

**TOWN OF CELINA, TENNESSEE**

Annual Financial Report

For the Year Ended June 30, 2023

# TOWN OF CELINA, TENNESSEE

## Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Officials of the Town of Celina, Tennessee .....	I
FINANCIAL SECTION:	
Independent Auditor's Report .....	1-3
Management's Discussion and Analysis .....	4-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	11
Statement of Activities .....	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	14
Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Fund	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance Of Governmental Funds to the Statement of Activities .....	17
Statement of Net Position - Enterprise Fund .....	18
Statement of Revenues, Expenses and Changes in Fund Net Position- Enterprise Fund .....	19
Statement of Cash Flows - Enterprise Fund .....	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) And Actual -	
General Fund .....	21-24
Police Drug Fund .....	25
Notes to Financial Statements .....	27-50

**TOWN OF CELINA, TENNESSEE**

Table of Contents, Continued

Page Number

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability (Asset) - Hybrid . . . . .	52
Schedule of Contributions to the Employee Pension Plan - Hybrid . . . . .	53
Schedule of Changes in Net Pension Liability (Asset) - Legacy . . . . .	54
Schedule of Contributions to the Employee Pension Plan - Legacy . . . . .	55

SUPPLEMENTAL INFORMATION

Schedule of Changes in Capital Assets - By Type . . . . .	56
Schedule of Capital Assets by Function and Activity . . . . .	57
Schedule of Cash and Cash Equivalents - All Funds . . . . .	58
Schedule of Changes in Property Taxes Receivable . . . . .	59
Schedule of Debt Service Requirements - General Obligation Debt . . . . .	60
Schedule of Debt Service Requirements - Enterprise Fund . . . . .	61
Schedule of Changes in Long-term Debt by Individual Issue . . . . .	62
Schedule of Utility Rates and Information . . . . .	63
Schedule of Federal and State Financial Assistance . . . . .	64
Schedules of Federal Expenditures . . . . .	65

COMPLIANCE AND INTERNAL CONTROL:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> . . . . .	66-67
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance . . . . .	68-70
Schedule of Findings and Questioned Costs . . . . .	71
Schedule of Findings and Responses . . . . .	72
Schedule of Disposition of Prior Year Comments . . . . .	73
Management's Corrective Action Plan . . . . .	74

# INTRODUCTORY SECTION

**TOWN OF CELINA, TENNESSEE**

Officials of the Town of Celina, Tennessee

June 30, 2023

Name

Title

Elected Officials:

Luke Collins

Mayor

Justin Rich

Vice Mayor

Winton Dillion

Alderman

Kenny Westmoreland

Alderman

Management:

Kalona Meadows

Recorder and CMFO

Tabitha Shout

Office Clerk

# FINANCIAL SECTION

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**Independent Auditor's Report**

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

**Report on the Audit of the Financial Statements**

***Opinions***

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

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2023, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Police Drug Fund for the year then ended and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, which includes the Management's Discussion and Analysis and the Schedule of Changes in Net Pension Liability (Asset) - Hybrid and the Schedule of Contributions to the Employee Pension Plan – Hybrid and the Schedule of Changes in Net Pension Liability (Asset) - Legacy and the Schedule of Contributions to the Employee Pension Plan - Legacy, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods

of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information – Introductory Section***

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

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

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

In accordance with Government Auditing Standards, I have also issued my report dated September 15, 2023, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

September 15, 2023

*John R. Poole, CPA*

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

## **TOWN OF CELINA, TENNESSEE**

### **Management's Discussion and Analysis**

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

#### **Financial Highlights:**

The assets of the Town of Celina exceeded its liabilities at the close of the most recent fiscal year by \$15,261,742. Of this amount, \$2,578,747 (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total Net Position increased by \$1,374,585 during the current year due to increased revenues of \$1,317,991 as user fees and capital contribution revenues were higher. Overall expenses were higher than in the prior year as the Town had increased expenses in the Utility fund from depreciation expense of \$531,623 and increased grant expenditures in the governmental funds. The governmental activities net position increased \$586,248 as revenues increased \$570,613.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,555,560, an increase of \$350,037 in comparison to the prior year. Revenues were higher in the current year due to increased local tax revenues and capital contributions.

The Town's total debt decreased by \$196,033 during the current fiscal year. The Town's loans are being paid as scheduled.

#### **Overview of the Financial Statements:**

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

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

The Statement of Net Position presents information on all the Town's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon

as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Celina include general government, ambulance services, personnel, finance, parks, codes, planning, police, fire, disposal service, program service, streets and public works. The business-type activities of the Town include water and sewer operations. The government-wide financial statements can be found on pages 11-12 of this report.

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

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

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

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Police Drug Fund, all of which are considered to be major funds. The Town of Celina adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14-17 and 21-25 of this report. The Town of Celina maintains only one type of enterprise fund. It uses an enterprise fund to report the same functions presented in the business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer operations. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The basic enterprise fund

financial statements can be found on pages 18-20 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-50 of this report.

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

As noted earlier, Net Position may serve over time as a useful indicator of a government’s financial position. In the case of the Town of Celina, assets exceeded liabilities by \$15,261,742 at the close of the most recent fiscal year.

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

**Town of Celina’s Net Position - 2022**

	Governmental Activities	Business-type Activities
Current and other assets	\$ 1,696,845	\$ 1,356,614
Capital assets	<u>1,459,422</u>	<u>12,207,415</u>
Total assets	3,156,267	13,564,029
Deferred outflows	<u>35,533</u>	<u>20,869</u>
Long-term liabilities outstanding	341,044	2,012,560
Other liabilities	<u>60,979</u>	<u>83,495</u>
Total liabilities	402,023	2,096,055
Deferred inflows	<u>387,816</u>	<u>3,647</u>
Net Position:		
Net investment in capital assets	1,118,378	10,194,855
Restricted	761	54,924
Unrestricted	<u>1,282,822</u>	<u>1,235,417</u>
Total Net Position	\$ 2,401,961	\$11,485,196

**Town of Celina's Net Position- 2023**

	Governmental Activities	Business-type Activities
Current and other assets	\$ 2,136,128	\$ 1,228,299
Capital assets	<u>1,646,762</u>	<u>13,143,260</u>
Total assets	3,782,890	14,371,559
Deferred outflows	<u>51,416</u>	<u>31,027</u>
Long-term liabilities outstanding	319,373	1,838,198
Other liabilities	<u>107,588</u>	<u>290,855</u>
Total liabilities	426,961	2,129,053
Deferred inflows	<u>419,136</u>	<u>-</u>
Net Position:		
Net investment in capital assets	1,327,389	11,305,062
Restricted	3,037	47,507
Unrestricted	<u>1,657,783</u>	<u>920,964</u>
Total Net Position	\$ 2,988,209	\$ 12,273,533

At the end to the current fiscal year, the Town is able to report positive balances in all three categories of Net Position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

**Comparison between revenues and expenses between years.**

	2023 Governmental Activities	2022 Governmental Activities	Change Between Years	2023 Business-Type Activities	2022 Business-Type Activities	Change Between Years
<b>Revenues:</b>						
Charges for services	997,486	1,045,170	(47,684)	1,999,040	1,760,713	238,327
Operating grants and contributions	63,195	69,211	(6,016)	0	0	0
Capital grants and contributions	590,315	81,625	508,690	785,752	302,699	483,053
Property taxes	273,613	226,101	47,512	0	0	0
Sales taxes	659,588	598,182	61,406	0	0	0
Locally assessed taxes	94,756	85,816	8,940	0	0	0
Other state shared revenues	10,432	7,918	2,514	0	0	0
Other revenues	3,521	8,270	(4,749)	26,640	642	25,998
<b>Total Revenues</b>	<b><u>\$2,692,906</u></b>	<b><u>\$2,122,293</u></b>	<b><u>\$570,613</u></b>	<b><u>\$2,811,432</u></b>	<b><u>\$2,064,054</u></b>	<b><u>\$747,378</u></b>
<b>Expenses:</b>						
<b>Current:</b>						
General government	609,855	230,449	379,406	0	0	0
Police department	317,507	358,135	(40,628)	0	0	0
Fire department	91,913	38,704	53,209	0	0	0
Ambulance	848,294	838,119	10,175	0	0	0
Highways and streets	143,704	125,705	17,999	0	0	0
Maintenance	5,345	6,990	(1,645)	0	0	0
Sanitation	90,040	115,227	(25,187)	0	0	0
Water and Sewer	0	0	0	2,023,095	1,764,386	258,709
<b>Total Expenses:</b>	<b><u>\$2,106,658</u></b>	<b><u>\$1,713,329</u></b>	<b><u>\$393,329</u></b>	<b><u>\$2,023,095</u></b>	<b><u>\$1,764,386</u></b>	<b><u>\$258,709</u></b>
<b>Increases in Net Position</b>	<b><u>586,248</u></b>	<b><u>408,964</u></b>	<b><u>177,284</u></b>	<b><u>788,337</u></b>	<b><u>299,668</u></b>	<b><u>488,669</u></b>

## General Fund Budgetary Highlights

The Town maintained its expenditures within its expenditure budgets during the year. See pages 21-25 for further analysis.

## Capital Asset and Debt Administration

### Capital Assets

The Town of Celina's investment in capital assets from its governmental and business-type activities at June 30, 2023, amounts to \$14,790,022 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, utility system machinery and equipment, park facilities, roads, highways and bridges.

### Town of Celina's Capital Assets - 2022

		Governmental <u>Activities</u>	Business-type <u>Activities</u>
Land	\$	5,000	\$ 378,670
Buildings and Improvements		2,627,552	23,126,633
Machinery and Equipment		<u>690,939</u>	<u>292,450</u>
Less accumulated depreciation		(1,864,069)	(11,590,338)
Net Capital Assets	\$	<u>1,459,422</u>	<u>\$ 12,207,415</u>

### Town of Celina's Capital Assets - 2023

		Governmental <u>Activities</u>	Business-type <u>Activities</u>
Land	\$	5,000	\$ 378,670
Buildings and Improvements		2,627,552	24,421,676
Machinery and Equipment		<u>992,939</u>	<u>464,875</u>
Less accumulated depreciation		(1,978,729)	(12,121,961)
Net Capital Assets	\$	<u>1,646,762</u>	<u>\$ 13,143,260</u>

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

## Long-Term Debt

At the end of the current year, the Town of Celina had utility system debt outstanding of \$1,838,198 and general obligation debt of \$319,373. The general obligation debt was used for the construction of City Hall and paving of streets. The utility debt was used to finance the construction of the Town's utility system. The Town's total debt decreased by \$196,033 during the current fiscal year. The Town's loans are being paid as scheduled. Additional information on the Town of Celina's debt can be found in the notes to the financial statements section of this report.

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

In the 2023-2024 budget, General fund revenues are budgeted to increase from the 2022-2023 budget year primarily due to increases in overall prices. The Town's budget should benefit by an expanding commercial and retail base producing increased local sales tax receipts.

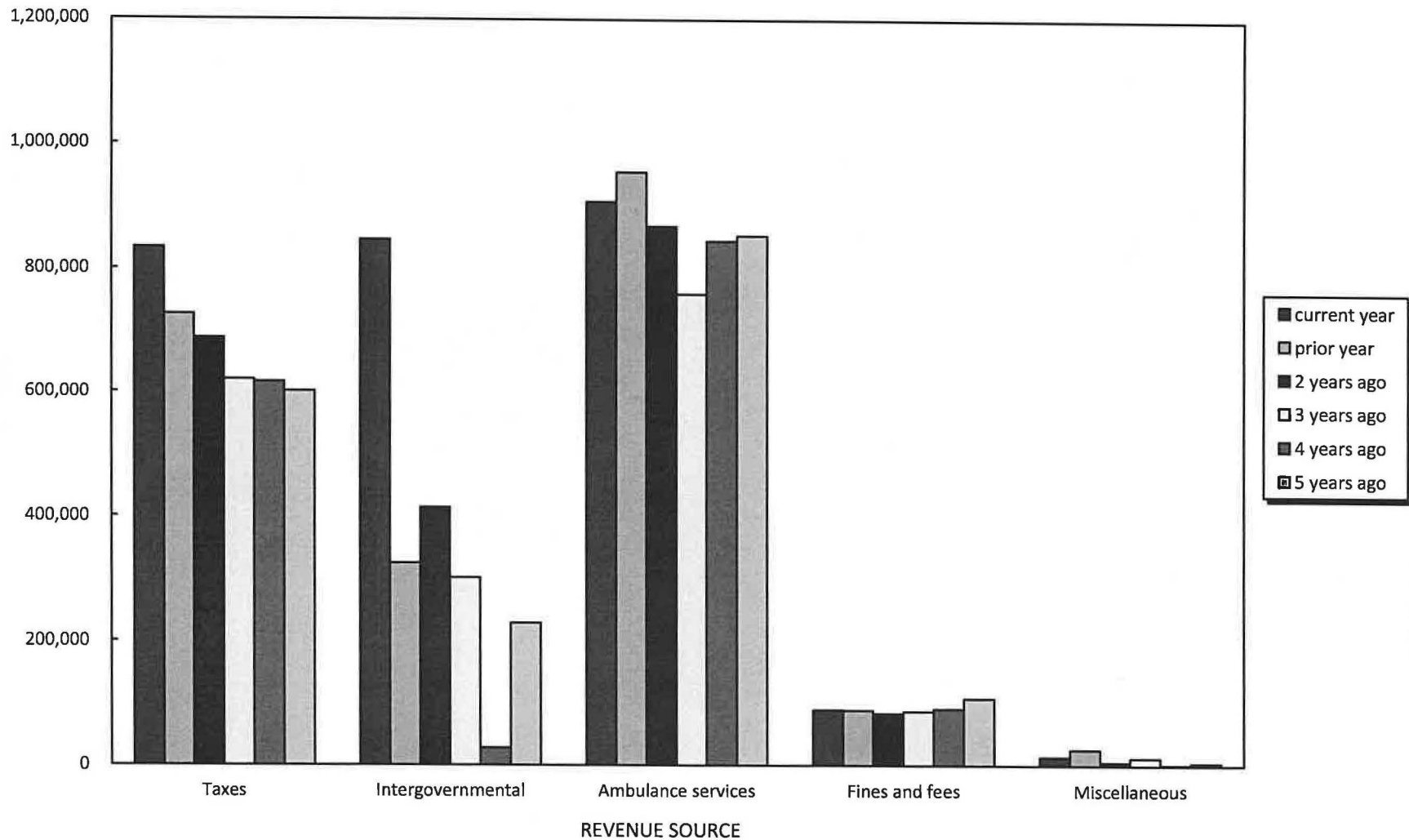
### Requests for Information

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

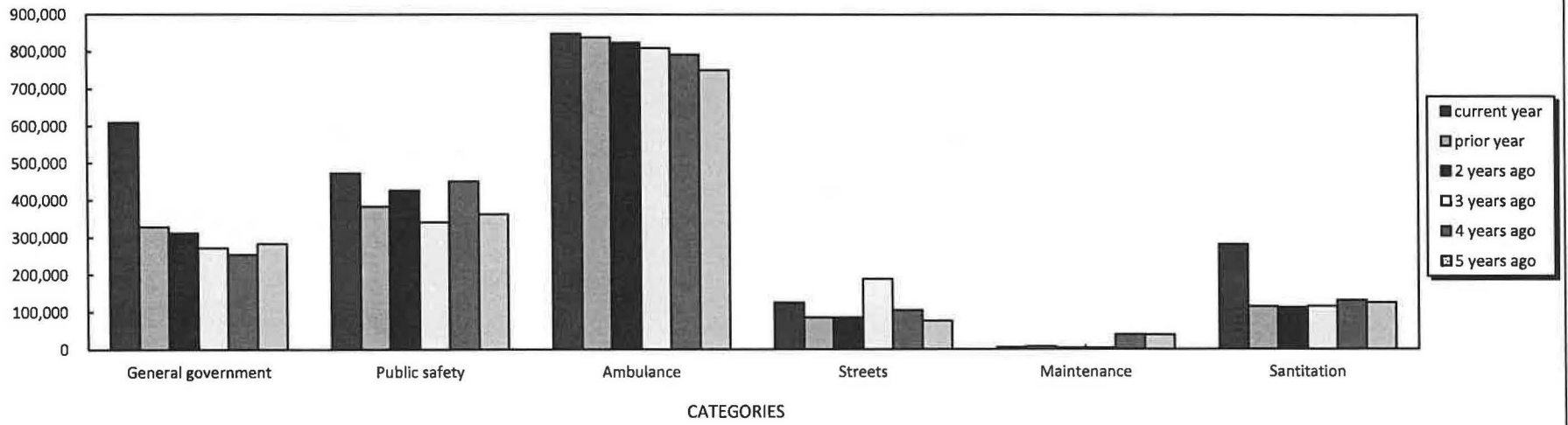
Town of Celina

# TOWN OF CELINA, TENNESSEE

## GOVERNMENTAL FUND REVENUES



**TOWN OF CELINA, TENNESSEE**  
**GOVERNMENTAL FUND EXPENDITURES**



# BASIC FINANCIAL STATEMENTS

**TOWN OF CELINA, TENNESSEE**

**Statement of Net Position**

**June 30, 2023**

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Cash and cash equivalents	1,653,756	830,732	2,484,488
Receivables	491,519	350,028	841,547
Internal balances	(32,660)	32,660	0
Net pension asset	23,513	14,879	38,392
Capital assets not being depreciated	5,000	2,294,439	2,299,439
Capital assets, net of accumulated depreciation	<u>1,641,762</u>	<u>10,848,821</u>	<u>12,490,583</u>
Total Assets	<u>3,782,890</u>	<u>14,371,559</u>	<u>18,154,449</u>
Deferred outflows - pension	<u>51,416</u>	<u>31,027</u>	<u>82,443</u>
<u>Liabilities, Deferred Inflows, and Net Position</u>			
Liabilities:			
Accounts payable	107,588	55,783	163,371
Accrued expenses	0	235,072	235,072
Long-term liabilities:			
Due within one year	24,873	174,552	199,425
Due in more than one year	294,500	1,663,646	1,958,146
Total Liabilities	<u>426,961</u>	<u>2,129,053</u>	<u>2,556,014</u>
Deferred inflows			
Deferred inflow - pension	33,091	0	33,091
Deferred inflow of resources - unspent grant funds	146,045	0	146,045
Deferred inflow of resources - property taxes current year	240,000	0	240,000
Total Deferred Inflows	<u>419,136</u>	<u>0</u>	<u>419,136</u>
Net Position:			
Net Investment in Capital Assets	1,327,389	11,305,062	12,632,451
Restricted - Pension	0	14,879	14,879
Restricted - Drug fund	3,037	0	3,037
Restricted - Debt service	0	32,628	32,628
Unrestricted	<u>1,657,783</u>	<u>920,964</u>	<u>2,578,747</u>
Total Net Position	<u>2,988,209</u>	<u>12,273,533</u>	<u>15,261,742</u>

See accompanying notes to financial statements.

TOWN OF CELINA, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2023

Function/Programs	Program revenues			Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	
<b>Government Activities:</b>							
General government	609,855	11,926	10,221	590,315	2,607	0	2,607
Police department	317,507	7,466	800	0	(309,241)	0	(309,241)
Fire department	91,913	0	0	0	(91,913)	0	(91,913)
Ambulance	848,294	907,792	0	0	59,498	0	59,498
Sanitation	90,040	70,302	0	0	(19,738)	0	(19,738)
Maintenance department	5,345	0	0	0	(5,345)	0	(5,345)
Highways and streets	143,704	0	52,174	0	(91,530)	0	(91,530)
Total Governmental Activities	<u>2,106,658</u>	<u>997,486</u>	<u>63,195</u>	<u>590,315</u>	<u>(455,662)</u>	<u>0</u>	<u>(455,662)</u>
<b>Business - type Activities:</b>							
Water and Sewer	<u>2,023,095</u>	<u>1,999,040</u>	<u>0</u>	<u>785,752</u>	<u>0</u>	<u>761,697</u>	<u>761,697</u>
Total Business Type Activities	<u>2,023,095</u>	<u>1,999,040</u>	<u>0</u>	<u>785,752</u>	<u>0</u>	<u>761,697</u>	<u>761,697</u>
<b>Total</b>	<u>4,129,753</u>	<u>2,996,526</u>	<u>63,195</u>	<u>1,376,067</u>	<u>(455,662)</u>	<u>761,697</u>	<u>306,035</u>
<b>General Revenues:</b>							
Property taxes					252,229	0	252,229
Public utility tax					21,384	0	21,384
Sales taxes					659,588	0	659,588
Beer and liquor taxes					94,756	0	94,756
State income and excise tax					10,432	0	10,432
Interest income					2,475	2,043	4,518
Other					1,046	24,597	25,643
Total general revenues					<u>1,041,910</u>	<u>26,640</u>	<u>1,068,550</u>
Changes in Net Position					<u>586,248</u>	<u>788,337</u>	<u>1,374,585</u>
Net Position - beginning of year					2,401,961	11,485,196	13,887,157
Net Position - ending of year					<u>2,988,209</u>	<u>12,273,533</u>	<u>15,261,742</u>

See accompanying notes to financial statements.

FUND FINANCIAL  
STATEMENTS

**TOWN OF CELINA, TENNESSEE**

**Balance Sheet**

**Governmental Funds**

**June 30, 2023**

<u>Assets</u>	<u>General Fund</u>	<u>Police Drug Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	<u>\$1,650,719</u>	<u>\$3,037</u>	<u>\$1,653,756</u>
Property tax receivable	<u>303,422</u>	<u>0</u>	<u>303,422</u>
Accounts receivable	<u>188,097</u>	<u>0</u>	<u>188,097</u>
 Total Assets	 <u><u>\$2,142,238</u></u>	 <u><u>\$3,037</u></u>	 <u><u>\$2,145,275</u></u>
 <u>Liabilities, Deferred Inflows and Fund Balance</u>			
Liabilities:			
Accounts payable	107,588	0	107,588
Due to Utility Fund	<u>32,660</u>	<u>0</u>	<u>32,660</u>
 Total Liabilities	 <u>140,248</u>	 <u>0</u>	 <u>140,248</u>
Deferred Inflow of Resources:			
Deferred inflows - current property taxes	240,000	0	240,000
Deferred inflows - delinquent property taxes	63,422	0	63,422
Deferred inflows - unspent grant funds	<u>146,045</u>	<u>0</u>	<u>146,045</u>
Total Deferred Inflow of Resources	<u>449,467</u>	<u>0</u>	<u>449,467</u>
Fund balance:			
Restricted - Drug fund	0	3,037	3,037
Restricted - State street aid	0	0	0
Unassigned	<u>1,552,523</u>	<u>0</u>	<u>1,552,523</u>
Total Fund Balance	<u>1,552,523</u>	<u>3,037</u>	<u>1,555,560</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u><u>\$2,142,238</u></u>	<u><u>\$3,037</u></u>	<u><u>\$2,145,275</u></u>

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

TOWN OF CELINA, TENNESSEE

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

June 30, 2023

Amounts reported for fund balance - total governmental funds	\$ 1,555,560
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	1,646,762
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	63,422
Pension related accounts - governmental funds to not record these post-benefit obligations	
Net pension asset	23,513
Deferred outflow - pension	51,416
Deferred inflow - pension	(33,091)
Long-term liabilities, including bonds payable and accrued vacation are not due and payable in the current period and therefore are not recorded in the funds	
Long-term debt	(319,373)
Net Position of governmental activities	\$ <u>2,988,209</u>

See accompanying notes to the financial statements.

**TOWN OF CELINA, TENNESSEE**

**Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Police Drug Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	834,459	0	834,459
Intergovernmental	847,219	0	847,219
Licenses and permits	7,916	0	7,916
Fines and fees	986,592	2,978	989,570
Miscellaneous	13,742	0	13,742
Total Revenues	<u>\$2,689,928</u>	<u>\$2,978</u>	<u>\$2,692,906</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	592,220	0	592,220
Police department	300,184	702	300,886
Fire department	71,058	0	71,058
Ambulance department	848,294	0	848,294
Sanitation	90,040	0	90,040
Highway and streets	103,798	0	103,798
Maintenance department	5,345	0	5,345
<b>Capital Outlay:</b>			
General government	9,999	0	9,999
Sanitation department	191,897	0	191,897
Fire department	100,104	0	100,104
<b>Debt service:</b>			
Principal	21,671	0	21,671
Interest	7,557	0	7,557
Total Expenditures	<u>\$2,342,167</u>	<u>\$702</u>	<u>\$2,342,869</u>
Excess (deficiency) of revenues over expenditures	<u>347,761</u>	<u>2,276</u>	<u>350,037</u>
Fund Balance, Beginning of year	1,204,762	761	1,205,523
Fund Balance, End of Year	<u>\$1,552,523</u>	<u>\$3,037</u>	<u>\$1,555,560</u>

See accompanying notes to financial statements.

**TOWN OF CELINA, TENNESSEE**

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

**For the Year Ended June 30, 2023**

Net change in fund balances - total governmental funds: \$ 350,037

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

Expenses reported in the governmental funds that reduce long-term debt in the statement of Net Position

Principal payments	21,671
Change in pension plan accrual	16,516

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	10,684
--	--------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Acquisition of capital assets	302,000
Depreciation expense	<u>(114,660)</u>

Change in Net Position of governmental activities	\$ <u><u>586,248</u></u>
---	--------------------------

See accompanying notes to the financial statements.

TOWN OF CELINA, TENNESSEE

Statement of Net Position

Enterprise Fund

June 30, 2023

Assets

Current Assets:

Cash and cash equivalents	\$830,732
Customer accounts receivable, net of allowance of \$11,128	144,477
Grant receivable	205,551
Due from General Fund	32,660
Total Current Assets	<u>1,213,420</u>

Capital Assets:

Utility plant in service	25,265,221
Less accumulated depreciation	<u>(12,121,961)</u>
Total Capital Assets, Net	<u>13,143,260</u>

Net Pension asset	14,879
-------------------	--------

Total Assets	<u>\$14,371,559</u>
--------------	---------------------

Deferred outflow - pension	<u>\$31,027</u>
----------------------------	-----------------

Liabilities and Net Position

Current Liabilities (payable from current assets):

Accounts payable	\$55,783
Accrued expenses	235,072
Current maturities - long-term debt	174,552
Total Current Liabilities (payable from current assets)	<u>465,407</u>

Long-Term Debt	<u>1,663,646</u>
----------------	------------------

Total Liabilities	<u>\$2,129,053</u>
-------------------	--------------------

Deferred inflows- pension	<u>\$0</u>
---------------------------	------------

Net Position:

Net Investment in Capital Assets	11,305,062
Restricted - Debt service	32,628
Restricted - Pension	14,879
Unrestricted	<u>920,964</u>

Total Net Position	<u>\$12,273,533</u>
--------------------	---------------------

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

**TOWN OF CELINA, TENNESSEE**

**Statement of Revenues, Expenses  
and Changes in Net Position**

**Enterprise Fund**

**For the Year Ended June 30, 2023**

Operating Revenues:	
Metered sales, net of change in allowance of \$5,203	
Installation and tap fees	1,874,383
	124,657
Total Operating Revenues	<u>1,999,040</u>
Operating Expenses:	
Wages	641,859
Employee benefits	182,628
Office expense	19,646
Contract services	42,021
Repair and maintenance	55,506
Dues	15,033
Supplies	134,706
Vehicle expense	39,397
Utilities	143,990
Insurance	142,229
Depreciation	531,623
Miscellaneous	38,021
Total Operating Expenses	<u>1,986,659</u>
Operating income (loss)	<u>12,381</u>
Nonoperating Revenues (Expenses):	
Interest income	2,043
Sale of assets	24,597
Interest expense	<u>(36,436)</u>
Total Nonoperating Revenues (Expenses)	<u>(9,796)</u>
Contributed capital	<u>785,752</u>
Net Change in Net Position	788,337
Net Position, July 1, 2022	<u>11,485,196</u>
Net Position, June 30, 2023	<u>\$12,273,533</u>

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

TOWN OF CELINA, TENNESSEE

Statement of Cash Flows

Enterprise Fund Type

Water and Sewer

For the Year Ended June 30, 2023

Cash Flows from Operating Activities:	
Cash received from customers	1,858,960
Cash paid to suppliers	(447,276)
Cash paid to employees	(824,487)
Net Cash Provided (Used) by Operating Activities	<u>587,197</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(1,467,468)
Interest paid	(36,436)
Contributed capital	785,752
Repayment of debt	(174,362)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(892,514)</u>
Cash Flows from Investing Activities:	
Interest received	<u>2,043</u>
Net Cash Flows Provided (Used) from Investing Activities:	<u>2,043</u>
Net Change in Cash	(303,274)
Cash and Cash Equivalents, July 1, 2022	<u>1,134,006</u>
Cash and Cash Equivalents, June 30, 2023	<u>830,732</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	12,381
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	531,623
Sale of assets	24,597
Change in assets (increase) decrease:	
Accounts receivable	(140,080)
Due From General Fund	(20,000)
Net pension asset	(14,879)
Deferred outflows	(10,158)
Change in liabilities increase (decrease):	
Accounts payable and accrued expenses	209,711
Net pension liability	(2,351)
Deferred inflows	(3,647)
Net Cash Provided (Used) by Operating Activities	<u>587,197</u>

See accompanying notes to financial statements.

TOWN OF CELINA, TENNESSEE

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

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$181,000	\$181,000	\$250,371	69,371
Public utility tax	3,250	3,250	4,285	1,035
Penalty and interest	3,000	3,000	1,858	(1,142)
Local sales tax	330,000	330,000	483,838	153,838
Local beer tax	52,000	52,000	63,998	11,998
Local liquor tax	22,000	22,000	30,109	8,109
Total Taxes	<u>591,250</u>	<u>591,250</u>	<u>834,459</u>	<u>243,209</u>
Intergovernmental:				
TVA in lieu	8,000	8,000	17,099	9,099
State excise tax	8,000	8,000	10,432	2,432
State supplement	1,600	1,600	800	(800)
Grants	893,136	893,136	590,315	(302,821)
State sales tax	147,000	147,000	175,750	28,750
State income tax	2,000	2,000	0	(2,000)
State beer tax	600	600	649	49
State special petroleum tax	2,500	2,500	2,605	105
Gasoline .03 tax	7,500	7,500	7,337	(163)
Gasoline 1989 tax	4,000	4,000	3,972	(28)
Gasoline 2017 tax	12,500	12,500	12,822	322
Gasoline and motor fuel	26,000	26,000	25,438	(562)
Total Intergovernmental Revenue	<u>1,112,836</u>	<u>1,112,836</u>	<u>847,219</u>	<u>(265,617)</u>
Licenses	<u>3,000</u>	<u>3,000</u>	<u>7,916</u>	<u>4,916</u>
Fines and fees	<u>6,000</u>	<u>6,000</u>	<u>4,488</u>	<u>(1,512)</u>
Ambulance fees	<u>934,334</u>	<u>934,334</u>	<u>907,792</u>	<u>(26,542)</u>
Park	<u>750</u>	<u>750</u>	<u>4,010</u>	<u>3,260</u>
Sanitation fees	<u>72,000</u>	<u>72,000</u>	<u>70,302</u>	<u>(1,698)</u>
Miscellaneous:				
Interest income	380	380	2,475	2,095
Donations	0	0	10,221	10,221
Miscellaneous	2,100	2,100	1,046	(1,054)
Total Miscellaneous	<u>2,480</u>	<u>2,480</u>	<u>13,742</u>	<u>11,262</u>
Total Revenues	<u>2,722,650</u>	<u>2,722,650</u>	<u>2,689,928</u>	<u>(32,722)</u>

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

TOWN OF CELINA, TENNESSEE

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

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Current:				
Personnel costs	\$79,912	\$79,912	\$100,440	(20,528)
Employee benefits	24,180	24,180	31,058	(6,878)
Board and committee members	2,504	2,504	4,800	(2,296)
Training and travel	6,500	6,500	4,312	2,188
Advertising	2,500	2,500	1,503	997
Supplies	14,000	14,000	17,757	(3,757)
Utilities	12,700	12,700	10,965	1,735
Repair and maintenance	8,200	8,200	37,441	(29,241)
Professional services	44,000	44,000	36,819	7,181
Park	15,600	15,600	48,986	(33,386)
Donations	1,000	1,000	3,750	(2,750)
Grant expenses	412,397	412,397	288,631	123,766
Insurance	7,000	7,000	4,689	2,311
Miscellaneous	1,500	1,500	1,069	431
	<u>631,993</u>	<u>631,993</u>	<u>592,220</u>	<u>39,773</u>
Capital outlay	0	0	9,999	(9,999)
Debt service	9,228	9,228	9,228	0
Total General Government	<u>641,221</u>	<u>641,221</u>	<u>611,447</u>	<u>29,774</u>
Street department:				
Street lights	42,000	42,000	44,133	(2,133)
Maintenance and supplies	22,000	22,000	23,804	(1,804)
Grant expenses	472,288	472,288	0	472,288
Vehicle expenses	18,000	18,000	29,615	(11,615)
Insurance	5,000	5,000	3,229	1,771
Miscellaneous	200	200	3,017	(2,817)
	<u>559,488</u>	<u>559,488</u>	<u>103,798</u>	<u>455,690</u>
Capital outlay	0	0	0	0
Debt service	33,028	33,028	20,000	13,028
Total Street department	<u>592,516</u>	<u>592,516</u>	<u>123,798</u>	<u>468,718</u>
Ambulance department:				
Personnel costs	\$615,000	\$615,000	\$570,966	44,034
Employee benefits	141,200	141,200	103,137	38,063
Ambulance contract	35,000	35,000	35,634	(634)
Dues	7,000	7,000	19,506	(12,506)
Utilities	16,000	16,000	15,432	568
Supplies	48,450	48,450	38,788	9,662
Professional services	500	500	250	250
Maintenance and repair	17,000	17,000	13,092	3,908
Vehicle expenses	25,000	25,000	22,530	2,470
Insurance	32,000	32,000	25,054	6,946
Miscellaneous	1,500	1,500	3,905	(2,405)
	<u>938,650</u>	<u>938,650</u>	<u>848,294</u>	<u>90,356</u>
Capital outlay	0	0	0	0
Total Ambulance department	<u>938,650</u>	<u>938,650</u>	<u>848,294</u>	<u>90,356</u>

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

TOWN OF CELINA, TENNESSEE

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

General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
Police department:				
Personnel costs	\$307,600	\$307,600	\$242,850	64,750
Training and travel	7,000	7,000	23	6,977
Supplies	3,400	3,400	9,146	(5,746)
Professional services	8,000	8,000	8,947	(947)
Telephone	3,200	3,200	2,627	573
Vehicle expenses	22,000	22,000	13,827	8,173
Insurance	22,000	22,000	21,696	304
Miscellaneous	1,900	1,900	1,068	832
	<u>375,100</u>	<u>375,100</u>	<u>300,184</u>	<u>74,916</u>
Capital outlay	0	0	0	0
Total Police department	<u>375,100</u>	<u>375,100</u>	<u>300,184</u>	<u>74,916</u>
Fire department:				
Personnel costs	9,860	9,860	8,775	1,085
Supplies	2,200	2,200	1,916	284
Maintenance and repair	1,000	1,000	38,100	(37,100)
Utilities	6,000	6,000	4,658	1,342
Vehicle expenses	2,900	2,900	4,696	(1,796)
Insurance	12,000	12,000	12,113	(113)
Miscellaneous	100	100	800	(700)
	<u>34,060</u>	<u>34,060</u>	<u>71,058</u>	<u>(36,998)</u>
Capital outlay	0	0	100,104	(100,104)
Total Fire department	<u>34,060</u>	<u>34,060</u>	<u>171,162</u>	<u>(137,102)</u>
Maintenance department				
Supplies	1,200	1,200	531	669
Utilities	2,800	2,800	2,800	0
Maintenance and repair	800	800	1,595	(795)
Insurance	2,000	2,000	419	1,581
Miscellaneous	0	0	0	0
	<u>6,800</u>	<u>6,800</u>	<u>5,345</u>	<u>1,455</u>
Capital outlay	0	0	0	0
Total Maintenance department	<u>6,800</u>	<u>6,800</u>	<u>5,345</u>	<u>1,455</u>

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

**TOWN OF CELINA, TENNESSEE**

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

**General Fund**

**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Sanitation department:				
Salaries	53,100	53,100	50,212	2,888
Supplies	2,300	2,300	5,532	(3,232)
Vehicle expenses	8,500	8,500	6,135	2,365
Landfill	16,000	16,000	21,110	(5,110)
Insurance	10,000	10,000	4,735	5,265
Miscellaneous	1,500	1,500	2,316	(816)
	<u>91,400</u>	<u>91,400</u>	<u>90,040</u>	<u>1,360</u>
Capital outlay	0	0	191,897	(191,897)
Total Sanitation	<u>91,400</u>	<u>91,400</u>	<u>281,937</u>	<u>(190,537)</u>
Total Expenditures	<u>2,679,747</u>	<u>2,679,747</u>	<u>2,342,167</u>	<u>337,580</u>
Excess (deficiency) of Revenues over Expenditures	42,903	42,903	347,761	304,858
Fund Balance, July 1, 2022	1,204,762	1,204,762	1,204,762	0
Fund Balance, June 30, 2023	<u>1,247,665</u>	<u>1,247,665</u>	<u>1,552,523</u>	<u>304,858</u>

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

**TOWN OF CELINA, TENNESSEE**

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

**Police Drug Fund**

**For the Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and fees	\$5,000	\$5,000	\$2,978	(2,022)
Total Revenues	5,000	5,000	2,978	(2,022)
Expenditures:				
Public safety:				
Supplies	2,000	2,000	702	1,298
Capital outlay	10,000	10,000	0	10,000
Total Expenditures	12,000	12,000	702	11,298
Excess (deficiency) of revenues over expenditures	(7,000)	(7,000)	2,276	9,276
Fund Balance, July 1, 2022	761	761	761	-
Fund Balance, June 30, 2023	(\$6,239)	(\$6,239)	3,037	9,276

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

# NOTES TO THE FINANCIAL STATEMENTS

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies

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

#### Reporting Entity:

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

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

#### Government -Wide and Fund Financial Statements

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

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

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

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

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

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

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if received within 60 days of years end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

The government reports the following major funds:

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

Police Drug Fund - To account for the receipt and usage of the Town's share of Drug fines and seizure of assets.

The government reports the following major enterprise funds:

The Utility Fund is used to account for water and sewer operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with enterprise funds principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. The Utility Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Town uses committed, assigned then unassigned funds.

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

#### Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less.

#### Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources. All trade receivables are shown net of an allowance for uncollectible, if applicable.

#### Property Tax

The Town's property tax is levied each November 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

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

Taxes were levied at a rate of \$0.8732 per \$100 of assessed valuation for the fiscal year ended June 30, 2023.

Payments may be made during the period from November 1 through February 28. Current tax collections of \$214,112 for the fiscal year ended June 30, 2023 were approximately 73 percent of the tax levy.

#### Restricted Assets

Certain proceeds of the Enterprise Fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on their respective balance sheets because they are maintained in separate bank accounts and their use is either limited by applicable bond covenants or represent proceeds from bond issues that are restricted for use in construction.

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

#### Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the government has two items (pension and unspent grant receipts) that qualify for reporting in this category.

#### Capital Assets

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

Interest incurred during the construction phase of capital assets of business-type activities is expensed when paid and thus not a part of the capitalized cost.

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

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Utility Plant in Service	10-50 years
Furniture and Equipment	5-10 years

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

#### Compensated Absences

The Town has not accrued a liability for unused sick and vacation pay which is earned but not taken by Town employees as these amounts are immaterial to the financial statements.

#### Budgets and Budgetary Accounting

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

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

#### Long-term Obligations

In the government-wide financial statements and enterprise 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 enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs, such as insurance costs, fees and other related costs are expensed in the year 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, while discounts on debt issuances are reported as other financing uses. Debt issuance costs, such as insurance costs, fees and other related costs are expensed in the year incurred.

#### Net Position Flow Assumption

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

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

#### Estimates

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

#### Fund Balance

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

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

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

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

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

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

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

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (1) Summary of Significant Accounting Policies, Continued

#### Inventory

Inventory of the Utility Fund is valued at cost, using the first in first out method. Inventory of all the governmental funds consists of expendable supplies held for consumption and are recorded at cost under the consumption method.

#### Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Celina's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Celina'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.

#### Government Wide – Net Position

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

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

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

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

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (2) Cash and Cash Equivalents

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

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

### (3) Accounts Receivable

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

<u>Fund</u>	<u>Other Governments</u>	<u>Property Taxes</u>	<u>Customer Accounts</u>	<u>Total</u>
General Fund	188,097	303,422	-	491,519
Enterprise Fund	205,551	-	155,605	361,156
Less allowance for doubtful accounts	-	-	(11,128)	(11,128)
Total	<u>393,648</u>	<u>303,422</u>	<u>144,477</u>	<u>841,547</u>

**TOWN OF CELINA, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(4) Capital Assets**

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Assets not being depreciated				
Land and land rights	\$ 5,000	-	-	5,000
Assets being depreciated				
Infrastructure	951,497	-	-	951,497
Buildings and improvements	1,676,055	-	-	1,676,055
Equipment and vehicles	<u>690,939</u>	<u>302,000</u>	-	<u>992,939</u>
Total	<u>3,323,491</u>	<u>302,000</u>	<u>-</u>	<u>3,625,491</u>
Less Accumulated depreciation	<u>(1,864,069)</u>			<u>(1,978,729)</u>
Net capital assets in service	\$ <u>1,459,422</u>			<u>1,646,762</u>

All assets are being depreciated, except for \$5,000 in land and land rights.

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

General Fund:	
General government administration	\$ 37,278
Police department	16,621
Fire department	20,855
Streets department	<u>39,906</u>
Total	\$ <u>114,660</u>

**TOWN OF CELINA, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(4) Capital Assets, Continued**

A summary of changes in Enterprise Fund capital assets and related accumulated depreciation follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Utility plant	\$ 22,174,024	211,415	-	22,385,439
Equipment	292,450	172,425	-	464,875
CIP	952,609	1,083,628	-	2,036,237
Land and buildings	<u>378,670</u>	-	-	<u>378,670</u>
	<u>23,797,753</u>	<u>1,467,468</u>	<u>-</u>	<u>25,265,221</u>
Less accumulated depreciation	<u>(11,590,338)</u>			<u>(12,121,961)</u>
Net plant in service	<u>\$ 12,207,415</u>			<u>13,143,260</u>

All assets are being depreciated, except for land of \$258,202 and CIP of \$2,036,237. Depreciation expense was \$531,623 for the year ended June 30, 2023.

**(5) Bonds and Notes Payable**

Direct Borrowings

The following schedule reflects the changes in general obligation long-term debt, during fiscal year 2023.

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Notes Payable:					
Regions Loan	\$ 151,044	\$ -	\$ 1,671	\$ 149,373	\$ 4,873
Town Hall Loan	\$ 190,000	\$ -	\$ 20,000	\$ 170,000	\$ 20,000
Total	<u>\$ 341,044</u>	<u>\$ -</u>	<u>\$ 21,671</u>	<u>\$ 319,373</u>	<u>\$ 24,873</u>

## TOWN OF CELINA, TENNESSEE

### Notes to Financial Statements

June 30, 2023

#### (5) Bonds and Notes Payable, Continued

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2023 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2024	24,873	7,755
2025	25,031	7,197
2026	25,194	6,634
2027	25,363	6,065
2028	25,538	5,490
2029-2033	100,506	18,634
2034-2038	35,798	10,342
2039-2042	<u>57,070</u>	<u>4,069</u>
Total	<u>319,373</u>	<u>66,186</u>

The following schedule reflects the changes in long-term debt, as shown in the Enterprise Fund during fiscal year 2023.

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Bonds Payable:					
Series 2016	\$ 1,590,000	\$ -	\$ 165,000	\$ 1,425,000	\$ 165,000
Rural Dev. 91-25	<u>\$ 422,560</u>	<u>\$ -</u>	<u>\$ 9,362</u>	<u>\$ 413,198</u>	<u>\$ 9,552</u>
Total	<u>\$ 2,012,560</u>	<u>\$ -</u>	<u>\$ 174,362</u>	<u>\$ 1,838,198</u>	<u>\$ 174,552</u>

The repayment of principal and interest on these bonds is secured by the revenue of the Water and Sewer fund, and in the event such revenue is insufficient therefore, the bonds shall be payable from ad valorem taxes to be levied on all taxable property within the corporate limit of the municipality without limitations as to time rate or amount. The Town ordinances provide that the revenue of the water and sewer system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue and tax bonds. Any remaining revenue from the sewer system may then be used for any lawful purpose.

**TOWN OF CELINA, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(5) Bonds and Notes Payable, Continued**

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2023 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2024	174,552	38,748
2025	179,791	35,209
2026	185,036	31,564
2027	180,287	27,813
2028	180,544	24,156
2029-2033	631,809	68,591
2034-2038	64,273	34,727
2039-2043	72,719	26,281
2044-2048	82,275	16,725
2049-2053	<u>86,912</u>	<u>5,965</u>
Total	<u>1,838,198</u>	<u>309,779</u>

The above bonds payable contain provisions that in the event of default, the lender can use any remedy allowed by state or federal law.

**(6) Risk Management**

The Town of Celina is exposed to various risks to general liability and property and casualty losses. The Town has decided to purchase commercial insurance for general liability and property and casualty coverage. Any risks not covered as shown in the schedule of insurance are uninsured and that risk of loss is retained by the Town.

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

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (7) Pension Plan - Hybrid

#### General Information about the Pension Plan

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

*Benefits provided.* Tennessee Code Annotated, Title 8, Chapter 34-37, 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 formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for 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 (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	54
Active employees	<u>1</u>
Total	<u>55</u>

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (7) Pension Plan - Hybrid, Continued

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be charged by the Tennessee General Assembly. Employees contribute 5 percent of salary. Celina makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for Celina were \$0 based on a rate of 0.00% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Celina's state shared taxes if required employer contributions are not remitted. The employers actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### Net Pension Liability (Asset)

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

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

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

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**TOWN OF CELINA, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(7) Pension Plan - Hybrid, Continued**

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three 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 Celina will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF CELINA, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(7) Pension Plan - Hybrid, Continued**

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

	Increase (Decrease)		
Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)	(a) - (b)
(a)	(b)		
<b>Balance at 6/30/21</b>	\$117,301	\$110,948	\$6,353
<b>Changes for the Year:</b>			
Service Cost	65,705	-	65,705
Interest	11,638	-	11,638
Changes of Benefit Terms	-	-	-
Differences between expected and actual experience	(36,400)	-	(36,400)
Changes in assumptions	-	-	-
Contributions-employer	-	21,890	(21,890)
Contributions-employees	-	41,250	(41,250)
Net investment income	-	(5,006)	5,006
Benefit payments, including refunds of employee contributions	(21,187)	(21,187)	-
Administrative expense	-	(2,205)	2,205
Other changes	-	-	-
<b>Net changes</b>	19,756	34,742	(14,986)
<b>Balance at 6/30/22</b>	<u>\$ 137,057</u>	<u>\$ 145,690</u>	<u>\$ (8,633)</u>

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Celina's net pension Liability (asset)	31,799	(8,633)	(37,136)

**TOWN OF CELINA, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(7) Pension Plan - Hybrid, Continued**

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

*Pension expense (negative pension expense).* For the year ended June 30, 2023, Celina recognized pension expense (negative pension expense) of 28,160.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	6,194	33,091
Net difference between projected and Actual earning on pension plan		
Investments	3,653	-
Changes in Assumptions	10,542	-
Contributions subsequent to the Measurement date of June 30, 2022	-	-
Total	<u>20,389</u>	<u>33,091</u>

The amounts shown above for ‘Contributions subsequent to the measurement date of June 30, 2022,’ will be recognized as a reduction (increase) to net position liability (asset) in the following measurement period.

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

Year Ended June 30:	
2024	(1,308)
2025	(1,308)
2026	(1,405)
2027	1,132
2028	(1,635)
Thereafter	(8,175)

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

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (8) Pension Plan - Legacy

#### General Information about the Pension Plan

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

*Benefits provided.* Tennessee Code Annotated, Title 8, Chapter 34-37, 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 formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for 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 (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>32</u>
Total	<u>34</u>

# TOWN OF CELINA, TENNESSEE

## Notes to Financial Statements

June 30, 2023

### (8) Pension Plan - Legacy, Continued

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be charged by the Tennessee General Assembly. Employees contribute 5 percent of salary. Celina makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for Celina were \$60,722 based on a rate of 21.48% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Celina's state shared taxes if required employer contributions are not remitted. The employers actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### Net Pension Liability (Asset)

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

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

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

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

## TOWN OF CELINA, TENNESSEE

### Notes to Financial Statements

June 30, 2023

#### (8) Pension Plan - Legacy, Continued

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three 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 Celina will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF CELINA, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(8) Pension Plan - Legacy, Continued**

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

	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<b>Balance at 6/30/21</b>	\$0	\$0	\$0
<b>Changes for the Year:</b>			
Service Cost	-	-	-
Interest	-	-	-
Changes of Benefit Terms	1,133	-	1,133
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions-employer	-	18,373	(18,373)
Contributions-employees	-	14,133	(14,133)
Net investment income	-	(602)	602
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(1,012)	1,012
Other changes	-	-	-
<b>Net changes</b>	1,133	30,892	(29,759)
<b>Balance at 6/30/22</b>	<u>\$ 1,133</u>	<u>\$ 30,892</u>	<u>\$ (29,759)</u>

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

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Celina's net pension Liability (asset)	(29,297)	(29,759)	(30,074)

**TOWN OF CELINA, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(8) Pension Plan - Legacy, Continued**

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

*Pension expense (negative pension expense).* For the year ended June 30, 2023, Celina recognized pension expense (negative pension expense) of (12,718).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	-	-
Net difference between projected and Actual earning on pension plan		
Investments	1,332	-
Changes in Assumptions	-	-
Contributions subsequent to the Measurement date of June 30, 2022	<u>60,722</u>	<u>-</u>
Total	<u>62,054</u>	<u>-</u>

The amounts shown above for ‘Contributions subsequent to the measurement date of June 30, 2022,’ will be recognized as a reduction (increase) to net position liability (asset) in the following measurement period.

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

Year Ended June 30:	
2024	333
2025	333
2026	333
2027	333
2028	-
Thereafter	-

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

**TOWN OF CELINA, TENNESSEE**

Notes to Financial Statements

June 30, 2023

**(9) Commitments and Contingencies**

Litigation:

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

Grants:

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

**(10) Due To/Due From**

As of yearend, the Town had the following interfund balances:

	<u>Due From</u>	<u>Due To</u>
General fund	\$ -	\$ 32,660
Water and Sewer Fund	<u>32,660</u>	<u>-</u>
Total	<u>32,660</u>	<u>32,660</u>

For each of the above balances, the due to amount represents a shared cost for street expenses with the due from fund.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**TOWN OF CELINA, TENNESSEE**

**Schedule of Required Supplementary Information**

**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS - Hybrid**

**Last Fiscal Year ending June 30**

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total pension liability (asset)			
Service cost	\$ -	\$ 47,751	\$ 65,705
Interest	\$ -	\$ 6,726	\$ 11,638
Changes in benefit terms	\$ 47,295	-	-
Differences between actual & expected experience	\$ -	\$ 7,434	\$ (36,400)
Change of assumptions	\$ -	\$ 12,650	\$ -
Benefit payments, including refunds of employee contributions	\$ -	\$ (4,555)	\$ (21,187)
<b>Net change in total pension liability (asset)</b>	<b>\$ -</b>	<b>\$ 70,006</b>	<b>\$ 19,756</b>
<b>Total pension liability (asset)-beginning</b>	<b>\$ 47,295</b>	<b>\$ 47,295</b>	<b>\$ 117,301</b>
<b>Total pension liability (asset)-ending (a)</b>	<b>\$ 47,295</b>	<b>\$ 117,301</b>	<b>\$ 137,057</b>
<b>Plan fiduciary net position</b>			
Contributions-employer	\$ 8,001	\$ 10,257	\$ 21,890
Contributions-employee	\$ 36,370	\$ 46,622	\$ 41,250
Net investment income	\$ 1,053	\$ 17,641	\$ (5,006)
Benefit payments, including refunds of employee contributions	\$ -	\$ (4,555)	\$ (21,187)
Administrative expense	\$ (1,961)	\$ (2,480)	\$ (2,205)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 43,463</b>	<b>\$ 67,485</b>	<b>\$ 34,742</b>
<b>Plan fiduciary net position-beginning</b>	<b>\$ -</b>	<b>\$ 43,463</b>	<b>\$ 110,948</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 43,463</b>	<b>\$ 110,948</b>	<b>\$ 145,690</b>
<b>Net Pension Liability (asset)-ending (a) - (b)</b>	<b>\$ 3,832</b>	<b>\$ 6,353</b>	<b>\$ (8,633)</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>91.90%</b>	<b>94.58%</b>	<b>106.30%</b>
<b>Covered payroll</b>	<b>\$ 727,130</b>	<b>\$ 932,433</b>	<b>\$ 824,991</b>
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>53.00%</b>	<b>0.68%</b>	<b>-1.05%</b>

**Notes to Schedule:**

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

GASB requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**TOWN OF CELINA, TENNESSEE**

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

**For the Year Ended June 30, 2023**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	8,001	10,257	21,890	0
Contributions in relation to the actuarially determined contribution	<u>8,001</u>	<u>10,257</u>	<u>21,890</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-employee payroll	<u>727,130</u>	<u>932,433</u>	<u>824,991</u>	<u>924,983</u>
Contributions as a percentage covered-employee payroll	1.10%	1.10%	2.65%	0.00%

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

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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

**TOWN OF CELINA, TENNESSEE**

**Schedule of Required Supplementary Information**

**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS - Legacy**

**Last Fiscal Year ending June 30**

	2022
Total pension liability (asset)	
Service cost	\$ -
Interest	\$ -
Changes in benefit terms	\$ 1,133
Differences between actual & expected experience	\$ -
Change of assumptions	\$ -
Benefit payments, including refunds of employee contributions	\$ -
<b>Net change in total pension liability (asset)</b>	<b>\$ 1,133</b>
<b>Total pension liability (asset)-beginning</b>	<b>\$ -</b>
<b>Total pension liability (asset)-ending (a)</b>	<b>\$ 1,133</b>
<b>Plan fiduciary net position</b>	
Contributions-employer	\$ 18,373
Contributions-employee	\$ 14,133
Net investment income	\$ (602)
Benefit payments, including refunds of employee contributions	\$ -
Administrative expense	\$ (1,012)
Other	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 30,892</b>
<b>Plan fiduciary net position-beginning</b>	<b>\$ -</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 30,892</b>
<b>Net Pension Liability (asset)-ending (a) - (b)</b>	<b>\$ (29,759)</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>2726.57%</b>
<b>Covered payroll</b>	<b>\$ 282,661</b>
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>-10.53%</b>

**Notes to Schedule:**

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

GASB requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**TOWN OF CELINA, TENNESSEE**

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

**For the Year Ended June 30, 2023**

	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	18,373	60,722
Contributions in relation to the actuarially determined contribution	<u>18,373</u>	<u>60,722</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Covered-employee payroll	<u>282,661</u>	<u>282,661</u>
Contributions as a percentage covered-employee payroll	6.50%	21.48%

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

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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

**SUPPLEMENTAL  
INFORMATION**

TOWN OF CELINA, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Changes in Capital Assets - By Type

June 30, 2023

Capital Assets:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$5,000	0	0	5,000
Infrastructure	\$951,497	0	0	951,497
Building	1,676,055	0	0	1,676,055
Equipment	<u>690,939</u>	<u>302,000</u>	<u>0</u>	<u>992,939</u>
Total capital assets	<u>\$3,323,491</u>	<u>302,000</u>	<u>0</u>	<u>3,625,491</u>

**TOWN OF CELINA, TENNESSEE**

**Capital Assets Used in the Operation of the Governmental Funds**

**Schedule of Capital Assets - By Function and Activity**

**June 30, 2023**

	<u>Land</u>	<u>Infrastructure</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
General government	\$5,000	0	1,669,075	100,003	1,774,078
Fire department	0	0	6,980	387,842	394,822
Police department	0	0	0	143,252	143,252
Street department	0	951,497	0	118,445	1,069,942
Ambulance	0	0	0	9,000	9,000
Sanitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>234,397</u>	<u>234,397</u>
Total capital assets	<u>\$5,000</u>	<u>951,497</u>	<u>1,676,055</u>	<u>992,939</u>	<u>3,625,491</u>

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

**TOWN OF CELINA, TENNESSEE**  
**Schedule of Cash and Cash Equivalents**  
**All Funds**

**June 30, 2023**

	<u>Carrying Value</u>
General Fund:	
Demand deposits	1,650,719
Total General Fund	<u>1,650,719</u>
Police Drug Fund:	
Demand deposits	3,037
Total Drug Fund	<u>3,037</u>
Water and Sewer Fund:	
Demand deposits	<u>830,732</u>
Total Water and Sewer Fund	<u>830,732</u>
Total - All funds	<u><u>\$2,484,488</u></u>

**TOWN OF CELINA, TENNESSEE**

**Schedule of Changes in Property Taxes Receivable**

**For the Year Ended June 30, 2023**

<u>Tax Year</u>	<u>Balance July 1, 2022</u>	<u>Levy</u>	<u>Collections and Changes in Assessment</u>	<u>Balance June 30, 2023</u>
2023	\$ -	240,000	0	240,000
2022	190,000	51,591	214,112	27,479
2021	16,505	0	12,754	3,751
2020	2,862	0	320	2,542
2019	2,806	0	0	2,806
2018	2,208	0	0	2,208
2017	6,281	0	0	6,281
2016	6,900	0	0	6,900
2015	8,107	0	0	8,107
2014	3,348	0	0	3,348
2013	3,721	0	3,721	0
	<u>\$242,738</u>	<u>291,591</u>	<u>230,907</u>	<u>303,422</u>

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Tax Adjustment and Collections</u>	<u>Outstanding Delinquent Taxes</u>
2023	\$ 0.8732	240,000	0	\$ 240,000
2022	0.8732	241,591	214,112	27,479
2021	0.8732	191,562	187,811	3,751
2020	0.8732	191,697	189,155	2,542
2019	0.8732	185,902	183,096	2,806
2018	0.8732	180,101	177,893	2,208
2017	0.8732	182,032	175,751	6,281
2016	0.8732	162,747	155,847	6,900
2015	0.8732	171,622	163,515	8,107
2014	0.8732	173,289	169,941	3,348
2013	0.92	173,419	158,489	0

All delinquent taxes (except 2022) have been turned over to the Clerk and Master for collection.

**TOWN OF CELINA, TENNESSEE**

**Schedule of Debt Service Requirements - General Obligation Long-Term Debt**

**June 30, 2023**

Year	CITY HALL		REGIONS		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 20,000	3,400	4,873	4,355	24,873	7,755
2025	20,000	3,000	5,031	4,197	25,031	7,197
2026	20,000	2,600	5,194	4,034	25,194	6,634
2027	20,000	2,200	5,363	3,865	25,363	6,065
2028	20,000	1,800	5,538	3,690	25,538	5,490
2029	20,000	1,400	5,717	3,511	25,717	4,911
2030	20,000	1,000	5,903	3,325	25,903	4,325
2031	30,000	600	6,095	3,133	36,095	3,733
2032			6,293	2,935	6,293	2,935
2033			6,498	2,730	6,498	2,730
2034			6,709	2,519	6,709	2,519
2035			6,927	2,301	6,927	2,301
2036			7,152	2,076	7,152	2,076
2037			7,385	1,843	7,385	1,843
2038			7,625	1,603	7,625	1,603
2039			7,872	1,356	7,872	1,356
2040			8,128	1,100	8,128	1,100
2041			8,392	836	8,392	836
2042			8,665	563	8,665	563
2043	\$		24,013	214	24,013	214
	\$	170,000	149,373	50,186	319,373	66,186

**TOWN OF CELINA, TENNESSEE**

**Schedule of Debt Service Requirements - Enterprise Fund**

**June 30, 2023**

Year	SERIES 2016		RURAL DEVELOPMENT		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 165,000	28,500	9,552	10,248	174,552	38,748
2025	170,000	25,200	9,791	10,009	179,791	35,209
2026	175,000	21,800	10,036	9,764	185,036	31,564
2027	170,000	18,300	10,287	9,513	180,287	27,813
2028	170,000	14,900	10,544	9,256	180,544	24,156
2029	175,000	11,500	10,808	8,992	185,808	20,492
2030	175,000	8,000	11,078	8,722	186,078	16,722
2031	115,000	4,700	11,355	8,445	126,355	13,145
2032	110,000	2,200	11,639	8,161	121,639	10,361
2033			11,929	7,871	11,929	7,871
2034			12,228	7,572	12,228	7,572
2035			12,533	7,267	12,533	7,267
2036			12,847	6,953	12,847	6,953
2037			13,168	6,632	13,168	6,632
2038			13,497	6,303	13,497	6,303
2039			13,835	5,965	13,835	5,965
2040			14,180	5,620	14,180	5,620
2041			14,535	5,265	14,535	5,265
2042			14,898	4,902	14,898	4,902
2043			15,271	4,529	15,271	4,529
2044			15,653	4,147	15,653	4,147
2045			16,044	3,756	16,044	3,756
2046			16,445	3,355	16,445	3,355
2047			16,856	2,944	16,856	2,944
2048			17,277	2,523	17,277	2,523
2049			17,709	2,091	17,709	2,091
2050			18,152	1,648	18,152	1,648
2051			18,606	1,194	18,606	1,194
2052			19,071	729	19,071	729
2053			13,374	303	13,374	303
	<u>\$ 1,425,000</u>	<u>135,100</u>	<u>413,198</u>	<u>174,679</u>	<u>1,838,198</u>	<u>309,779</u>

TOWN OF CELINA, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2023

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
Business-Type Activities									
BONDS PAYABLE									
Series 2016	\$ 2,690,000	2.00%	2016	12/1/2032	\$ 1,590,000	-	\$ 165,000	-	\$1,425,000
Rural 91-25	480,000	2.00%	2016	12/1/2053	\$ 422,560	-	\$ 9,362	-	\$413,198
Total Notes Payable					\$ 2,012,560	\$ -	\$ 174,362	\$ -	\$ 1,838,198
Governmental Activities									
NOTES PAYABLE									
Regions	\$ 200,000	3.00%	2006	12/31/2043	\$ 151,044	-	\$ 1,671	-	\$149,373
City Hall	310,000	2.00%	2016	12/31/2031	\$ 190,000	-	\$ 20,000	-	\$170,000
Total Notes Payable					\$ 341,044	\$ -	\$ 21,671	\$ -	\$ 319,373

**TOWN OF CELINA, TENNESSEE**

**Schedule of Utility Rates and Information**

**June 30, 2023**

Water rates:

Minimum 1,000 gallons	18.24
Over 1,000 gallons	\$7.60 per thousand gallons

Sewer rates:

Flat rate	7.30
Per 1,000 gallons	\$4.99 per thousand gallons

At yearend the Town had approximately 2,050 water customers and 825 sewer customers.

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

Assistance Listing Number	State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance June 30, 2022	Grant Receipts	Other Receipts	Grant Expenditures	Receivable (Deferred) Balance June 30, 2023
<b>State Programs:</b>								
N/A	N/A	Safety Equipment- fire	Tennessee Department of Agriculture	\$0	37,500	0	37,500	0
N/A	N/A	2017 Façade Downtown Revitalization	Tennessee Department of Economic ad Community Development	\$19,745	19,745	0	0	0
Total State programs				\$19,745	\$57,245	\$0	\$37,500	\$0
<b>Federal Programs:</b>								
14.239	N/A	Home Improvement	HUD thru the Tennessee Housing Development Agency	\$0	200,625	0	288,600	87,975
14.228	N/A	CDBG	HUD thru the Tennessee Department of Environment and Conservation	\$0	382,898	0	588,449	205,551
84.923	N/A	Sewer Improvements	Appalachian Regional Commission Program	\$54,407	251,709	0	197,302	0
21.027	N/A	American Rescue Plan Act	US Department of Treasury thru the State of Tennessee	(\$191,607)	210,667	0	256,229	(146,045)
Total Federal programs				(\$137,200)	\$1,045,899	\$0	\$1,330,580	\$147,481
Total State and Federal				(\$117,455)	\$1,103,144	0	\$1,368,080	\$147,481

This schedule was prepared on the accrual basis of accounting.

**TOWN OF CELINA, TENNESSEE**

**Schedule of Federal Expenditures**

**For the Year Ended June 30, 2023**

<u>Program Name</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
Utility Improvements	14.228	\$ <u>588,449</u>
American Rescue Plan Act - Airport	21.027	\$ <u>256,229</u>
HOME Grant	14.239	\$ <u>288,600</u>
Public Assitance Grant	84.923	\$ <u>197,302</u>
	Total	<u>1,330,580</u>

1. This schedule is prepared on the accrual basis of accounting.
2. The Organization did not elect to use the 10% deminimis cost rate.
3. The Organization had \$0 outstanding loan balances related to this grant program.

# COMPLIANCE AND INTERNAL CONTROL

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

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

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

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities and each major fund as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Celina's basic financial statements, and have issued a report thereon dated September 15, 2023.

**Internal Control Over Financial Reporting**

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

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

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-001 and 2023-002, that I consider to be material weaknesses.

### **Compliance and Other Matters**

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

### **Response to Findings**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*J. R. Poole, CPA*

September 15, 2023

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Mayor and Board of Alderman  
Town of Celina, Tennessee  
Celina, Tennessee

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

***Opinion on Each Major Federal Program***

I have audited the Town of Celina's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. The Town's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In my opinion, the Town of Celina complied, in all material respects, with the types of 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, 2023.

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

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

I am required to be independent of the Town of Celina and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on compliance for each major programs. Our audit does not provide a legal determination of the Town of Celina'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 grants agreements applicable to the Town of Celina's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

My 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 to express an opinion of Town of Celina's compliance based on the 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 generally accepted auditing standards, 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 judgement made by a reasonable user of the report on compliance about Town of Celina's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards and the Uniform Guidance, I:

- ❖ 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 Town of Celina's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- ❖ Obtain an understanding of the Town of Celina'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 Town of Celina's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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 the types of compliance requirements of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

My consideration of the 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 the audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

My 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 the testing of internal control over compliance and the result of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*J. R. Poole, CPA*

September 15, 2023

# TOWN OF CELINA, TENNESSEE

## Schedule of Findings and Questioned Costs

June 30, 2023

### Section I - Summary of Auditor's Results

#### Financial Statements

The Auditor's Report on the Financial Statements was an unmodified opinion.

Internal control over financial reporting:

Material weakness identified ? Yes. 2023-001 Separation of Duties and 2023-002 Journal Entries.

Significant deficiencies identified ? None reported

Noncompliance material to financial statements noted ? No.

#### Federal Awards

Internal control over major programs:

Material weakness identified ? No.

Significant deficiencies identified ? None reported

The auditor's report on compliance for major programs was unmodified.

There were no audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).

The Major Programs were:

Community Development Block Grants Assistance Listing Number 14.228

Type A programs have been distinguished as those programs with expenditures greater than \$750,000. Assistance Listing Number 14.228, met this threshold

The Town was not considered to be a low risk auditee.

### Section II - Financial Statement Findings

There was three finding related to the financial statements which are required to be reported in accordance with Government Auditing Standards. 2023-001 - Separation of Duties and 2023-002 - Journal Entries.

### Section III - Federal Award Findings and Questioned Costs

There were no findings related to Federal Awards.

The accompanying notes are an integral part of these statements.

# TOWN OF CELINA, TENNESSEE

## Schedule of Findings and Responses

June 30, 2023

### 2023-001 - Separation of Duties

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

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

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

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

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

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

### 2023-002 - Journal Entries

Condition: Several year-end journal entries were needed to agree the general ledger to the supporting detail records.

Cause: The Town does not have adequate staffing for this accounting to occur.

Criteria: Generally accepted accounting principles require that the general ledger agree to these detailed records.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when such accounts do not agree to the general ledger.

Recommendation: The general ledger should be reconciled to the account details on at least a monthly basis.

Response: “We agree. We will work to reduce the journal entries needed at year end.”

**TOWN OF CELINA, TENNESSEE**

**Schedule of Disposition of Prior Year Comments**

June 30, 2023

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

The original finding number was 2001-001. The current finding number is 2023-001

2022-002	Journal Entries	Repeated
----------	-----------------	----------

The original finding number was 2017-002. The current finding number is 2023-002

2022-003	Plant Employees Performed Water Sample Testing and Analyses for Their Private Business While Using Town Resources	Completed
----------	---	-----------

The original finding number was 2022-003.

2022-004	Lack of Supervision Over Employee Compensatory Time	Completed
----------	---	-----------

The original finding number was 2022-004.

Luke Collins, Mayor  
330 Dow Ave.  
P.O. Box 449  
Celina, TN 38551  
PH: (931) 243-2115  
Fax (931) 243-4743



Vice Mayor, Justin Rich  
Alderman, Winton Dillon  
Alderman, Kenny Westmoreland

[www.cityofcelinatn.com](http://www.cityofcelinatn.com)

### Management's Corrective Action Plan

Audit period: June 30, 2023

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

#### 2023-001 Segregation of Duties (Internal Control)

Contact person: Kalona Meadows

Planned Corrective Action: It is not economically feasible at this time to hire a sufficient number of people to adequately separate the duties. The Board of Commissioners continues to monitor our finances and internal control.

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

#### 2023-002 - Journal Entries

Contact person: Kalona Meadows

Planned Corrective Action: We will work to reduce the journal entries needed at year end.

Anticipated Completion Date: June 30, 2024

Signature

*Kalona Meadows*