



**CITY OF COPPERHILL, TENNESSEE**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2023**

**Matlock Clements**

**Certified Public Accountants**

## **INTRODUCTORY SECTION**

# CITY OF COPPERHILL, TENNESSEE

## TABLE OF CONTENTS

### Introductory Section

Table of Contents	2-3
Directory of Officials	4

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### Financial Section

Independent Auditor's Report	6-8
Management's Discussion and Analysis	9-15

#### Basic Financial Statements:

##### Government - Wide Financial Statements:

Statement of Net Position	17
Statement of Activities	18

#### Fund Financial Statements:

Balance Sheet - Governmental Funds	19
Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - General Fund	23-25

#### Proprietary Fund Financial Statements:

Statement of Net Position-Water and Sewer Fund	26
Statement of Revenues, Expenses, and Changes in Net Position-Water and Sewer Fund	27
Statement of Cash Flows-Water and Sewer Fund	28
Notes to Financial Statements	29-40

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### Financial Schedules

Schedule of Expenditures of Federal Awards	42
Notes to the Schedule of Expenditures of Federal Awards	43
Schedule of Property Taxes Receivable	44
Schedule of Changes in Property Taxes Receivable and Delinquent Amounts	45
Schedule of Debt Service Requirements	46
Schedule of Debt Service Requirements - Water and Sewer Fund	47-49
Schedule of Changes in Long-Term Debt by Individual Issue	50
Schedule of Utility Rates and Customers	51

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### Internal Control and Compliance Section

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 <i>Government Auditing Standards</i>	53-54
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**CITY OF COPPERHILL, TENNESSEE**

**TABLE OF CONTENTS**

**Internal Control and Compliance Section - (Continued)**

Schedule of Findings and Responses 55-56

Summary Schedule of Prior Year Findings 57

**Corrective Action Plan Section**

Management's Corrective Action Plan 59

**CITY OF COPPERHILL, TENNESSEE**  
**Directory of Officials**  
**For the Year Ended June 30, 2023**

**OFFICIALS**

Kathy Stewart

Mayor

Scott Brooks

Vice Mayor

Cecil Arp

Alderman

C.L. Burnette

Alderman

Elizabeth Grimes

Alderman

Jennifer Waycaster

CMFO, CPA (as of June 30, 2023)

Shannon Arthur

CMFO (as of September 30, 2023)

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen  
City of Copperhill, Tennessee

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Copperhill, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Copperhill, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, the 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 City of Copperhill, Tennessee, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Eric Clements, CPA, CFE • Andy Matlock, CPA

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information section as listed in the table of contents, including the schedule of federal awards and state financial assistance, 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 themselves, and other additional procedures in accordance with auditing standards generally in the United States of America. In our opinion, the other supplementary information section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, on our consideration of the City of Copperhill, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Copperhill, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Copperhill, Tennessee's internal control over financial reporting and compliance.



Matlock Clements, P.C.  
Murfreesboro, Tennessee  
December 1, 2023

**CITY OF COPPERHILL, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

As management of the City of Copperhill (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 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 City.

**Financial Highlights:**

- The assets of the City of Copperhill exceeded its liabilities at the close of the most recent year by \$4,240,541.
- As of the close of the current fiscal year, fund balance for the General Fund was \$234,359 or 42.18% of total general fund expenditures.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$234,359.

**Overview of the Financial Statements:**

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

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

The Statement of Net Position presents information on all of the City'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 City is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Copperhill include general government and public works. The business-type activities of the city include water and sewer services.

**CITY OF COPPERHILL, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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

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

The City maintains four 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 all four funds.

The City adopts an annual appropriated budget for its General Fund and Enterprise Fund. The City's Charter necessitates re-appropriations of the budget only when the entire fund expenditures are expected to exceed budgeted amounts. A budgetary comparison statement has been provided for the General Fund and Special Revenue Funds to demonstrate compliance with the appropriation.

Proprietary Funds – The City maintains one type of proprietary fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for water operations.

Enterprise Funds- The City uses enterprise funds to account for water services.

Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**CITY OF COPPERHILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**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 City of Copperhill, assets exceeded liabilities by \$4,240,541 at the close of this fiscal year, compared to \$4,258,088 in the prior year.

The largest portion of the City's net position (104%), reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City of Copperhill, Tennessee is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its' business-type activities.

Currently Known Facts, Decisions, or Conditions

Anticipated differences in the next fiscal year are: no increase in revenues of the Water fund due to currently no rate increase.

**CITY OF COPPERHILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**City of Copperhill, Tennessee Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 431,283	\$ 369,924	\$ 163,350	\$ 253,073
Capital assets, net	<u>609,029</u>	<u>602,549</u>	<u>5,735,689</u>	<u>5,820,829</u>
<b>Total Assets</b>	<u>1,040,312</u>	<u>972,473</u>	<u>5,899,039</u>	<u>6,073,902</u>
Current and other liabilities	97,788	79,085	128,725	167,112
Long-term liabilities	<u>152,595</u>	<u>156,632</u>	<u>2,216,541</u>	<u>2,286,939</u>
<b>Total Liabilities</b>	<u>250,383</u>	<u>235,717</u>	<u>2,345,266</u>	<u>2,454,051</u>
Deferred inflows of resources	<u>103,161</u>	<u>98,519</u>	<u>-</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>103,161</u>	<u>98,519</u>	<u>-</u>	<u>-</u>
Net investment in capital assets	452,409	442,037	3,975,554	3,842,308
Restricted	-	-	-	-
Unrestricted	<u>234,359</u>	<u>196,200</u>	<u>(421,781)</u>	<u>(222,457)</u>
<b>Total Net Position</b>	<u>\$ 686,768</u>	<u>\$ 638,237</u>	<u>\$ 3,553,773</u>	<u>\$ 3,619,851</u>

Changes in net position. Governmental activities increased the city's net position by \$48,531 Business-type activities net position decreased by \$25,742.

**CITY OF COPPERHILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**City of Copperhill, Tennessee Changes in Net Position**

	<u>Governmental Activites</u>		<u>Business-Type Activites</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program Revenues				
Charges for services	\$ 12,316	\$ 3,497	\$ 610,853	\$ 604,703
Operating grants and contributions	16,257	17,292	110,331	553,208
Capital grants and contributions	10,795	18,512	-	-
General Revenues				
Taxes	485,329	337,251	-	-
Investment earnings	-	-	-	-
Other	69,073	98,493	-	-
<b>Total Revenues</b>	<u>593,770</u>	<u>475,045</u>	<u>721,184</u>	<u>1,157,911</u>
Expenses				
General government	436,432	288,638	-	-
Public works	108,807	111,478	-	-
Water and Sewer	-	-	746,926	733,758
<b>Total Expenses</b>	<u>545,239</u>	<u>400,116</u>	<u>746,926</u>	<u>733,758</u>
Change in net position	48,531	74,929	(25,742)	424,153
Net position, beginning	638,237	563,308	3,619,851	3,195,698
Restatement: due to accounting error	-	-	(40,336)	-
Net position, beginning, as restated	<u>638,237</u>	<u>563,308</u>	<u>3,579,515</u>	<u>3,195,698</u>
Net position, ending	<u>\$ 686,768</u>	<u>\$ 638,237</u>	<u>\$ 3,553,773</u>	<u>\$ 3,619,851</u>

Significant variances in Governmental Activities revenues and expenditures from that of the prior year were as follows:

- The overall expenditures increased by approximately \$145,123.

Significant variances in Business-Type Activities revenues and expenditures from that of the prior year were as follows:

- The overall expenditures increased by approximately \$13,168.

**CITY OF COPPERHILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Business-type Activities**

Business-type activities accounted for revenue of \$721,184.

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

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

**Governmental Funds**

The focus of the City of Copperhill's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$234,359, an increase of \$38,159 in comparison with the prior year. Approximately \$234,359(100%) of this balance is unassigned. This amount is available for spending at the government's discretion.

The general fund is the chief operation fund of the City of Copperhill, Tennessee. Due to the compliance of GASB 54, the general fund recognizes "unassigned" fund balance instead of "unreserved" fund balance. At the end of this fiscal year, this amount is \$234,359. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 42.18% of total general fund expenditures.

**Proprietary fund**

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Assets at the end of the year for the Water Fund amounted to \$234,359.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Copperhill, Tennessee's business-type activities.

**Capital Assets**

The City of Copperhill's investment in capital assets from its governmental and business-type activities at June 30, 2023 amounts to \$4,427,963 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvement, machinery and equipment, roads, highways, and bridges.

**CITY OF COPPERHILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**City of Copperhill, Tennessee Capital Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 272,903	\$ 272,903	\$ 86,700	\$ 86,700	\$ 359,603	\$ 359,603
Buildings and improvements	595,485	590,690	95,000	95,000	690,485	685,690
Infrastructure	182,023	164,211	-	-	182,023	164,211
Equipment	86,367	65,324	107,543	80,151	193,910	145,475
Construction in progress	-	-	-	644,889	-	644,889
Utility plant	-	-	8,774,454	7,365,968	8,774,454	7,365,968
Accumulated Depreciation	<u>(527,749)</u>	<u>(482,757)</u>	<u>(3,328,008)</u>	<u>(2,921,296)</u>	<u>(3,855,757)</u>	<u>(3,404,053)</u>
Total Capital Assets	<u>\$ 609,029</u>	<u>\$ 610,371</u>	<u>\$ 5,735,689</u>	<u>\$ 5,351,412</u>	<u>\$ 6,162,695</u>	<u>\$ 5,961,783</u>

Additional information on the City of Copperhill'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 City of Copperhill had debt outstanding of \$2,090,105. Of this amount, \$63,865 is due in the next fiscal year.

**City of Copperhill, Tennessee Outstanding Debt**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Principal due in next fiscal year	\$ 4,025	\$ 59,840	\$ 63,865

The City of Copperhill has a combined total debt in the amount of \$2,090,105 outstanding during the current fiscal year, a decrease of \$48,927 from the prior year. The bonded debt is secured solely by specified revenue sources (i.e. revenue bonds). Additionally, the city had \$352,896 due in a judgmental payable due from the Business-Type activities.

Additional information on the City of Copperhill's debt can be found in the notes to the financial statements section of this report.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Copperhill, 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 the City of Copperhill, 2204 Copperhill Square P.O. Box 374 Copperhill, Tennessee 38338.



## **BASIC FINANCIAL STATEMENTS**

**CITY OF COPPERHILL, TENNESSEE**  
**Government-Wide Statement of Net Position**  
**June 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 264,469	\$ 133,724	\$ 398,193
Property taxes receivable - net	103,161	-	103,161
Accounts receivable - net	8,450	29,626	38,076
Due from other governments	45,255	-	45,255
Internal Balances	9,948	(9,948)	-
Total Current Assets	<u>431,283</u>	<u>153,402</u>	<u>584,685</u>
Non-current Assets			
Capital assets			
Land	272,903	86,700	359,603
Other capital assets - net of accumulated depreciation	336,126	5,648,989	5,985,115
Total capital assets	<u>609,029</u>	<u>5,735,689</u>	<u>6,344,718</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,040,312</u></u>	<u><u>\$ 5,889,091</u></u>	<u><u>\$ 6,929,403</u></u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 85,195	\$ 34,551	\$ 119,746
Accrued liabilities	8,568	-	8,568
Deferred grant revenue	-	1,586	1,586
Lawsuit payable - due within one year	-	22,800	22,800
Bonds payable - due within one year	4,025	59,840	63,865
Total current liabilities	<u>97,788</u>	<u>118,777</u>	<u>216,565</u>
Non-current Liabilities			
Lawsuit payable	-	352,896	352,896
Bonds payable	152,595	1,863,645	2,016,240
Total non-current liabilities	<u>152,595</u>	<u>2,216,541</u>	<u>2,369,136</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 250,383</u></u>	<u><u>\$ 2,335,318</u></u>	<u><u>\$ 2,585,701</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 103,161	\$ -	\$ 103,161
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>\$ 103,161</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 103,161</u></u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 452,409	\$ 3,975,554	\$ 4,427,963
Unrestricted	234,359	(421,781)	(187,422)
<b>TOTAL NET POSITION</b>	<u><u>\$ 686,768</u></u>	<u><u>\$ 3,553,773</u></u>	<u><u>\$ 4,240,541</u></u>

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

**CITY OF COPPERHILL, TENNESSEE**  
**Government-Wide Statement of Activities**  
**Year Ended June 30, 2023**

<b>Functions/Programs</b>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for			Primary Government		
		Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 429,884	\$ 11,986	\$ -	\$ 10,795	\$ (407,103)	\$ -	\$ (407,103)
Public works	108,807	330	16,257	-	(92,220)	-	(92,220)
Interest on long-term debt	6,548	-	-	-	(6,548)	-	(6,548)
Total governmental activities	<u>545,239</u>	<u>12,316</u>	<u>16,257</u>	<u>10,795</u>	<u>(505,871)</u>	<u>-</u>	<u>(505,871)</u>
Business-type activities:							
Water and Sewer	746,926	610,853	110,331	-	-	(25,742)	(25,742)
Total business-type activities	<u>746,926</u>	<u>610,853</u>	<u>110,331</u>	<u>-</u>	<u>-</u>	<u>(25,742)</u>	<u>(25,742)</u>
<b>Total Primary Government</b>	<u>1,292,165</u>	<u>623,169</u>	<u>126,588</u>	<u>10,795</u>	<u>(505,871)</u>	<u>(25,742)</u>	<u>(531,613)</u>
General revenues:							
Unrestricted:							
Property tax					142,914	-	142,914
Minimum business tax					15,589	-	15,589
Local sales tax					249,599	-	249,599
Alcoholic beverage tax					10,639	-	10,639
Other state taxes					66,588	-	66,588
Other					69,073	-	69,073
Total general revenues					<u>554,402</u>	<u>-</u>	<u>554,402</u>
Change in net position					48,531	(25,742)	22,789
Net position - beginning, as previously stated					638,237	3,619,851	4,258,088
Prior period adjustment (Note 13)					-	(40,336)	(40,336)
Net position - beginning, as restated					<u>638,237</u>	<u>3,579,515</u>	<u>4,217,752</u>
Net position - end					<u>\$ 686,768</u>	<u>\$ 3,553,773</u>	<u>\$ 4,240,541</u>

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

**CITY OF COPPERHILL, TENNESSEE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash	\$ 264,469	\$ 264,469
Property taxes receivable - net	103,161	103,161
Due from other governments	45,255	45,255
Due from other funds	9,948	9,948
Accounts receivable	8,450	8,450
<b>Total Assets</b>	<b>\$ 431,283</b>	<b>\$ 431,283</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 85,195	\$ 85,195
Accrued liabilities	8,568	8,568
<b>Total Liabilities</b>	<b>\$ 93,763</b>	<b>\$ 93,763</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue - property taxes	\$ 103,161	\$ 103,161
<b>FUND BALANCES</b>		
Unassigned	\$ 234,359	\$ 234,359

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

**CITY OF COPPERHILL, TENNESSEE**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2023**

Total fund balances per governmental funds balance sheet	\$ 234,359
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	609,029
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(156,620)</u>
Net position of governmental activities	<u><u>\$ 686,768</u></u>

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

**CITY OF COPPERHILL, TENNESSEE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2023**

	General Fund	Total Governmental Funds
<b>REVENUES</b>		
Taxes	\$ 459,150	\$ 459,150
Licenses and permits	6,888	6,888
Intergovernmental revenue	119,868	119,868
Fines and forfeitures	2,839	2,839
Other revenue	5,025	5,025
<b>Total Revenues</b>	<b>593,770</b>	<b>593,770</b>
<b>EXPENDITURES</b>		
Current Expenditures		
General government	436,364	436,364
Public works	108,807	108,807
Debt service	10,440	10,440
<b>Total Expenditures</b>	<b>555,611</b>	<b>555,611</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	38,159	38,159
<b>Fund Balances - beginning</b>	196,200	196,200
Prior Period Adjustment	-	-
Fund Balances - beginning as restated	196,200	196,200
<b>Fund Balances - end</b>	<b>\$ 234,359</b>	<b>\$ 234,359</b>

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

**CITY OF COPPERHILL, TENNESSEE**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2023**

Net change in fund balances for total governmental funds	\$ 38,159
Governmental funds report capital outlay 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. This is the amount by which depreciation exceeds capital outlay in the current period.	(22,770)
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds.	29,250
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>3,892</u>
Change in net position of governmental activities	<u><u>\$ 48,531</u></u>

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

**CITY OF COPPERHILL, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
<b>Taxes</b>				
Property taxes	104,500	104,500	142,914	38,414
Penalties and interest	350	350	36	(314)
Local sales tax	175,000	175,000	249,599	74,599
Franchise tax	3,500	3,500	1,748	(1,752)
Wholesale beer tax	68,000	68,000	64,853	(3,147)
<b>Total Taxes</b>	<u>351,350</u>	<u>351,350</u>	<u>459,150</u>	<u>107,800</u>
<b>Licenses and Permits</b>				
Business license	120	120	455	335
Beer license	900	900	115	(785)
Building permits	-	-	6,318	6,318
<b>Total Licenses and Permits</b>	<u>1,020</u>	<u>1,020</u>	<u>6,888</u>	<u>5,868</u>
<b>Intergovernmental Revenue</b>				
State shared revenue				
Business tax	10,000	10,000	15,589	5,589
Mixed drink tax	-	-	10,639	10,639
State sales tax	38,000	38,000	54,887	16,887
State Beer tax	9,000	9,000	92	(8,908)
TVA in lieu of tax	5,600	5,600	6,225	625
Streets and transportation funds	13,250	13,250	16,257	3,007
Sports betting tax	100	100	723	623
State telecom tax	2,380	2,380	2,320	(60)
State income tax	1,000	1,000	408	(592)
State excise tax	3,000	3,000	1,933	(1,067)
Federal and State grants	-	-	10,795	10,795
<b>Total Intergovernmental Revenue</b>	<u>82,330</u>	<u>82,330</u>	<u>119,868</u>	<u>37,538</u>

(Continued)

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



**CITY OF COPPERHILL, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES (Continued)</b>				
<b>Fines and Forfeitures</b>				
Court fines and forfeitures	800	800	2,839	2,039
<b>Other Revenue</b>				
City property rent	1,000	1,000	2,259	1,259
Miscellaneous	1,670	1,670	2,766	1,096
<b>Total Other Revenue</b>	<u>2,670</u>	<u>2,670</u>	<u>5,025</u>	<u>2,355</u>
<b>Total Revenues</b>	<u>438,170</u>	<u>438,170</u>	<u>593,770</u>	<u>155,600</u>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
<b>General government</b>				
Salaries and payroll taxes	59,501	59,501	157,587	(98,086)
Health insurance	16,000	16,000	61,409	(45,409)
Accounting/audit services	34,000	34,000	31,894	2,106
Advertising	3,000	3,000	1,139	1,861
Bank fees	600	600	551	49
Beautification	2,000	2,000	3,670	(1,670)
Debt service	10,440	10,440	10,440	-
Donations	6,000	6,000	3,475	2,525
Equipment	1,500	1,500	6,160	(4,660)
Insurance	32,000	32,000	41,218	(9,218)
Legal services/professional fees	21,250	21,250	9,690	11,560
Miscellaneous	7,500	7,500	22,472	(14,972)
Office supplies	11,604	11,604	8,073	3,531
Repairs and maintenance	11,000	11,000	14,931	(3,931)
Subscription and dues	3,000	3,000	464	2,536
Training	400	400	4,083	(3,683)
Utilities	42,350	42,350	69,548	(27,198)
<b>Total General government</b>	<u>262,145</u>	<u>262,145</u>	<u>446,804</u>	<u>(184,659)</u>

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

**CITY OF COPPERHILL, TENNESSEE**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures</b>				
<b>Public works</b>				
Salaries and payroll taxes	82,886	82,886	64,941	17,945
Vehicle Fuel	5,000	5,000	12,709	(7,709)
Repair and maintenance	25,000	25,000	22,426	2,574
Supplies	5,000	5,000	1,448	3,552
Uniforms	4,000	4,000	7,283	(3,283)
<b>Total public works</b>	<u>121,886</u>	<u>121,886</u>	<u>108,807</u>	<u>13,079</u>
<b>Total Expenditures</b>	<u>384,031</u>	<u>384,031</u>	<u>555,611</u>	<u>(171,580)</u>
Net change in fund balances	54,139	54,139	38,159	327,180
<b>Fund Balances - beginning</b>	<u>196,200</u>	<u>196,200</u>	<u>196,200</u>	<u>-</u>
<b>Fund Balances - end</b>	<u><u>\$ 250,339</u></u>	<u><u>\$ 250,339</u></u>	<u><u>\$ 234,359</u></u>	<u><u>\$ 327,180</u></u>

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

**CITY OF COPPERHILL, TENNESSEE**  
**Statement of Net Position**  
**Water and Sewer Fund**  
**June 30, 2023**

**ASSETS**

Current Assets

Cash	\$ 133,724
Accounts receivable - net	29,626
<b>Total Current Assets</b>	<b>163,350</b>

Non-current Assets

Capital assets

Land	\$ 86,700
Other capital assets - net of accumulated depreciation	5,648,989
<b>Total capital assets</b>	<b>5,735,689</b>

<b>Total Assets</b>	<b>\$ 5,899,039</b>
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**LIABILITIES**

Current Liabilities

Accounts payable	\$ 34,551
Due to other funds	9,948
Deferred grant revenue	1,586
Lawsuit payable - current portion	22,800
Bonds payable - current portion	59,840
<b>Total Current Liabilities</b>	<b>128,725</b>

Non-current Liabilities

Lawsuit payable	\$ 352,896
Bonds payable	1,863,645
<b>Total Non-current Liabilities</b>	<b>2,216,541</b>

<b>Total Liabilities</b>	<b>\$ 2,345,266</b>
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**NET POSITION**

Net investment in capital assets	\$ 3,975,554
Unrestricted	(421,781)
<b>Total Net Position</b>	<b>\$ 3,553,773</b>

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

**CITY OF COPPERHILL, TENNESSEE**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**Water and Sewer Fund**  
**Year Ended June 30, 2023**

<b>OPERATING REVENUES</b>	
Water sales	\$ 230,017
Sewer charges	379,184
Septic waste	-
Other fees	1,650
Other Income	2
<b>Total Operating Revenues</b>	<u><u>610,853</u></u>
<b>OPERATING EXPENSES</b>	
Personnel costs	148,403
Water purchases	160,172
Bank fees	638
Depreciation	213,784
Insurance	-
Miscellaneous	95
Office supplies	12,342
Operating costs	60,810
Professional services	10,644
Repairs and maintenance	12,945
Training	467
Utilities	59,403
<b>Total Operating Expenses</b>	<u><u>679,703</u></u>
Operating income (loss)	(68,850)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Grant revenue	110,331
Interest expense	(67,223)
<b>Total Non-operating Revenues (Expenses)</b>	<u><u>43,108</u></u>
Changes in net position	(25,742)
<b>Net Position - beginning</b>	3,619,851
Prior period adjustment (Note 13)	(40,336)
<b>Net Position - beginning as restated</b>	<u><u>3,579,515</u></u>
<b>Net Position - end</b>	<u><u>\$ 3,553,773</u></u>

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

**CITY OF COPPERHILL, TENNESSEE**  
**Statement of Cash Flow**  
**Water and Sewer Fund**  
**Year Ended June 30, 2023**

**Cash Flows from Operating Activities**

Receipts from customers	\$ 650,178
Payments to suppliers	(506,468)
<b>Net cash provided (used) by operating activities</b>	<u><u>143,710</u></u>

**Cash Flows from Capital and Related Financing Activities**

Loan principal payments	(68,235)
Loan interest payments	(67,223)
Grant proceeds	110,331
Purchase of capital assets	(128,645)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(153,772)</u>

**Net increase (decrease) in cash** (10,062)

**Cash - beginning (restated)** 143,786

**Cash - end** \$ 133,724

**Reconciliation of Operating Income to Net Cash  
Provided (Used) by Operating Activities**

Operating income (loss)	\$ <u>(68,850)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	213,784
(Increase) decrease in accounts receivable - net	39,325
(Increase) decrease in grants receivable - net	-
Increase (decrease) in accounts payable	17,892
Increase (decrease) in accrued expenses	-
Increase (decrease) in due to other funds	(31,456)
Increase (decrease) in deferred grant revenue	(26,985)
Total adjustments	<u>212,560</u>

**Net cash provided (used) by operating activities** \$ 143,710

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

**CITY OF COPPERHILL, TENNESSEE**  
**Notes to Financial Statements**  
**June 30, 2023**

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

The City of Copperhill, Tennessee operates under a Mayor and Board of Aldermen within the following departments: general government and public works.

The financial statements of the City of Copperhill, Tennessee have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB issued Statement No. 14, *The Financial Reporting Entity*. This statement requires that the financial statements present the City of Copperhill, Tennessee (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board and the primary government is able to impose its will upon the potential component unit); or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

Based on the foregoing criteria, there are no entities, which meet the above criteria for inclusion in the City of Copperhill, Tennessee's financial statements.

**B. Basic Financial Statements**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

**Government-wide Statements**

The Statement of Net Position and Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. In the government-wide Statement of Net Position, both the

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### B. Basic Financial Statements (continued)

#### Government-wide Statements (continued)

governmental and business-type activities columns (a) are presented on a consolidated basis for column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Statement of Activities presents both a gross and net cost comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The net cost (by function or business-type activity) is normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is designed to view the City as a complete City and the change in aggregate financial position resulting from the activities of the fiscal period.

#### Fund Financial Statements

The fund financial statements provide information about the City's funds, including its governmental funds and enterprise funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following **major governmental funds**:

#### General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following **major enterprise funds**:

#### Water and Sewer Fund

This fund is used to account for the provision of water and sewer services to the City.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **C. Measurement Focus - Basis of Accounting**

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 revenue 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.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, gasoline taxes, wholesale beer taxes, income taxes, mixed drink taxes, and in-lieu of taxes are susceptible to accrual. Licenses and permits, fines and forfeitures, gross receipts taxes and excise taxes are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities' column of the government-wide presentation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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



## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **D. Budgets and Budgetary Accounting**

Formal budgets are adopted for the General Fund and Special Revenue Funds on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets for Enterprise Funds are adopted by the Councilmen for a management tool. Therefore, no adjustments are necessary to convert to the actual GAAP data from the budgetary basis.

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

Formal budgets are adopted and approved by the Mayor and Board of Aldermen on an annual basis for all funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Mayor is responsible for controlling expenditures of the various agencies of the City government within the appropriated amounts. No expenditures shall be made in excess of the appropriations.

### **E. Cash and Cash Equivalents**

Cash consists of cash-on-hand and cash-on-deposit with financial institutions. For purposes of reporting cash on the Statement of Cash Flows, the City considers unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash is reported on the Statement of Net Position as "Cash". At June 30, 2023, the City had no cash equivalents.

### **F. Investments**

All investments are reported at fair value, which is based on quoted market prices. The City is authorized by State Statutes to invest in the following: Bonds, notes or treasury bills of the United States. Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the Student Loan Marketing Association. Any obligation guaranteed by the United States or any of its agencies. Certificates-of-deposit at state and federal chartered banks and savings and loan associations. The Local Government Investment Pool created by Title 9.

### **G. Property Taxes**

Property taxes are secured by a statutory lien effective as of the original levy date of January 1st on property values assessed by the county for that calendar year. The billings are mailed October 1st and are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending approximately 60 days after the calendar year end. On this date, March 1st, the bill becomes delinquent and penalties and interest may be assessed.

Property taxes are recognized on the modified accrual basis on the governmental fund financial statements. Proper allowances are made for estimated uncollectible accounts and delinquent accounts when necessary. The tax rate for the 2023 levy is \$.7899 per \$100 of assessed valuation.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **G. Property Taxes (continued)**

Property taxes for the 2023 levy are considered to be owed to the City as of the lien date on January 1, 2023. Therefore, the entire 2023 levy was recorded as a receivable and deferred revenue as of June 30, 2023.

### **H. Interfund Transactions**

#### **Interfund Receivables and Payables**

Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts classified as due to other funds and due from other funds in the fund financial statements, and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

#### **Transactions between Funds**

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed. All other legally authorized transfers are not eliminated but treated as transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

### **I. Prepayment of Expenditures**

Governmental fund expenditures for insurance and similar services extending over more than one accounting period are allocated between the accounting periods to which they relate.

### **J. Inventories**

Supplies and materials are recorded as expenditures/expenses at the time items are purchased and are not inventoried at year-end due to lack of materiality. At June 30, 2023, the City has no inventory balances.

### **K. Restricted Assets**

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited. At year-end, there were no restricted assets to be reported.

### **L. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), 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 initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Capital Assets (continued)**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 – 50 years
Infrastructure	20 – 30 years
Equipment	5 – 15 years

Capital assets of the proprietary funds are accounted for in the proprietary fund and are stated at cost or estimated fair value when original cost is not available. Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Utility Plant in Service	15 – 50 years
Equipment	5 – 15 years

Donated capital assets are valued at their estimated fair value on the date donated.

**M. 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. Currently, the City has one type of item that qualifies for reporting in this category: deferred outflows related to Pensions.

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. Currently, the City has three types of items that qualify for reporting in this category: deferred revenue - property taxes, deferred inflows related to Pensions, and deferred inflows related to leases.

**N. Compensated Absences**

City employees are granted annual leave in varying amounts. In the event of termination, an employee is paid for accumulated annual leave. Government-wide proprietary funds accrue vacation benefits in the period they are earned. A liability for these amounts is reported in governmental funds only if they have matured. At June 30, 2023 there were no compensated absences.

**O. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **P. Net Position**

Net position is the residual of all elements presented in the Statement of Financial Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represent capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

### **Q. Fund Balance**

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

**Nonspendable:** The City cannot spend these amounts due to/from.

**Restricted:** The State or other sources can restrict funds to specific purposes by externally imposing restrictions or imposing by law through constitutional provisions or enabling legislation.

**Committed:** The City Council has the authority to commit funds for a specific purpose. Any funds set aside as committed fund balance requires, at a minimum, the passage of a resolution by a simple majority vote. An ordinance may also be used.

**Assigned:** The City Council has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes.

**Unassigned:** Amounts not classified as nonspendable, restricted, committed, or assigned.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When restricted, committed, assigned and unassigned funds are available for use, restricted funds should be spent first, committed funds second, assigned funds third and unassigned funds last.

### **R. Estimates**

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

### **S. Events Occurring after Reporting Date**

The City has evaluated events and transactions that occurred between June 30, 2023, and December 1, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

## NOTE 2 – DEPOSITS AND INVESTMENTS

### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City does not have a deposit or investment policy for custodial credit risk, however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under TCA Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2023, the carrying amount of the City's deposits was \$398,193, and the bank balance was \$400,106. None of the City's bank balance was exposed to custodial credit risk as uninsured or uncollateralized due to the fact that all of its deposits and investments are in a financial institution that is a participant in the State of Tennessee collateral pool or are fully collateralized.

The carrying amount of the City's deposits is classified as follows on the Statement of Net Position:

Cash	<u>\$398,193</u>
------	------------------

## NOTE 3 – PROPERTY TAXES RECEIVABLE – NET

Property taxes receivable as of June 30, 2023 consists of the following:

<u>Year of Levy</u>	
2023	\$ 103,161
2022	10,988
2021	1,457
2020	<u>1,607</u>
	117,213
Less: allowance for doubtful accounts	<u>( 14,052)</u>
Total	<u>\$103,161</u>

## NOTE 4 – ACCOUNTS RECEIVABLE – NET

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

Water and Sewer usage fees	<u>\$29,626</u>
Payroll tax overpayment refund	<u>\$ 8,450</u>
Total	<u>\$ 8,450</u>

## NOTE 5 – DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2023 consists of the following:

	<u>General</u>	<u>State Street Aid</u>	<u>Total</u>
State of Tennessee – shared revenue	\$ 16,224	\$ 1,348	\$ 17,572
Polk County – shared revenue	<u>27,683</u>	<u>-</u>	<u>27,683</u>
	<u>\$ 43,907</u>	<u>\$ 1,348</u>	<u>\$ 45,255</u>

**NOTE 6 – INTERNAL BALANCES**

Internal balances at June 30, 2023 consists of the following:

Due from Water and Sewer to General - \$9,948

**NOTE 7 – DEFERRED REVENUE PROPERTY TAX**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds as deferred inflows were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	\$14,052	\$117,213	\$103,161

Funds that are earned, but not available, are realized as revenue under GASB 33.

**NOTE 8 – FUND BALANCES**

Unassigned: In accordance with generally accepted accounting principles, the general fund in the only fund at the City that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the general fund.

**NOTE 9 – CAPITAL ASSETS**

Depreciation expense was charged to functions of government as follows:

General government	\$ 13,111
Public works	<u>9,659</u>
	\$ 22,770
Water and Sewer	<u>\$ 213,784</u>
Total	<u>\$ 236,554</u>

The City did not acquire any intangible assets that would require reporting under GASB Statement No. 51.

**NOTE 9 – CAPITAL ASSETS (continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 272,903	\$ -	\$ -	\$ 272,903
Capital assets being depreciated:				
Buildings	590,690	4,795	-	595,485
Infrastructure	178,611	3,412	-	182,023
Equipment and Vehicles	65,324	21,043	-	86,367
Total capital assets being depreciated	834,625	29,250	-	863,875
Accumulated Depreciation	(504,979)	(22,770)	-	(527,749)
Total capital assets being depreciated-net	329,646	6,480	-	336,126
Total Governmental Activities	<u>\$ 602,549</u>	<u>\$ 6,480</u>	<u>\$ -</u>	<u>\$ 609,029</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 86,700	\$ -	\$ -	\$ 86,700
Construction in progress	960,734	33,153	(993,887)	-
Total capital assets not being depreciated	1,047,434	33,153	(993,887)	86,700
Capital assets being depreciated:				
Buildings	95,000	-	-	95,000
Equipment	76,651	30,892	-	107,543
Utility Plant	7,715,968	1,058,486	-	8,774,454
Total capital assets being depreciated	7,887,619	1,089,378	-	8,976,997
Accumulated Depreciation	(3,114,224)	(213,784)	-	(3,328,008)
Total capital assets being depreciated-net	4,773,394	875,594	-	5,648,989
Total Business-type Activities	<u>\$5,820,828</u>	<u>\$ 908,747</u>	<u>\$ (993,887)</u>	<u>\$5,735,689</u>

**NOTE 10 – LONG-TERM DEBT**

**Governmental Debt**

Long-term debt, which consists of bonds payable, is summarized as follows:

	Principal Balance
General Obligation Bond Fund	\$ 156,620
Less: current portion of governmental long-term debt	<u>( 4,025)</u>
Total governmental long-term debt	<u>\$ 152,595</u>

**NOTE 10 – LONG-TERM DEBT (continued)**

**Business-type Debt**

Revenue & Tax Bond series 1994	\$ 97,646
Revenue & Tax Bond series 1999	216,989
Revenue & Tax Bond series 2001	113,723
Revenue & Tax Bond series 2004	147,425
Revenue & Tax Bond series 2008	409,036
Revenue & Tax Bond series 2013	144,582
Note payable 2020	739,181
United Community Bank Loan	<u>54,903</u>
Less: current portion of business-type long-term debt	<u>( 59,840)</u>
Total business-type debt	<u>\$ 1,863,645</u>

A summary of changes in governmental long-term debt for the year ended June 30, 2023, are as follows:

	<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>
<b>Direct Borrowings:</b>					
General Obligation Bond	\$ 160,512	\$ -	\$ (3,892)	\$ 156,620	\$ 4,025
Less: current portion of governmental long-term debt				<u>(4,025)</u>	
Total governmental long-term debt				<u>\$ 152,595</u>	

The City does not have any unused lines of credit.

Governmental fund debt service requirements to maturity, including interest of \$86,538 are as follows:

Year ended	<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2024	\$ 4,025	\$ 6,415	\$ 10,440
2025	4,212	6,228	10,440
2026	4,389	6,051	10,440
2027	4,573	5,867	10,440
2028	4,750	5,690	10,440
2029-2047	<u>134,671</u>	<u>56,287</u>	<u>190,958</u>
	<u>\$156,620</u>	<u>\$86,538</u>	<u>\$243,158</u>



## **NOTE 10 – LONG-TERM DEBT (continued)**

Note:

Interest paid during the year ended June 30, 2023 on governmental debt was \$6,548.

For the governmental activities, compensated absences are generally liquidated by the General Fund.

## **NOTE 11 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is carried for employees' bonds and certain property destruction and employee health and accident claims. The City also participates in the Public Entity Partners Pool (PEP), formerly, the Tennessee Municipal League Risk Management Pool, a public entity risk pool currently operating a workers' compensation common risk management and insurance program. The PEP is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer, management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years.

## **NOTE 12 – LITIGATION AND CLAIMS**

In September 2012, a judgement against the City for monetary damages was awarded to a former employee in the amount of \$387,440. In March 2013, an additional sum of \$198,556 was awarded to the former employee for legal expenses. An agreement was made during the year ended June 30, 2014, which requires the City to make monthly installment payments of \$1,100 and \$800 to the former employee and his legal counsel. The balance at June 30, 2023 was \$375,696.

## **NOTE 13 – PRIOR PERIOD ADJUSTMENT**

Water and Sewer Fund- The City made a prior period adjustment in the amount of (\$40,336). This adjustment was made to correct revenue-related items from the prior year.

## **FINANCIAL SCHEDULES**

**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Accrued (Receivable) July 1, 2022	Receipts	Expenditures/ Uses	Accrued (Receivable) June 30, 2023
<b>Federal Programs</b>					
U.S. Department of Finance and Administration					
ARPA NEU Distribution	93.498	\$ 28,571	\$ 74,607	\$ 101,592	\$ 1,586
U.S. Department of Agriculture					
USDA Grant - Water Rehab	10.766	-	46,519	46,519	-
Total Federal Programs		28,571	121,126	148,111	1,586
<b>Total Federal and State Awards</b>		<b>\$ 28,571</b>	<b>\$ 121,126</b>	<b>\$ 148,111</b>	<b>\$ 1,586</b>

**CITY OF COPPERHILL, TENNESSEE**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2023**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal grant activity and State grant activity of the City of Copperhill, Tennessee and is presented on the modified accrual basis of accounting.

**NOTE 2 – INDIRECT COST RATE**

The City of Copperhill, Tennessee has not elected to use the 10-percent de minimis indirect cost rate or to allocate any indirect cost.

**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Property Taxes Receivable**  
**Year Ended June 30, 2023**

**Year of Levy**

2023	\$103,161
2022	10,988
2021	1,457
2020	<u>1,607</u>
Total property taxes receivable	117,213
Less allowance for uncollectibles	<u>(14,052)</u>
Property taxes receivable - net	<u><u>\$103,161</u></u>

**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Changes in Property Taxes Receivable and Delinquent Amounts**  
**Year Ended June 30, 2023**

<b>Year of Levy</b>	<b>Tax Rate</b>	<b>Original Levy</b>	<b>Taxes Receivable July 1, 2022</b>	<b>Levy</b>	<b>Pickups (Releases)</b>	<b>Collections</b>	<b>Taxes Receivable June 30, 2023</b>
2023	0.79			103,161			103,161
2022	1.144	101,874	101,874			(90,886)	10,988
2021	1.144	98,519	11,874			(10,417)	1,457
2020	1.144	97,582	11,862			(10,255)	1,607
2019	1.144	96,123	147		1,660	(1,807)	-
2018	1.145	95,540	783		359	(1,142)	-
2017	1.133	96,255	443		434	(877)	-
2016	1.1300	95,965	123		282	(405)	-
2015	1.1300	109,360	173		756	(929)	-
			<u>127,279</u>	<u>103,161</u>	<u>3,491</u>	<u>(116,718)</u>	<u>117,213</u>

Note: All uncollected taxes for years prior to 2022 have been turned over to the Clerk and Master for collection.

**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Debt Service Requirements**  
**June 30, 2023**

**GENERAL OBLIGATION BOND – SERIES 2007**

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 4,025	\$ 6,415	\$ 10,440
2025	4,212	6,228	10,440
2026	4,389	6,051	10,440
2027	4,573	5,867	10,440
2028	4,750	5,690	10,440
2029	4,965	5,475	10,440
2030	5,174	5,266	10,440
2031	5,392	5,049	10,441
2032	5,605	4,835	10,440
2033	5,854	4,586	10,440
2034	6,100	4,340	10,440
2035	6,356	4,084	10,440
2036	6,613	3,827	10,440
2037	6,902	3,539	10,441
2038	7,192	3,248	10,440
2039	9,494	946	10,440
2040	7,802	2,638	10,440
2041	8,137	2,303	10,440
2042	8,479	1,961	10,440
2043	8,836	1,605	10,441
2044	9,205	1,235	10,440
2045	9,594	846	10,440
2046	9,997	443	10,440
2047	2,974	61	3,035
<b>Total</b>	<u>\$ 156,620</u>	<u>\$ 86,538</u>	<u>\$ 243,158</u>

**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Debt Service Requirements Water and Sewer Fund**  
**June 30, 2023**

<b>Maturing</b>	<b>Revenue Bonds</b>		<b>Revenue Bonds</b>		<b>Revenue Bonds</b>	
	<b>Series - 1994</b>		<b>Series - 1999</b>		<b>Series - 2001</b>	
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 8,358	\$ 5,034	\$ 9,487	\$ 10,277	\$ 4,897	\$ 5,111
2025	8,822	4,570	9,977	9,787	5,137	4,871
2026	9,298	4,094	10,462	9,302	5,373	4,635
2027	9,800	3,592	10,972	8,792	5,621	4,387
2028	10,320	3,072	11,483	8,281	5,869	4,139
2029	10,882	2,510	12,065	7,699	6,150	3,858
2030	11,472	1,920	12,652	7,112	6,434	3,574
2031	12,091	1,301	13,268	6,496	6,730	3,278
2032	12,741	651	13,899	5,865	7,032	2,976
2033	3,862	320	14,591	5,173	7,364	2,644
2034	-	-	15,301	4,463	7,703	2,305
2035	-	-	16,046	3,718	8,058	1,950
2036	-	-	16,820	2,944	8,425	1,583
2037	-	-	17,646	2,118	8,817	1,191
2038	-	-	18,505	1,259	9,224	784
2039	-	-	13,959	602	9,649	359
2040	-	-	-	-	1,318	21
<b>Total</b>	<b>\$ 97,646</b>	<b>\$27,064</b>	<b>\$217,133</b>	<b>\$ 93,888</b>	<b>\$113,801</b>	<b>\$47,666</b>



**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Debt Service Requirements – Water and Sewer Fund (continued)**  
**June 30, 2023**

<b>Maturing June 30,</b>	<b>Revenue Bond Series - 2004</b>		<b>Revenue Bond Series - 2008</b>		<b>Revenue Bond Series - 2013</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 4,971	\$ 6,429	\$ 9,389	\$ 16,231	\$ 3,415	\$ 3,893
2025	5,211	6,189	9,816	15,804	3,509	3,799
2026	5,445	5,955	10,216	15,404	3,605	3,703
2027	5,688	5,712	10,632	14,988	3,705	3,603
2028	5,928	5,472	11,025	14,595	3,807	3,501
2029	6,208	5,192	11,514	14,106	3,911	3,397
2030	6,486	4,914	11,984	13,636	4,019	3,289
2031	6,776	4,624	12,472	13,148	4,129	3,179
2032	7,068	4,332	12,945	12,675	4,243	3,065
2033	7,396	4,004	13,507	12,113	4,360	2,948
2034	7,727	3,673	14,058	11,562	4,479	2,829
2035	8,073	3,327	14,630	10,990	4,603	2,705
2036	8,426	2,974	15,198	10,422	4,729	2,579
2037	8,812	2,588	15,846	9,774	4,859	2,449
2038	9,206	2,194	16,491	9,129	4,993	2,315
2039	9,618	1,782	17,163	8,457	5,130	2,178
2040	10,045	1,355	17,841	7,779	5,271	2,037
2041	10,498	902	18,589	7,031	5,416	1,892
2042	10,968	432	19,347	6,273	5,565	1,743
2043	2,934	129	20,135	5,485	5,718	1,590
2044	-	-	20,943	4,677	5,876	1,432
2045	-	-	21,808	3,812	6,037	1,271
2046	-	-	22,697	2,923	6,203	1,105
2047	-	-	23,621	1,999	6,374	934
2048	-	-	24,582	1,038	6,549	759
2049	-	-	9,618	489	6,729	579
2050	-	-	-	-	6,914	394
2051	-	-	-	-	7,105	203
2055	-	-	-	-	3,288	2
<b>Total</b>	<b>\$147,484</b>	<b>\$ 72,179</b>	<b>\$406,067</b>	<b>\$244,540</b>	<b>\$144,541</b>	<b>\$63,373</b>

**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Debt Service Requirements – Water and Sewer Fund (continued)**  
**June 30, 2023**

<b>Maturing June 30,</b>	<b>Revenue Bond Series - 2020</b>		<b>Note Payable</b>		<b>TOTALS</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 13,772	\$ 16,492	\$ 5,447	\$ 1,090	\$ 59,736	\$ 64,557
2025	14,085	16,179	5,564	973	62,121	62,172
2026	14,405	15,859	5,681	856	64,485	59,808
2027	14,733	15,531	5,798	739	66,949	57,344
2028	15,067	15,197	5,919	618	69,418	54,875
2029	15,410	14,854	6,043	494	72,183	52,110
2030	15,761	14,503	6,170	367	74,978	49,315
2031	16,119	14,145	6,299	238	77,884	46,409
2032	16,485	13,779	6,431	106	80,844	43,449
2033	16,860	13,404	1,636	6	69,576	40,612
2034	17,243	13,021	-	-	66,511	37,853
2035	17,636	12,628	-	-	69,046	35,318
2036	18,036	12,228	-	-	71,634	32,730
2037	18,446	11,818	-	-	74,426	29,938
2038	18,866	11,398	-	-	77,285	27,079
2039	19,294	10,970	-	-	74,813	24,348
2040	19,733	10,531	-	-	54,208	21,723
2041	20,182	10,082	-	-	54,685	19,907
2042	20,640	9,624	-	-	56,520	18,072
2043	21,110	9,154	-	-	49,897	16,358
2044	21,590	8,674	-	-	48,409	14,783
2045	22,080	8,184	-	-	49,925	13,267
2046	22,583	7,681	-	-	51,483	11,709
2047	23,095	7,169	-	-	53,090	10,102
2048	23,621	6,643	-	-	48,587	8,440
2049	24,158	6,106	-	-	43,464	7,174
2050	24,707	5,557	-	-	31,621	5,951
2051	25,269	4,995	-	-	32,374	5,198
2052	25,843	4,421	-	-	29,049	4,423
2053	26,430	3,834	-	-	26,430	3,834
2054	27,032	3,232	-	-	27,032	3,232
2055	27,646	2,618	-	-	30,934	2,618
2056	28,275	1,989	-	-	28,275	1,989
2057	28,917	1,347	-	-	28,917	1,347
2058	29,574	690	-	-	29,574	690
2059	14,480	94	-	-	14,480	94
<b>Total</b>	<b>\$ 739,183</b>	<b>\$334,631</b>	<b>\$ 54,988</b>	<b>\$ 5,487</b>	<b>\$1,920,843</b>	<b>\$888,828</b>

**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Changes in Long-term Debt by Individual Issue**  
**June 30, 2023**

	Original			Last		Paid and/or			
	Amount	Interest	Date	Maturity	Outstanding	Issued	Matured	Refund	Outstanding
	of Issue	Rate	of Issue	Date	6/30/2022	During	During	During	6/30/2023
						Period	Period	Period	
<b>Governmental Activities:</b>									
Bonds Payable- General Fund									
General Obligation Bonds	\$ 200,000	4.125%	12/3/08	2046	\$ 160,512	\$ -	\$ (3,892)	\$ -	\$ 156,620
<b>Business-type Activities:</b>									
Bonds Payable- Water and Sewer Fund									
Revenue Bonds - 1994	\$ 220,000	5.25%	10/27/94	2032	\$ 105,588	\$ -	\$ (7,942)	\$ -	\$ 97,646
Revenue Bonds - 1999	\$ 346,700	4.75%	3/8/99	2039	226,206	-	(9,217)	-	216,989
Revenue Bonds - 2001	\$ 181,500	4.50%	9/5/01	2039	118,496	-	(4,773)	-	113,723
Revenue Bonds - 2004	\$ 210,500	4.375%	10/14/04	2042	152,259	-	(4,834)	-	147,425
Revenue Bonds - 2008	\$ 500,000	4.00%	12/21/08	2050	415,131	-	(6,095)	-	409,036
Revenue Bonds - 2013	\$ 172,000	2.75%	2/21/13	2054	147,865	-	(3,283)	-	144,582
Revenue Bonds - 2020	\$ 783,000	2.25%	2/18/20	2060	752,649	-	(13,468)	-	739,181
Total Bonds Payable- Water and Sewer Fund					\$ 1,918,194	\$ -	\$ (49,612)	\$ -	\$ 1,868,582
Other Notes Payable- Water and Sewer Fund									
Note Payable	70,000	2.43%	3/16/11	2032	\$ 60,326	\$ -	\$ (5,423)	\$ -	\$ 54,903

**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Utility Rates and Customers**  
**June 30, 2023**

**Water Rates**

**Residential – Inside City Limits**

Minimum bill, up to 1,000 gallons	\$26.00 plus tax
Each 1,000 gallons and portion thereof	\$6.75 per thousand gallons

**Residential – Outside City Limits**

Minimum bill, up to 1,000 gallons	\$44.04 plus tax
Each 1,000 gallons and portion thereof	\$6.75 per thousand gallons

**Commercial**

Minimum bill, up to 1,000 gallons	\$48.15 plus tax
Each 1,000 gallons and portion thereof	\$6.62 per thousand gallons

**Sewer Rates**

**Residential**

Minimum bill, up to 1,000 gallons	\$18.00 plus tax
Each 1,000 gallons and portion thereof	\$4.80 per thousand gallons

**Commercial**

Minimum bill, up to 1,000 gallons	\$20.00 plus tax
Each 1,000 gallons and portion thereof	\$5.25 per thousand gallons

## **INTERNAL CONTROL AND COMPLIANCE SECTION**

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  
City of Copperhill, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of The City of Copperhill, Tennessee (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise The City of Copperhill, Tennessee's basic financial statements, and have issued our report thereon dated December 1, 2023.

### Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items SD-2023-001 and SD-2023-002 that we consider to be significant deficiencies.

### Report on Compliance and Other Matters

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

### **City of Copperhill, Tennessee's Response to Findings**

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

### **Purpose of This Report**

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



Matlock Clements, P.C.  
Murfreesboro, Tennessee  
December 1, 2023

**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

**I. Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

**II. Financial Statement Findings – Required to be reported in Accordance With Government Auditing Standards.**

**Significant Deficiencies**

**(SD-2023-001 - Expenditures Exceeded Budget)**

Criteria:

Tennessee Code Annotated (TCA) Section 6-56-203 states that no municipality may expend any moneys regardless of their source...except in accordance with a budget ordinance...

Condition:

The city spent in excess of its budget in several categories and departments.

Cause:

The City’s budget was not amended to account for all funds spent in the General Fund.

Effect:

Without following proper procedures, the City has failed to authorize all expenditures by the end of the fiscal year. It is recommended that policies and procedures be put in place to ensure that budgeted expenditures are not exceeded.

Management Response:

See management’s corrective action plan.

**(SD-2023-002 - Unrestricted Net Position Deficit)**

Criteria:

The City has a deficit balance in the Water and Sewer Fund’s unrestricted net position.

Condition:

The City should maintain a positive net position.

Cause:

Oversight.



**CITY OF COPPERHILL, TENNESSEE**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

**(SD-2023-002 - Unrestricted Net Position Deficit) – (continued)**

Effect:

The City's Water and Sewer Fund's liabilities exceeded its assets resulting in a deficit in unrestricted net position. It is recommended that policies and procedures be put in place to ensure a positive net position at year end.

Management Response:

See management's corrective action plan.

**TOWN OF PETERSBURG, TENNESSEE**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2023**

**I. Prior Year Financial Statement Findings – Required to be reported in Accordance with Government Auditing Standards.**

**Internal Control – Prior Year**

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2022-001	Approvals and Documentation (Original finding # 2022-001)	Corrected
2022-002	Expenditures exceeded Budget (Original finding # 2022-002)	Repeated/ SD-2023-001
2022-003	Unrestricted Net Position Deficit (Original finding # 2021-010)	Repeated/ SD-2023-002

## **CORRECTIVE ACTION PLAN SECTION**

**City of Copperhill**  
P.O. Box 640 160 Main Street  
Copperhill, Tennessee 37317  
Phone: (423) 496-5141

*Kathy Stewart*  
Mayor

*Scott Brooks*  
Vice Mayor

*Alderman*  
*Cecil Arp*  
*CL Burnette*  
*Elizabeth Grimes*

Management's Corrective Action Plan

For the Fiscal Year Ended June 30, 2023

FINDING SD-2023-001: Expenditures Exceeded Budget

Response and Corrective Action Prepared by: Financial Department, City of Copperhill

Person Responsible for Implementing the Corrective Action: Mayor Kathy Stewart and  
Shannon Authur, CFMO

Anticipation Completion Date of Corrective Action: June 30, 2024

Planned Corrective Action: We will monitor the City's Expenditures and will make every effort  
to make the appropriate budget amendments in a timely manner.

FINDING SD-2023-002: Unrestricted Net Position Deficit

Response and Corrective Action Prepared by: Financial Department, City of Copperhill

Person Responsible for Implementing the Corrective Action: Mayor Kathy Stewart and  
Shannon Authur, CFMO

Anticipation Completion Date of Corrective Action: June 30, 2024

Planned Corrective Action: We will monitor the Water and Sewer Funds expenses and will  
make every effort to make to lower expenses and correct the deficit.

  
\_\_\_\_\_  
Kathy Stewart Mayor of the City of Copperhill, Tennessee

  
\_\_\_\_\_  
Shannon Authur, CMFO of the City of Copperhill, Tennessee