 30, 2023.

The Fire Station at City Hall is being renovated to accommodate for a larger fire truck with needed extension ladder. The total estimated cost of this project is \$426,000 and is due to be completed by December 31, 2023.

**TOWN OF OAKLAND, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

The Town has an ongoing capital parks project with estimated costs of \$8 million. Phase two will cost approximately \$5 million. This will be paid with a \$2.5 million 2023 Public Recreation Grant from TDEC that the Town has been awarded. This is a 50/50 matching grant, and the Town will be obligated to match these funds of \$2.5 million. The local option sales tax of 0.5% for Parks and Recreation will help to meet this obligation. The Town has recorded \$5,744,039 total cost in construction as of June 30, 2023.

**TOWN OF OAKLAND TENNESSEE**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
**LAST FISCAL YEAR ENDING JUNE 30**

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total pension liability</b>								
Service cost	\$ 161,553	\$ 177,150	\$ 202,093	\$ 216,307	\$ 221,526	\$ 239,337	\$ 256,707	\$ 307,987
Interest	154,467	179,112	202,347	222,299	237,541	276,634	308,306	342,697
Differences between actual and expected experience	67,304	9,198	(58,492)	(147,841)	144,836	(24,002)	(100,927)	252,720
Change in assumptions	-	-	64,280	-	-	-	409,273	-
Benefit payments, including refunds of employee contributions	(39,521)	(101,114)	(60,091)	(52,320)	(119,189)	(45,801)	(99,169)	(101,135)
<b>Net change in total pension liability</b>	<b>343,803</b>	<b>264,346</b>	<b>350,137</b>	<b>238,445</b>	<b>484,714</b>	<b>446,168</b>	<b>774,190</b>	<b>802,269</b>
<b>Total pension liability, beginning</b>	<b>1,917,766</b>	<b>2,261,569</b>	<b>2,525,915</b>	<b>2,876,052</b>	<b>3,114,497</b>	<b>3,599,211</b>	<b>4,045,379</b>	<b>4,819,569</b>
<b>Total pension liability, ending (a)</b>	<b>\$ 2,261,569</b>	<b>\$ 2,525,915</b>	<b>\$ 2,876,052</b>	<b>\$ 3,114,497</b>	<b>\$ 3,599,211</b>	<b>\$ 4,045,379</b>	<b>\$ 4,819,569</b>	<b>\$ 5,621,838</b>
 <b>Plan fiduciary net position</b>								
Contributions - employer	\$ 111,335	\$ 113,023	\$ 120,748	\$ 122,049	\$ 138,255	\$ 148,388	\$ 152,355	\$ 161,367
Contributions - employee	112,213	114,165	121,968	123,282	139,652	149,888	153,894	162,997
Net investment income	67,167	63,661	297,562	257,768	263,098	198,221	1,139,814	(220,620)
Benefit payments, including refunds of employee contributions	(39,521)	(101,114)	(60,091)	(52,320)	(119,189)	(45,801)	(99,169)	(101,135)
Administrative expense	(2,781)	(4,215)	(4,996)	(5,639)	(5,680)	(5,847)	(5,999)	(6,967)
<b>Net change in plan fiduciary net position</b>	<b>248,413</b>	<b>185,520</b>	<b>475,191</b>	<b>445,140</b>	<b>416,136</b>	<b>444,849</b>	<b>1,340,895</b>	<b>(4,358)</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,102,621</b>	<b>2,351,034</b>	<b>2,536,554</b>	<b>3,011,745</b>	<b>3,456,885</b>	<b>3,873,021</b>	<b>4,317,870</b>	<b>5,658,765</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,351,034</b>	<b>\$ 2,536,554</b>	<b>\$ 3,011,745</b>	<b>\$ 3,456,885</b>	<b>\$ 3,873,021</b>	<b>\$ 4,317,870</b>	<b>\$ 5,658,765</b>	<b>\$ 5,654,407</b>
 <b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (89,465)</b>	<b>\$ (10,639)</b>	<b>\$ (135,693)</b>	<b>\$ (342,388)</b>	<b>\$ (273,810)</b>	<b>\$ (272,491)</b>	<b>\$ (839,196)</b>	<b>\$ (32,569)</b>
 <b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>103.96%</b>	<b>100.42%</b>	<b>104.72%</b>	<b>110.99%</b>	<b>107.61%</b>	<b>106.74%</b>	<b>117.41%</b>	<b>100.58%</b>
 <b>Covered-employee payroll</b>	<b>\$ 2,249,200</b>	<b>\$ 2,283,297</b>	<b>\$ 2,439,355</b>	<b>\$ 2,465,632</b>	<b>\$ 2,793,040</b>	<b>\$ 2,997,743</b>	<b>\$ 3,077,879</b>	<b>\$ 3,840,286</b>
 <b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	<b>-3.98%</b>	<b>-0.47%</b>	<b>-5.56%</b>	<b>-13.89%</b>	<b>-9.80%</b>	<b>-9.09%</b>	<b>-27.27%</b>	<b>-0.85%</b>

**Notes to Schedule**

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

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

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE**  
**SCHEDULE OF PLAN CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
**FISCAL YEAR ENDING JUNE 30,**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 111,335	\$ 113,023	\$ 93,183	\$ 98,379	\$ 111,163	\$ 110,317	\$ 113,266	\$ 217,895	\$ 169,293
Contributions in relation to the actuarially determined contribution	<u>111,335</u>	<u>113,023</u>	<u>120,748</u>	<u>122,049</u>	<u>138,255</u>	<u>148,388</u>	<u>152,355</u>	<u>161,707</u>	<u>185,570</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,565)</u>	<u>\$ (23,670)</u>	<u>\$ (27,092)</u>	<u>\$ (38,071)</u>	<u>\$ (39,089)</u>	<u>\$ 56,188</u>	<u>\$ (16,277)</u>
Covered-employee payroll	\$ 2,249,200	\$ 2,283,297	\$ 2,439,355	\$ 2,465,632	\$ 2,793,040	\$ 2,997,743	\$ 3,077,879	\$ 3,261,901	\$ 3,840,286
Contributions as a percentage to covered-employee payroll	-4.95%	-4.95%	-4.95%	-4.95%	-4.95%	-4.95%	-4.95%	-4.96%	-4.83%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

**The accompanying notes are an integral part of these financial statements.**



**TOWN OF OAKLAND, TENNESSEE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

*Valuation date:* Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021 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)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50%
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 investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125%

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

The accompanying notes are an integral part of these financial statements.

**TOWN OF OAKLAND, TENNESSEE  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b>Special Revenue Funds</b>			<b>Total Other Governmental Funds</b>
<b>ASSETS</b>	<b>State Street Aid</b>	<b>Drug Fund</b>	<b>Fire Fund</b>	
Cash and cash equivalents	\$ 471,303	\$ 291,238	\$ 354,255	\$ 1,116,796
Due from other funds	120,011	-	78,631	198,642
Other receivables	-	-	-	-
Due from other governments	53,077	-	-	53,077
<b>TOTAL ASSETS</b>	<b>\$ 644,391</b>	<b>\$ 291,238</b>	<b>\$ 432,886</b>	<b>\$ 1,368,515</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 7,228	\$ -	\$ -	\$ 7,228
Due to other funds	48,148	4,670	-	52,818
Unearned revenue	-	14,109	-	14,109
<b>TOTAL LIABILITIES</b>	<b>55,376</b>	<b>18,779</b>	<b>-</b>	<b>74,155</b>
<b>FUND BALANCES</b>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
<i>Restricted</i>				
State street aid	589,015	-	-	589,015
Drug fund	-	272,459	-	272,459
Fire fund	-	-	432,886	432,886
<b>TOTAL FUND BALANCES</b>	<b>589,015</b>	<b>272,459</b>	<b>432,886</b>	<b>1,294,360</b>
<b>TOTAL LIABILITES AND FUND BALANCES</b>	<b>\$ 644,391</b>	<b>\$ 291,238</b>	<b>\$ 432,886</b>	<b>\$ 1,368,515</b>

See Independent Auditor's Report

**TOWN OF OAKLAND, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	<b>Special Revenue Funds</b>			<b>Total Other Governmental Funds</b>
	<b>State Street Aid</b>	<b>Drug Fund</b>	<b>Fire Fund</b>	
<b>Revenues:</b>				
Intergovernmental	\$ 310,432	\$ -	\$ -	\$ 310,432
Fines, fees, and forfeitures	-	36,591	75,408	111,999
Other revenues	10,726	5,348	5,085	21,159
<b>Total Revenues</b>	<b>321,158</b>	<b>41,939</b>	<b>80,493</b>	<b>443,590</b>
<b>Expenditures:</b>				
Public safety	-	28,630	25,500	54,130
Public works	485,878	-	-	485,878
Debt service	167,158	-	-	167,158
Capital outlay	113,629	38,086	-	151,715
<b>Total Expenditures</b>	<b>766,665</b>	<b>66,716</b>	<b>25,500</b>	<b>858,881</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(445,507)</b>	<b>(24,777)</b>	<b>54,993</b>	<b>(415,291)</b>
<b>Other financing sources and (uses)</b>				
Operating transfer in	-	-	90,000	90,000
Proceeds from new debt	-	-	-	-
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>90,000</b>	<b>90,000</b>
<b>Net Change In Fund Balance</b>	<b>(445,507)</b>	<b>(24,777)</b>	<b>144,993</b>	<b>(325,291)</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,034,522</b>	<b>297,236</b>	<b>287,893</b>	<b>1,619,651</b>
<b>Fund Balances at End of Year</b>	<b>\$ 589,015</b>	<b>\$ 272,459</b>	<b>\$ 432,886</b>	<b>\$ 1,294,360</b>

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**TOWN OF OAKLAND, TENNESSEE**  
**STATE STREET AID FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Intergovernmental				
State gas and motor fuel tax	\$ 321,700	\$ 321,700	\$ 159,231	\$ (162,469)
Gas 1989 tax	27,500	27,500	24,919	(2,581)
Gas 3 cent tax	34,000	34,000	46,014	12,014
Gas 2017 tax	64,500	64,500	80,268	15,768
Other revenues				
Interest income	4,800	4,800	10,726	5,926
<b>Total Revenues</b>	<u>452,500</u>	<u>452,500</u>	<u>321,158</u>	<u>(131,342)</u>
<b>Expenditures:</b>				
Street lighting	30,600	30,600	23,890	6,710
Publication of legal notices	-	-	468	(468)
Legal fees	-	-	6,403	(6,403)
Consulting services	6,000	6,000	-	6,000
Engineering services	40,000	40,000	53,728	(13,728)
Repair and maintenance	16,800	16,800	399,670	(382,870)
Materials and asphalt	3,000	3,000	1,719	1,281
Debt payments	165,985	165,985	167,158	(1,173)
Capital outlay	704,000	1,178,972	113,629	1,065,343
<b>Total Expenditures</b>	<u>966,385</u>	<u>1,441,357</u>	<u>766,665</u>	<u>674,692</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(513,885)</u>	<u>(988,857)</u>	<u>(445,507)</u>	<u>543,350</u>
<b>Other financing sources and (uses)</b>				
Proceeds from new debt	793,893	824,819	-	(824,819)
<b>Total other financing sources and (uses)</b>	<u>793,893</u>	<u>824,819</u>	<u>-</u>	<u>(824,819)</u>
<b>Net Change In Fund Balance</b>	<u>\$ 280,008</u>	<u>\$ (164,038)</u>	<u>(445,507)</u>	<u>\$ (281,469)</u>
<b>Fund Balances at Beginning of Year</b>			<u>1,034,522</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 589,015</u>	

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**TOWN OF OAKLAND, TENNESSEE  
DRUG FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2023**

	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Fines, fees, and forfeitures	\$ 16,000	\$ 16,000	\$ 36,591	\$ 20,591
Other revenues				
Interest income	1,200	1,200	5,348	4,148
<b>Total Revenues</b>	<u>17,200</u>	<u>17,200</u>	<u>41,939</u>	<u>24,739</u>
<b>Expenditures:</b>				
Public Safety				
Other services and charges	2,100	2,100	-	2,100
Equipment/small items	50,000	50,000	28,630	21,370
Capital outlay	33,410	33,410	38,086	(4,676)
<b>Total Expenditures</b>	<u>85,510</u>	<u>85,510</u>	<u>66,716</u>	<u>18,794</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$ (68,310)</u>	<u>\$ (68,310)</u>	<u>(24,777)</u>	<u>43,533</u>
<b>Fund Balances at Beginning of Year</b>			<u>297,236</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 272,459</u>	

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**TOWN OF OAKLAND, TENNESSEE**  
**FIRE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Fines, fees, and forfeitures				
Fire protection fees	\$ -	\$ -	\$ 75,408	\$ 75,408
Other revenues				
Interest income	-	-	5,085	5,085
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>80,493</u>	<u>80,493</u>
<b>Expenditures:</b>				
Engineering services	-	25,500	25,500	-
Operational	-	-	-	-
Capital outlay	-	457,700	-	457,700
<b>Total Expenditures</b>	<u>-</u>	<u>483,200</u>	<u>25,500</u>	<u>457,700</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(483,200)</u>	<u>54,993</u>	<u>538,193</u>
<b>Other financing sources and (uses)</b>				
Operating transfer in	-	90,000	90,000	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
<b>Net Change In Fund Balance</b>	<u>\$ -</u>	<u>\$ (393,200)</u>	<u>144,993</u>	<u>\$ 538,193</u>
<b>Fund Balances at Beginning of Year</b>			<u>287,893</u>	
<b>Fund Balances at End of Year</b>			<u>\$ 432,886</u>	

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**TOWN OF OAKLAND, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Federal Agency/Pass-through Agency</b>	<b>Program Name</b>	<b>Federal Assistance Listings Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Expenditures</b>
<b><u>Federal Awards</u></b>				
U.S. Department of Homeland Security	High Visibility Enforcement of Tennessee Traffic Safety Laws	20.607	Z22THS218	\$ 1,114
U.S. Department of Homeland Security	High Visibility Enforcement of Tennessee Traffic Safety Laws	20.607	Z23THS209	134
	<i>Total Program 20.607</i>			1,248
<b>TOTAL FEDERAL AWARDS</b>				<b>\$ 1,248</b>
<b><u>State Financial Assistance</u></b>				
State Law Enforcement Supplement		N/A	N/A	\$ 12,000
State Fire Grant Supplement		N/A	N/A	12,600
<b>TOTAL STATE AWARDS</b>				<b>\$ 24,600</b>

Note 1 - Basis of Presentation: The schedule is presented using the modified accrual basis of accounting.

Note 2 - Indirect Cost Rate: The Town of Oakland, Tennessee has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - The Town of Oakland, Tennessee did not have any funds passed through to subrecipients.

Note 4 - At June 30, 2022, there was an outstanding balance of \$544,456 and \$779,000 on state revolving fund loans DG5 16-179 and SRF 16-369, respectively. Payments during the current fiscal year were \$35,508 and \$44,280.00 on DG516-179 and SRF 16-369, respectively.

**TOWN OF OAKLAND, TENNESSEE**  
**SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR - PROPRIETARY FUNDS**  
**JUNE 30, 2023**

Year Ending June 30,	Notes Payable							
	Loan Program 2016-179		Loan Program 2016-369		Series 2021 CON		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 35,904	\$ 5,916	\$ 44,988	\$ 13,548	\$ 124,000	\$ 14,125	\$ 204,892	\$ 33,589
2025	36,312	5,508	45,720	12,816	126,000	11,662	208,032	29,986
2026	36,720	5,100	46,452	12,084	129,000	9,151	212,172	26,335
2027	37,128	4,692	47,208	11,328	131,000	6,590	215,336	22,610
2028	37,548	4,272	47,964	10,572	133,000	3,989	218,512	18,833
2029	37,968	3,852	48,732	9,804	136,000	1,339	222,700	14,995
2030	38,400	3,420	49,524	9,012	-	-	87,924	12,432
2031	38,832	2,988	50,316	8,220	-	-	89,148	11,208
2032	39,264	2,556	51,132	7,404	-	-	90,396	9,960
2033	39,708	2,112	51,960	6,576	-	-	91,668	8,688
2034	40,152	1,668	52,788	5,748	-	-	92,940	7,416
2035	40,608	1,212	53,640	4,896	-	-	94,248	6,108
2036	41,064	756	54,504	4,032	-	-	95,568	4,788
2037	41,508	312	55,392	3,144	-	-	96,900	3,456
2038	3,340	36	56,280	2,256	-	-	59,620	2,292
2039	-	-	57,192	1,344	-	-	57,192	1,344
2040	-	-	53,168	426	-	-	53,168	426
	<u>\$ 544,456</u>	<u>\$ 44,400</u>	<u>\$ 866,960</u>	<u>\$ 123,210</u>	<u>\$ 779,000</u>	<u>\$ 46,856</u>	<u>\$ 2,190,416</u>	<u>\$ 214,466</u>



**TOWN OF OAKLAND, TENNESSEE**  
**SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL**  
**YEAR - GENERAL LONG-TERM DEBT**  
**JUNE 30, 2023**

Year Ending June 30,	Notes Payable		Bonds Payable		Totals	
	Streets - Paving 2022		Parks 2022			
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 157,000	\$ 10,329	\$ 210,000	\$ 120,380	\$ 367,000	\$ 130,709
2025	160,000	7,443	215,000	115,318	375,000	122,761
2026	163,000	4,504	221,000	110,137	384,000	114,641
2027	166,000	1,511	226,000	104,811	392,000	106,322
2028	-	-	231,000	99,364	231,000	99,364
2029	-	-	237,000	93,798	237,000	93,798
2030	-	-	243,000	88,085	243,000	88,085
2031	-	-	249,000	82,230	249,000	82,230
2032	-	-	254,000	76,228	254,000	76,228
2033	-	-	261,000	70,107	261,000	70,107
2034	-	-	267,000	63,816	267,000	63,816
2035	-	-	273,000	57,382	273,000	57,382
2036	-	-	280,000	50,803	280,000	50,803
2037	-	-	287,000	44,054	287,000	44,054
2038	-	-	294,000	37,138	294,000	37,138
2039	-	-	301,000	30,052	301,000	30,052
2040	-	-	308,000	22,798	308,000	22,798
2041	-	-	315,000	15,376	315,000	15,376
2042	-	-	323,000	7,784	323,000	7,784
	<u>\$ 646,000</u>	<u>\$ 23,787</u>	<u>\$ 4,995,000</u>	<u>\$ 1,289,661</u>	<u>\$ 5,641,000</u>	<u>\$ 1,313,448</u>

Note: The Town is drawing on a TN Municipal Bond, Series 2022  
as of June 30, 2023. The have drawn \$4,133,553 as of June 30, 2023.

**TOWN OF OAKLAND, TENNESSEE**  
**SCHEDULE OF LONG -TERM DEBT ISSUE BY INDIVIDUAL ISSUE**  
**JUNE 30, 2023**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2023
<b>Governmental Activities</b>								
<b>Notes Payable</b>								
<b>Payable through General Fund</b>								
Capital Outlay Note, Series 2021	\$ 800,000	1.82%	9/30/2021	9/1/2026	\$ 800,000	\$ -	\$ 154,000	\$ 646,000
TN Municipal Bond, Series 2022 (Note 1)	\$ 5,200,000	2.41%	3/5/2022	2/1/2042	148,235	3,985,317	205,000	3,928,552
Total Notes Payable through the General Fund					<u>\$ 948,235</u>	<u>\$ 3,985,317</u>	<u>\$ 359,000</u>	<u>\$ 4,574,552</u>
<b>Business-Type Activities</b>								
<b>Notes Payable</b>								
<b>Payable through Water and Sewer Fund</b>								
DGS 2016-179	\$ 1,249,850	1.12%	8/2016	7/2037	\$ 579,964	\$ -	\$ 35,508	\$ 544,456
SRF 2016-369	\$ 1,001,243	1.60%	6/2017	5/2040	911,240	-	44,280	866,960
TMBF Series 2021	\$ 900,000	1.97%	12/1/2021	12/2028	900,000	-	121,000	779,000
Total Notes Payable through Water and Sewer Fund					<u>\$ 2,391,204</u>	<u>\$ -</u>	<u>\$ 200,788</u>	<u>\$ 2,190,416</u>

Note 1 - These bonds are still being drawn on. The Town is making payments according to the amortization schedule.

**TOWN OF OAKLAND, TENNESSEE**

**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE AND DELINQUENT AMOUNTS FILED WITH CHANCERY COURT**

**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Levy for Year</b>	<b>Tax Rate</b>	<b>Assessed Value</b>	<b>Original Tax Levy</b>	<b>Outstanding Taxes Beginning</b>	<b>Taxes Levied</b>	<b>Releases and Adjustments</b>	<b>Collections</b>	<b>Outstanding Taxes Ending</b>	<b>Filed with Chancery Court</b>
2023	0.4212	\$ 331,187,938	\$ 2,100,425	\$ -	\$ 2,100,425	\$ -	\$ -	\$ 2,100,425	\$ -
2022	0.4212	316,609,987	1,333,552	1,333,552	21,351	2,302	1,334,563	22,642	-
2021	0.4212	296,107,456	1,247,183	52,143	-	(1,287)	34,285	16,571	16,571
2020	0.522	235,406,097	1,228,838	19,789	-	(924)	11,721	7,144	7,144
2019	0.522	222,654,813	1,179,190	2,742	-	(631)	1,548	563	563
2018	0.58	214,213,941	296,138	1,104	-	(829)	49	226	226
2017	0.2714	206,449,818	293,726	429	-	(260)	63	106	106
2016	0.29	185,463,426	320,872	427	-	(371)	13	43	43
2015	0.29	178,766,466	284,469	330	-	(297)	-	33	33
2014	0.29	174,488,519	289,801	390	-	-	13	377	377
2013	0.29	173,074,755	313,372	20	-	(20)	-	-	-
2012	0.15	185,688,726	304,074	130	-	(130)	-	-	-
2011	0.15	186,676,527	300,229	109	-	(109)	-	-	-
2010	0.15	183,332,902	320,072	65	-	(65)	-	-	-
2009	0.15	unavailable	unavailable	-	-	-	-	-	-
				<u>\$ 1,411,230</u>	<u>\$ 2,121,776</u>	<u>\$ (2,621)</u>	<u>\$ 1,382,255</u>	<u>\$ 2,148,130</u>	<u>\$ 25,063</u>

**TOWN OF OAKLAND, TENNESSEE  
SCHEDULE OF UTILITY RATES AND CUSTOMERS  
JUNE 30, 2023**

<b><u>Service</u></b>	<b><u>Consumers</u></b>
Water	5,610
Sewer	4,498
Sanitation	4,295

**Water and Sewer Rates**

*Sewer rates for the Town of Oakland are 100 percent of the water charge.*

**Consumers inside the corporate limits:**

**Residential**

Minimum charge (includes the first 3,000 gallons)	\$ 11.20
Over 3,000 gallons	\$ 3.20 per thousand gallons

*A sewer fee adjustment will automatically be applied for usage during the months of June, July, and August each year. The maximum residential charge will be \$18.00.*

**Commerical**

Minimum charge (includes the first 3,000 gallons)	\$ 16.96
Over 3,000 gallons	\$ 4.80 per thousand gallons

**Consumers outside the corporate limits:**

**Residential and Commercial**

Minimum charge (includes the first 3,000 gallons)	\$ 24.96
3,001 to 5,000 gallons	\$ 6.08 per thousand gallons
Over 5,000 gallons	\$ 3.20 per thousand gallons

**Sanitation Rates**

1 Residential can	\$ 13.52
Each additional can up to 6 canx	\$ 6.00 per can
6 Yard Dumpster	\$ 78.04



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and Board of Aldermen  
Town of Oakland, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oakland, Tennessee (the Town ), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town 's basic financial statements and have issued our report thereon dated December 27, 2023. Our report on the governmental activities, business-type activities and water and sewer fund were qualified because management has not properly accounted for all its capital assets for the governmental activities, business-type activities and water and sewer fund.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the schedule of findings as findings 2023 – 001, 2023 – 002, 2023 – 004, 2023 – 005, 2023 – 006, and 2023 – 007 to be material weaknesses.

## **Report on Compliance and Other Matters**

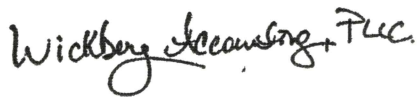
As part of obtaining reasonable assurance about whether the Town 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2023 – 003 and 2023 – 008.

## **Town 's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on The Town 's response to the findings identified in our audit is described in the accompanying schedule of findings. The Town 's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.



Lewisburg, Tennessee  
December 27, 2023

**TOWN OF OAKLAND, TENNESSEE  
SCHEDULE OF FINDINGS  
JUNE 30, 2023**

**FINANCIAL STATEMENT FINDINGS**

**2023 – 001 Financial Statements Materially Misstated (Material Weakness)**

*Condition:* There were various transactions misclassified and adjustments were required to prevent materially misstated financial statements.

*Criteria:* Generally accepted accounting principles require the Town to have adequate internal controls over the maintenance of accounting records and employ an individual who has necessary skills, knowledge, and experience to oversee the accounting records.

*Cause:* Oversight of Town personnel.

*Effect:* Material adjustments were required because the Town's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

*Management's Response:* Catch up reconciliations of balance sheet and revenue accounts to make this monthly for the responsible staff.

Also, this is for the infrastructure of capital assets that are not shown in the books. The Board and staff need to discuss and agree to hire an assessor for the Town's asset value to record.

**2023 – 002 Reconciliation of Subsidiary Ledgers (Material Weakness)**

*Condition:* The Town failed to reconcile various subsidiary ledgers to the general ledger.

*Criteria:* Generally accepted accounting principles require adequate internal controls over the maintenance of accounting records and employ an individual who has necessary skills, knowledge, and experience to oversee the accounting records.

*Cause:* Oversight.

*Effect:* The monthly financial statements were materially misstated throughout the year.

*Management's Response:* Reconcile balance sheet and revenue accounts monthly.

**2023 – 003 Interfund Payables (Noncompliance)**

*Condition:* The Town did not eliminate inter-fund payables within one year of origination.

*Criteria:* Section 9-21-408, *Tennessee Code Annotated*, requires inter-fund payables be eliminated within one year of origination. They are considered to be long-term and must be approved by the Comptroller of the Treasury, Office of State and Local Finance if not eliminated within one year of origination.

*Cause:* Oversight.

*Effect:* Noncompliance with State of Tennessee requirement.

*Management's Response:* We will clear the interfund payables within one year of origination.

**2023 – 004 Capital Assets (Material Weakness)**

*Condition:* The Town did not take a physical inventory of its capital assets and did not have a complete listing of all its capital assets.

*Criteria:* Generally accepted accounting principles require that capital assets be identified separately by major classes or as non-depreciable assets and be reconciled accounting records.

**TOWN OF OAKLAND, TENNESSEE  
SCHEDULE OF FINDINGS  
JUNE 30, 2023**

*Cause:* Oversight.

*Effect:* Materially misstated government-wide and water and sewer fund financial statements.

*Management's Response:* We need an assessment of the Town's infrastructure to place value on our records and depreciation schedule.

**2023 – 005 Purchase Orders (Material Weakness)**

*Condition:* The Town had some purchase orders that were issued after the fact and some disbursements were missing purchase orders

*Criteria:* Follow the Town's purchasing policy.

*Cause:* Oversight.

*Effect:* Lack of controls over purchasing and violated the Town's purchasing policy.

*Management's Response:* We currently have procedures in place to correct this finding.

**2023 – 006 Inadequate Controls over Building Permit Fees and Tap Fees (Material Weakness)**

*Condition:* The Town does not have proper controls over building permits and tap fees. The Town does not properly issue numerical building permits and they do not have a proper way of keeping up with service workorders issued.

*Criteria:* Proper internal controls should be in place to account for all permits and workorders.

*Cause:* Oversight.

*Effect:* Lack of controls over building permits and tap fees.

*Management's Response:* The building codes department has a receipts system in place currently and this includes both receipts for walk-in and online payments.

**2023 – 007 Inadequate Controls over Payroll (Material Weakness)**

*Condition:* The Town does not have proper controls over payroll. The Town did not have proper support of approved payrates for employees.

*Criteria:* Proper internal controls should be in place to account for all payroll expenditures.

*Cause:* Oversight.

*Effect:* Lack of controls over the payroll cycle.

*Management's Response:* As of June 30, 2023 we have salary increases or changes signed off by the Town Manager and the Supervisors and filed in the employee files in the human resource office.

**2023 – 008 Expenditures Exceed Budgeted Appropriations (Noncompliance)**

*Condition:* The expenditures exceeded budget appropriations in the General and Solid Waste Funds.



**TOWN OF OAKLAND, TENNESSEE  
SCHEDULE OF FINDINGS  
JUNE 30, 2023**

*Criteria:* Tennessee Code Annotated (TCA) 6-56-203 states “no municipality may expend any monies regardless of their source (including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans or special assessments), except in accordance with a budget ordinance adopted under this section”. State law requires that municipalities maintain self-supporting funds.

*Cause:* Lack of monitoring spending and amending the budget for overruns.

*Effect:* The Town violated TCA 6-56-203.

*Recommendation:* We recommend the Town monitoring spending and amend budget when needed.

*Management’s Response:* We are improving our coordination of the general ledger accounts being used with our budgeting process. We will continue to enhance our budgeting process and make amendments as necessary.

**TOWN OF OAKLAND, TENNESSEE  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Financial Statement Findings**

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2022 - 001	Financial Statements Materially Misstated (Original finding 2023 - 001)	Repeated/2023 - 001
2022 - 002	Reconciliation of Subsidiary Ledgers (original findings 2019-001 thru 2019-003 and 2019-005)	Repeated/2023 - 002
2022 - 003	Interfund Payables (Original finding 2020 - 005)	Repeated/2023 - 003
2022 - 004	Capital Assets (Original finding 2020 - 0006)	Repeated/2023 - 004
2022 - 005	Untimely Closing of Accounting Records (Original finding 2020 - 007)	Corrected
2022 - 006	Purchase Orders (Original finding 2021 - 007)	Repeated/2023 - 005
2022 - 007	Inadequate Controls over Building Permits and Tap Fees (Original finding 2021 - 008)	Repeated/2023 - 006
2022 - 008	Inadequate Controls over Payroll (Original finding 2022 - 008)	Repeated/2023 - 007
2022 - 009	Inadequate Controls over Travel (Original finding 2022 - 009)	Corrected

# TOWN OF OAKLAND

170 DOSS CIRCLE  
P.O. BOX 56  
OAKLAND, TENN. 38060  
901-465-8523 • FAX 465-1883



## MANAGEMENT'S CORRECTIVE ACTION PLAN

Town of Oakland respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Wickberg Accounting, PLLC  
111 E Commerce Street  
Lewisburg, Tennessee 37091

### Responsible officials for corrective action:

Laura Hodges, CMFO

Signed

Audit Period:  
June 30, 2023

## FINDINGS – FINANCIAL STATEMENT AUDIT

### 2023 – 001 Financial Statements Materially Misstated

#### Corrective action planned.

Catch up reconciliations of Balance sheet and revenue accounts eventually to make this monthly for the responsible staff.

Also, this is for the Infrastructure of Capital Assets that are not shown in the books. The Board and staff need to discuss and agree to hire an assessor for the Town's Asset values to record.

Anticipated completion date Reconciliations June 2024.

6/2025 for Assessment of Town's Infrastructure.

## **2023 – 002 Reconciliation of Subsidiary Ledgers**

### Corrective action planned.

Process to reconcile Balance sheet and revenue accounts monthly. Utility Billing, Payroll, AP.

### Anticipated completion date

6/30/2024

## **2023 – 003 Interfund Payables**

### Corrective action planned.

I know now these Interfund balances must clear out before or on June 30<sup>th</sup>.

### Anticipated completion date.

6/30/2024

## **2023 – 004 Capital Assets**

### Corrective action planned.

We need an assessment of the Town's infrastructure to place a value on our books and the depreciation schedule.

Anticipated completion date. 6/30/2025

## **2023 – 005 Purchase Orders**

### Corrective action planned.

Our current process in place is to have a request turned in for Purchase orders to the AP clerk. She verifies Account number, the amount in budget and then request a purchase order in the AP system. The purchase order goes to the Finance Director for their signature on two copies of the purchase order. One copy is for the AP clerk and the second copy goes back to the Department that placed the request. New Department Directors meet with the AP clerk to go over the Process for requesting Purchase orders.

### Anticipated completion date.

6/30/2023

## **2023 – 006 Inadequate Controls over Building Permit Fees and Tap Fees**

### Corrective action planned.

The Building Codes department has a receipts system in place currently and this includes receipts for walk-in and online permits.

### Anticipated completion date

6/30/2024

## **2023 – 007 Inadequate Controls over Payroll**

### Corrective action planned.

As of 6/30/2023 we have salary increases or changes signed off by the Town Manager and the Supervisors and filed in the employees file in HR.

### Anticipated completion date. 6/30/2023

## **2023 – 008 Expenditures Exceed Budgeted Appropriations**

Corrective action planned. Coordination of the GL Accounts being used by AP, Recorder (COT Budget reporting) and Department Directors, and Finance entering in the system.

We have seen issues with names of accounts that are similar and have put expenditures on the wrong line without budgeted numbers.

I will look at 23-2024 budget lines to make sure we have the correct GL number.

During the next budget process for 2024-25 we will look at all lines of last year's actual numbers to make sure all Revenues and expenditures used are accounted for in the budget.

I will also enter throughout the year amendments to correct lines for budget.

Anticipated completion date.

6/30/2024