

TOWN OF COOPERTOWN, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2023

TOWN OF COOPERTOWN, TENNESSEE

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INTRODUCTORY SECTION

TOWN OF COOPERTOWN, TENNESSEE

Officials of the Town of Coopertown, Tennessee

June 30, 2023

<u>Name</u>	<u>Title</u>
Elected Officials:	
Becca Werner	Mayor
Robert Dale Anderson	Vice Mayor
Ruby Cash	Alderman
Randall Hayes	Alderman
Randee Masters	Alderman
Management:	
Emily McKellar	Town Recorder and CMFO

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

Mayor and Board of Aldermen of the
Town of Coopertown, Tennessee
Coopertown, Tennessee

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the governmental activities and each major fund of the Town of Coopertown, 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.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund, State Street Aid Fund, Drug Fund, Public Improvement Assessment Fund, Barrel Festival Fund, 5K Race Fund, State and Federal Grant Fund, Economic Development Fund, Fire Fund, E-Citation Fund and the LESO Fund for the year then ended and, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern

for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 judgement 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, I:

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

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, which includes the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability (Asset) – Previous, the Schedule of Contributions to the Employee Pension Plan – Previous, the Schedule of Changes in Net Pension Liability (Asset) – Current, the Schedule of Contributions to the Employee Pension Plan – Current, and the Schedule of Changes in Total Liability and Related Ratios, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information – Introductory Section

Management is responsible for the Introductory Section included in the annual report. The Introductory Section, as listed in the table of contents, does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the Introductory Section, and I do not express an opinion or any other assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 10, 2023, on my consideration of the District's internal control over financial reporting and on my 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 my 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 District'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 District's internal control over financial reporting and compliance.

John R. Poole, CPA

November 10, 2023

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

TOWN OF COOPERTOWN, TENNESSEE

Management's Discussion and Analysis

As management of the Town of Coopertown, Tennessee (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the Town of Coopertown exceeded its liabilities at the close of the most recent fiscal year by \$5,386,497. Of this amount, \$1,178,718 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$918,039, as total revenues were \$620,126 higher in the current year as the Town had increased grant revenues along with the use of a property tax to assist in funding the fire department activities and an increase in sales tax revenues. Additionally, total expenses increased \$6,131 due in part to depreciation expense of \$278,002.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,076,649 an increase of \$447,451 in comparison to the prior year. General revenues were higher in the current year due to increased sales tax revenues and grant receipts, while expenses were higher from increased capital asset purchases.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,211,107 or 82% of the total general fund expenditures.

Overview of the Financial Statements:

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

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

The Statement of Net Position presents information on all the Town's assets and liabilities, 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 is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 state shared revenues and local option tax).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by intergovernmental revenues. The governmental activities of the Town of Coopertown include general government, personnel, finance, planning, police, fire, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The Town of Coopertown, 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 are governmental funds.

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

The Town maintains eleven (General, Drug, State Street Aid, Public Improvement Assessment, Barrel Festival, 5K Race, State and Federal Grant, Economic Development, LESO, E-Citation, and Fire funds) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the several funds which are considered to be major funds.

The Town of Coopertown adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14-17 of this report.

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 32-55 of this report.

Financial Analysis of the Financial Statements --Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Coopertown, assets exceeded liabilities by \$5,386,497 at the close of the most recent fiscal year.

By far the largest portion of the Town's assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Coopertown's Net Position

	2023	2022
	Governmental	Governmental
	<u>Activities</u>	<u>Activities</u>
Current and other assets	\$ 4,414,423	\$ 3,845,711
Capital assets	<u>2,525,104</u>	<u>2,130,449</u>
Total assets	6,939,527	5,976,160
Deferred outflows	70,189	51,357
Long-term liabilities	260,000	290,000
Other liabilities	<u>116,417</u>	<u>127,771</u>
Total liabilities	376,417	417,771
Deferred inflows	1,246,802	1,141,288
Net position:		
Investment in capital assets	2,525,104	2,130,449
Restricted	1,682,675	1,421,910
Unrestricted	<u>1,178,718</u>	<u>916,099</u>
Total net position	\$ 5,386,497	\$ 4,468,458

At the end to the current fiscal year, the Town is able to report positive balances in all three categories of net position, for the government as a whole. The same situation held true for the prior year.

Financial Analysis of the Financial Statements

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

Governmental Funds

The focus of the Town of Coopertown'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 in particular, unassigned fund balance may serve as a useful measure to a government's net resources available for spending at the end of the fiscal 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 \$1,211,107. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 82% of total general fund expenditures.

General Fund Budgetary Highlights

The Town maintained all of its expenditure budgets during the year. See pages 18-30 for additional information.

Capital Assets

The Town of Coopertown's investment in capital assets from its governmental activities at June 30, 2023, amounts to \$2,525,104 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, machinery and equipment. The total increase in the Town's investment in capital assets for the current fiscal year was \$672,657.

Town of Coopertown's Capital Assets

	2023	2022
	Governmental	Governmental
	<u>Activities</u>	<u>Activities</u>
Land and buildings	\$ 439,286	420,281
Machinery and equipment	1,131,186	1,044,999
Infrastructure	<u>2,951,356</u>	<u>2,383,891</u>
Less accumulated depreciation	<u>(1,996,724)</u>	<u>(1,718,722)</u>
Net Capital Assets	\$ <u>2,525,104</u>	<u>2,130,449</u>

Additional information on the Town of Coopertown's capital assets can be found in the notes to the financial statements section of this report.

Comparison of revenues and expenses - 2022-2023

	<u>2023</u>	<u>2022</u>	Change Between <u>Years</u>
Revenues:			
Program revenues:			
Charges for services	188,236	212,914	(24,678)
Operating grants and contributions	765,345	246,754	518,591
Capital grants and contributions	0	0	0
General revenues:			
Sales taxes	1,227,603	1,105,798	121,805
Property taxes	493,339	487,045	6,294
Other local taxes	160,816	153,526	7,290
Other	42,378	51,554	(9,176)
Total revenues	<u>2,877,717</u>	<u>2,257,591</u>	<u>620,126</u>
Expenses:			
General government	368,312	353,865	14,447
Police department	800,267	770,057	30,210
Fire department	155,053	229,565	(74,512)
Building commissioner	71,995	126,333	(54,338)
City court	11,064	11,195	(131)
LESO Fund	4,189	100	4,089
Building maintenance	25,284	10,380	14,904
Highways and streets	523,514	452,052	71,462
Total expenses	<u>1,959,678</u>	<u>1,953,547</u>	<u>6,131</u>
Change in net position	<u>918,039</u>	<u>304,044</u>	<u>613,995</u>

Economic Factors and Next Year's Budget and Rates

In the 2023-2024 budget, General fund revenues are budgeted to approximate from the 2022-2023 budget year primarily due to increases in local revenues. The Town's budget has benefited by an improvement in the overall economy and the implementation of a property tax to finance the fire department and street improvements.

All of these factors were considered in preparing the Town's budget for the 2023-2024 fiscal year.

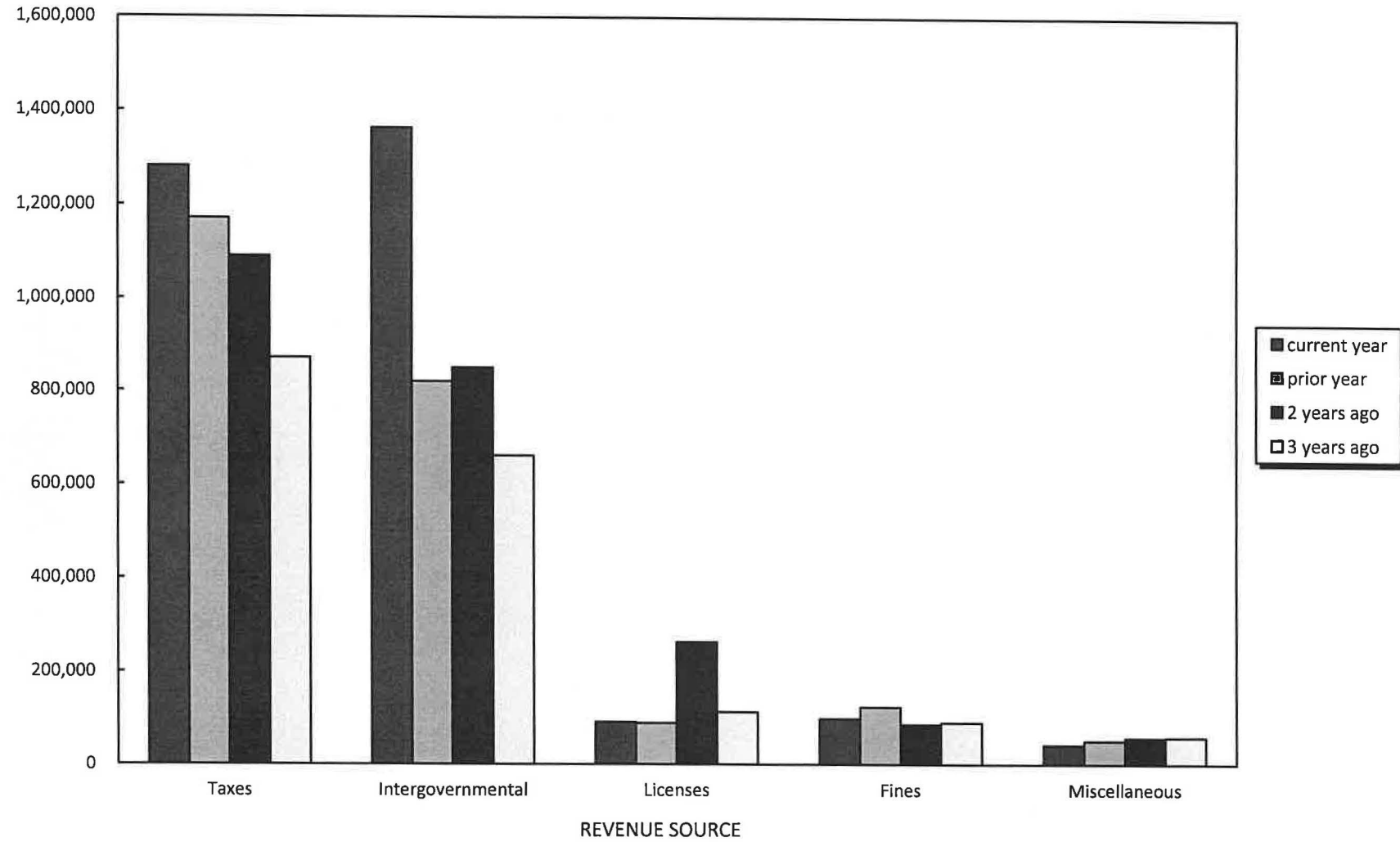
Requests for Information

This financial report is designed to provide a general overview of the Town of Coopertown, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

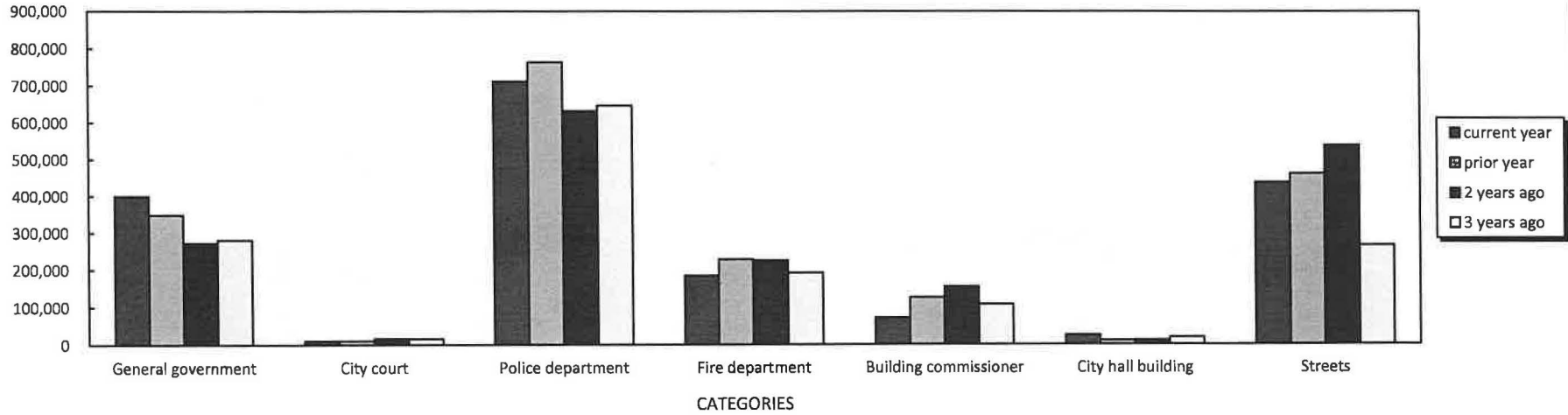
Emily McKellar
Town of Coopertown

TOWN OF COOPERTOWN, TENNESSEE

GOVERNMENTAL FUND REVENUES



TOWN OF COOPERTOWN
GOVERNMENTAL FUND EXPENDITURES



BASIC FINANCIAL STATEMENTS

TOWN OF COOPERTOWN, TENNESSEE

Statement of Net Position

June 30, 2023

<u>Assets</u>	<u>Governmental Activities</u>	<u>Total</u>
Cash and cash equivalents	\$3,667,685	\$3,667,685
Accounts receivable	206,482	206,482
Property taxes receivable	455,939	455,939
Prepaid assets	51,497	51,497
Net pension asset	32,820	32,820
Capital assets not depreciated	1,000	1,000
Capital assets, net of accumulated depreciation	<u>2,524,104</u>	<u>2,524,104</u>
Total Assets	<u>\$6,939,527</u>	<u>\$6,939,527</u>
 Deferred Outflows		
Deferred outflow of resources - OPEB	1,410	1,410
Deferred outflow of resources - pension	68,779	68,779
Total Deferred Outflows	<u>70,189</u>	<u>70,189</u>
 <u>Liabilities, Deferred outflows and Net Position</u>		
 Accounts payable	\$30,190	30,190
Accrued expenses	79,641	79,641
OPEB liability	6,586	6,586
Long-term liabilities:		
Due within one year	60,000	60,000
Due in more than one year	<u>200,000</u>	<u>200,000</u>
Total Liabilities	<u>376,417</u>	<u>376,417</u>
 Deferred Inflows of Resources		
Deferred inflows - unspent grant receipts	785,986	785,986
Deferred inflow of resources - pension	703	703
Deferred inflow of resources - OPEB	16,994	16,994
Deferred inflow of resources - property taxes	<u>443,119</u>	<u>443,119</u>
Total Deferred inflows	<u>1,246,802</u>	<u>1,246,802</u>
 Net Position:		
Investment in capital assets	2,525,104	2,525,104
Restricted - State Street Aid	803,538	803,538
Restricted - Drug fund	8,821	8,821
Restricted - Assessment	26,964	26,964
Restricted - Barrel Festival	4,352	4,352
Restricted - 5K Race	17,072	17,072
Restricted - Grant	3,021	3,021
Restricted - Development	206,202	206,202
Restricted - Fire	528,722	528,722
Restricted - E-Citation	3,504	3,504
Restricted - LESO	48,362	48,362
Restricted - Pension	32,117	32,117
Unrestricted	<u>1,178,718</u>	<u>1,178,718</u>
Total Net Position	<u>\$5,386,497</u>	<u>\$5,386,497</u>

See accompanying notes to financial statements.

TOWN OF COOPERTOWN, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2023

Function/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total
	Charges for Expenses	Operating Grants and Services Contributions	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Government Activities:						
General government	368,312	95,249	597,769	-	324,706	324,706
Police department	800,267	92,987	3,200	-	(704,080)	(704,080)
Fire department	155,053	-	-	-	(155,053)	(155,053)
Building commissioner	71,995	-	-	-	(71,995)	(71,995)
City court	11,064	-	-	-	(11,064)	(11,064)
LESO fund	4,189	-	-	-	(4,189)	(4,189)
Building maintenance	25,284	-	-	-	(25,284)	(25,284)
Highways and streets	523,514	-	164,376	-	(359,138)	(359,138)
Total Governmental Activities	<u>1,959,678</u>	<u>188,236</u>	<u>765,345</u>	<u>0</u>	<u>(1,006,097)</u>	<u>(1,006,097)</u>
General Revenues						
Sales taxes					1,227,603	1,227,603
Property taxes					493,339	493,339
Business taxes					26,614	26,614
Franchise and income taxes					40,000	40,000
Beer and liquor taxes					91,567	91,567
Assessments					2,635	2,635
Other					42,378	42,378
Total general revenues					<u>1,924,136</u>	<u>1,924,136</u>
Changes in net position					918,039	918,039
Net position - beginning of year					4,468,458	4,468,458
Net position - ending of year					<u>5,386,497</u>	<u>5,386,497</u>

See accompanying notes to financial statements.

FUND FINANCIAL
STATEMENTS

TOWN OF COOPERTOWN, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	State Street Aid Fund	Drug Fund	Public Improvement Assessment Fund	Barrel Festival Fund	5K Race Fund	State and Federal Grant Fund	Economic Development Fund	E-Citation Fund	LESO Fund	Fire Fund	Total
Assets												
Cash and cash equivalents	\$1,241,065	\$682,541	\$15,921	\$21,585	\$7,807	\$23,717	\$789,007	\$206,202	\$3,504	\$48,362	\$627,974	\$3,667,685
Accounts receivable	171,634	29,469	0	5,379	0	0	0	0	0	0	0	206,482
Property taxes	0	196,054	0	0	0	0	0	0	0	0	259,885	455,939
Due from other funds	0	99,252	0	0	0	0	0	0	0	0	0	99,252
Prepaid expenses	51,497	0	0	0	0	0	0	0	0	0	0	51,497
Total Assets	\$1,464,196	\$1,007,316	\$15,921	\$26,964	\$7,807	\$23,717	\$789,007	\$206,202	\$3,504	\$48,362	\$887,859	\$4,480,855
Liabilities, Deferred Inflows and Fund Balance												
Liabilities:												
Accounts payable	\$22,466	\$7,724	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,190
Accrued expenses	15,639	0	7,100	0	3,455	6,645	0	0	0	0	0	32,839
Due to other funds	0	0	0	0	0	0	0	0	0	0	99,252	99,252
Total Liabilities	38,105	7,724	7,100	0	3,455	6,645	0	0	0	0	99,252	162,281
Deferred Inflows of Resources												
Deferred inflow - unspent grant receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$785,986	\$0	\$0	\$0	\$0	\$785,986
Deferred current property taxes	0	190,541	0	0	0	0	0	0	0	0	252,578	443,119
Deferred delinquent property taxes	0	5,513	0	0	0	0	0	0	0	0	7,307	12,820
Total Deferred Inflow of Resources	0	196,054	0	0	0	0	785,986	0	0	0	259,885	1,241,925
Fund balance:												
Unassigned	\$1,211,107	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,211,107
Non-spendable	51,497	0	0	0	0	0	0	0	0	0	0	51,497
Assigned - Emergency reserves	163,337	0	0	0	0	0	0	0	0	0	0	163,337
Assigned - Contracts	150	0	0	0	0	0	0	0	0	0	0	150
Restricted	0	803,538	8,821	26,964	4,352	17,072	3,021	206,202	3,504	48,362	528,722	1,650,558
Total Fund Balance	1,426,091	803,538	8,821	26,964	4,352	17,072	3,021	206,202	3,504	48,362	528,722	3,076,649
Total Liabilities and Fund Balance	\$1,464,196	\$1,007,316	\$15,921	\$26,964	\$7,807	\$23,717	\$789,007	\$206,202	\$3,504	\$48,362	\$887,859	\$4,480,855

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

TOWN OF COOPERTOWN, TENNESSEE

**Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities**

June 30, 2023

Amounts reported for fund balance - total governmental funds	\$ 3,076,649
Amounts reported for governmental activities in the statement of net position are different because:	
Investment in capital assets, net of related depreciation	2,525,104
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	12,820
Pension related accounts - governmental funds to not record these post-benefit obligations	
Net pension asset	32,820
Deferred outflow - pension	68,779
Deferred inflow - pension	(703)
OPEB related accounts - governmental funds to not record these post-benefit	
Net OPEB liability	(6,586)
Deferred outflow - OPEB	1,410
Deferred inflow - OPEB	(16,994)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds	
Commitment payable	(260,000)
Accrued vacation time	<u>(46,802)</u>
Net position of governmental activities	\$ <u><u>5,386,497</u></u>

See accompanying notes to financial statements.

TOWN OF COOPERTOWN, TENNESSEE
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2023

	General Fund	State Street Aid Fund	Drug Fund	Public Improvement Assessment Fund	Barrel Festival Fund	5K Race Fund	State and Federal Grant Fund	Economic Development Fund	Fire Fund	E-Citation Fund	LESO Fund	Total Governmental Funds
Revenues:												
Taxes	841,644	184,267	0	0	0	0	0	0	255,208	0	0	1,281,119
Intergovernmental	631,508	164,376	0	0	0	0	567,465	0	0	0	0	1,363,349
Licenses and permits	91,822	0	0	0	0	0	0	0	0	0	0	91,822
Fines and fees	91,437	0	1,550	2,635	3,427	0	0	0	0	0	0	99,049
Miscellaneous	21,916	1,403	19	25	16	28	1,786	1,866	3,646	2	11,671	42,378
Total Revenues	1,678,327	350,046	1,569	2,660	3,443	28	569,251	1,866	258,854	2	11,671	2,877,717
Expenditures:												
Current:												
General government	381,341	0	0	0	0	0	0	0	0	0	0	381,341
City court	11,064	0	0	0	0	0	0	0	0	0	0	11,064
Police department	711,669	0	0	0	0	0	0	0	0	0	0	711,669
Building commissioner	71,995	0	0	0	0	0	0	0	0	0	0	71,995
Fire department	0	0	0	0	0	0	0	0	185,053	0	0	185,053
Building maintenance	25,284	0	0	0	0	0	0	0	0	0	0	25,284
Highway and streets	260,470	91,560	0	0	0	0	0	0	0	0	0	352,030
Barrel festival	0	0	0	0	9,537	0	0	0	0	0	0	9,537
5K race	0	0	0	0	0	5,447	0	0	0	0	0	5,447
State and Federal Grant	0	0	0	0	0	0	0	0	0	0	0	0
E-Citation fund	0	0	0	0	0	0	0	0	0	0	0	0
LESO fund	0	0	0	0	0	0	0	0	0	0	4,189	4,189
Capital Outlay:												
Building maintenance	19,005	0	0	0	0	0	0	0	0	0	0	19,005
Highway and streets	0	86,187	0	0	0	0	0	0	0	0	0	86,187
State and Federal Grant	0	0	0	0	0	0	567,465	0	0	0	0	567,465
Total Expenditures	1,480,828	177,747	0	0	9,537	5,447	567,465	0	185,053	0	4,189	2,430,266
Excess (deficiency) of revenues over expenditures	197,499	172,299	1,569	2,660	(6,094)	(5,419)	1,786	1,866	73,801	2	7,482	447,451
Fund Balance, Beginning of year	1,228,592	631,239	7,252	24,304	10,446	22,491	1,235	204,336	454,921	3,502	40,880	2,629,198
Fund Balance, End of year	1,426,091	803,538	8,821	26,964	4,352	17,072	3,021	206,202	528,722	3,504	48,362	3,076,649

See accompanying notes to financial statements.

TOWN OF COOPERTOWN, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds:	\$ 447,451
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition of capital assets	672,657
Depreciation expense	(278,002)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,189)
Expenses reported in the statement of activities that affect accrued liabilities that are not reported as expenditures in the governmental funds	
Change in OPEB accounts	520
Change in pension plan accrual	30,094
Commitment payable	30,000
Change in employee vacation accrual	<u>17,508</u>
Change in net position of governmental activities	\$ <u><u>918,039</u></u>

See accompanying notes to financial statements.

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes:				
Local sales tax	\$478,170	\$478,170	\$685,509	207,339
Business tax	3,100	3,100	26,614	23,514
Franchise tax	33,500	33,500	40,000	6,500
Wholesale beer and liquor taxes	80,775	80,775	89,521	8,746
Total Taxes	<u>595,545</u>	<u>595,545</u>	<u>841,644</u>	<u>246,099</u>
Intergovernmental:				
TVA in lieu	48,426	48,426	53,864	5,438
State sales tax	488,131	488,131	542,094	53,963
State beer tax	2,213	2,213	2,046	(167)
Police supplement	4,000	4,000	3,200	(800)
Grants	10,000	10,000	30,304	20,304
Total Intergovernmental Revenue	<u>552,770</u>	<u>552,770</u>	<u>631,508</u>	<u>78,738</u>
Licenses and Permits:				
Building permits	107,000	107,000	87,043	(19,957)
Licenses and permits	7,850	7,850	4,779	(3,071)
Total Licenses and Permits	<u>114,850</u>	<u>114,850</u>	<u>91,822</u>	<u>(23,028)</u>
Fines and fees	<u>82,185</u>	<u>82,185</u>	<u>91,437</u>	<u>9,252</u>
Miscellaneous:				
Interest	200	200	3,738	3,538
Donations	500	500	0	(500)
Sale of equipment	3,000	3,000	7,510	4,510
Insurance recoveries	0	0	9,850	9,850
Other	13,300	13,300	818	(12,482)
Total Miscellaneous	<u>17,000</u>	<u>17,000</u>	<u>21,916</u>	<u>4,916</u>
Total Revenues	<u>1,362,350</u>	<u>1,362,350</u>	<u>1,678,327</u>	<u>315,977</u>

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Current:				
Salaries	166,600	190,807	186,419	4,388
Payroll taxes	15,500	15,500	13,384	2,116
Employee benefits	36,725	54,725	46,015	8,710
Dues and subscriptions	6,500	10,900	9,539	1,361
Advertising and communications	8,000	6,500	3,868	2,632
Travel and training	10,500	8,600	7,630	970
Supplies	13,235	13,105	9,741	3,364
Donations	6,500	5,180	3,500	1,680
Professional fees	109,500	73,644	60,587	13,057
Utilities	12,500	15,900	15,189	711
Insurance	26,000	19,100	18,660	440
Repair and maintenance	1,400	1,950	1,424	526
Community development	10,060	10,450	5,147	5,303
Historical preservation	2,360	2,360	0	2,360
Other	200	350	238	112
	<u>425,580</u>	<u>429,071</u>	<u>381,341</u>	<u>47,730</u>
Capital outlay	18,000	22,699	19,005	3,694
Total General Government	<u>443,580</u>	<u>451,770</u>	<u>400,346</u>	<u>51,424</u>
City Court:				
Personnel costs	9,105	9,105	3,848	5,257
Professional services	7,100	7,100	5,481	1,619
Supplies	3,620	7,620	1,735	5,885
Miscellaneous	350	350	0	350
	<u>20,175</u>	<u>24,175</u>	<u>11,064</u>	<u>13,111</u>
Capital outlay	0	0	0	0
Total City Court	<u>20,175</u>	<u>24,175</u>	<u>11,064</u>	<u>13,111</u>
Police Department:				
Salary	382,018	382,018	357,811	24,207
Payroll taxes	38,202	38,202	26,321	11,881
Employee benefits	79,600	79,600	73,814	5,786
Utilities	12,000	12,000	11,997	3
Vehicle expenses	50,000	50,000	42,564	7,436
Supplies and maintenance	63,250	59,230	69,378	(10,148)
Contractual services	97,500	97,500	90,102	7,398
Training and travel	11,000	11,000	8,012	2,988
Insurance	33,200	35,600	30,522	5,078
Miscellaneous	0	10,000	1,148	8,852
	<u>766,770</u>	<u>775,150</u>	<u>711,669</u>	<u>63,481</u>
Capital outlay	25,000	25,000	0	25,000
Total Police department	<u>791,770</u>	<u>800,150</u>	<u>711,669</u>	<u>88,481</u>

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Streets:				
Personnel costs	179,608	187,608	184,879	2,729
Payroll taxes	17,961	17,961	13,741	4,220
Employee benefits	28,500	28,900	23,733	5,167
Maintenance	2,000	2,000	218	1,782
Utilities	5,500	5,500	3,985	1,515
Insurance	28,500	30,900	28,132	2,768
Vehicle expenses	2,500	2,500	474	2,026
Supplies	11,600	13,800	5,308	8,492
	<u>276,169</u>	<u>289,169</u>	<u>260,470</u>	<u>28,699</u>
Capital outlay	25,000	16,600	0	16,600
Total Streets	<u>301,169</u>	<u>305,769</u>	<u>260,470</u>	<u>45,299</u>
Building commissioner:				
Personnel costs	63,336	68,336	30,814	37,522
Employee benefits	17,584	17,984	8,946	9,038
Professional services	55,000	49,100	27,201	21,899
Supplies and maintenance	11,150	11,300	5,034	6,266
	<u>147,070</u>	<u>146,720</u>	<u>71,995</u>	<u>74,725</u>
Capital outlay	0	0	0	0
Total Building commissioner	<u>147,070</u>	<u>146,720</u>	<u>71,995</u>	<u>74,725</u>
City Hall Building Maintenance	<u>26,550</u>	<u>26,550</u>	<u>25,284</u>	<u>1,266</u>
Total Expenditures	<u>1,738,594</u>	<u>1,755,034</u>	<u>1,480,828</u>	<u>274,206</u>
Excess (deficiency) of Revenues over Expenditures	(376,244)	(392,684)	197,499	590,183
Fund Balance, July 1, 2022	1,228,592	1,228,592	1,228,592	0
Fund Balance, June 30, 2023	<u>\$852,348</u>	<u>\$835,908</u>	<u>\$1,426,091</u>	<u>\$590,183</u>

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

State Street Aid Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Gasoline .03 tax	23,032	23,032	23,116	84
Gasoline 1989 tax	12,600	12,600	12,515	(85)
Gasoline 2017 tax	41,000	41,000	40,396	(604)
Gasoline and motor fuel	81,100	81,100	80,141	(959)
Special petroleum tax	8,300	8,300	8,208	(92)
	166,032	166,032	164,376	(1,656)
Other				
Property taxes	174,018	174,018	184,267	10,249
Interest	5	5	1,403	1,398
	340,055	340,055	350,046	9,991
Total Revenues				
Expenditures:				
Personnel costs	85,800	85,800	0	85,800
Repair and maintenance	40,500	57,400	29,394	28,006
Supplies	59,000	58,000	43,159	14,841
Vehicle expense	12,150	12,150	3,615	8,535
Professional services	10,000	12,700	7,699	5,001
Street lighting	8,000	8,000	7,693	307
Capital outlay	210,000	210,000	86,187	123,813
	425,450	444,050	177,747	266,303
Total Expenditures				
Excess (deficiency) of revenues over expenditures	(85,395)	(103,995)	172,299	276,294
Fund Balance, July 1, 2022				
	631,239	631,239	631,239	-
Fund Balance, June 30, 2023				
	\$545,844	\$527,244	\$803,538	\$276,294

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Drug Fund

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Fines and fees	650	650	1,550	900
Interest	<u>2</u>	<u>2</u>	<u>19</u>	<u>17</u>
Total Revenues	<u>652</u>	<u>652</u>	<u>1,569</u>	<u>917</u>
Expenditures:				
Supplies	560	560	0	560
Capital outlay	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Total Expenditures	<u>3,060</u>	<u>3,060</u>	<u>0</u>	<u>3,060</u>
Excess (deficiency) of revenues over expenditures	(2,408)	(2,408)	1,569	3,977
Fund Balance, July 1, 2022	<u>7,252</u>	<u>7,252</u>	<u>7,252</u>	<u>-</u>
Fund Balance, June 30, 2023	<u><u>\$4,844</u></u>	<u><u>\$4,844</u></u>	<u><u>\$8,821</u></u>	<u><u>3,977</u></u>

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Public Improvement Assessment Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Assessments	3,800	3,800	2,635	(1,165)
Interest	0	0	25	25
Total Revenues	3,800	3,800	2,660	(1,140)
Expenditures:				
Miscellaneous	1,000	1,000	0	1,000
Debt service	0	0	0	0
Total Expenditures	1,000	1,000	0	1,000
Excess (deficiency) of revenues over expenditures	2,800	2,800	2,660	(140)
Fund Balance, July 1, 2022	24,304	24,304	24,304	-
Fund Balance, June 30, 2023	\$27,104	\$27,104	\$26,964	(\$140)

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Barrel Festival

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Activities	14,125	14,125	3,427	(10,698)
Interest	<u>2</u>	<u>2</u>	<u>16</u>	<u>14</u>
Total Revenues	<u>14,127</u>	<u>14,127</u>	<u>3,443</u>	<u>(10,684)</u>
Expenditures:				
Activity expense	13,250	17,050	9,351	7,699
Miscellaneous	<u>600</u>	<u>600</u>	<u>186</u>	<u>414</u>
Total Expenditures	<u>13,850</u>	<u>17,650</u>	<u>9,537</u>	<u>8,113</u>
Excess (deficiency) of revenues over expenditures	277	(3,523)	(6,094)	(2,571)
Fund Balance, July 1, 2022	<u>10,446</u>	<u>10,446</u>	<u>10,446</u>	<u>-</u>
Fund Balance, June 30, 2023	<u><u>\$10,723</u></u>	<u><u>\$6,923</u></u>	<u><u>\$4,352</u></u>	<u><u>(2,571)</u></u>

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

5K Race

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Activities	5,885	5,885	0	(5,885)
Interest	<u>2</u>	<u>2</u>	<u>28</u>	<u>26</u>
Total Revenues	<u>5,887</u>	<u>5,887</u>	<u>28</u>	<u>(5,859)</u>
Expenditures:				
Activity expense	6,170	10,468	5,436	5,032
Miscellaneous	<u>300</u>	<u>188</u>	<u>11</u>	<u>177</u>
Total Expenditures	<u>6,470</u>	<u>10,656</u>	<u>5,447</u>	<u>5,209</u>
Excess (deficiency) of revenues over expenditures	(583)	(4,769)	(5,419)	(650)
Fund Balance, July 1, 2022	<u>22,491</u>	<u>22,491</u>	<u>22,491</u>	<u>-</u>
Fund Balance, June 30, 2023	<u><u>\$21,908</u></u>	<u><u>\$17,722</u></u>	<u><u>\$17,072</u></u>	<u><u>(650)</u></u>

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

State and Federal Grant Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Grants - State	0	0	0	0
Grants - Federal	680,000	680,000	567,465	(112,535)
Miscellaneous	100	100	1,786	1,686
	680,100	680,100	569,251	(110,849)
Expenditures:				
Professional services	20,000	20,000	0	20,000
Miscellaneous	100	100	0	100
Capital outlay	600,000	600,000	567,465	32,535
	620,100	620,100	567,465	52,635
Excess (deficiency) of revenues over expenditures	60,000	60,000	1,786	(58,214)
 Fund Balance, July 1, 2022	 1,235	 1,235	 1,235	 -
Fund Balance, June 30, 2023	\$61,235	\$61,235	\$3,021	(\$58,214)

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Economic Development Fund

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest	<u>300</u>	<u>300</u>	<u>1,866</u>	<u>1,566</u>
Total Revenues	<u>300</u>	<u>300</u>	<u>1,866</u>	<u>1,566</u>
Expenditures:				
Professional services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Supplies	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Total Expenditures	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Excess (deficiency) of revenues over expenditures	200	200	1,866	1,666
Fund Balance, July 1, 2022	<u>204,336</u>	<u>204,336</u>	<u>204,336</u>	<u>-</u>
Fund Balance, June 30, 2023	<u><u>\$204,536</u></u>	<u><u>\$204,536</u></u>	<u><u>\$206,202</u></u>	<u><u>\$1,666</u></u>

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

Fire Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property taxes	230,677	230,677	255,208	24,531
Interest	0	0	3,646	3,646
Total Revenues	230,677	230,677	258,854	28,177
Expenditures:				
Contract services - fire department	202,593	200,873	151,945	48,928
Professional services	1,600	3,250	2,953	297
Miscellaneous	100	170	155	15
Payment on commitment	30,000	30,000	30,000	0
Total Expenditures	234,293	234,293	185,053	49,240
Excess (deficiency) of revenues over expenditures	(3,616)	(3,616)	73,801	77,417
 Fund Balance, July 1, 2022	 454,921	 454,921	 454,921	 -
Fund Balance, June 30, 2023	<u>\$451,305</u>	<u>\$451,305</u>	<u>\$528,722</u>	<u>\$77,417</u>

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

E-Citation Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and fees	1,150	1,150	0	(1,150)
Interest	0	0	2	2
Total Revenues	1,150	1,150	2	(1,148)
Expenditures:				
Supplies	0	0	0	0
Miscellaneous	50	50	0	50
Total Expenditures	50	50	0	50
Excess (deficiency) of revenues over expenditures	1,100	1,100	2	(1,098)
Fund Balance, July 1, 2022	3,502	3,502	3,502	-
Fund Balance, June 30, 2023	\$4,602	\$4,602	\$3,504	(1,098)

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

TOWN OF COOPERTOWN, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**

LESO Fund

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Sale of equipment	10,000	10,000	11,612	1,612
Interest	<u>0</u>	<u>0</u>	<u>59</u>	<u>59</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>11,671</u>	<u>1,671</u>
Expenditures:				
Supplies	13,000	13,000	4,189	8,811
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>13,000</u>	<u>13,000</u>	<u>4,189</u>	<u>8,811</u>
Excess (deficiency) of revenues over expenditures	(3,000)	(3,000)	7,482	10,482
 Fund Balance, July 1, 2022	 <u>40,880</u>	 <u>40,880</u>	 <u>40,880</u>	 <u>-</u>
Fund Balance, June 30, 2023	<u><u>\$37,880</u></u>	<u><u>\$37,880</u></u>	<u><u>\$48,362</u></u>	<u><u>10,482</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The Town of Coopertown, Tennessee, was incorporated under the Private Act of the Tennessee General Assembly. The Town provides the following services, as authorized by its charter and duly passed ordinances: public safety, streets, public improvements, and general administrative services. The accounting policies of the Town of Coopertown, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the Town as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has no component units at yearend.

The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. The reporting includes the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part the effect of the interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers most governmental revenues as available if received within 60 days of years end. Expenditures are recorded generally 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.

State shared revenues, 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 using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major funds:

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

State Street Aid Fund - To account for the receipt and usage of the Town's share of State gasoline taxes.

Drug Fund - To account for the activity in the Town's Drug fund.

Public Improvement Assessment Fund – To account for a special assessment for a street improvement project.

Barrel Festival Fund - To account for the activities of the Barrel Festival Fund.

5K Race Fund - To account for the activities of the 5K Race Fund.

State and Federal Grant Fund - To account for State and Federal grant activity.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Economic Development Fund - To account for the Town's economic development activity, funded by building permits.

E-Citation Fund - To account for the Town's E-Citation activities.

LESO Fund - To account for the Town's LESO Fund.

Fire Fund - To account for the Town's fire department activities, funded by property taxes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Town uses committed, assigned then unassigned funds.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads are reported in the applicable governmental government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure	30-40 years
Buildings	10-50 years
Furniture and Equipment	5-10 years

Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit, with original maturities three months or less and amounts held by local financial institutions.

Compensated Absences

The Town has accrued a liability for unused sick and vacation pay which is earned, but not taken by Town employees.

	<u>07/01/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>06/30/2023</u>
Accrued Vacation	64,310	-	17,508	46,802

Credit Risk

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist principally of cash and accounts receivable. The Town places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pension

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 Coopertown's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Coopertown's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Other Post-Employment Benefit Plan- (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and OPEB expense, information about the fiduciary net position of the Town of Coopertown's participation in the Local Government OPEB Plan (LGOP), and additions to/deductions from the Town of Coopertown fiduciary net position have been determined on the same basis as they are reported by the LGOP. For this purpose, benefits are recognized when due and payable in accordance with benefit terms of the LGOP.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items (pension and OPEB) that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net 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 government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, which do not meet the availability criteria in governmental funds. Additionally, the government has three items (pension, OPEB and unspent grant receipts) that qualify for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental fund.

Property Tax

The Town's property tax is levied each November 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made. Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$0.35 per \$100 of assessed valuation for the fiscal year ended June 30, 2023. Payments may be made during the period from November 1 through March 31. Current tax collections of \$428,804 for the fiscal year ended June 30, 2023 were approximately 97 percent of the tax levy.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Fund Balance

The Town implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

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

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

Committed Fund Balance - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority, the Town Council of the Town of Coopertown, Tennessee. Commitments may be changed or lifted only by the Town taking the same formal action that imposed the constraint originally (for example: ordinance).

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

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

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

Net Position Flow Assumption

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

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies, Continued

Budgets and Budgetary Accounting

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

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The Town Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the Town Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted – All other net position that does not meet the description of the above categories.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(2) Cash and Cash Equivalents

The Town is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the Town invested funds that were not immediately needed in certificates of deposits and savings accounts. The Town has deposit policies to minimize custodial credit risks. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the town. Cash and cash equivalents were adequately covered by federal depository insurance, insured by the depository bank's participation in the State of Tennessee Bank Collateral Pool or collateralized by securities, pledged for deposits, held by an independent third-party financial institution under the terms of a safekeeping collateral agreement in the Town's name. Investment policies of the Town follow state law and bond requirements prohibiting investments that are not secured or insured by the U.S. Government.

(3) Accounts Receivable

Accounts receivable at June 30, 2023, consist of the following:

<u>Fund</u>	
General Fund	\$ 171,634
Public Improvement	5,379
Fire fund – property taxes	259,885
State Street Aid – property taxes	196,054
State Street Aid	<u>29,469</u>
Total	\$ <u>662,421</u>

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(4) Capital Assets

A summary of changes in general capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Assets not being depreciated				
Land	1,000	-	-	1,000
Assets being depreciated				
Building	419,281	19,005	-	438,286
Machinery and equipment	1,044,999	86,187	-	1,131,186
Infrastructure	2,383,891	567,465	-	2,951,356
Total	<u>3,849,171</u>	<u>672,657</u>	<u>-</u>	<u>4,521,828</u>
Accumulated depreciation	<u>1,718,722</u>			<u>1,996,724</u>
Capital assets - net	<u>2,130,449</u>			<u>2,525,104</u>

All assets are being depreciated, except land valued at \$1,000.

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

General Fund:

General Government	\$ 17,920
Public safety	88,598
Highways and streets	171,484
Total	<u>278,002</u>

(5) Commitments and Contingencies

Litigation:

There are no pending lawsuits in which the Town is involved that are financially material to the financial statements.

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(6) Pension – Previous Plan

The Town of Coopertown closed membership for this plan to new employees in 2008.

General Information about the Pension Plan

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

Benefits provided. Tennessee Code Annotated Title 8, Chapter 34-37 established 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 after 30 years of service credit regardless of age. Benefits are determined by formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>0</u>
Total	<u>15</u>

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(6) Pension – Previous Plan, Continued

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be charged by the Tennessee General Assembly. Coopertown 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 for Coopertown were (\$0) based on a rate of (0.00%) percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Coopertown's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

Inflation 2.25 percent

Salary increases Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation averaging 4.00 percent.

Investment rate of return 6.75 percent, net of pension plan investment expenses, including inflation.

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

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(6) Pension – Previous Plan, Continued

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) are developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25% percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%	<u>1%</u>
Total		<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 Coopertown will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(6) Pension – Previous Plan, Continued

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/21	\$70,286	\$112,196	(\$41,910)
Changes for the Year:			
Service Cost	-	-	-
Interest	4,589	-	4,589
Changes in benefit terms	-	-	-
Differences between expected and actual experience	968	-	968
Changes in assumptions	-	-	-
Contributions-employer	-	-	-
Contributions-employees	-	-	-
Net investment income	-	(4,204)	4,204
Benefit payments, including refunds of employee contributions	(4,616)	(4,616)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	941	(8,820)	9,761
Balance at 6/30/22	<u>\$ 71,227</u>	<u>\$ 103,376</u>	<u>\$ (32,149)</u>

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Coopertown's net pension liability (asset)	(23,460)	(32,149)	(39,217)

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(6) Pension – Previous Plan, Continued

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

Pension expense (Negative Pension expense). For the year ended June 30, 2023, Coopertown recognized pension expense (negative pension expense) of (\$1,854).

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, Coopertown reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	645	267
Net difference between projected and Actual earning on pension plan		
Investments	-	45
Changes in assumptions	3,267	-
Contributions subsequent to the Measurement date of June 30, 2022	-	-
Total	<u>3,912</u>	<u>312</u>

The amounts shown above for ‘Contributions subsequent to the measurement date of June 30, 2022,’ will be recognized as a reduction (increase) to net position 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	1,116
2025	1,216
2026	(1,058)
2027	2,324
2028	-
Thereafter	-

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

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(7) Pension – Current Plan

The Town has re-opened membership subsequent to June 30, 2018.

General Information about the Pension Plan

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

Benefits provided. Tennessee Code Annotated Title 8, Chapter 34-37 established 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 after 30 years of service credit regardless of age. Benefits are determined by formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>10</u>
Total	<u>20</u>

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(7) Pension – Current Plan, Continued

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be charged by the Tennessee General Assembly. Coopertown 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 for Coopertown were (\$36,273) based on a rate of (5.37%) percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Coopertown's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

Inflation 2.25 percent

Salary increases Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation averaging 4.00 percent.

Investment rate of return 6.75 percent, net of pension plan investment expenses, including inflation.

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

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(7) Pension – Current Plan, Continued

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) are developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25% percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%	<u>1%</u>
Total		<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 Coopertown will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(7) Pension – Current Plan, Continued

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/21	\$78,795	\$78,244	\$551
Changes for the Year:			
Service Cost	33,096	-	33,096
Interest	7,091	-	7,091
Changes in benefit terms	-	-	-
Differences between expected and actual experience	3,005	-	3,005
Changes in assumptions	-	-	-
Contributions-employer	-	26,342	(26,342)
Contributions-employees	-	22,631	(22,631)
Net investment income	-	(3,651)	3,651
Benefit payments, including refunds of employee contributions	(13,677)	(13,677)	-
Administrative expense	-	(908)	908
Other changes	-	-	-
Net changes	29,515	30,737	(1,222)
Balance at 6/30/22	<u>\$ 108,310</u>	<u>\$ 108,981</u>	<u>\$ (671)</u>

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Coopertown's net pension liability (asset)	23,998	(671)	(19,755)

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(7) Pension – Current Plan, Continued

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

Pension expense (Negative Pension expense). For the year ended June 30, 2023, Coopertown recognized pension expense (negative pension expense) of \$15,351.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, Coopertown reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	13,180	391
Net difference between projected and Actual earning on pension plan		
Investments	2,728	-
Changes in assumptions	12,686	-
Contributions subsequent to the Measurement date of June 30, 2022	<u>36,273</u>	<u>-</u>
Total	<u>64,867</u>	<u>391</u>

The amounts shown above for ‘Contributions subsequent to the measurement date of June 30, 2022,’ will be recognized as a reduction (increase) to net position 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	3,329
2025	3,331
2026	3,235
2027	5,081
2028	3,062
Thereafter	10,177

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

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(8) - OTHER POSTEMPLOYMENT BENEFITS FOR RETIREE HEALTH INSURANCE

Plan description – Employees of the Town, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government OEB Plan (LGOP administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who chose coverage, participate in the LGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided -The Town offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health-savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The Town does not directly subsidize and are only subject to the implicit. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement NO. 75.

Employees covered by benefit terms. At July 1, 2022, the following employees were covered by the benefit terms of the LGOP:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>14</u>
Total	<u>14</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to established premium rates. For the fiscal year ended June 30, 2023, the Town paid \$79 to the LGOP for OPEB benefits as they came due.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(8) Other Postemployment Benefits For Retiree Health Insurance, Continued

Total OPEB Liability

Actuarial assumptions-The total OPEB liability on the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all the periods included in the measurement, unless otherwise specified.

Inflation -	2.25%
Salary increases -	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates –	8.37% for pre-65 in 2022, decreasing annually over a 7-year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over an 8-year period to an ultimate rate of 4.50%
Retiree’s share of benefit-related costs –	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distributions of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2021 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Discount rate-The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on a 20-year, tax exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-year Municipal GO AA index.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(8) Other Postemployment Benefits For Retiree Health Insurance, Continued

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Total OPEB liability - beginning balance	\$ 9,706
Changes for the year:	
Service cost	\$ 2,368
Interest	\$ 258
Changes of benefit terms	\$ -
Differences between expected and actual experience	\$ (2,956)
Change in assumptions	\$ (2,556)
Benefit payments	\$ (234)
Net changes	\$ (3,120)
Total OPEB liability - ending balance	\$ 6,586

Changes in assumptions-The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate-The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage higher than the current discount rate.

	Current Discount Rate Assumption	
1% Decrease <u>(2.54%)</u>	<u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
\$ 6,954	\$ 6,586	\$ 6,242

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate – The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-lower or 1-percentage-point-higher than the current healthcare cost trend rate.

	Current Healthcare Cost Trend Rate Assumption	
1% Decrease <u>(7.37/7.99% Decreasing to 3.50%)</u>	<u>(8.37/8.99% decreasing to 4.50%)</u>	1% Increase <u>(9.37/9.99% decreasing to 5.50%)</u>
\$ 5,973	\$ 6,586	\$ 7,302

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(8) Other Postemployment Benefits For Retiree Health Insurance, Continued

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

OPEB Expense - For the fiscal year ended June 30, 2023, the Town of Coopertown recognized OPEB expense of \$441.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2023, the Town of Coopertown reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	365	12,798
Changes in assumptions	966	4,196
Employer payments subsequent to The measurement date	<u>79</u>	<u>-</u>
Total	<u>1,410</u>	<u>16,994</u>

The amounts shown above for “Employer payments subsequent to the measurement date” will be recognized as a reduction to total OPEB liability in the following measurement period.

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

Year Ended June 30:	
2024	(3,067)
2025	(3,067)
2026	(3,067)
2027	(2,883)
2028	(2,293)
Thereafter	<u>(1,286)</u>

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

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

TOWN OF COOPERTOWN, TENNESSEE

Notes to Financial Statements

June 30, 2023

(9) Risk Management

The Town of Coopertown is exposed to various risks to general liability and property and casualty losses. The Town has decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The Town participates in the Public Entity Partners (formerly TML Insurance Pool) which is a public entity risk pool established by the Tennessee Municipal League, an association of member cities. The Town pays an annual premium for its general liability and property and casualty insurance coverage. The creation of the pool provides for it to be self-sustaining through member premiums.

The Town has not had claims in excess of insurance coverage during the last three years.

(10) Commitment Payable

The Town of Coopertown committed to providing \$350,000 to the Pleasant View Volunteer Fire Department for capital improvements. The Town paid \$30,000 to reduce this commitment in the current year. The commitment will be paid according to the following payments schedule:

Year Ended June 30:

2024	\$ 60,000
2025	\$ 60,000
2026	\$ 70,000
2027	\$ 70,000

REQUIRED
SUPPLEMENTARY
INFORMATION

TOWN OF COOPERTOWN, TENNESSEE

Schedule of Required Supplementary Information

Schedule of Changes in Coopertown's Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS - Previous

Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability (asset)									
Service cost	\$ 265	\$ 283	\$ 202	\$ 192	\$ 206	\$ 212	\$ 227	\$ 238	\$ -
Interest	\$ 4,291	\$ 4,533	\$ 4,509	\$ 4,477	\$ 4,592	\$ 4,576	\$ 4,565	\$ 4,507	\$ 4,589
Changes in benefit terms	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Differences between actual & expected experience	\$ 245	\$ (3,457)	\$ (1,689)	\$ 2,410	\$ (414)	\$ 178	\$ (258)	\$ (410)	\$ 968
Change of assumptions	\$ -	\$ -	\$ -	\$ 1,524	\$ -	\$ -	\$ -	\$ 6,533	\$ -
Benefit payments, including refunds of employee contributions	\$ (1,589)	\$ (1,589)	\$ (1,589)	\$ (5,311)	\$ (4,616)	\$ (4,616)	\$ (5,654)	\$ (5,024)	\$ (4,616)
Net change in total pension liability (asset)	\$ 3,212	\$ (230)	\$ 1,433	\$ 3,292	\$ (232)	\$ 350	\$ (1,120)	\$ 5,844	\$ 941
Total pension liability (asset)-beginning	\$ 57,737	\$ 60,949	\$ 60,719	\$ 62,152	\$ 65,444	\$ 65,212	\$ 65,562	\$ 64,442	\$ 70,286
Total pension liability (asset)-ending (a)	\$ 60,949	\$ 60,719	\$ 62,152	\$ 65,444	\$ 65,212	\$ 65,562	\$ 64,442	\$ 70,286	\$ 71,227
Plan fiduciary net position									
Contributions-employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions-employee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	\$ 12,095	\$ 2,570	\$ 2,239	\$ 9,431	\$ 7,280	\$ 6,729	\$ 4,561	\$ 23,523	\$ (4,204)
Benefit payments, including refunds of employee contributions	\$ (1,589)	\$ (1,589)	\$ (1,589)	\$ (5,311)	\$ (4,616)	\$ (4,616)	\$ (5,654)	\$ (5,024)	\$ (4,616)
Administrative expense	\$ (5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in plan fiduciary net position	\$ 10,501	\$ 981	\$ 650	\$ 4,120	\$ 2,664	\$ 2,113	\$ (1,093)	\$ 18,499	\$ (8,820)
Plan fiduciary net position-beginning	\$ 73,761	\$ 84,262	\$ 85,243	\$ 85,893	\$ 90,013	\$ 92,677	\$ 94,790	\$ 93,697	\$ 112,196
Plan fiduciary net position-ending (b)	\$ 84,262	\$ 85,243	\$ 85,893	\$ 90,013	\$ 92,677	\$ 94,790	\$ 93,697	\$ 112,196	\$ 103,376
Net Pension Liability (asset)-ending (a) - (b)	\$ (23,313)	\$ (24,524)	\$ (23,741)	\$ (24,569)	\$ (27,465)	\$ (29,228)	\$ (29,255)	\$ (41,910)	\$ (32,149)
Plan fiduciary net position as a percentage of total pension liability	138.25%	140.39%	138.20%	137.54%	142.12%	144.58%	145.40%	159.63%	145.14%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability (asset) as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

GASB 68 requires 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, in needed.

TOWN OF COOPERTOWN, TENNESSEE

Schedule of Contributions Based on Participation in the
Public Employee Pension Plan of TCRS - Previous

For the Year Ended June 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	0	0	0	0	0	0	0	0	0	0
Contributions in relation to the actuarially determined contribution	0	0	0	0	0	0	0	0	0	0
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered-employee payroll	0	0	0	0	0	0	0	0	0	0
Contributions as a percentage covered-employee payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

GASB 68 requires 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, in needed.

Notes to Schedule

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	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent.
Investment Rate of Return	6.75 percent, net of 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

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

TOWN OF COOPERTOWN, TENNESSEE

Schedule of Required Supplementary Information

Schedule of Changes in Coopertown's Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS - Current

Last Fiscal Year ending June 30

	2019	2020	2021	2022
Total pension liability (asset)				
Service cost	\$ -	\$ 9,996	\$ 27,822	\$ 33,096
Interest	\$ -	\$ 1,320	\$ 4,394	\$ 7,091
Changes in benefit terms	\$ 8,206	\$ -	\$ -	\$ -
Differences between actual & expected experience	\$ -	\$ 14,508	\$ (477)	\$ 3,005
Change of assumptions	\$ -	\$ -	\$ 15,506	\$ -
Benefit payments, including refunds of employee contributions	\$ -	\$ -	\$ (2,480)	\$ (13,677)
Net change in total pension liability (asset)	\$ 8,206	\$ 25,824	\$ 44,765	\$ 29,515
Total pension liability (asset)-beginning	\$ -	\$ 8,206	\$ 34,030	\$ 78,795
Total pension liability (asset)-ending (a)	\$ 8,206	\$ 34,030	\$ 78,795	\$ 108,310
Plan fiduciary net position				
Contributions-employer	\$ 4,167	\$ 11,580	\$ 16,567	\$ 26,342
Contributions-employee	\$ 4,735	\$ 13,159	\$ 17,930	\$ 22,631
Net investment income	\$ 322	\$ 1,042	\$ 12,839	\$ (3,651)
Benefit payments, including refunds of employee contributions	\$ -	\$ -	\$ (2,480)	\$ (13,677)
Administrative expense	\$ (255)	\$ (624)	\$ (738)	\$ (908)
Other	\$ -	\$ -	\$ -	\$ -
Net change in plan fiduciary net position	\$ 8,969	\$ 25,157	\$ 44,118	\$ 30,737
Plan fiduciary net position-beginning	\$ -	\$ 8,969	\$ 34,126	\$ 78,244
Plan fiduciary net position-ending (b)	\$ 8,969	\$ 34,126	\$ 78,244	\$ 108,981
Net Pension Liability (asset)-ending (a) - (b)	\$ (763)	\$ (96)	\$ 551	\$ (671)
Plan fiduciary net position as a percentage of total pension liability	109.30%	100.28%	99.30%	100.62%
Covered payroll	\$ 94,704	\$ 263,180	\$ 358,603	\$ 452,613
Net pension liability (asset) as a percentage of covered payroll	-0.81%	-0.04%	0.15%	-0.15%

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

GASB 68 requires 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, in needed.

TOWN OF COOPERTOWN, TENNESSEE

**Schedule of Contributions Based on Participation in the
Public Employee Pension Plan of TCRS - Current**

For the Year Ended June 30, 2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	4,167	11,580	15,205	20,594	36,273
Contributions in relation to the actuarially determined contribution	<u>4,167</u>	<u>11,580</u>	<u>16,567</u>	<u>26,342</u>	<u>36,273</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>(\$1,362)</u>	<u>(\$5,748)</u>	<u>\$0</u>
Covered-employee payroll	<u>94,704</u>	<u>263,180</u>	<u>358,603</u>	<u>452,613</u>	<u>336,236</u>
Contributions as a percentage covered-employee payroll	4.40%	4.40%	4.62%	5.82%	5.37%

GASB 68 requires 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, in needed.

Notes to Schedule

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	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent.
Investment Rate of Return	6.75 percent, net of 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

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

TOWN OF COOPERTOWN, TENNESSEE

Schedule of Required Supplementary Information - OPEB

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Year ending June 30

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service Cost	\$ 1,908	\$ 1,533	\$ 1,785	\$ 2,570	\$ 3,077	\$ 2,368
Interest on the Total OPEB Liability	\$ 549	\$ 710	\$ 466	\$ 471	\$ 249	\$ 258
Change in Benefit Terms	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Difference between expected and actual experience of the Total OPEB Liability	\$ -	\$ (10,376)	\$ (3,192)	\$ (5,948)	\$ 497	\$ (2,956)
Changes in assumptions and other inputs	\$ (942)	\$ 817	\$ 688	\$ 403	\$ (2,176)	\$ (2,556)
Benefit payments	\$ -	\$ -	\$ (3)	\$ (4)	\$ (280)	\$ (234)
Net change in Total OPEB Liability	\$ 1,515	\$ (7,316)	\$ (256)	\$ (2,508)	\$ 1,367	\$ (3,120)
Total OPEB Liability - Beginning	\$ 16,904	\$ 18,419	\$ 11,103	\$ 10,847	\$ 8,339	\$ 9,706
Total OPEB Liability - Ending	\$ 18,419	\$ 11,103	\$ 10,847	\$ 8,339	\$ 9,706	\$ 6,586
Estimated Covered -Employee Payroll	N/A	N/A	\$94,704	\$114,864	\$124,785	\$316,829
Total OPEB Liability as a Percentage of Covered- Employee Payroll	N/A	N/A	11.45%	7.26%	7.78%	2.08%

Notes to Schedule

Note: There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end. The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTAL
INFORMATION

TOWN OF COOPERTOWN, TENNESSEE

Capital Assets Used in the Operations of the Governmental Funds:

Schedule of Changes in Capital Assets

June 30, 2023

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>
Building	419,281	19,005	0	\$438,286
Land	1,000	0	0	1,000
Machinery and equipment	1,044,999	86,187	0	1,131,186
Infrastructure	<u>2,383,891</u>	<u>567,465</u>	<u>0</u>	<u>2,951,356</u>
Total capital assets	<u>3,849,171</u>	<u>672,657</u>	<u>0</u>	<u>4,521,828</u>

TOWN OF COOPERTOWN, TENNESSEE

Capital Assets Used in the Operations of the Governmental Funds:

Schedule of Capital Assets - By Type

June 30, 2023

	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Total</u>
Land and building	417,086	0	22,200	\$439,286
Machinery and equipment	55,290	581,289	494,607	1,131,186
Infrastructure	<u>0</u>	<u>0</u>	<u>2,951,356</u>	<u>2,951,356</u>
Total capital assets	<u>472,376</u>	<u>581,289</u>	<u>3,468,163</u>	<u>4,521,828</u>

TOWN OF COOPERTOWN, TENNESSEE

**Schedule of Cash and Cash Equivalents
All Funds**

June 30, 2023

	<u>Carrying Value</u>
General Fund:	
Demand deposits	\$1,241,065
Total General Fund	<u>1,241,065</u>
State Street Aid Fund:	
Demand deposits	<u>682,541</u>
Total State Street Aid Fund	<u>682,541</u>
Drug Fund:	
Demand deposits	<u>15,921</u>
Total Drug Fund	<u>15,921</u>
Public Improvement Assessment Fund:	
Demand deposits	<u>21,585</u>
Total Public Improvement Assessment Fund	<u>21,585</u>
Barrel Festival Fund:	
Demand deposits	<u>7,807</u>
Total Barrel Festival Fund	<u>7,807</u>
Five K Run Fund:	
Demand deposits	<u>23,717</u>
Total Five K Run Fund	<u>23,717</u>
State and Federal Grant Fund:	
Demand deposits	<u>789,007</u>
Total State and Federal Grant Fund	<u>789,007</u>
Economic Development Fund:	
Demand deposits	<u>206,202</u>
Total Economic Development Fund	<u>206,202</u>
E-Citation Fund:	
Demand deposits	<u>3,504</u>
Total E-Citation Fund	<u>3,504</u>
LESO Fund:	
Demand deposits	<u>48,362</u>
Total LESO Fund	<u>48,362</u>
Fire Fund:	
Demand deposits	<u>627,974</u>
Total Fire Fund Fund	<u>627,974</u>
Total - All funds	<u>\$3,667,685</u>

TOWN OF COOPERTOWN, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2023

<u>Tax Year</u>	<u>Balance July 1, 2022</u>	<u>Levy</u>	<u>Collections and Changes in Assessment</u>	<u>Balance June 30, 2023</u>
2023	\$ -	443,119	0	443,119
2022	433,426	0	428,804	4,622
2021	6,616	0	3,153	3,463
2020	5,101	0	2,518	2,583
2019	1,806	0	831	975
2018	944	0	169	775
2017	542	0	140	402
	<u>\$448,435</u>	<u>443,119</u>	<u>435,615</u>	<u>455,939</u>

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Tax Adjustments and Collections</u>	<u>Outstanding Taxes</u>
2023	\$.35	\$ 443,119	\$ 0	\$ 443,119
2022	.35	433,426	428,804	4,622
2021	.35	418,418	414,955	3,463
2020	.35	401,623	399,040	2,583
2019	.35	401,600	400,625	975
2018	.35	387,972	387,197	775
2017	.35	318,252	317,850	402
2016	.35	314,513	314,513	0

All delinquent taxes have been turned over to the County for collection.

TOWN OF COOPERTOWN, TENNESSEE
Schedule of Federal and State Financial Assistance
For the Year Ended June 30, 2023

<u>Assistance Listing Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance June 30, 2022</u>	<u>Grant Receipts</u>	<u>Other Receipts</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2023</u>
Federal Program:								
21.027	N/A	American Rescue Plan Act	US Department of Treasury thru the State of Tennessee	<u>(\$672,964)</u>	<u>680,487</u>	<u>0</u>	<u>567,465</u>	<u>(\$785,986)</u>
			Total Federal Program	<u>(672,964)</u>	<u>680,487</u>	<u>0</u>	<u>567,465</u>	<u>(785,986)</u>
State Program:								
N/A	Z22GHS281	Highway safety	State of Tennessee Department of Transportation	<u>0</u>	<u>27,691</u>	<u>0</u>	<u>30,304</u>	<u>2,613</u>
			Total State Program	<u>0</u>	<u>27,691</u>	<u>0</u>	<u>30,304</u>	<u>2,613</u>
			Total State and Federal Program	<u>(672,964)</u>	<u>708,178</u>	<u>0</u>	<u>597,769</u>	<u>(783,373)</u>

This schedule was prepared on the modified accrual basis of accounting.

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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HENDERSONVILLE, TN 37075

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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

Mayor and Board of Aldermen
Town of Coopertown, Tennessee
Coopertown, Tennessee

I have audited 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, the financial statements of the governmental activities and each major fund of the Town of Coopertown as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Coopertown's basic financial statements, and have issued a report thereon dated November 10, 2023.

Internal Control Over Financial Reporting

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

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-001, that I consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Coopertown’s financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The Town of Coopertown’s response to the findings identified in the audit is described in the Schedule of Findings and Responses. The Town of Coopertown’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result 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.

John R. Poole, CPA

November 10, 2023

TOWN OF COOPERTOWN, TENNESSEE

Schedule of Findings and Responses

June 30, 2023

2023-001 - Separation of Duties

Condition: The Town of Coopertown currently has three employees that works in performing the majority of the accounting functions for the Town. Due to only having three employees performing the accounting transactions there is currently an inadequate segregation of duties.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Cause: The Town has a limited number of office employees to provide for a proper division of duties.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner along with the possibility of fraud or misappropriation of assets increases when accounting functions are not adequately segregated.

Recommendation: For adequate separation of duties, the employee who writes receipts, prepares and makes bank deposits, or writes checks should neither reconcile bank statements nor post to the cash receipts and disbursements journals.

Response: “We agree that the staff size will not allow the Town to segregate duties to the optimum level desired. There are only three employees working in the department so it is virtually impossible to segregate duties unless more staff could be hired and due to the finances of our small town, we could not financially hire additional office help.”

TOWN OF COOPERTOWN, TENNESSEE

Schedule of Disposition of Prior Year Comments

June 30, 2023

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2022-001	Separation of Duties	Repeated

The original finding number was 1998-001. The current finding number is 2023-001.



Town of Coopertown
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Mayor
Becca Werner

Vice-Mayor
Robert Dale Anderson

Management's Corrective Action Plan

Audit period: June 30, 2023

The findings from the June 30, 2023, *Schedule of Findings and Responses* are discussed below.

2023-001 Segregation of Duties (Internal Control)

Contact person: Emily McKellar


Planned Corrective Action: The Board of Mayor and Aldermen for the Town of Coopertown have taken steps to segregate the duties of the three employees in our General Office Department.

At this time, the Town Clerk opens all mail, logs in monies received through mail and walk in, as well as issuing prenumbered receipts. At the end of the day, the Town Clerk makes out the deposit slips to appropriate accounts listing all checks received along with cash.

The City Clerk checks all totals for accuracy, takes all deposits to the bank, the Recorder does the journal entries into the accounting system and balances the checking accounts.

There are periodic checks on all cash drawers, receipt books checked against all listed incoming monies as well as the Mayor receiving a copy of the bank statements.

Anticipated Completion Date: At the current time, due to our size, we do not believe we can fully segregate these duties. We will continue to improve and strengthen our internal controls, but we cannot give a definite date.

Signature: 
EMILY MCKELLAR
RECORDER / CMFO