

**PRELIMINARY OFFICIAL STATEMENT**

**\$10,525,000\***  
**CITY OF COOKEVILLE, TENNESSEE**  
**General Obligation Bonds, Series 2025**

OFFERED FOR SALE NOT SOONER THAN

Wednesday, October 22, 2025 at 10:15 A.M. E.D.T. / 9:15 A.M. C.D.T.  
Through the Facilities of ***PARITY***<sup>®</sup>



SINCE 1931

**CUMBERLAND SECURITIES**  
INDEPENDENT FINANCIAL ADVISOR

October 7, 2025

\*Preliminary, subject to change.

This *Preliminary Official Statement* and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the *Official Statement* is delivered in final form. Under no circumstances shall this *Preliminary Official Statement* constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

# PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2025

## NEW ISSUE

## BOOK-ENTRY-ONLY

Rating: Moody's – "Aa1"

(See "MISCELLANEOUS-Rating" herein)

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations, as described under the heading "LEGAL MATTERS-Tax Matters" herein. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS - Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except certain Tennessee franchise and excise taxes. (See "LEGAL MATTERS - Tax Matters" herein).*

**\$10,525,000\***

## CITY OF COOKEVILLE, TENNESSEE

### General Obligation Bonds, Series 2025

Dated: Date of delivery (assume November 21, 2025).

Due: June 1, as shown below.

The \$10,525,000\* General Obligation Bonds, Series 2025 (the "Bonds") issued by the City of Cookeville, Tennessee (the "City") are issuable in fully registered form in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal, and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on June 1, 2026 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of U.S. Bank Trust Company, National Association, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated trust office of the Registration Agent.

The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. See section entitled "SECURITIES OFFERED – Security".

The Bonds maturing June 1, 2032 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2031.

<u>Due</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Due</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2026	\$705,000				2034	\$700,000			
2027	705,000				2035	700,000			
2028	705,000				2036	700,000			
2029	705,000				2037	700,000			
2030	705,000				2038	700,000			
2031	700,000				2039	700,000			
2032	700,000				2040	700,000			
2033	700,000								

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Preliminary Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of the legality thereof by Holland & Knight LLP, Nashville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the City by Moore, Rader and York, P.C., counsel to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, New York, New York, on or about November \_\_, 2025.

**Cumberland Securities Company, Inc.**

Municipal Advisor

October \_\_, 2025

\*Preliminary, subject to change.

This *Preliminary Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Preliminary Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Preliminary Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Preliminary Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Preliminary Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Preliminary Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this *Preliminary Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Municipal Advisor or the Underwriter. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the City, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

**\*\*Copyright, American Bankers Association (the "ABA").** CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

## CITY OF COOKEVILLE, TENNESSEE

### OFFICIALS

Laurin Wheaton	<i>Mayor</i>
Luke Eldridge	<i>Vice Mayor</i>
James Mills	<i>City Manager</i>
Jennifer Nisewander	<i>Finance Director</i>
Darian Coons	<i>City Clerk</i>
Dan Rader	<i>City Attorney</i>

### CITY COUNCIL

Ali Bagci  
Chad Gilbert  
Eric Walker

### BOND REGISTRATION AND PAYING AGENT

U.S. Bank Trust Company, National Association  
Nashville, Tennessee

### BOND COUNSEL

Holland & Knight LLP  
Nashville, Tennessee

### MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.



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## APPENDIX C: GENERAL PURPOSE FINANCIAL STATEMENTS – THE CITY OF COOKEVILLE, TENNESSEE



## SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Preliminary Official Statement*. This Summary Statement shall not be reproduced, distributed, or otherwise used except in conjunction with the remainder of this *Preliminary Official Statement*.

The Issuer .....	City of Cookeville, Tennessee (the “City” or “Issuer”). See APPENDIX B contained herein.
Securities Offered .....	\$10,525,000* General Obligation Bonds, Series 2025 (the “Bonds”) of the City, dated the date of issuance (assume November 21, 2025). The Bonds mature each June 1 beginning June 1, 2026 through June 1, 2040, inclusive. See the section entitled “SECURITIES OFFERED” herein for additional information.
Security .....	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.
Purpose .....	The Bonds are being issued for the purpose of financing, in whole or in part, (i) the acquisition of property and facilities and equipment including but not necessarily limited to planning, design, engineering, and architectural expenses for the construction of improvements to E. 10th Street and W. Stevens Street, the construction and equipping of two new fire stations, improvements to Cookeville Performing Arts Center and Dogwood Park, the construction and installation of recreational facilities to include a splash pad, playground, parking, restrooms and a pavilion; the construction of improvements to city streets and roads including but not necessarily limited to appraisal, design, engineering, consulting expenses, right of way acquisition, and all utilities appurtenant thereto (the “Project”); and (ii) payment of the costs incident to the issuance and sale of the Bonds.
Optional Redemption .....	The Bonds maturing June 1, 2032 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2031.
Tax Matters .....	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, as hereafter defined, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, as more fully described under the heading “LEGAL MATTERS-Tax Matters” herein. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “LEGAL MATTERS -Tax Matters” herein.)
Rating .....	Moody’s: “Aa1”. See the section entitled “MISCELLANEOUS - Rating” for more information.
Municipal Advisor .....	Cumberland Securities Company, Inc., See the section entitled “MISCELLANEOUS-Municipal Advisor; Related parties; Other” herein.
Underwriter .....	_____.
Bond Counsel .....	Holland & Knight LLP, Nashville, Tennessee.

\*Preliminary, subject to change.

Book-Entry-Only.....The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION - Book-Entry-Only System”.

Registration Agent.....U.S. Bank Trust Company, National Association, Nashville, Tennessee.

General.....The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See “SECURITIES OFFERED” herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.

Disclosure .....In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the City will provide the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State Information Depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled “MISCELLANEOUS-Continuing Disclosure.”

Other Information.....The information in this *Preliminary Official Statement* is deemed “final” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omissions of certain pricing information allowed to be omitted pursuant to such Rule 15c2-12. For more information concerning the City or this *Preliminary Official Statement*, contact Laurin Wheaton, Mayor, 45 East Broad St., Cookeville, TN 38501, Telephone: 931-520-5241; or the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2<sup>nd</sup> Floor, New York, NY 10018, Telephone: 800-850-7422.

**GENERAL FUND BALANCES**  
**Summary of Changes In Fund Balances**  
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning Fund Balance	\$22,395,289	\$23,833,635	\$31,288,093	\$33,479,585	\$38,857,963
Revenues	28,207,194	32,482,359	33,112,970	36,733,873	40,822,934
Expenditures	28,550,060	28,103,845	29,889,793	31,242,404	37,967,208
Excess of Revenues Over (under) Expenditures	(342,866)	4,378,514	3,223,177	5,491,469	2,855,726
Other Financing Sources:					
Transfers In	1,825,232	1,708,985	1,769,660	1,833,879	1,750,055
Transfers Out	(88,000)	(88,000)	(2,888,000)	(2,794,000)	(1,151,000)
Proceeds of Bonds & Notes	-	-	-	-	-
Insurance Recoveries	30,491	25,594	10,509	64,132	44,943
Sale of Capital Assets	13,489	24,626	76,146	790,277	48,562
Adjustments	-	-	-	(7,379)	-
<b><u>Ending Fund Balance</u></b>	<b><u>\$23,833,635</u></b>	<b><u>\$31,288,093</u></b>	<b><u>\$33,479,585</u></b>	<b><u>\$38,857,963</u></b>	<b><u>\$42,406,249</u></b>

Source: Annual Comprehensive Financial Reports of the City of Cookeville, Tennessee.

SUMMARY NOTICE OF SALE  
**\$10,525,000\***  
**CITY OF COOKEVILLE, TENNESSEE**  
**General Obligation Bonds, Series 2025**

NOTICE IS HEREBY GIVEN that the Mayor of the City of Cookeville, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.D.T. / 9:15 a.m. C.D.T. on Wednesday, October 22, 2025**, for the purchase of all, but not less than all, of the City's \$10,525,000\* General Obligation Bonds, Series 2025 (the “Bonds”). Electronic bids must be submitted through **PARITY®** as described in the “Detailed Notice of Sale”. In case of written bids, bids will be received by the City’s Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the **PARITY®** System not later than 9:45 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the **PARITY®** System.

Electronic bids must be submitted through **PARITY®** via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale, and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, both written and electronic, the time maintained by **PARITY®** shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in **PARITY®** conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume November 21, 2025). The Bonds will mature on June 1 in the years 2026 through 2040, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing June 1, 2026, and will be subject to optional redemption prior to maturity on June 1, 2031. Bidders must bid not less than one hundred percent (100.00%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the City by Holland & Knight LLP, Bond Counsel, Nashville, Tennessee. **No rate or rates bid for the Bonds shall be less than four percent (4.00%) or exceed five percent (5.00%) per annum. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.** Unless bids are rejected, the Bonds will be awarded by the Mayor of the City on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds and complies with all of the bid parameters outlined in this Summary Notice of Sale and the Detailed Notice of Sale.

**In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the City will require bidders to comply with the “hold-the-offering-price rule” or the “10% Test” for purposes of determining the issue price of the Bonds as described in the Detailed Notice of Sale. Bids will not be subject to cancellation in the event that the competitive sale requirements of applicable Treasury Regulations are not satisfied.**

Additional information, including the *Preliminary Official Statement* in near final form and the Detailed Notice of Sale, may be obtained through [www.prospectushub.com](http://www.prospectushub.com) or from the City’s Municipal Advisor, Cumberland Securities Company, Inc., (865) 988-2663. Further information regarding **PARITY®** may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Laurin Wheaton  
Mayor

**DETAILED NOTICE OF SALE**  
**\$10,525,000\***  
**CITY OF COOKEVILLE, TENNESSEE**  
**General Obligation Bonds, Series 2025**

NOTICE IS HEREBY GIVEN that the Mayor of City of Cookeville, Tennessee (the “City”) will receive electronic or written bids until **10:15 a.m. E.D.T. / 9:15 a.m. C.D.T. on Wednesday, October 22, 2025** for the purchase of all, but not less than all, of the City's \$10,525,000\* General Obligation Bonds, Series 2025 (the “Bonds”). Electronic bids must be submitted through *PARITY*® as described in this “Detailed Notice of Sale.” In case of written bids, bids will be received by the City’s Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the *PARITY*® System not later than 9:45 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the *PARITY*® System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance (assume November 21, 2025), bear interest payable each June 1 and December 1, commencing June 1, 2026 be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature and be payable as follows:

<u>YEAR</u> <u>(JUNE 1)</u>	<u>AMOUNT*</u>	<u>YEAR</u> <u>(JUNE 1)</u>	<u>AMOUNT*</u>
2026	\$705,000	2034	\$700,000
2027	705,000	2035	700,000
2028	705,000	2036	700,000
2029	705,000	2037	700,000
2030	705,000	2038	700,000
2031	700,000	2039	700,000
2032	700,000	2040	700,000
2033	700,000		

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only System will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 for the Bonds and any integral multiple of \$5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The City will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained

\*Preliminary, subject to change.

by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the successful bidder for the Bonds certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use of the Book-Entry-Only System is not required.

In the event that the Book-Entry-Only System for the Bonds is discontinued and a successor securities depository is not appointed by the City, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) and the City and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Security Pledged. The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

Municipal Bond Insurance. The City has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder or bidders for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder or bidders does so at its own risk and expense and the obligation of the successful bidder to pay for such series Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The City will cooperate with the successful bidder(s) in obtaining such insurance, but the City will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder(s) will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, and excluding only the fees of Moody's that will be paid by the City.

Purpose. The Bonds are being issued for the purpose of financing, in whole or in part, (i) the acquisition of property and facilities and equipment including but not necessarily limited to planning, design, engineering, and architectural expenses for the construction of improvements to E. 10th Street and W. Stevens Street, the construction and equipping of two new fire stations, improvements to Cookeville Performing Arts Center and Dogwood Park, the construction and installation of recreational facilities to include a splash pad, playground, parking, restrooms and a pavilion; the construction of improvements to city streets and roads including but not necessarily limited to appraisal, design, engineering, consulting expenses, right of way acquisition, and all utilities appurtenant thereto (the "Project"); and (ii) payment of the costs incident to the issuance and sale of the Bonds.

Optional Redemption. The Bonds maturing on June 1, 2032 and thereafter are subject to optional redemption prior to maturity at the option of the City on or after June 1, 2031, at any time at the redemption price of par plus accrued interest.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds ("Term Bonds") bearing a single interest rate. If a successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the bid of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date.

**Bidding Instructions.** The City will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. **Bidders for each series of the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be less than four percent (4.00%) or be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than one hundred percent (100.00%) of par or no more than one hundred and twenty-five percent (125%) of par. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.**

Electronic bids must be submitted through **PARITY**<sup>®</sup> via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by **PARITY**<sup>®</sup> shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in **PARITY**<sup>®</sup> conflict with the terms of this Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of **PARITY**<sup>®</sup> shall be deemed an offer to purchase in response to this Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by **PARITY**<sup>®</sup>. The use of **PARITY**<sup>®</sup> facilities are at the sole risk of the prospective bidders.

For further information regarding **PARITY**<sup>®</sup>, potential bidders may contact i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, NY, 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the City's Municipal Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The City and the Municipal Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Any written bids should be submitted by facsimile to the City's Municipal Advisor at 865-988-1863. Written bids must be submitted on the Bid Forms included with the *Preliminary Official Statement*.

The City reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted.

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the Mayor to the bidder whose bid complies with this Detailed Notice of Sale and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor shall determine in her sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the City reserves the right to make adjustments and/or revisions to the Bonds, as described below.

**Adjustment and/or Revision.** While it is the City's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds. Accordingly, the Mayor reserves the right, in her sole discretion, to adjust down the original par amount of the Bonds by up to twenty-five percent (25%). The principal factor

to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the City. Additionally, the Mayor reserves the right to change the dated date of the Bonds.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Daylight Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the City's Municipal Advisor (by wire transfer) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A wire transfer must be received by the City's Municipal Advisor no later than the close of business on the day following the competitive sale. The wire instructions will be sent to the winning bidder after all bids are received.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the City as liquidated damages.

In the event of the failure of the City to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

#### Establishment of Issue Price

Undertakings of the Successful Bidder. The successful bidder for the Bonds shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the City in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the City within 24 hours after award, furnish the following information to the City to complete the *Official Statement* in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).
- B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the City determines is necessary to complete the *Official Statement* in final form.

After the award of the Bonds, the City will prepare copies of the final *Official Statement* and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the City will not include in the final *Official Statement* a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all aspects for the accuracy and completeness of information provided by such successful bidders with respect to such reoffering.

The City expects the successful bidder to deliver copies of such *Official Statement* in final form (the "Final Official Statement") to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board ("MSRB") via the MSRB's Electronic Municipal Market Access System ("EMMA"). The successful bidder will be required to acknowledge receipt of the Final Official Statement,

to certify that each has made delivery of the Final Official Statement to the MSRB, to acknowledge that the City expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

Establishment of Issue Price

- a. The successful bidder shall assist the City in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the City under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Municipal Advisor, and any notice or report to be provided to the City may be provided to the Municipal Advisor.
- b. The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:
  1. the City shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
  2. all bidders shall have an equal opportunity to bid;
  3. the City expects to receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
  4. the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale.

Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- c. In the event that the Competitive Sale Requirements are not satisfied as to the Bonds, the City shall so advise the successful bidder. In such event, the City intends to treat the (i) the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City promptly after the award of the Bonds if any maturities of the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The Hold-the-Offering-Price Rule shall apply to all maturities that do not satisfy the 10% Test as of the sale date. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.
- d. By submitting a bid, in the event of application of the Hold-the-Offering-Price Rule, the successful bidder for the Bonds shall be deemed to have (i) confirmed that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:



1. the close of the fifth (5<sup>th</sup>) business day after the sale date; or
2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

In the event of application of the Hold-the-Offering-Price Rule to any maturity of the Bonds, any successful bidder will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

e. By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (1) to report the prices at which it sells to the public any unsold Bonds of each maturity allocated to it to which the Hold-the-Offering-Price Rule applies until the close of the fifth (5<sup>th</sup>) business day after the sale date and (2) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder and as set forth in the related pricing wires,

(B) to promptly notify the successful bidder of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity to which the Hold-the-Offering-Price Rule applies allocated to it until the close of the fifth (5<sup>th</sup>) business day after the sale date and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires.

f. The City acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with requirements for establishing issue price of the Bonds, including but not limited to, its agreement to

comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds.

- g. Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:
  - 1. “public” means any person other than an underwriter or a related party;
  - 2. “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);
  - 3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
  - 4. “sale date” means the date that the Bonds are awarded by the City to the successful bidder.

Issue Price Certificate. The winning bidder will be required to provide the City, at closing, with an issue price certificate consistent with the foregoing and meeting the requirements of bond counsel. The form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Competitive Sale Requirements are met, and the form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit B if the Competitive Sale Requirements are not met.

Legal Opinion. The approving opinion of Holland & Knight LLP, Nashville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the City. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal law alternative minimum tax imposed on individuals. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. Reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after each of the City's fiscal years (the “Annual Report”), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal

Market Access system (the “EMMA”) and any State Information Depository established in the State of Tennessee (the “SID”). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events are summarized in the *Preliminary Official Statement*.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days’ notice will be given to the successful bidder of such delivery. Delivery will be made in book-entry-only form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the City. The City will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The City has deemed the *Preliminary Official Statement* to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the “SEC”) except for the omission of certain pricing and other information. The City will furnish the successful bidder at the expense of the City a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom each such bidder and members of its bidding group initially sell the Bonds within seven (7) business days. Acceptance of a bid of the Bonds will constitute a contract between the City and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, this Detailed Notice of Sale and the Official Bid Form, may be obtained from the City’s Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding **PARITY**® may be obtained from i-Deal LLC, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York, 10018, Telephone: 212-849-5000.

/s/ Laurin Wheaton, Mayor

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## **EXHIBIT A**

### **CITY OF COOKEVILLE, TENNESSEE [ \$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES 2025 ]**

#### **ISSUE PRICE CERTIFICATE (if Competitive Sale Requirements are met)**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the City of Cookeville, Tennessee (the “Issuer”).

**1. *Reasonably Expected Initial Offering Price.***

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

**2. *Defined Terms.***

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (c) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).
- (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 22, 2025.
- (e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party

to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Holland & Knight LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_

[NAME OF UNDERWRITER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBIT B**

### **CITY OF COOKEVILLE, TENNESSEE [§ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES 2025]**

#### **ISSUE PRICE CERTIFICATE (if Competitive Sale Requirements are not met)**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”) [and the other members of the underwriting syndicate (together, the “Underwriting Group”)], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Cookeville, Tennessee (the “Issuer”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***
  - (a) [SHORT NAME OF UNDERWRITER] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
  - (b) As set forth in the [Detailed Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.
3. ***Defined Terms.***
  - (a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
  - (b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the “Hold-the-Offering-Price Maturities.”
  - (c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
  - (d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different

maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

- (e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (f) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).
- (g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 22, 2025.
- (h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Holland & Knight LLP connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_

[NAME OF UNDERWRITER]

By: \_\_\_\_\_



# BID FORM

Honorable Laurin Wheaton, Mayor  
45 East Broad Street  
Cookeville, Tennessee 38501

October 22, 2025

Dear Ms. Wheaton:

For your legally issued, properly executed \$10,525,000\* General Obligation Bonds, Series 2025 (the "Bonds") of the City of Cookeville, Tennessee, in all respects as more fully outlined in your Detailed Notice of Sale, which by reference are made a part hereof, we will pay you a sum of \_\_\_\_\_ (\$\_\_\_\_\_).

The Bonds shall be dated the date of issuance (assume November 21, 2025) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on June 1 and bear interest at the following rates:

<u>Maturity</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Rate</u>	<u>Maturity</u> <u>(June 1)</u>	<u>Amount*</u>	<u>Rate</u>
2026	\$705,000	___	2034	\$700,000	___
2027	705,000	___	2035	700,000	___
2028	705,000	___	2036	700,000	___
2029	705,000	___	2037	700,000	___
2030	705,000	___	2038	700,000	___
2031	700,000	___	2039	700,000	___
2032	700,000	___	2040	700,000	___
2033	700,000	___			

We have elected the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

Term Bond 1: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_%.

Term Bond 2: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_%.

Term Bond 3: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_%.

Term Bond 4: Maturities from June 1, 20\_\_\_\_\_ through June 1, 20\_\_\_\_\_ @ \_\_\_\_\_%.

It is our understanding that the Bonds are subject to the final approving opinion of Holland & Knight LLP, Bond Counsel, Nashville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the City without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for up to 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the  
City of Cookeville, Tennessee, this  
22<sup>th</sup> day of October, 2025.

\_\_\_\_\_  
Laurin Wheaton, Mayor

Respectfully submitted,

\_\_\_\_\_  
Total interest cost from  
November 21, 2025 to final maturity \$ \_\_\_\_\_  
Less: Premium /plus discount, if any \$ \_\_\_\_\_  
Net Interest Cost \$ \_\_\_\_\_  
True Interest Rate..... %

*The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.*



**\$10,525,000\***  
**CITY OF COOKEVILLE, TENNESSEE**  
**General Obligation Bonds, Series 2025**

**SECURITIES OFFERED**

**AUTHORITY AND PURPOSE**

This *Preliminary Official Statement* which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by the City of Cookeville, Tennessee (the “City”) of \$10,525,000\* General Obligation Bonds, Series 2025 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 et. seq., *Tennessee Code Annotated*, and other applicable provisions of law and pursuant to a resolution duly adopted by the City Council on October 24, 2024 (the “Resolution”).

The Bonds are being issued for the purpose of financing, in whole or in part, (i) the acquisition of property and facilities and equipment including but not necessarily limited to planning, design, engineering, and architectural expenses for the construction of improvements to E. 10th Street and W. Stevens Street, the construction and equipping of two new fire stations, improvements to Cookeville Performing Arts Center and Dogwood Park, the construction and installation of recreational facilities to include a splash pad, playground, parking, restrooms and a pavilion; the construction of improvements to city streets and roads including but not necessarily limited to appraisal, design, engineering, consulting expenses, right of way acquisition, and all utilities appurtenant thereto (the “Project”); and (ii) payment of the costs incident to the issuance and sale of the Bonds.

**DESCRIPTION OF THE BONDS**

The Bonds will be dated and bear interest from their date of issuance and delivery (assume November 21, 2025). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing June 1, 2026. The Bonds are issuable in book-entry-only form in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the City Clerk. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

**SECURITY**

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

\*Preliminary, subject to change.

The City, through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The taxes may be reduced to the extent of direct appropriations from the General Fund of the City to the payment of debt service on the Bonds.

The Bonds are not obligations of the State of Tennessee (the "State") or any political subdivision thereof other than the City.

## **OPTIONAL REDEMPTION OF THE BONDS**

Bonds maturing June 1, 2032, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on June 1, 2031 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the City Council, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry-Only System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry-Only System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

## **MANDATORY REDEMPTION**

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing June 1, 20\_\_, and June 1, 20\_\_ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within a maturity shall be selected in the manner described above relating to optional redemption.

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The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
-----------------	----------------------------	---

\*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the City may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The City shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) described above are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

## **NOTICE OF REDEMPTION**

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment

thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

## **PAYMENT OF BONDS**

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Registration Agent to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated trust office of the Registration Agent.

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## BASIC DOCUMENTATION

### REGISTRATION AGENT

The Registration Agent, U.S. Bank Trust Company, National Association, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows. However, if the winning bidder certifies to the City that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry-Only System is not required.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

### BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

*DTC and its Participants.* DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-

U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized Book-Entry-Only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

*Purchase of Ownership Interests.* Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

*Payments of Principal and Interest.* Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

*Notices.* Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or



regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

*Transfers of Bonds.* To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

## **DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM**

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the City will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

*No Assurance Regarding DTC Practices.* The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the City believes to be reliable, but the City, the Bond Counsel, the Registration Agent and the Municipal Advisor do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or

registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent or the Municipal Advisor will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

## **DISPOSITION OF BOND PROCEEDS**

The proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the 2025 Construction Fund (the "Construction Fund"), or such other designation as shall be determined by the Mayor to be kept separate and apart from all other funds of the City. The City shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Municipal Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the City for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law.

## **DISCHARGE AND SATISFACTION OF BONDS**

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof,

proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

3. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise described below, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes described above, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

## **REMEDIES OF BONDHOLDERS**

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

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## LEGAL MATTERS

### LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds.

### TAX MATTERS

#### Federal

*General.* Holland & Knight LLP, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excludable from a bondholder's federal gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

*Bond Premium.* If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

*Original Issue Discount.* A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Current tax law generally provides that any original issue discount on debt obligations such as these Bonds as it accrues is excludable from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

*Information Reporting and Backup Withholding.* Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## **State Taxes**

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity,

or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

## **CHANGES IN FEDERAL AND STATE TAX LAW**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

## **CLOSING CERTIFICATES**

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in her official capacity to the effect that to the best of her knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in her official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv)

a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Holland & Knight LLP, Nashville, Tennessee, Bond Counsel. Bond Counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled “MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

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## MISCELLANEOUS

### RATING

Moody's Investor Services ("Moody's") has given the Bonds the rating of "Aa1".

There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by Moody's, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of Outstanding Bonds obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of Moody's and any explanation of the significance of such rating should be obtained from Moody's.

### COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on October 22, 2025. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that is dated October 7, 2025.

The successful bidder for the Bonds was an account led by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the "Underwriters") who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$ \_\_\_\_\_ (consisting of the par amount of the Bonds, less an underwriter's discount of \$ \_\_\_\_\_ and less an original issue discount of \$ \_\_\_\_\_) or \_\_\_\_% of par.

### MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

*Municipal Advisor.* Cumberland Securities Company, Inc., has served as Municipal Advisor (the "Municipal Advisor") to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the City to compile, create, or interpret any information in the *Preliminary Official Statement* and *Official Statement* relating to the City, including without limitation any of the City's financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the City, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The



Municipal Advisor is not a public accounting firm and has not been engaged by the City to review or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards.

*U.S. Bank Trust Company, National Association.* U.S. Bank Trust Company, National Association (the “Bank”) is a national banking association. The Bank and its affiliates provide, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank and/or its affiliates serve the City in other normal commercial banking capacities, it will be compensated separately for such services.

*Official Statement.* Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

*Bond Counsel.* From time to time, Holland & Knight LLP has represented the Bank and/or its affiliates on legal matters unrelated to the City and may do so again in the future.

*Other.* Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company’s role as serving as the City’s Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. including Dissemination Agent and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

## **ADDITIONAL DEBT**

The City also has ongoing capital needs that may or may not require the issuance of additional debt. Additionally, the City may also authorize the issuance of additional refundings of outstanding bonds as savings opportunities arise.

*(The remainder of this page left blank intentionally.)*

## DEBT LIMITATIONS

Pursuant to Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the City uses the statutory authority granted therein to issue bonds. (see “DEBT STRUCTURE - Indebtedness and Debt Ratios” for additional information.)

## DEBT RECORD

There is no record of a default on principal and interest payments by the City from information available. Additionally, no agreements or legal proceedings of the City relating to securities have been declared invalid or unenforceable.

## CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2025 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The City, or dissemination agent, will provide notice in a timely manner to the MSRB of a failure by the City to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org) and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

*Five-Year History of Filing.* For the past five years, the City is unaware of any instances in which it has not complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

*Content of Annual Report.* The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted auditing standards, provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled “SUPPLEMENTAL INFORMATION STATEMENT.”

1. Summary of Bonded Indebtedness as of the end of such fiscal year;

2. The Indebtedness and Debt Ratios as of the end of such fiscal year, together with information about the property tax base;
3. Information about the Bonded Debt Service Requirements for General Obligation as of the end of such fiscal year;
4. Information about the Bonded Debt Service Requirements – Water and Sewer System as of the end of such fiscal year;
5. Information about the Bonded Debt Service Requirements – Electric System as of the end of such fiscal year;
6. The Fund Balances, Net Assets and Retained Earnings for the fiscal year;
7. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year;
8. The Property Valuation and Property Tax in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year; and
9. The most recent Ten Largest Taxpayers.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the City or related public entities, which have been submitted to the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

*Reporting of Significant Events.* The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
  - a. Principal and interest payment delinquencies;
  - b. Non-payment related defaults, if material;
  - c. Unscheduled draws on debt service reserves reflecting financial difficulties;

- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of Bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the securities, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the City, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms as of a financial obligation of the City, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the City, any of which reflect financial difficulties.

*Termination of Reporting Obligation.* The City's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

*Amendment; Waiver.* Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Default.* In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

## **BONDHOLDER RISK**

*COVID-19.* The Issuer has not experienced any negative material effects to property tax collections or sales tax collections as a result of the COVID-19 pandemic.

The Issuer's liquidity position remains strong. The Issuer's current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the Issuer.

*CLIMATE CHANGE.* Planning for climate change in the State and its impact on the City's operation is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. The financial impact of climate change is not yet known, and therefore, its future impact on the City cannot be quantified reliably at this time.

*CYBER-SECURITY.* Computer networks and data transmission and collection are vital to the efficient operations of the City. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the City, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the City's operations, which could materially affect the City and its operations.

The City has developed comprehensive policies and procedures covering the data sent, received and held by the City. These policies include a data security policy, cybersecurity continuity of operations plan testing policy, internet and email use policy, security incident response policy, data backup policy, network integrity protection policy, password and access policies, security training policies and network monitoring policies. Despite the City's measures to safeguard network infrastructure, there are no guarantees that such measures will be successful in preventing or mitigating the damage of a cyber-security event.

On March 15, 2022, the Cyber Incident Reporting for Critical Infrastructure Act (the "Act") was signed into law by President Biden. The Act creates new reporting obligations on owners and operators of "critical infrastructure" by "covered entities". The two new reporting obligations are:

- (A) An obligation to report certain cyber incidents to the Cybersecurity and Infrastructure Security Agency (CISA) of the U.S. Department of Homeland Security (DHS) within 72 hours, and
- (B) An obligation to report ransomware payments within 24 hours.

The Act provides hints of the entities potentially to be covered and refers to the Presidential Policy Directive 21 from 2013, which deems the following sectors as "critical infrastructure": chemical; commercial facilities; communications; critical manufacturing; dams; defense industrial base; emergency services; energy; financial services; food and agriculture; government facilities; healthcare and public health; information technology; nuclear reactors, materials, and waste; transportation systems; and water and wastewater systems. The new reporting obligations will not take effect until the Director of CISA promulgates implementing regulations, including clear description[s] of the types of entities that constitute "covered entities."

Given the recent adoption of the Act and the lack of implementing rulemaking at this time, it is very difficult to predict what impact this legislation will have on the City. Nevertheless, it is possible that the City, as an operator/owner of government facilities and systems, could become subject to significant new reporting requirements and be exposed to enforcement procedures under the framework of the new legislation if it fails to otherwise comply with the Act.

## **ADDITIONAL INFORMATION**

Use of the words "shall," "must," or "will" in this *Preliminary Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this *Preliminary Official Statement* involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this *Preliminary Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or the *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this *Preliminary Official Statement* as “final” as of its date within the meaning of Rule 15c2-12 except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

*(The remainder of this page left blank intentionally.)*

## **CERTIFICATION OF THE CITY**

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ \_\_\_\_\_  
Mayor

ATTEST:

/s/ \_\_\_\_\_  
City Clerk





## **APPENDIX A**

### **LEGAL OPINION**



[Closing Date]

City of Cookeville  
Cookeville, Tennessee

[Name of Underwriter]

Re:     \$\_\_\_\_\_ General Obligation Bonds, Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to the City of Cookeville, Tennessee (the “City”), in connection with the issuance of \$\_\_\_\_\_ General Obligation Bonds, Series 2025, [Closing Date] (the “Series 2025 Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we deemed necessary to render the opinions below.

Regarding questions of fact material to the opinions below, we have relied upon the certified proceedings and other certifications of representatives of the City and certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing and in reliance thereon, and subject to the limitations, qualifications, exceptions, and assumptions set forth herein, we are of the opinion that, as of the date hereof:

1.        The Series 2025 Bonds have been duly authorized and executed by the City and are valid and binding general obligations of the City.
2.        All taxable property in the territory of the City is subject to ad valorem taxation without limitation regarding rate or amount to pay the Series 2025 Bonds. The City is required by law to include in its annual tax levy the principal and interest coming due on the Series 2025 Bonds to the extent that necessary funds are not provided from other sources.
3.        Interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”) and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals;

however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2025 Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds.

4. Under existing law, the Series 2025 Bonds and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on interest on the Series 2025 Bonds during the period the Series 2025 Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2025 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

The rights of the owners of the Series 2025 Bonds and the enforceability of the Series 2025 Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, whether considered at law or in equity.

Except as set forth in Opinions 3 and 4, we have not been asked to address herein, nor have we addressed, any other tax consequences of the issuance of the Series 2025 Bonds, including, but not limited to, any federal, state, local or foreign tax consequences. Ownership of tax-exempt obligations such as the Series 2025 Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid certain expenses allocable to, tax-exempt obligations.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2025 Bonds.

The scope of our engagement in relation to the issuance of the Series 2025 Bonds has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein. In addition, we have not been engaged to examine and therefore express no opinion as to the compliance by the City with any federal or state statute, regulation or ruling with respect to the

[Closing Date]

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sale or distribution of the Series 2025 Bonds. This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Sincerely yours,



## **APPENDIX B**

### **SUPPLEMENTAL INFORMATION STATEMENT**





## GENERAL INFORMATION

### LOCATION

The City of Cookeville, Tennessee (the “City”) lies along the western foothills of the Cumberland Mountains in the central portion of the State of Tennessee. The City is the County Seat of Putnam County (the “County”). The County is bordered to the north by Jackson and Overton Counties, to the east by Cumberland County, to the south by Dekalb and White Counties and to the west by Smith County. The City is located 79 miles east of Nashville. The other municipalities in the County include Algood, Baxter and Monterey.

### GENERAL

Cookeville was designated a Micropolitan Statistical Area (the “mSA”). A mSA is defined by the U.S. Census Bureau as a non-urban community that is anchored by a town of no more than 50,000 residents. The mSA includes Jackson, Overton and Putnam Counties. The population according to the 2020 U.S. Census for the County was 79,854 and was 34,842 for the City.

Population			
<u>U.S. Census</u>	<u>Cookeville</u>	<u>Putnam County</u>	<u>Tennessee</u>
2010	30,435	72,321	6,346,105
2020	34,842	79,854	6,910,840
2021*	35,138	81,188	6,975,218
2022*	35,988	82,382	7,051,000
2023*	36,657	83,844	7,126,489

\*Estimate

### TRANSPORTATION

Transportation for the County is provided by a variety of sources. The County is served by Interstate 40, U.S. Highways 70 and 111, and State Highways 135, 136, and 290. Twenty motor freight carriers maintain routes throughout the County. RJ Corman provide the County's rail services. The nearest port facility is 15 miles away in Gainesboro on the Cumberland River. Private air service is provided for the City by the Upper Cumberland Regional Airport about 9 miles away which has a 6,700-foot runway. The closest full-service commercial airport is located 74 miles away at the Nashville International Airport.

### EDUCATION

The *Putnam County School System* serves the County with twenty-two total schools, The fall 2024 enrollment was 11,539 students.

*Source:* Tennessee Department of Education.

*Cookeville Higher Education Campus.* Cookeville Higher Education Campus (the “CHEC”) is a 14.9-acre campus within the Cookeville city limits. CHEC is a partnership formed in 2015 to offer a wider array of programs to Cookeville’s students and to expand student access

and opportunities to advance their educations and careers. The campus is home to Volunteer State Community College, Tennessee College of Applied Technology Livingston and Tennessee Tech University. The Tennessee Governor in February 2014 launched the nation's first-ever effort to provide free community college to all state residents. Financial Aid, including the Tennessee Promise, is available to all students enrolled and taking classes at the community college partners at the CHEC.

*Tennessee Tech University.* Tennessee Tech University is a public, co-educational and comprehensive university located in Cookeville. Since Tennessee Tech was established in 1912 as the University of Dixie, the university has become an 87-building complex situated on 235 acres. Tennessee Tech houses six strong academic divisions -- the College of Agricultural and Human Sciences, College of Arts and Sciences, College of Business, College of Education, College of Engineering, and the School of Interdisciplinary Studies and Extended Education. Student enrollment in the fall of 2024 was 10,518. The campus is only a little more than an hour from three of the state's metro areas -- 82 miles east of Nashville, 109 miles west of Knoxville and 96 miles north of Chattanooga.

*Source:* Tennessee Tech University.

*Volunteer State Community College.* The Volunteer State Community College is a public two-year community college in Gallatin, Tennessee, serving a twelve-county region including the counties of Clay, Jackson, Macon, Overton, Pickett, Putnam, Robertson, Smith, Sumner, Trousdale and Wilson. Fall 2024 enrollment was 6,986. Off-Campus operations include two Degree-Granting Centers, five major teaching sites, high-school dual enrollment sites and various allied health and business sites in Davidson, Macon, Robertson, Overton and Wilson Counties.

*Source:* Volunteer State Community College.

*Tennessee College of Applied Technology at Livingston.* The Tennessee Technology Center at Livingston (the "TCAT-L") is part of a statewide system of 26 vocational-technical schools. The TCAT-L meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. TCAT-L serves the north central region of the state including Overton, Clay, Fentress, Pickett, Putnam, and Jackson Counties. TCAT-L began operations in 1967, and the main campus is located in Overton County. Fall 2023 enrollment was 1,547 students.

*Source:* Tennessee College of Applied Technology at Livingston.

## **MEDICAL FACILITIES**

*Cookeville Regional Medical Center.* Cookeville Regional Medical Center (the "CRMC"), was founded in 1921 by a local surgeon. CRMC has 247 staffed beds, employs a staff of more than 2,000, has more than 200 on its active and courtesy medical staffs, and is a recognized regional medical center that serves the entire 14-county Upper Cumberland region.

CRMC has a dedicated Electrophysiology (EP) Lab to expand services offered through the hospital's Heart and Vascular Center. Cardiac Electrophysiology is a sub-specialty of

cardiology that deals with the electricity of the heart and treats heart arrhythmias such as atrial fibrillation and other rhythm disturbances. Cookeville Regional offers a full range of EP services. EP services at Cookeville Regional include cardiac mapping, cardioversion, radio frequency catheter ablation, cryoablation, ICD implantation, pacemaker insertion, defibrillator threshold testing and transesophageal echocardiogram. Since 1994, The Heart and Vascular Center at Cookeville Regional has provided much-needed cardiac and vascular services in the Upper Cumberland. Since its opening, the center has grown and expanded to include not only comprehensive diagnostic tests and treatments, but also interventional procedures such as angioplasty, stent placement, pacemakers, electrophysiology and arrhythmia procedures, implantable cardioverter defibrillator implantation and cardiothoracic surgery (including beating-heart and minimally invasive heart surgeries, and heart valve repair and replacement).

*Source:* CRMC Health System.

## **MANUFACTURING AND COMMERCE**

*Tennessee Downtowns.* The Cities of Baxter and Monterey have historically significant downtowns that have improved through the Tennessee Downtowns program. Tennessee Downtowns is an affiliated program of Tennessee Main Street designed to help rural communities to revitalize their downtown areas. The Tennessee Downtowns program helps local communities revitalize traditional commercial districts, enhance community livability, spur job creation and maintain the historic character of downtown districts. The two-year program coaches selected communities and their steering committees through the steps of launching effective renewal efforts. Tennessee Downtowns includes community training in the Main Street America program and a grant for a downtown improvement project. As of April 2024, Tennessee Department of Economic and Community Development (the “TNECD”) provides the Tennessee Downtowns program to 90 communities that want to pursue the Main Street America approach to downtown revitalization.

The selected communities all have downtown commercial districts established at least 50 years ago and have demonstrated their readiness to organize efforts for downtown revitalization according to Main Street America principles. The highly competitive selection process was based on historic commercial resources, economic and physical need, demonstrated local effort, overall presentation and probability of success. Grants are awarded to organizations that illustrated the need for improvements and the ability to execute an effective design plan for building facades, wayfinding signage, gateways and streetscapes. As part of the program, each new grant recipient will be required to match 25-percent of the funding received.

Tennessee Downtown communities that complete the program are eligible for additional Downtown Improvement Grants as well as Main Street designation. There are currently 47 nationally accredited Main Street communities in Tennessee, 20 of which successfully completed the Tennessee Downtowns program prior to their national accreditation.

*Source:* Tennessee Department of Economic and Community Development.

*Tennessee Main Street Program.* The City of Cookeville also has a historically significant downtown that it has improved through accreditation with the Tennessee Main Street Program. As of May 2024, there are almost 50 communities that are accredited through the state program Tennessee Main Street Accreditation and a program of the national Trust for

Historic Preservation (called Main Street America). The Main Street Program provides training, support and grant opportunities to assist in downtown revitalization efforts to focus on historic preservation, community events and economic revitalization. In 2020, accredited Tennessee Main Street communities generated \$79 million of public and private investment and nearly 158 new businesses. The Tennessee Main Street Program requires communities to illustrate a commitment from local government and other local organizations, an adequate organizational budget, a strong historic preservation ethic, a collection of historic commercial buildings and a walkable district.

*Source:* Tennessee Department of Economic and Community Development.

The following is a list of the major employers in the County:

### **Major Employers in Putnam County**

<b><u>Company</u></b>	<b><u>Product</u></b>	<b><u>Approximate Employment</u></b>
Cookeville Regional Medical Center	Hospital	2,298
Putnam County Board of Education	Education	1,530
Tennessee Tech University	Higher Education	1,100
Averitt Express Freight	Distribution	1,058
Academy Sports & Outdoors	Retail	762
Atmus Filtration Technologies (Cummins Filtration)	Air/Water/Oil Filters	670
FICOSA North America	Automotive Mirrors	625
Perdue	Food Processing	611
Putnam County	Government	500
City of Cookeville	Government	496
Royal Appliance Manufacturing / Milwaukee Electric Tool	Manufacturing	419

*Source:* TN Department of Economic and Community Development, Cookeville-Putnam County Chamber of Commerce and Middle Tennessee Industrial Development Association - 2024.

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## ECONOMIC DATA

	Per Capita Personal Income				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
National	\$53,309	\$55,547	\$59,153	\$64,430	\$65,470
Tennessee	\$46,452	\$48,889	\$51,928	\$56,970	\$58,292
<b>Putnam County</b>	<b>\$39,524</b>	<b>\$41,438</b>	<b>\$44,256</b>	<b>\$47,897</b>	<b>\$48,280</b>
Index vs. National	74	75	75	74	74
Index vs. State	85	85	85	84	83
<b>Cookeville mSA</b>	<b>\$37,579</b>	<b>\$39,285</b>	<b>\$42,085</b>	<b>\$45,399</b>	<b>\$45,418</b>
Index vs. National	70	71	71	70	69
Index vs. State	81	80	81	80	78

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Putnam County</u>	<u>Cookeville</u>
Median Value Owner Occupied Housing	\$303,400	\$256,800	\$246,800	\$263,800
% High School Graduates or Higher Persons 25 Years Old and Older	89.40%	89.60%	88.8%	88.0%
% Persons with Income Below Poverty Level	11.10%	14.00%	17.3%	21.9%
Median Household Income	\$78,538	\$67,097	\$56,537	\$48,501

Source: U.S. Census Bureau State & County QuickFacts - 2023.

## RECREATION

*Burgess Falls State Park and Natural Area.* Burgess Falls State Park, located in Cookeville, Tennessee, encompasses over 1000 acres of rugged terrain and showcases the stunning Burgess Falls, which plunge 130 feet into the Falling Water River. Established as a state park in 1973, the area is rich in natural history and features a diverse ecosystem with abundant flora and fauna. The park's trails offer access to several waterfalls, with the most prominent being Burgess Falls, which has long been a site of interest for both locals and visitors. Historically, the land was inhabited by Native American tribes, and remnants of early settlements can still be found in the area. Today, the park serves as a popular destination for hiking, fishing,

and photography, attracting outdoor enthusiasts who seek to experience its breathtaking landscapes and rich heritage

*Source:* Tennessee State Parks.

*Cane Creek Park.* Cookeville's largest park and the "Finest Municipal Park in the Upper Cumberland" hosts well over 100,000 visitors yearly. The park contains a concession stand, three picnic shelters, basketball and volleyball courts, play equipment, hiking and walking trails, boat rentals, an 18-hole Disc Golf Course, mountain bike trails and a lake to fish.

*Source:* City of Cookeville.

*Center Hill Dam and Lake.* Center Hill Dam is located in Dekalb County on the Caney Fork River. It is a concrete gravity and earth-fill type dam. The overall length of Center Hill Dam is approximately 3,950 feet and was completed in 1948. The Caney Fork River flows into the Cumberland River, which connects to the Cumberland River and ultimately the Tennessee River. Regionally, Center Hill Dam prevents the Cumberland River from flooding Carthage and Nashville. It aids in river navigation on the Cumberland River, and it provides electrical power. Center Hill Dam has three 45,000kw water powered turbines that produce enough electricity to supply a community of approximately 125,000 people.

Center Hill Lake is a 64-mile-long reservoir consisting of 415 miles of shoreline with 18,200 acres under water. The lake is in Dekalb, Putnam, White and Warren Counties. Center Hill Lake is owned and managed by the federal government through the US Army Corps of Engineers. There are three waterfalls and many excellent places to hike, swim, and camp. The majority of the drinking water in DeKalb and Putnam Counties comes from Center Hill Lake.

*Source:* Tennessee State Parks.

*Cookeville Performing Arts Center.* The Cookeville Performing Arts Center is a 456-seat live performance theatre owned by the City of Cookeville and operated by the Department of Leisure Services. The facility was built with Model Cities grant money and opened in August 1979. The Performing Arts Center staff produces the state, regional, and national award-winning BACKSTAGE, an annual series of contemporary plays with variable seating and staging arrangements.

*Source:* City of Cookeville.

*Tennessee Central Trail.* The Tennessee Central Trail (the "TCT") is a 4.23-mile paved trail running alongside an active rail line from the Cookeville Depot Museum to the Algood Community Center. Popular destinations along its route include: the Cookeville Depot Museum, WestSide Historic District eateries and shops, Cookeville Farmers Market, Leslie Town Centre, Tennessee Tech University, Cinderella Park, Golden Eagle Golf Club, Trinity Assembly Church, Algood Community Library & Senior Citizens Center, and Walter L. Bilbrey Memorial Park.

*Source:* Tennessee Central Trail.

## **RECENT DEVELOPMENTS**

*Aphena Pharma Solutions, LLC.* The Cookeville-based pharmaceutical packaging company, Aphena Pharma Solutions, LLC, created approximately 160 new jobs by expanding its Cookeville operations in 2020. To keep up with growing customer demand, Aphena invested \$21 million to renovate and retrofit an existing facility in Cookeville. The 500,000-square-foot

renovated facility allowed Aphena to consolidate two of its three Putnam County locations while accommodating future growth areas in biologic packaging, cold chain storage, and 3PL distribution services.

Aphena Pharma Solutions is a leading pharma service provider specializing in contract packaging and manufacturing for the pharmaceutical, over-the-counter, and medical device industries. Headquartered in Cookeville since 2002, Aphena employs more than 400 people in Putnam County as of 2020 prior to the new expansion.

*Hollingsworth Companies.* Two spec buildings recently constructed by Hollingsworth Companies on Venture Drive and Highlands Park Boulevard will significantly enhance industrial recruitment in Cookeville. These modern facilities will provide ready-to-occupy spaces, making it easier for industries seeking to relocate to find suitable accommodations. By increasing the inventory of available commercial properties, the buildings not only attract prospective businesses but also stimulate local economic growth, create jobs, and enhance the community's overall appeal as a prime destination for industry. As Cookeville continues to position itself as a hub for economic development, these spec buildings represent a strategic investment in the region's future.

*Marble Corp.* Marble Corp has announced plans to expand its operations in Putnam County. Anatolia Granite and Marble will invest approximately \$567,000 and create approximately 40 new jobs in Baxter. Marble Corp. customizes natural stone slabs, such as granite, marble, onyx and quartz, into processed countertops primarily used by building contractors and subcontractors. Anatolia's production process comprises computer programmed CNC machines, which process the stone slabs into custom made shapes that can be used as kitchen countertops, bathroom vanities or fireplaces.

*Tennessee Tech University.* Tennessee Tech University's (the "Tech") Tucker Stadium is currently under renovation with the West side of the stadium to be replaced with expanded seating, a VIP section, expanded amenities and concessions, and state of the art facilities. Construction on this project has begun and is slated to be completed in 18 to 20 months. While several renovations to Tucker Stadium have been completed in recent years, this is the first major construction project to take place since the stadium was built in the 1966.

Tech will receive funding from Tennessee's Nuclear Energy Fund in 2024. The institution will use the additional dollars to support existing nuclear programs as well as develop and implement new nuclear education curriculum. The curriculum will include principles of nuclear energy production, reactor systems design, spent fuel reprocessing, nuclear safety and nuclear cybersecurity.

*TTI Floor Care North America.* In 2020, TTI Floor Care North America invested \$20 million to increase manufacturing at its Cookeville facility and is anticipated to create approximately 500 jobs over a five-year period. This growth will allow for building improvements, upgrades and the addition of multiple production lines and products. TTI Floor Care owns three of the biggest names in the floor care industry: Hoover, Dirt Devil and Oreck.



*US Pillars LLC.* US Pillars LLC has announced plans to expand its manufacturing operations in Cookeville with a \$981,000 investment in 2023. This is anticipated to create approximately 56 new jobs as the company acquires a 325,000-square-foot facility for a wood door product line from Hörmann, a German, family-owned manufacturer headquartered in Sparta. Founded in 2015, and headquartered in Cookeville, Tennessee, US Pillars is a manufacturer of display shelving, tables, display cabinets, bookcases, work counters, gondolas and more.

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**CITY OF COOKEVILLE, TENNESSEE**  
Summary of Bonded Indebtedness

AMOUNT ISSUED	PURPOSE	FINAL MATURITY	INTEREST RATE(S)	Unaudited June 30, 2025 (1) and (4)	
				DEBT OUTSTANDING	
\$ 4,300,000	General Obligation Bonds, Series 2013	June 1, 2031	Fixed	\$ 1,245,000	
8,875,000	General Obligation Bonds, Series 2020	June 1, 2035	Fixed	5,900,000	
6,570,000	General Obligation Refunding Bonds, Series 2021A	June 1, 2031	Fixed	3,930,000	
9,175,000	General Obligation Bonds, Series 2021B	June 1, 2035	Fixed	6,550,000	
9,650,000	General Obligation Bonds, Series 2022	June 1, 2037	Fixed	7,680,000	
9,475,000	General Obligation Bonds, Series 2024	June 1, 2039	Fixed	9,475,000	
2,816,877	(3) Water Storage Rights Loan, Series 2003 (Revenue Only)	2033	Variable	(2) 1,018,265	
2,074,887	(3) State Revolving Loan Agreement (2.50%)	2031	Fixed	697,652	
23,000,000	(3) State Revolving Loan Agreement, Series DWF 2022-244	2045	Fixed	(4) 23,000,000	
1,505,000	(3) General Obligation Refunding Bonds, Series 2021C	Dec. 1, 2026	Fixed	600,000	
\$ 77,441,764	<b>TOTAL BONDED DEBT</b>			\$ 60,095,917	
\$ 10,525,000	General Obligation Bonds, Series 2025	June 1, 2040	Fixed	\$ 10,525,000	
(29,396,764)	Less: Revenue Supported Debt			(25,315,917)	
<b>\$ 58,570,000</b>	<b>NET TOTAL DEBT</b>			<b>\$ 45,305,000</b>	

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. The above does not include any debt associated with the Cookeville Regional Medical Center and payable from Hospital Revenues. The current outstanding amount of the Hospital Bonds as of June 30, 2024 is estimated to be \$48,220,328. For more information, see the notes to the Financial Statements herein.

(2) The City budgets to account for interest rate risk.

(3) Revenue supported debt.

(4) The City was approved on April 26, 2022 by the Tennessee Local Development Authority for the \$23,000,000 DWF 2022-244 Loan at an interest rate of 1.07% with an administrative fee of 0.08%. The City had drawn \$10,816,730 of the 2022-244 Loan as of June 30, 2024. The estimated numbers above reflect a full draw of the Series 2022-244 Loan.

**Debt Record**

**There is no record of a default on bond principal and interest from information available.**

**CITY OF COOKEVILLE, TENNESSEE**  
Indebtedness and Debt Ratios

**INTRODUCTION**

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are included herein and the table should be read in conjunction with those statements.

	Fiscal Year Ending June 30				Unaudited	
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>After Issuance</u> <u>2025</u>
<b>INDEBTEDNESS</b>						
TAX SUPPORTED						
General Obligation Bonds & Notes	\$ 18,615,000	\$ 24,185,000	\$ 30,965,000	\$ 28,140,000	\$ 34,780,000	\$ 45,305,000
TOTAL TAX SUPPORTED	\$ 18,615,000	\$ 24,185,000	\$ 30,965,000	\$ 28,140,000	\$ 34,780,000	\$ 45,305,000
REVENUE SUPPORTED						
Electric Revenue and Tax Notes	\$ 1,780,000	\$ 1,780,000	\$ 1,200,000	\$ 900,000	\$ 600,000	\$ 600,000
Water & Sewer Rev & Tax Bonds (1)	2,581,020	2,373,305	19,659,986	19,440,906	24,715,917	24,715,917
TOTAL REVENUE SUPPORTED	\$ 4,361,020	\$ 4,153,305	\$ 20,859,986	\$ 20,340,906	\$ 25,315,917	\$ 25,315,917
TOTAL DEBT	\$ 22,976,020	\$ 28,338,305	\$ 51,824,986	\$ 48,480,906	\$ 60,095,917	\$ 70,620,917
Less: Revenue Supported Debt	\$ (4,361,020)	\$ (4,153,305)	\$ (20,859,986)	\$ (20,340,906)	\$ (25,315,917)	\$ (25,315,917)
Less: Debt Service Fund (3)	\$ (11,771,565)	\$ (12,930,359)	\$ (16,054,821)	\$ (19,469,793)	\$ (19,469,793)	\$ (19,469,793)
NET DIRECT DEBT	\$ 6,843,435	\$ 11,254,641	\$ 14,910,179	\$ 8,670,207	\$ 15,310,207	\$ 25,835,207
OVERLAPPING DEBT (2)	\$ 59,852,658	\$ 100,833,752	\$ 94,782,396	\$ 87,343,409	\$ 80,140,249	\$ 80,140,249
NET DIRECT & OVERLAPPING DEBT	\$ 66,696,093	\$ 112,088,393	\$ 109,692,575	\$ 96,013,616	\$ 95,450,456	\$ 105,975,456
<b>PROPERTY TAX BASE</b>						
Estimated Actual Value	\$ 3,477,647,692	\$ 3,684,679,439	\$ 3,836,159,135	\$ 5,267,594,907	\$ 5,397,439,237	\$ 5,397,439,237
Appraised Value	2,929,222,651	3,684,679,439	3,836,159,135	3,903,287,826	3,999,502,475	3,999,502,475
Assessed Value	940,050,609	1,163,900,323	1,209,240,156	1,240,698,073	1,272,028,929	1,272,028,929

(1) Includes Water Rights Storage Loan, Series 2003 and Assumes Full Draw of \$23,000,000 SRF Loan.

(2) OVERLAPPING DEBT Includes the City's share of Putnam County's Direct Debt per its 2024 audit.

(3) Estimated balance in 2025.

Source: General Purpose Financial Statements and City Officials.

DEBT RATIOS	Fiscal Year Ending June 30			Unaudited		Unaudited After Issuance
	2021	2022	2023	2024	2025	
TOTAL DEBT to Estimated Actual Value	0.66%	0.77%	1.35%	0.92%	1.11%	1.31%
TOTAL DEBT to Appraised Value	0.78%	0.77%	1.35%	1.24%	1.50%	1.77%
TOTAL DEBT to Assessed Value	2.44%	2.43%	4.29%	3.91%	4.72%	5.55%
NET DIRECT DEBT to Estimated Actual Value	0.73%	0.97%	1.23%	0.70%	1.20%	2.03%
NET DIRECT DEBT to Appraised Value	0.23%	0.31%	0.39%	0.22%	0.38%	0.65%
NET DIRECT DEBT to Assessed Value	0.73%	0.97%	1.23%	0.70%	1.20%	2.03%
OVERLAPPING DEBT to Estimated Actual Value	1.72%	2.74%	2.47%	1.66%	1.48%	1.48%
OVERLAPPING DEBT to Appraised value	2.04%	2.74%	2.47%	2.24%	2.00%	2.00%
OVERLAPPING DEBT to Assessed Value	6.37%	8.66%	7.84%	7.04%	6.30%	6.30%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	1.92%	3.04%	2.86%	1.82%	1.77%	1.96%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	2.28%	3.04%	2.86%	2.46%	2.39%	2.65%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	7.09%	9.63%	9.07%	7.74%	7.50%	8.33%
<b>PER CAPITA RATIOS</b>						
POPULATION (1)	35,138	35,988	36,657	36,657	36,657	36,657
PER CAPITA PERSONAL INCOME (2)	\$47,897	\$48,280	\$48,280	\$48,280	\$48,280	\$48,280
Estimated Actual Value to POPULATION	\$98,971	\$102,386	\$104,650	\$143,700	\$147,242	\$147,242
Assessed Value to POPULATION	\$26,753	\$32,341	\$32,988	\$33,846	\$34,701	\$34,701
Total Debt to POPULATION	\$654	\$787	\$1,414	\$1,323	\$1,639	\$1,927
Net Direct Debt to POPULATION	\$195	\$313	\$407	\$237	\$418	\$705
Overlapping Debt to POPULATION	\$1,703	\$2,802	\$2,586	\$2,383	\$2,186	\$2,186
Net Direct & Overlapping Debt to POPULATION	\$1,898	\$3,115	\$2,992	\$2,619	\$2,604	\$2,891
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.37%	1.63%	2.93%	2.74%	3.40%	3.99%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	0.41%	0.65%	0.84%	0.49%	0.87%	1.46%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	3.56%	5.80%	5.36%	4.94%	4.53%	4.53%
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	3.96%	6.45%	6.20%	5.43%	5.39%	5.99%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

**CITY OF COOKEVILLE, TENNESSEE**  
Bonded Debt Service Requirements

Unaudited

F.Y. Estimated as of June 30, 2025

F.Y. Ended	General Obligation Debt (1)			General Obligation Bonds, Series 2025 (2)			Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	Principal	Interest	TOTAL	Principal	Interest (2)	TOTAL	Principal	Interest	TOTAL	
6/30										
2026	\$ 3,515,000	\$ 1,182,415	\$ 4,697,415	705,000	\$ 266,475	\$ 971,475	4,220,000	1,448,890	5,668,890	9.31%
2027	3,525,000	1,056,525	4,581,525	705,000	435,000	1,140,000	4,230,000	1,491,525	5,721,525	18.65%
2028	3,535,000	930,315	4,465,315	705,000	399,750	1,104,750	4,240,000	1,330,065	5,570,065	28.01%
2029	3,550,000	803,785	4,353,785	705,000	364,500	1,069,500	4,255,000	1,168,285	5,423,285	37.40%
2030	3,220,000	693,000	3,913,000	705,000	329,250	1,034,250	3,925,000	1,022,250	4,947,250	46.07%
2031	3,215,000	592,775	3,807,775	700,000	294,000	994,000	3,915,000	886,775	4,801,775	54.71%
2032	2,560,000	492,800	3,052,800	700,000	259,000	959,000	3,260,000	751,800	4,011,800	61.90%
2033	2,560,000	409,400	2,969,400	700,000	231,000	931,000	3,260,000	640,400	3,900,400	69.10%
2034	2,560,000	326,000	2,886,000	700,000	203,000	903,000	3,260,000	529,000	3,789,000	76.29%
2035	2,560,000	242,600	2,802,600	700,000	175,000	875,000	3,260,000	417,600	3,677,600	83.49%
2036	1,315,000	159,200	1,474,200	700,000	147,000	847,000	2,015,000	306,200	2,321,200	87.94%
2037	1,315,000	106,600	1,421,600	700,000	119,000	819,000	2,015,000	225,600	2,240,600	92.38%
2038	675,000	54,000	729,000	700,000	89,250	789,250	1,375,000	143,250	1,518,250	95.42%
2039	675,000	27,000	702,000	700,000	59,500	759,500	1,375,000	86,500	1,461,500	98.45%
2040	-	-	-	700,000	29,750	729,750	700,000	29,750	729,750	100.00%
	<u>\$ 34,780,000</u>	<u>\$ 7,076,415</u>	<u>\$ 41,856,415</u>	<u>\$ 10,525,000</u>	<u>\$ 3,401,475</u>	<u>\$ 13,926,475</u>	<u>\$ 45,305,000</u>	<u>\$ 10,477,890</u>	<u>\$ 55,782,890</u>	

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements herein.

(2) Estimated Interest Rates. Estimated Average Coupon of 4.2778%.

**CITY OF COOKEVILLE, TENNESSEE**  
Bonded Debt Service Requirements - Water and Sewer System

F.Y. Ended	Unaudited			Estimated (2)			Principal Repaid			Total Bonded Debt Service Requirements (1)		
	Estimated as of June 30, 2025			SRF Loan, Series DWF 2022-244			Interest (2)			Principal		
	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL
2026	\$ 231,071	\$ 45,387	\$ 276,458	\$ 1,028,775	\$ 259,089	\$ 1,287,864	\$ 1,287,864	\$ 304,475	\$ 1,564,321	\$ 1,259,846	\$ 304,475	\$ 1,564,321
2027	237,306	39,145	276,451	1,040,668	247,195	1,287,864	1,287,864	286,340	1,564,315	1,277,974	286,340	1,564,315
2028	243,720	32,734	276,454	1,052,699	235,164	1,287,864	1,287,864	267,898	1,564,318	1,296,419	267,898	1,564,318
2029	250,304	26,149	276,453	1,064,869	222,994	1,287,864	1,287,864	249,144	1,564,317	1,315,173	249,144	1,564,317
2030	257,072	19,386	276,458	1,077,180	210,683	1,287,864	1,287,864	230,069	1,564,321	1,334,252	230,069	1,564,321
2031	219,840	12,581	232,421	1,089,633	198,230	1,287,864	1,287,864	210,812	1,520,285	1,309,473	210,812	1,520,285
2032	136,342	7,952	144,294	1,102,230	185,633	1,287,864	1,287,864	193,586	1,432,158	1,238,572	193,586	1,432,158
2033	140,262	4,033	144,295	1,114,973	172,891	1,287,864	1,287,864	176,923	1,432,158	1,255,235	176,923	1,432,158
2034	-	-	-	1,127,863	160,001	1,287,864	1,287,864	160,001	1,287,864	1,127,863	160,001	1,287,864
2035	-	-	-	1,140,902	146,962	1,287,864	1,287,864	146,962	1,287,864	1,140,902	146,962	1,287,864
2036	-	-	-	1,154,092	133,772	1,287,864	1,287,864	133,772	1,287,864	1,154,092	133,772	1,287,864
2037	-	-	-	1,167,434	120,430	1,287,864	1,287,864	120,430	1,287,864	1,167,434	120,430	1,287,864
2038	-	-	-	1,180,930	106,933	1,287,864	1,287,864	106,933	1,287,864	1,180,930	106,933	1,287,864
2039	-	-	-	1,194,583	93,281	1,287,864	1,287,864	93,281	1,287,864	1,194,583	93,281	1,287,864
2040	-	-	-	1,208,393	79,470	1,287,864	1,287,864	79,470	1,287,864	1,208,393	79,470	1,287,864
2041	-	-	-	1,222,363	65,500	1,287,864	1,287,864	65,500	1,287,864	1,222,363	65,500	1,287,864
2042	-	-	-	1,236,495	51,369	1,287,864	1,287,864	51,369	1,287,864	1,236,495	51,369	1,287,864
2043	-	-	-	1,250,790	37,074	1,287,864	1,287,864	37,074	1,287,864	1,250,790	37,074	1,287,864
2044	-	-	-	1,265,250	22,614	1,287,864	1,287,864	22,614	1,287,864	1,265,250	22,614	1,287,864
2045	-	-	-	1,279,877	7,987	1,287,864	1,287,864	7,987	1,287,864	1,279,877	7,987	1,287,864
	<u>\$ 1,715,917</u>	<u>\$ 187,367</u>	<u>\$ 1,903,284</u>	<u>\$ 23,000,000</u>	<u>\$ 2,757,273</u>	<u>\$ 25,757,273</u>				<u>\$ 24,715,917</u>	<u>\$ 2,944,640</u>	<u>\$ 27,660,557</u>

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements herein.

(2) The City was approved on April 26, 2022 by the Tennessee Local Development Authority for the \$23,000,000 DWF 2022-244 Loan at an interest rate of 1.07% with an administrative fee of 0.08%. The City had drawn \$10,816,730 of the 2022-244 Loan as of June 30, 2024. The estimated numbers above reflect a full draw of the Series 2022-244 Loan.

**CITY OF COOKEVILLE, TENNESSEE**  
**Bonded Debt Service Requirements - Electric System**

F.Y. Ended 6/30	Unaudited Estimated as of June 30, 2025 <b>Electric System Debt (2)</b>			% All Principal
	Principal	Interest	TOTAL	
2026	300,000	4,500	304,500	50.00%
2027	300,000	1,500	301,500	100.00%
	<u>\$ 600,000</u>	<u>\$ 6,000</u>	<u>\$ 606,000</u>	

**NOTES:**

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements herein.

## **FINANCIAL INFORMATION**

### **INTRODUCTION**

As required by generally accepted accounting principles (GAAP), all City funds and account groups are organized according to standards established by the Government Accounting Standards Board (GASB). The City's financial reporting system is designed to provide timely, accurate feedback on the City's overall financial position and includes, at a minimum, quarterly reports to the City Council. All City financial statements are audited annually by independent certified public accountants.

The City's General Purpose Financial Statements, which is an extract of the Comprehensive Annual Financial Report included herein.

### **BASIS OF ACCOUNTING AND PRESENTATION**

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as a net current asset. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general ruling include: (1) sick pay which is not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

### **BUDGETARY PROCESS**

The Finance Director in a timely manner is required to submit to the City Council a proposed operating budget for the fiscal year which begins on the following July 1. A public hearing is conducted by the City Council to obtain citizen comment on the proposed budget. Prior to June 30th, the budget must be adopted. All annual appropriations lapse at the end of the fiscal year.

Amendments which revise the total expenditures of any fund may occur at any time during the fiscal year.

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## FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The City maintains fund balances, net assets or retained earnings in most major operating funds. Additionally, several reserves have been established to address specific needs of the City.

The table below depicts fund balances and retained earnings for the last five fiscal years ending June 30:

<b><u>For the year ended June 30</u></b>					
<b><u>Fund Type</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
<i>Governmental Funds:</i>					
General	\$23,833,635	\$31,288,093	\$33,479,585	\$38,857,963	\$42,406,249
Debt Service	14,073,208	11,771,565	12,930,359	16,054,821	19,469,793
Capital Projects	1,661,466	1,043,661	4,565,635	9,504,412	6,336,949
Transportation	1,356,690	2,583,415	3,138,020	3,111,188	3,652,055
Other Governmental	<u>6,869,466</u>	<u>7,529,371</u>	<u>8,293,916</u>	<u>10,593,219</u>	<u>12,747,451</u>
<b>Total</b>	<b><u>\$47,794,465</u></b>	<b><u>\$54,216,105</u></b>	<b><u>\$62,407,515</u></b>	<b><u>\$78,121,603</u></b>	<b><u>\$84,612,497</u></b>
<i>Proprietary Net Assets:</i>					
Electric	\$ 54,391,785	\$ 57,050,657	\$ 61,049,643	\$ 68,750,849	\$71,580,175
Gas	22,498,820	22,785,376	25,398,266	30,775,271	35,919,237
Water	<u>69,597,332</u>	<u>73,536,908</u>	<u>81,818,166</u>	<u>96,522,416</u>	<u>103,912,342</u>
<b>Total</b>	<b><u>\$146,487,937</u></b>	<b><u>\$153,372,941</u></b>	<b><u>\$168,266,075</u></b>	<b><u>\$196,048,536</u></b>	<b><u>\$211,411,754</u></b>

Source: Annual Comprehensive Financial Audit Reports of the City.

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**CITY OF COOKEVILLE, TENNESSEE**  
Five Year Summary of Revenues, Expenditures and  
Changes In Fund Balances - General Fund  
For the Fiscal Year Ended June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Revenues:</b>					
Taxes	\$ 24,989,713	\$ 27,079,275	\$ 29,180,349	\$ 30,786,644	\$ 31,977,531
Licenses and Permits	545,373	649,692	1,143,114	998,095	1,068,052
Intergovernmental	1,502,897	2,974,833	1,516,044	2,090,130	4,045,075
Charges for Services	170,938	154,981	249,741	299,647	338,105
Fines and Forfeits	205,595	215,313	235,495	191,530	136,916
Use of money and property	1,100	66,301	162,699	1,636,909	2,508,916
Miscellaneous	791,578	1,341,964	625,528	730,918	748,339
<b>Total Revenues</b>	<b>\$ 28,207,194</b>	<b>\$ 32,482,359</b>	<b>\$ 33,112,970</b>	<b>\$ 36,733,873</b>	<b>\$ 40,822,934</b>
<b>Operating Expenses:</b>					
General Government	\$ 3,417,334	\$ 3,169,748	\$ 3,590,540	\$ 3,838,712	\$ 4,919,642
Public Safety	13,783,500	13,950,710	14,519,731	15,821,663	17,982,716
Planning and Codes	1,363,232	1,470,845	1,351,967	1,178,065	1,364,870
Parks and Maintenance	1,460,083	1,433,445	1,620,263	1,664,542	1,733,230
Public Works	3,950,157	3,448,395	3,774,664	4,281,664	4,187,421
Culture and Recreation	1,749,247	1,659,283	1,802,903	2,126,719	2,339,160
Community Support	781,100	721,064	797,905	833,273	906,267
Capital Outlay	2,045,407	2,250,355	2,431,820	1,497,766	4,533,902
Debt Service	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 28,550,060</b>	<b>\$ 28,103,845</b>	<b>\$ 29,889,793</b>	<b>\$ 31,242,404</b>	<b>\$ 37,967,208</b>
Revenues Over (Under) Expenditures	\$ (342,866)	\$ 4,378,514	\$ 3,223,177	\$ 5,491,469	\$ 2,855,726
<b>Non-Operating Revenues (Expenses):</b>					
Transfer In	\$ 1,825,232	\$ 1,708,985	\$ 1,769,660	\$ 1,833,879	\$ 1,750,055
Transfer Out	(88,000)	(88,000)	(2,888,000)	(2,794,000)	(1,151,000)
Proceeds of Bonds & Notes	-	-	-	-	-
Insurance Recoveries	30,491	25,594	10,509	64,132	44,943
Proceeds from Sale of Capital Assets	13,489	24,626	76,146	790,277	48,562
<b>Total Non-Operating</b>	<b>\$ 1,781,212</b>	<b>\$ 1,671,205</b>	<b>\$ (1,031,685)</b>	<b>\$ (105,712)</b>	<b>\$ 692,560</b>
Net Change of Fund Balances	\$ 1,438,346	\$ 6,049,719	\$ 2,191,492	\$ 5,385,757	\$ 3,548,286
<b>Fund Balance beginning of year</b>	<b>\$ 22,395,289</b>	<b>\$ 23,833,635</b>	<b>\$ 31,288,093</b>	<b>\$ 33,479,585</b>	<b>\$ 38,857,963</b>
Prior Year Adjustments	-	1,404,739	-	(7,379)	-
<b>Retained Earnings - June 30</b>	<b>\$ 23,833,635</b>	<b>\$ 31,288,093</b>	<b>\$ 33,479,585</b>	<b>\$ 38,857,963</b>	<b>\$ 42,406,249</b>

Source: Annual Comprehensive Financial Reports for the City of Cookeville, Tennessee.

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle City operating funds is controlled by State statute and local policies. Generally, such policies limit investment instruments to direct U.S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. The City is not authorized to invest in reverse repurchase agreements or derivative products. No investment may be made for a period greater than two years without written permission of the State Director of Local Finance.

As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost, which approximates market value.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

### ***State Taxation of Property; Classifications of Taxable Property; Assessment Rates***

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

### ***County Taxation of Property***

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

## ***Assessment of Property***

*County Assessments; County Board of Equalization.* The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

*State Assessments of Public Utility Property; State Board of Equalization.* The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the

State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

### ***Periodic Reappraisal and Equalization***

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an on-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

### ***Valuation for Property Tax Purposes***

*County Valuation of Property.* The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

*State Valuation of Public Utility Property.* The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

### ***Certified Tax Rate***

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive

of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

### ***Tax Freeze for the Elderly Homeowners***

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

### ***Tax Collection and Tax Lien***

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

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**CITY OF COOKEVILLE, TENNESSEE**  
**PROPERTY VALUATION AND PROPERTY TAX**

<b>Fiscal Year Tax Year</b>	<b>2021-2022 2021</b>	<b>2022-2023 2022</b>	<b>2023-2024 2023</b>	<b>2024-2025 2024</b>	<b>2025-2026 2025</b>
Estimated Actual Values (1)					
Residential & Farms	\$ 1,877,116,800	\$ 1,947,538,600	\$ 2,033,924,300	\$ 2,802,524,240	\$ 2,905,614,791 **
Commercial & Industrial	1,449,232,400	1,482,239,900	1,564,486,100	2,159,475,051	2,192,301,907 **
Personal Tangible Property	303,905,682	351,104,062	359,765,682	382,999,944	365,228,644 **
Public Utilities	54,424,557	55,276,573	51,674,900	52,440,002	52,440,002 **
<b>Total Assessor's Appraised Values</b>	<b>\$ 3,684,679,439</b>	<b>\$ 3,836,159,135</b>	<b>\$ 4,009,850,982</b>	<b>\$ 5,397,439,237</b>	<b>\$ 5,515,585,344 **</b>
Assessed Values (1)					
Residential & Farms (25%)	\$ 469,279,200	\$ 486,884,650	\$ 508,481,075	\$ 519,167,625	\$ 538,265,150 **
Commercial & Industrial (40%)	579,692,960	592,895,960	625,794,440	640,068,400	649,798,280 **
Personal Tangible Property (30%)	91,171,844	105,331,322	83,866,464	89,902,843	85,731,327 **
Public Utilities (30%-55%)	23,756,319	24,128,224	22,556,094	22,890,061	22,890,061 **
<b>Total Assessed Values</b>	<b>\$ 1,163,900,323</b>	<b>\$ 1,209,240,156</b>	<b>\$ 1,240,698,073</b>	<b>\$ 1,272,028,929</b>	<b>\$ 1,296,684,818</b>
Appraisal Ratio	100.00%	100.00%	74.10%	74.10%	62.42% **
Property Tax Rate	\$0.820	\$0.820	\$0.920	\$0.920	\$0.990
Taxes Levied	\$ 9,559,341	\$ 9,923,763	\$ 11,422,937	\$ 11,708,497	\$ 12,837,180 **
Collections					
Current Fiscal Year	\$ 9,220,411	\$ 9,572,830	\$ 11,004,650	\$ 11,380,904 *	N/A
Percent Collected Current FY	96.45%	96.46%	96.34%	97.20%	N/A
Amount Uncollected as of 6/30/2025	\$ 18,743	\$ 23,051	\$ 111,827	\$ 301,695 *	N/A
Percent Uncollected	0.20%	0.23%	0.98%	2.58%	N/A

\*\* - Estimated

\* collected as of 6-30-25



*Ten Largest Taxpayers.* For the fiscal year ending June 30, 2025 (tax year 2024), the ten largest taxpayers in the City are as follows:

<u><b>Taxpayer</b></u>	<u><b>Business Type</b></u>	<u><b>Assessment</b></u>	<u><b>Taxes Paid</b></u>
1. CPSP Properties LLC	Apartments	\$14,278,800	\$131,365
2. Cummins Filtration, Inc.	Automotive Filtration	9,658,682	88,860
3. Averitt Express, Inc.	Transportation	8,620,800	79,311
4. Westco SRB LLC	Warehouse	8,070,000	74,244
5. Campus Edge Equities LLC Etal	Apartments	5,373,520	49,436
6. Walmart Real Estate	Retail	5,000,000	46,000
7. HKH Hotels, LLC	Hotel	4,717,160	43,398
8. Flowserve US INC.	Manufacturer	4,535,545	41,727
9. Lowes Home Centers INC.	Retail	3,954,760	36,384
10. Cookeville Two HP LLC	Hotel	<u>3,591,920</u>	<u>33,046</u>
<b>TOTAL</b>		<b><u>\$67,801,187</u></b>	<b><u>\$623,771</u></b>

*Source:* The City.

## **LOCAL OPTION SALES TAX**

	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2024</b></u>
Rate (% of retail sales)	2.75%	2.75%	2.75%	2.75%	2.75%
Total Amount to City (General Fund)	\$13,914,697	\$15,921,121	17,707,598	19,130,904	19,538,655

*Source:* Annual Comprehensive Financial Audit Reports and the City.

## **PENSION PLANS**

The City contributes to two defined benefit pension plans: the Public Employee Retirement Plan (Legacy) of the Tennessee Consolidated Retirement System (TCRS Legacy) and the Public Employee Retirement Plan (Hybrid with Cost Controls) of the TCRS (TCRS Hybrid). Eligible employees of Cookeville were provided a defined benefit pension plan through the Public Employee Retirement Plan (TCRS Legacy), an agent multiple-employer pension plan administered by the TCRS until July 1, 2019 when a different plan offered under TCRS (TCRS Hybrid) was made available with different benefit terms. The TCRS Legacy plan is underfunded. As of June 30, 2023, the most recent actuarial valuation date, the plan was 95.85% funded. The actuarial accrued liability for benefits was \$135.46 million, and the actuarial value of assets was \$129.84 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$18.87 million, and the ratio of the UAAL to the covered payroll was 29.78%.

The TCRS Hybrid plan is currently fully funded as of June 30, 2023.

For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the appropriate Notes to Financial Statements located in Note 7 of the General Purpose Financial Statements of the City attached herein.

#### **UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In addition to the pension plan sponsored by the City, the City provides single-employer health care benefits (medical, dental, vision, life insurance) for all retired employees and their spouses. These benefit provisions and all other requirements are established by City policy.

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

Effective from July 1, 2017 to December 31, 2022, all employees hired in this time frame are covered under the plan, up to age 65. Once the employee becomes Medicare eligible, he or she is no longer eligible for medical coverage through the City. However, all employees hired on or after January 1, 2023 are no longer eligible for this plan.

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

For additional information on the City's OPEB Plan, please refer to the appropriate Notes to Financial Statements located in Note 8 of the General Purpose Financial Statements of the City attached herein.

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## **APPENDIX C**

# **GENERAL PURPOSE FINANCIAL STATEMENTS OF CITY OF COOKEVILLE, TENNESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of the City of Cookeville for the fiscal year ended June 30, 2024 which is available upon request from the City.



# **City of Cookeville, Tennessee**

Annual Financial Report  
For the Year Ended June 30, 2024

**City of Cookeville, Tennessee**  
Annual Financial Report  
For the Year Ended June 30, 2024

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Annual Financial Report  
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## **Introductory Section**



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

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**Elected**

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

**Appointed**

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

\* Designated with financial oversight responsibility

## **Financial Section**



## Independent Auditor's Report

City Council  
City of Cookeville, Tennessee

### Report on the Audit of the Financial Statements

#### **Opinions**

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

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

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

#### **Basis for Opinions**

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

#### **Emphasis of Matter**

As discussed in note 1 to the financial statements, the City has elected to change its method of accounting for electric and gas utilities services by reporting them within a single major enterprise fund rather than in two separate major enterprise funds. Our opinion is not modified with respect to this matter.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16 and the schedules of changes in net pension liability (asset) and OPEB liability and related ratios and employer contributions on pages 93-98 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and

other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund and department financial statements and schedules on pages 99-117 and other schedules on pages 118-123 and pages 133-134 (including the schedule of expenditures of federal awards and state financial assistance on pages 133-134, as required by Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund and department financial statements and schedules on pages 99-117 and other schedules on pages 118-128 and pages 133-134 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and information on pages 124-128 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

### **Other Reporting Required by Government Auditing Standards**

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

*Blankenship CPA Group, PLLC*

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



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

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

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

**Financial Highlights**

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

## **Overview of the Financial Statements**

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

### *Government-wide Financial Statements*

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

### *Fund Financial Statements*

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

### *Governmental Funds*

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

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

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

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

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

### *Proprietary Funds*

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

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

### *Notes to the Financial Statements*

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



### Other Information

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

### Government-wide Financial Analysis

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

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

#### Net Position – Primary Government

June 30, 2024 and 2023

(amounts expressed in thousands)

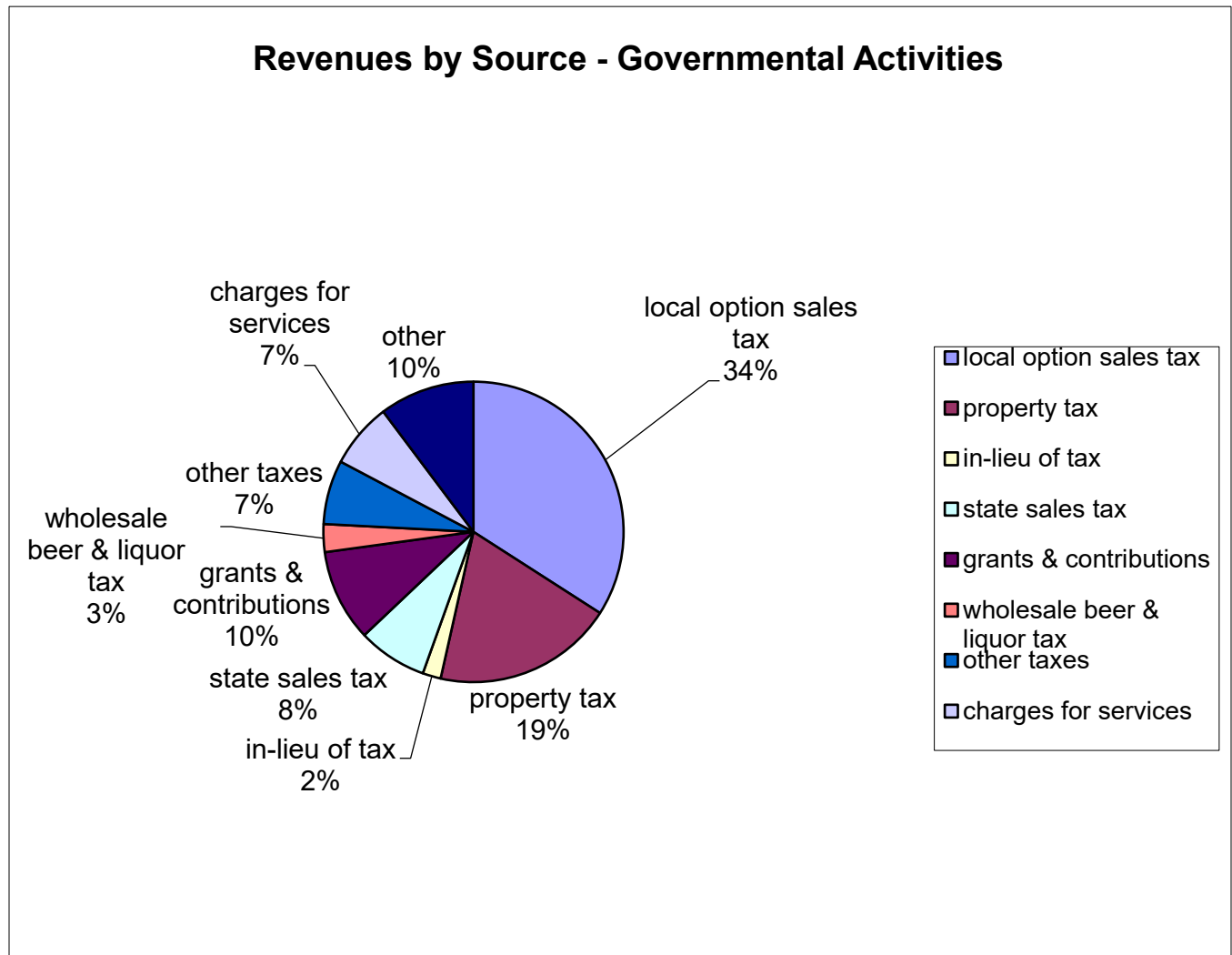
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 110,690	\$ 105,053	\$ 80,752	\$ 71,882	\$ 191,442	\$ 176,935
Capital assets	81,744	77,357	154,086	139,016	235,830	216,373
Other assets	<u>3,918</u>	<u>3,908</u>	200	<u>1,826</u>	<u>4,118</u>	<u>5,734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

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

### Governmental Activities

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

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



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

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

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

### *Business-type Activities*

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

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

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

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

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

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

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

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

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

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

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

**Financial Analysis of the Government's Funds**

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

### *Governmental Funds*

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

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

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

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

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

#### *Proprietary Funds*

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

#### **General Fund Budgetary Highlights**

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

#### *Original and Final Budgeted Amounts*

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

## Capital Asset and Debt Administration

### Capital Assets

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

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

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

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

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

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

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



### *Long-term Liabilities*

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

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

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

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

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

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

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

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

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

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

### **Requests for Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

*Continued*

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

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

*Continued*

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

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

**City of Cookeville, Tennessee**

Statement of Net Position

Proprietary Funds

June 30, 2024

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

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

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

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

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

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

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

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

**Reporting Entity**

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

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

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

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

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

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

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

**Reporting Entity**

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

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

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

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

**Government-wide and Fund Financial Statements**

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

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

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

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



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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

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

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

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

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

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

**Fund Types and Major Funds**

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

Energy Department – The energy department accounts for the operating activities of the City's electric and gas utilities services. The City has elected to change its method of accounting for electric and gas utilities services by reporting them within a single major enterprise fund rather than in two separate major enterprise funds effective July 1, 2023. The respective detail financial statements are included in supplementary information on pages 110-113.

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

Additionally, the City reports the following fund types:

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

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

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

**Budgets and Budgetary Accounting**

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

**Encumbrances**

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

**Use of Estimates**

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

**Cash and Cash Equivalents**

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

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

**Accounts Receivable**

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

**Unbilled Revenues**

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

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

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

**Interfund Receivable/Payables**

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

**Inventories and Prepaid Expenses**

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

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

**Restricted Assets**

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

**Capital Assets**

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

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

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

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

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

**Capital Assets**

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

**Compensated Absences**

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

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

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Position and Fund Balances**

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

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

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

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

**Net Position and Fund Balances**

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

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

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

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

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

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

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

**Deferred Outflows/Inflows of Resources**

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

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

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

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

**Deferred Outflows/Inflows of Resources**

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

**Joint Ventures**

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

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

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

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

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

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

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

**Property Tax**

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

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

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

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

**Pensions – TCRS Legacy and Hybrid Plans**

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

**Other Postemployment Benefits (OPEB)**

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

**Note 2. Deposits and Investments**

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



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

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**Note 3. Interfund Balances and Transactions**

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

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

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

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

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

**Note 4. Capital Assets**

Capital assets activity for the year was as follows:

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

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

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

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

**Note 4. Capital Assets**

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

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

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

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

**Note 5. Long-term Liabilities**

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

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

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

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**Note 5. Long-term Liabilities**

**General Obligation Bonds**

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

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

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

**Direct Borrowings**

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

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

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

**Note 5. Long-term Liabilities**

**Debt Service Requirements**

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

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

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

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

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

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

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**Note 5. Long-term Liabilities**

**Water Storage Rights Payable**

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

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

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

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

Deferred outflows of resources consist of the following:

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

Deferred inflows of resources consist of the following:

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

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

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**Note 7. Defined Benefit Pension Plans**

**General Information about the Pension Plans**

*Plans*

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

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

**General Information**

*Plan Description*

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

*Benefits Provided – TCRS Legacy*

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



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

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**Note 7. Defined Benefit Pension Plans**

**General Information**

*Benefits Provided – TCRS Hybrid*

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

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

*Employees Covered by Benefit Terms*

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

*TCRS Legacy*

Inactive employees or beneficiaries currently receiving benefits	315
Inactive employees entitled to but not yet receiving benefits	224
Active employees	<u>285</u>
	<b>824</b>

*TCRS Hybrid*

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	73
Active employees	<u>153</u>
	<b>226</b>

The TCRS Legacy plan is closed to new entrants.

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

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**Note 7. Defined Benefit Pension Plans**

**General Information**

*Contributions – TCRS Legacy*

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

*Contributions – TCRS Hybrid*

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

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

**Net Pension Liabilities (Assets)**

*Pension Liabilities (Assets)*

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

*Actuarial Assumptions*

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

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

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

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

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**Note 7. Defined Benefit Pension Plans**

**Net Pension Liabilities (Assets)**

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

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

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

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

*Discount Rate*

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

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

**Note 7. Defined Benefit Pension Plans**

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

*TCRS Legacy*

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

*TCRS Hybrid*

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

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

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**Note 7. Defined Benefit Pension Plans**

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

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

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

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

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

*Pension Expense (Negative Pension Expense)*

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

*Deferred Outflows of Resources and Deferred Inflows of Resources*

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

*TCRS Legacy Plan*

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

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

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

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**Note 7. Defined Benefit Pension Plans**

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

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

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

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

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

*TCRS Hybrid Plan*

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

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

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

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**Note 7. Defined Benefit Pension Plans**

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

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

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

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

**Payable to the Pension Plans**

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

**Allocation of Pension-related Activity**

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

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

**Note 8. OPEB Plan**

**General Information about the OPEB Plan**

*Plan Description*

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

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

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**Note 8. OPEB Plan**

**General Information about the OPEB Plan**

*Benefits Provided*

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

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

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

*Employees Covered by the Benefit Terms*

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

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



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

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**Note 8. OPEB Plan**

**General Information about the OPEB Plan**

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

*Actuarial Assumptions and Other Inputs*

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

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

*TCRS Local Government Disability Rates*

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

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

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**Note 8. OPEB Plan**

**Summary of Assumptions**

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

*TCRS Local Government Retirement Rates*

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

*TCRS Local Government Withdrawal Rates – Estimated Experience*

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

*Plan Participation*

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

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

**Note 8. OPEB Plan**

**Summary of Assumptions**

*Discount Rate*

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

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

*Changes in Assumptions*

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

**OPEB Liability**

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

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

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

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**Note 8. OPEB Plan**

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

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

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

**Sensitivity of OPEB Liability to Changes in the Discount Rate**

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

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

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

*OPEB Expense*

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

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

*Deferred Outflows of Resources and Deferred Inflows of Resources*

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

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

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

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**Note 8. OPEB Plan**

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

*Deferred Outflows of Resources and Deferred Inflows of Resources*

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

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

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

**Amounts Payable to the OPEB Plan**

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

**Allocation of OPEB-related Activity**

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

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

**Note 9. Defined Contribution Pension Plans**

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

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

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

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

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**Note 9. Defined Contribution Pension Plans**

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

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

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

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

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

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

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

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

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

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

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

**Note 10. Risk Management**

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

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

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**Note 10. Risk Management**

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

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

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

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

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

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

**Note 11. Contingent Liabilities**

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

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

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**Note 12. Subsequent Events**

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



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

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

*Notes to Financial Statements*

*Years Ended June 30, 2024 and 2023*

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**NOTE A--REPORTING ENTITY**

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

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

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

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

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

***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

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

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

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

***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

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

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

***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

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



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

***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

**NOTE C--PATIENT ACCOUNTS RECEIVABLE**

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

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

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



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

***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

**NOTE D--OTHER RECEIVABLES**

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

**NOTE E--INVENTORIES**

Inventories consisted of the following at June 30:

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

**NOTE F--INVESTMENTS AND ASSETS LIMITED AS TO USE**

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

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

***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

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

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

***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

**NOTE G--CAPITAL ASSETS, NET**

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

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

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***Years Ended June 30, 2024 and 2023***

	<i>Balance at July 1, 2023</i>	<i>Additions</i>	<i>Retirements</i>	<i>Transfers</i>	<i>Balance at June 30, 2024</i>
Automobiles	371,804	-	-	-	371,804
Equipment	128,136,937	3,454,585	(827,646)	-	130,763,876
Total capital assets being depreciated	342,458,538	4,276,991	(827,646)	84,195	345,992,078
Less: accumulated depreciation:					
Land improvements	4,934,607	214,868	-	-	5,149,475
Building	101,598,378	5,447,221	-	-	107,045,599
Automobiles	328,209	23,440	-	-	351,649
Equipment	113,330,964	8,565,103	(827,646)	-	121,068,421
Total accumulated depreciation	220,192,158	14,250,632	(827,646)	-	233,615,144
Total capital assets being depreciated, net	122,266,380	(9,973,641)	-	84,195	112,376,934
<u>Capital assets being amortized:</u>					
Right-of-use lease assets	3,520,681	30,801	(129,561)	-	3,421,921
Right-of-use subscription assets	2,788,544	1,808,311	-	-	4,596,855
Total capital assets being amortized	6,309,225	1,839,112	(129,561)	-	8,018,776
Less: accumulated amortization:					
Right-of-use lease assets	1,560,485	685,654	(129,561)	(740)	2,115,838
Right-of-use subscription assets	772,409	994,263	-	(41,017)	1,725,655
Total accumulated amortization	2,332,894	1,679,917	(129,561)	(41,757)	3,841,493
Total capital assets being amortized, net	3,976,331	159,195	-	41,757	4,177,283
Total capital assets, net	\$ 145,485,733	\$ (1,122,249)	\$ -	\$ 41,757	\$ 144,405,241
	<i>Balance at July 1, 2022</i>	<i>Additions</i>	<i>Retirements</i>	<i>Transfers</i>	<i>Balance at June 30, 2023</i>
<u>Capital assets not being depreciated:</u>					
Land	\$ 16,717,688	\$ 753,286	\$ -	\$ -	\$ 17,470,974
Construction in progress	2,848,652	5,389,304	-	(6,465,908)	1,772,048
Total capital assets not being depreciated	19,566,340	6,142,590	-	(6,465,908)	19,243,022
<u>Capital assets being depreciated:</u>					
Land improvements	6,019,466	-	-	-	6,019,466
Building	207,761,016	169,315	-	-	207,930,331
Automobiles	371,804	-	-	-	371,804
Equipment	118,946,941	2,736,713	(7,967)	6,461,250	128,136,937
Total capital assets being depreciated	333,099,227	2,906,028	(7,967)	6,461,250	342,458,538
Less: accumulated depreciation:					
Land improvements	4,698,558	236,049	-	-	4,934,607
Building	95,740,171	5,858,207	-	-	101,598,378
Automobiles	300,550	27,659	-	-	328,209
Equipment	104,779,156	8,564,433	(7,967)	(4,658)	113,330,964
Total accumulated depreciation	205,518,435	14,686,348	(7,967)	(4,658)	220,192,158
Total capital assets being depreciated, net	127,580,792	(11,780,320)	-	6,465,908	122,266,380

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***Years Ended June 30, 2024 and 2023***

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

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

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

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

**NOTE H--LONG-TERM DEBT**

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

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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

	<i>Balance at</i>			<i>Balance at</i>		<i>Amounts Due</i>
	<i>July 1, 2023</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30, 2024</i>		<i>Within One Year</i>
Series 2009 Bonds	\$ 20,173,788	\$ -	\$ (942,392)	\$ 19,231,396	\$	966,249
Series 2010-A Bonds	5,175,359	-	(728,474)	4,446,885		746,916
Series 2010-B Bonds	6,985,106	-	(981,559)	6,003,547		1,006,410
Series 2010-C Bonds	19,495,500	-	(957,000)	18,538,500		977,000
	<u>\$ 51,829,753</u>	<u>\$ -</u>	<u>\$ (3,609,425)</u>	<u>\$ 48,220,328</u>	<u>\$</u>	<u>3,696,575</u>

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

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

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

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

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

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

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***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

**NOTE I--DERIVATIVE FINANCIAL INSTRUMENT**

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

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***Years Ended June 30, 2024 and 2023***

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

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

*Designated for Hedging:*

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

**NOTE J--LEASE AND SUBSCRIPTION LIABILITIES**

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

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

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

	<i>Balance at July 1, 2023</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at June 30, 2024</i>	<i>Amounts Due Within One Year</i>
Building	\$ 1,996,145	\$ 30,801	\$ (693,761)	\$ 1,333,185	\$ 700,106
	<i>Balance at July 1, 2022</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at June 30, 2023</i>	<i>Amounts Due Within One Year</i>
Building	\$ 2,699,365	\$ 137,762	\$ (840,982)	\$ 1,996,145	\$ 684,676



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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

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

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

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

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**NOTE K--REFUNDABLE (ACCRUED) ADVANCES**

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

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

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

**NOTE L--PATIENT SERVICE REVENUE**

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

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

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

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

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

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

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

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

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

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

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

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***Years Ended June 30, 2024 and 2023***

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

**NOTE M--DEFINED BENEFIT PENSION PLAN**

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

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

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

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

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

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

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

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

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

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

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

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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

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



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*Notes to Financial Statements - Continued*

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

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

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



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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

**NOTE N--DEFINED CONTRIBUTION RETIREMENT PLAN**

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

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

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

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

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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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**NOTE O--COMMITMENTS AND CONTINGENCIES**

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

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

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

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

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

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*Notes to Financial Statements - Continued*

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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**NOTE P--PHYSICIAN EMPLOYMENT COMMITMENTS**

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

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

**NOTE Q--RELATED PARTY TRANSACTIONS**

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

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

**NOTE R--FAIR VALUE MEASUREMENT**

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

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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

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

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

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



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***Notes to Financial Statements - Continued***

***Years Ended June 30, 2024 and 2023***

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

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

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

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

**NOTE S--SUBSEQUENT EVENTS**

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

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

**Required Supplementary Information (Unaudited)**



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

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

**Notes to Schedule**

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

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

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

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

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

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

**Notes to Schedule**

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

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

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

*Methods and assumptions used to determine contribution rates:*

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

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

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

**Notes to Schedule**

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

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

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

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

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

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

**Notes to Schedule**

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

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

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

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

*Methods and assumptions used to determine contribution rates:*

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

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

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

Notes to Schedule and changes in assumptions on following page.

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

**Notes to Schedule**

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

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

*Methods and assumptions used to determine contribution rates:*

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

*Changes in assumptions:*

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

**Supplemental disclosure of noncash operating activities**

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

\* Per \$100 of assessed value

\*\* Reappraisal year

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

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

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

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

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

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

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

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

\* 20-year amortization beginning at project completion



## **Internal Control and Compliance Section**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Interruptible Rate - Rate Code 690**

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

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

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

**Inside Water Rates**

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

**Outside Water Rates**

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

**Water Storage Rate**

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

Inside - Residential/Commercial/Industrial	\$6.15 per 1,000 gallons \$10.15 (minimum bill)
--	--

**City of Cookeville, Tennessee**  
Schedule of Utility Customers (Unaudited)  
As of June 30, 2024

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

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

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

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

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

\*\* Designated with financial oversight responsibility



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards**

City Council  
City of Cookeville

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

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

Blankenship CPA Group, PLLC

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





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

City Council  
City of Cookeville

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

***Opinion on Each Major Federal Program***

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*Blankenship CPA Group, PLLC*

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

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

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

Continued

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

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

**Notes**

**Note 1. Basis of Presentation**

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

**Note 2. Loans Outstanding**

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

**Note 3. Indirect Cost Rate**

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

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

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

*Financial Statements*

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

Internal control over financial reporting:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> None Reported
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> None Reported

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee?        Yes   X   No

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

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Section II. **Financial Statement Findings**

None

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

None

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

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**Financial Statement Findings**

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

**Federal Award Findings and Questioned Costs**

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