

TOWN OF RUTHERFORD, TENNESSEE

FINANCIAL REPORT

June 30, 2024

TOWN OF RUTHERFORD, TENNESSEE
FINANCIAL REPORTING PACKAGE
REQUIRED BY TENNESSEE COMPTROLLER OF THE TREASURY
TABLE OF CONTENTS

I. AUDIT REPORT

Introductory Section

Schedule of Officials

Financial Section

Independent Auditor's Report	1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Governmental Funds Balance Sheet	6
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position	7
Statement of Governmental Fund Revenues, Expenditures, and Changes in	
Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	9
Statements of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual – General Fund	10
Solid Waste Fund	14
Proprietary Fund Statement of Net Position	15
Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position	16
Proprietary Fund Statement of Cash Flows	17
Fiduciary Fund Statements	18
Notes to Financial Statements	19
Required Supplementary Information	31

Supplementary and Other Information

Combining Balance Sheet – Nonmajor Governmental Funds	35
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –	
Nonmajor Governmental Funds	36
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Drug Fund	37
State Street Aid Fund	38
Sports Fund	39
Property Tax Schedules	40
Long-Term Debt Schedules	41
Schedule of Customers and Utility Rates in Force	43
Schedule of Expenditures of Federal Awards	44
Schedule of State Financial Assistance	45

II. INTERNAL CONTROL AND COMPLIANCE

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*..... 46

Schedule of Findings..... 48

Schedule of Disposition of Prior Year Findings 50

III. MANAGEMENT’S CORRECTIVE ACTION PLAN 51

TOWN OF RUTHERFORD, TENNESSEE
SCHEDULE OF OFFICIALS
June 30, 2024

Board of Aldermen

Sandra Simpson, Mayor
Patsy Broeck Horner, Vice-Mayor
James H. Roach
Danny Parker
Annie Edwards
Josh Hopper

Management Official

Donna Stricklin, City Recorder/CMFO



Independent Auditor's Report

The Honorable Mayor and Board of Aldermen
Town of Rutherford, 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, each major fund, and the aggregate remaining fund information of the Town of Rutherford, Tennessee, as of and for the year ended June 30, 2024, 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 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, each major fund, and the aggregate remaining fund information of the Town of Rutherford, Tennessee, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the general fund and solid waste fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor statements and schedules and the schedules of changes in property taxes receivable, long-term debt, customers and utility rates in force, expenditures of federal awards, and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor statements and schedules and the schedules of changes in property taxes receivable, long-term debt, customers and utility rates in force, expenditures of federal awards, and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and schedule of property tax rates and assessments 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 February 6, 2025, on our consideration of the Town of Rutherford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rutherford's internal control over financial reporting and compliance.

ATA, PLLC

Union City, Tennessee
February 6, 2025

TOWN OF RUTHERFORD, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 809,595	\$ 107,643	\$ 917,238
Restricted cash	131,832	392,105	523,937
Certificates of deposit	322,701	91,916	414,617
Receivables:			
Accounts	82,728	65,068	147,796
Property taxes	268,474	-	268,474
State taxes	34,687	-	34,687
Other	296	-	296
Due from grantor	-	74,650	74,650
Prepaid insurance	59,070	26,419	85,489
Internal balances	(550)	550	-
Net pension asset	42,326	381	42,707
Capital assets, not being depreciated			
Land	55,677	12,890	68,567
Construction in progress	44,781	256,888	301,669
Capital assets, net of accumulated depreciation			
Buildings	1,301,382	-	1,301,382
Equipment, furniture, and fixtures	687,768	-	687,768
Utility plant	-	2,959,794	2,959,794
Total assets	<u>3,840,767</u>	<u>3,988,304</u>	<u>7,829,071</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>73,475</u>	<u>16,310</u>	<u>89,785</u>
LIABILITIES			
Accounts payable	8,094	10,098	18,192
Payroll taxes payable	14,247	2,446	16,693
Unearned grant revenue	85,894	-	85,894
Accrued interest	3,394	999	4,393
Noncurrent liabilities			
Due in one year	10,472	13,980	24,452
Due after one year	216,232	672,001	888,233
Customer deposits	50	34,746	34,796
Total liabilities	<u>338,383</u>	<u>734,270</u>	<u>1,072,653</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	90,529	14,354	104,883
Deferred revenue - property taxes	<u>256,067</u>	<u>-</u>	<u>256,067</u>
Total deferred inflows of resources	<u>346,596</u>	<u>14,354</u>	<u>360,950</u>
NET POSITION			
Net investment in capital assets	1,862,904	2,543,591	4,406,495
Restricted	200,212	392,486	592,698
Unrestricted	<u>1,166,147</u>	<u>319,913</u>	<u>1,486,060</u>
Total net position	<u>\$ 3,229,263</u>	<u>\$ 3,255,990</u>	<u>\$ 6,485,253</u>

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

TOWN OF RUTHERFORD, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 269,143	\$ 4,464	\$ -	\$ -	\$ (264,679)	\$ -	\$ (264,679)
Public safety	462,042	32,967	287,761	-	(141,314)	-	(141,314)
Public works	115,145	126,541	-	-	11,396	-	11,396
Streets	309,714	12,859	50,559	5,924	(240,372)	-	(240,372)
Parks and recreation	43,938	24,489	-	-	(19,449)	-	(19,449)
Total governmental activities	1,199,982	201,320	338,320	5,924	(654,418)	-	(654,418)
Business-type activities							
Water and sewer department	399,561	478,678	-	332,093	-	411,210	411,210
Total primary government	<u>\$1,599,543</u>	<u>\$ 679,998</u>	<u>\$ 338,320</u>	<u>\$ 338,017</u>	<u>(654,418)</u>	<u>411,210</u>	<u>(243,208)</u>
General revenues:							
Property taxes					246,837	-	246,837
In lieu of property taxes - TVA					14,253	-	14,253
Sales taxes					436,460	-	436,460
Other taxes					125,795	-	125,795
Gain on disposal of capital assets					365,675	-	365,675
Other sources					16,055	-	16,055
Unrestricted interest income					8,048	550	8,598
Total general revenues					<u>1,213,123</u>	<u>550</u>	<u>1,213,673</u>
Change in net position					558,705	411,760	970,465
Net position - July 1, 2023					2,671,756	2,843,032	5,514,788
Restatement					<u>(1,198)</u>	<u>1,198</u>	<u>-</u>
Net position - July 1, 2023, as restated					<u>2,670,558</u>	<u>2,844,230</u>	<u>5,514,788</u>
Net position - June 30, 2024					<u>\$ 3,229,263</u>	<u>\$ 3,255,990</u>	<u>\$6,485,253</u>

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

TOWN OF RUTHERFORD, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	<u>MAJOR</u>		<u>Total</u>	<u>Total</u>
	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Funds</u>	<u>Governmental Funds</u>
ASSETS				
Cash	\$ 809,595	\$ -	\$ -	\$ 809,595
Restricted cash	-	84,577	47,255	131,832
Certificates of deposit	322,701	-	-	322,701
Receivables				
Accounts	64,107	18,621	-	82,728
Property taxes	268,474	-	-	268,474
State taxes	27,500	-	7,187	34,687
Returned check	-	296	-	296
Prepaid insurance	59,070	-	-	59,070
Total assets	<u>\$ 1,551,447</u>	<u>\$ 103,494</u>	<u>\$ 54,442</u>	<u>\$ 1,709,383</u>
LIABILITIES				
Accounts payable	\$ 8,094	\$ -	\$ -	\$ 8,094
Payroll taxes and related payables	14,247	-	-	14,247
Due to other funds	550	-	-	550
Customer deposit	-	50	-	50
Unearned grant revenue	85,894	-	-	85,894
Total liabilities	108,785	50	-	108,835
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	268,474	-	-	268,474
FUND BALANCES				
Nonspendable	59,070	-	-	59,070
Restricted	-	103,444	54,442	157,886
Unassigned	1,115,118	-	-	1,115,118
Total fund balance	<u>1,174,188</u>	<u>103,444</u>	<u>54,442</u>	<u>1,332,074</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,551,447</u>	<u>\$ 103,494</u>	<u>\$ 54,442</u>	<u>\$ 1,709,383</u>

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

TOWN OF RUTHERFORD, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

Fund balance - total governmental funds	\$1,332,074
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Amounts reported for the 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 funds.

Capital assets	4,308,557	
Accumulated depreciation	<u>(2,218,949)</u>	
Net capital assets		2,089,608

Long-term debt and related accrued interest do not require current financial resources and, therefore, are not reported in governmental funds.	(230,098)
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Pension liabilities, assets, and deferred outflows and inflows related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.	25,272
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Receivables that are not available to pay for current-period expenditures are reported as unavailable revenue in the funds.	<u>12,407</u>
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Net position - governmental activities	<u>\$3,229,263</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF RUTHERFORD, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	MAJOR		Total	Total
	General Fund	Solid Waste Fund	Nonmajor Funds	Governmental Funds
REVENUES				
Local taxes	\$ 644,058	\$ -	\$ -	\$ 644,058
Intergovernmental revenue	472,886	-	41,034	513,920
Charges for services	70,439	126,541	4,194	201,174
Other revenues	35,051	284	3,231	38,566
Total revenues	<u>1,222,434</u>	<u>126,825</u>	<u>48,459</u>	<u>1,397,718</u>
EXPENDITURES				
Current				
General government	247,010	-	-	247,010
Public safety	393,084	-	-	393,084
Public works	-	115,145	-	115,145
Streets	209,226	-	36,219	245,445
Parks and recreation	30,943	-	4,821	35,764
Debt service:				
Principal	10,255	-	-	10,255
Interest	5,035	-	-	5,035
Capital outlay:				
General government	34,604	-	-	34,604
Public safety	205,123	-	-	205,123
Streets	46,268	-	-	46,268
Parks and recreation	551,406	-	-	551,406
Total expenditures	<u>1,732,954</u>	<u>115,145</u>	<u>41,040</u>	<u>1,889,139</u>
Revenues over (under) expenditures	(510,520)	11,680	7,419	(491,421)
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	<u>605,762</u>	<u>-</u>	<u>-</u>	<u>605,762</u>
Net change in fund balances	95,242	11,680	7,419	114,341
Fund balances - July 1, 2023	<u>1,078,946</u>	<u>91,764</u>	<u>47,023</u>	<u>1,217,733</u>
Fund balances - June 30, 2024	<u>\$ 1,174,188</u>	<u>\$ 103,444</u>	<u>\$ 54,442</u>	<u>\$ 1,332,074</u>

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

TOWN OF RUTHERFORD, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ 114,341

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay for the current year	837,401	
Depreciation on capital assets	(185,506)	
Net adjustment		651,895

In the statement of activities, only the gain on the disposal of capital assets is reported. However, in governmental funds, there are no current financial resources attributable to the gain. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed. (248,887)

Donations of capital assets increase net position in the statement of activities, but do not provide current financial resources and, therefore, are not reported at the fund level. 5,924

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. Accrued interest on long-term debt does not require the use of current financial resources and therefore, is not reported as an expenditure in governmental funds.

Debt payments	10,255	
Accrued interest	589	

Pension contributions are reported as expenditures in the governmental funds. However, pension expense in the statement of activities is primarily the result of changes in the components of the net pension liability over the current and future periods.

Pension contributions	23,834	
Pension expense (negative)	2,584	
Net adjustment		26,418

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

Past due property taxes		(1,830)
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Change in net position - governmental activities \$ 558,705

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

TOWN OF RUTHERFORD, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Local taxes				
Property taxes	\$ 210,000	\$ 210,000	\$ 226,800	\$ 16,800
Delinquent property taxes	12,000	12,000	7,174	(4,826)
Interest and penalty - property taxes	1,600	1,600	1,879	279
Public utilities	14,500	14,500	12,814	(1,686)
Business tax	18,000	18,000	19,886	1,886
Local sales tax	300,000	300,000	293,628	(6,372)
Wholesale beer tax	16,000	16,000	81,877	65,877
Total local taxes	<u>572,100</u>	<u>572,100</u>	<u>644,058</u>	<u>71,958</u>
Intergovernmental revenue				
TVA in lieu of tax	14,000	14,000	14,253	253
State sales tax	134,000	134,000	142,832	8,832
State income tax	100	100	-	(100)
State beer tax	500	500	511	11
Corporate excise tax	13,000	13,000	18,510	5,510
Cable TV franchise tax	5,500	5,500	4,122	(1,378)
Other franchise taxes	1,450	1,450	-	(1,450)
Petroleum special tax	2,200	2,200	2,129	(71)
Telecommunications tax	1,000	1,000	889	(111)
State sportsbetting	1,200	1,200	2,210	1,010
County court fines	200	200	-	(200)
State police supplement	2,400	2,400	800	(1,600)
State grant - police	-	60,037	60,037	-
State grant - fire	-	-	7,821	7,821
Federal and state grants	-	161,969	218,772	56,803
Total intergovernmental revenue	<u>175,550</u>	<u>397,556</u>	<u>472,886</u>	<u>75,330</u>
Charges for services				
City court fines and fees	22,000	22,000	26,829	4,829
Fire protection fees	4,500	4,500	5,135	635
Building permits	1,300	1,300	857	(443)
Beer permits	200	200	450	250
Clerk fees	2,100	2,100	2,714	614
City stickers	23,000	23,000	12,859	(10,141)
Rent	1,000	1,000	-	(1,000)
Swimming pool charges	20,000	20,000	16,386	(3,614)
Swimming pool concessions	4,000	4,000	3,909	(91)
Other charges for services	-	-	1,300	1,300
Total charges for services	<u>78,100</u>	<u>78,100</u>	<u>70,439</u>	<u>(7,661)</u>
Other revenues				
Interest earnings	1,650	1,650	8,048	6,398
Donations	-	-	2,432	2,432
Refunds	400	400	2,138	1,738
Sale of assets	25,000	25,000	8,800	(16,200)
Sale of materials	800	800	4,568	3,768
Miscellaneous income	-	-	9,065	9,065
Total other revenues	<u>27,850</u>	<u>27,850</u>	<u>35,051</u>	<u>7,201</u>
Total revenues	<u>853,600</u>	<u>1,075,606</u>	<u>1,222,434</u>	<u>146,828</u>

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

TOWN OF RUTHERFORD, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
EXPENDITURES				
General Government				
Salaries - mayor and board	7,800	7,800	7,800	-
Payroll taxes	600	600	597	(3)
Unemployment	400	400	351	(49)
Employee education and training	1,100	1,100	-	(1,100)
Miscellaneous fees	1,000	2,600	2,598	(2)
Legal services	1,000	1,000	200	(800)
Audit	14,000	14,000	13,000	(1,000)
Miscellaneous	100	100	-	(100)
Postage and box rent	600	1,100	1,004	(96)
Dues and subscriptions	5,000	5,000	2,854	(2,146)
Memberships and registration fees	2,400	2,550	2,408	(142)
Utilities - tornado sirens	1,200	1,200	1,288	88
Utilities and phone	6,500	6,500	6,343	(157)
Data processing	4,500	4,500	8,470	3,970
Other professional services	5,000	5,000	5,202	202
Repairs and maintenance	1,800	1,800	3,558	1,758
Office supplies	2,500	2,500	2,283	(217)
City stickers and tax bills	1,010	560	213	(347)
Operating supplies	4,200	5,800	5,362	(438)
Insurance	46,000	46,000	74,871	28,871
Rent	100	100	-	(100)
Capital outlay	-	-	35,843	35,843
Salaries - city hall	87,680	87,680	80,458	(7,222)
Employee bonus	300	300	300	-
Health insurance	13,000	13,000	13,543	543
Payroll taxes	5,400	5,400	6,178	778
Unemployment	75	75	-	(75)
Retirement	5,800	5,800	4,988	(812)
General travel	1,600	1,600	1,902	302
Total general government	<u>220,665</u>	<u>224,065</u>	<u>281,614</u>	<u>57,549</u>
Public Safety				
Police department				
Salaries	163,000	150,000	150,298	298
Overtime	13,000	26,000	29,289	3,289
Health insurance	25,000	15,000	14,651	(349)
Payroll taxes	-	-	13,769	13,769
Retirement	12,000	12,000	8,719	(3,281)
Unemployment	200	200	30	(170)
Employee education and training	1,000	1,000	69	(931)
Employee bonus	600	600	400	(200)
School resource officer	6,200	6,200	-	(6,200)
Utilities	5,600	5,600	5,209	(391)
Medical and health service	500	1,100	1,052	(48)
E-911 services	4,800	4,800	4,428	(372)
Tennessee Incident Based Reporting System (TIBRS)	650	650	600	(50)
Judges salary	2,400	2,400	2,600	200
Litigation tax	2,200	2,200	2,258	58
Office supplies	1,000	4,500	4,155	(345)

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

TOWN OF RUTHERFORD, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Operating supplies	4,000	7,400	7,721	321
Uniforms	1,400	4,600	4,470	(130)
Repairs and maintenance	12,000	12,000	15,719	3,719
Travel	1,000	1,000	805	(195)
Dues	900	900	1,068	168
Fuel, oil, etc.	14,000	14,000	12,726	(1,274)
Animal control - bait	1,000	1,000	114	(886)
LESO equipment purchases	3,000	16,000	15,406	(594)
Capital outlay	35,000	85,000	71,457	(13,543)
Miscellaneous	-	-	11,937	11,937
Total police department	<u>310,450</u>	<u>374,150</u>	<u>378,950</u>	<u>4,800</u>
Fire department				
Salaries	7,500	40,500	40,493	(7)
Payroll taxes	500	4,000	3,098	(902)
Health insurance	-	7,700	6,888	(812)
Retirement	-	2,100	1,832	(268)
Education and training	1,000	500	420	(80)
Communications and transportation	-	-	6,584	6,584
Postage and delivery	55	55	-	(55)
Utilities	5,200	5,200	5,581	381
Grant writing	-	-	8,000	8,000
E-911 services	4,860	4,860	4,428	(432)
Repairs and maintenance	9,000	8,500	9,340	840
Operating supplies	6,000	4,000	5,562	1,562
Fuel, oil, etc.	1,000	1,000	1,194	194
Uniforms	500	2,500	2,931	431
Capital outlay	-	123,491	123,491	-
Training and travel	-	-	109	109
Office supplies	100	100	-	(100)
Publicity, dues	100	100	-	(100)
Miscellaneous	100	100	(694)	(794)
Total fire department	<u>35,915</u>	<u>204,706</u>	<u>219,257</u>	<u>14,551</u>
Streets				
Salaries	97,760	97,760	110,927	13,167
Overtime	1,150	1,150	4,091	2,941
Employee bonus	450	600	600	-
Health insurance	25,700	25,700	30,777	5,077
Payroll taxes	7,400	7,400	8,845	1,445
Retirement	5,800	5,800	6,872	1,072
Unemployment	50	50	13	(37)
Utilities	3,500	3,500	3,110	(390)
Repairs and maintenance	12,000	12,000	22,687	10,687
Street repair	24,600	24,600	25,532	932
Operating supplies	6,500	6,500	3,605	(2,895)
Chemicals	1,000	1,000	-	(1,000)
Uniforms	1,000	1,000	549	(451)
Gravel and sand	2,500	2,500	3,000	500

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

TOWN OF RUTHERFORD, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Fuel and oil	14,500	14,500	12,355	(2,145)
Miscellaneous	-	-	250	250
Debt payment - principal	10,300	10,300	10,255	(45)
Debt payment - interest	5,100	5,100	5,035	(65)
Capital outlay	5,000	21,320	22,281	961
Total street department	<u>224,310</u>	<u>240,780</u>	<u>270,784</u>	<u>30,004</u>
Parks and recreation				
Pool				
Salaries	13,800	13,800	11,023	(2,777)
Payroll taxes	1,000	1,000	843	(157)
Utilities	2,400	2,400	2,068	(332)
Pool renewal fees	400	400	348	(52)
Pool snacks	1,400	1,400	1,898	498
Pool building maintenance	3,000	3,000	338	(2,662)
Operating supplies	1,500	2,100	2,891	791
Chemicals	4,000	4,000	3,378	(622)
Total pool	<u>27,500</u>	<u>28,100</u>	<u>22,787</u>	<u>(5,313)</u>
Park				
Salaries	2,000	2,000	2,577	577
Payroll taxes	75	75	44	(31)
Mowing and grounds maintenance	-	-	800	800
Building maintenance	-	135	6,275	6,140
Operating supplies	500	200	290	90
Capital outlay	-	600,000	546,035	(53,965)
Total park	<u>2,575</u>	<u>602,410</u>	<u>556,021</u>	<u>(46,389)</u>
Museum				
Utilities	500	500	406	(94)
Building maintenance	1,000	700	756	56
Operating supplies	2,000	2,400	2,379	(21)
Total museum	<u>3,500</u>	<u>3,600</u>	<u>3,541</u>	<u>(59)</u>
Total expenditures	<u>824,915</u>	<u>1,677,811</u>	<u>1,732,954</u>	<u>55,143</u>
Revenues over (under) expenditures	28,685	(602,205)	(510,520)	91,685
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	<u>4,000</u>	<u>600,000</u>	<u>605,762</u>	<u>5,762</u>
Net change in fund balance	<u>\$ 32,685</u>	<u>\$ (2,205)</u>	<u>95,242</u>	<u>\$ 97,447</u>
Fund balance - July 1, 2023			<u>1,078,946</u>	
Fund balance - June 30, 2024			<u>\$ 1,174,188</u>	

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

TOWN OF RUTHERFORD, TENNESSEE
SOLID WASTE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Charges for services	\$ 124,000	\$ 124,000	\$ 126,541	\$ 2,541
Forfeited discounts and penalties	-	-	284	284
Miscellaneous	1,000	1,000	-	(1,000)
Total operating revenues	<u>125,000</u>	<u>125,000</u>	<u>126,825</u>	<u>1,825</u>
EXPENDITURES				
Waste disposal fees	103,000	103,000	113,475	10,475
Solid waste disposal fees	-	-	300	300
Miscellaneous	100	100	1,370	1,270
Total expenditures	<u>103,100</u>	<u>103,100</u>	<u>115,145</u>	<u>12,045</u>
Revenues over expenditures	<u>\$ 21,900</u>	<u>\$ 21,900</u>	11,680	<u>\$ (10,220)</u>
Fund balance - July 1, 2023			<u>91,764</u>	
Fund balance - June 30, 2024			<u>\$ 103,444</u>	

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

TOWN OF RUTHERFORD, TENNESSEE
STATEMENT OF NET POSITION
WATER AND SEWER FUND
June 30, 2024

ASSETS

Current assets

Cash	\$ 107,643
Restricted cash	392,105
Certificates of deposit	91,916
Accounts receivable - customer	65,068
Due from grantor	74,650
Prepaid insurance	26,419
Due from other funds	550
Total current assets	<u>758,351</u>

Capital assets

Construction in progress	256,888
Utility plant in service	5,832,132
Accumulated depreciation	<u>(2,859,448)</u>
Net capital assets	3,229,572

Other assets

Net pension asset	<u>381</u>
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Total assets	3,988,304
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	16,310
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LIABILITIES

Current liabilities

Accounts payable	10,098
Accrued expenses	2,446
Accrued interest	999
Current portion of bonds and notes payable	<u>13,980</u>
Total current liabilities	27,523

Noncurrent liabilities

Customer deposits	34,746
Bonds payable	<u>672,001</u>
Total noncurrent liabilities	<u>706,747</u>

Total liabilities	734,270
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	<u>14,354</u>
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NET POSITION

Net investment in capital assets	2,543,591
Restricted	392,486
Unrestricted	<u>319,913</u>
Total net position	<u><u>\$ 3,255,990</u></u>

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

TOWN OF RUTHERFORD, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
WATER AND SEWER FUND
For the Year Ended June 30, 2024

Operating revenues		
Water and sewer sales	\$	447,412
Penalties		12,173
Reconnection and other fees		<u>19,093</u>
Total operating revenues		478,678
Operating expenses		
Salaries	\$	40,070
Health insurance		10,899
Payroll taxes		3,075
Employee retirement (negative pension expense)		(298)
Postage and box rent		3,135
Publicity, subscriptions, dues		1,957
Memberships, registration fees		1,551
Utilities		13,582
Telephone		10,414
Contracted services		71,835
Machinery and equipment maintenance		1,255
Repair and maintenance		42,749
Water tank maintenance		20,846
Leak protection insurance		11,119
Sewage flow treatment		1,730
Miscellaneous		955
Operating supplies		14
Chemicals		10,537
Lab fees		4,641
Fuel and oil		155
Insurance		5,197
Depreciation		<u>129,427</u>
Total operating expenses		<u>384,845</u>
Income from operations		93,833
Non-operating revenues (expenses)		
Interest income		550
Interest expense		<u>(14,716)</u>
Net non-operating revenues (expenses)		<u>(14,166)</u>
Net income before contributed capital		79,667
Capital contributions - grants		<u>332,093</u>
Change in net position		<u>411,760</u>
Net position - July 1, 2023		2,843,032
Restatement		<u>1,198</u>
Net position - July 1, 2023, as restated		<u>2,844,230</u>
Net position - June 30, 2024	\$	<u><u>3,255,990</u></u>

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

TOWN OF RUTHERFORD, TENNESSEE
STATEMENT OF CASH FLOWS
WATER AND SEWER FUND
For the Year Ended June 30, 2024

Cash flows from operating activities

Cash received from consumers	\$ 463,222
Cash paid to suppliers of goods and services	<u>(273,729)</u>
Net cash provided by operating activities	189,493

Cash flows from investing activities

Interest received from investments	550
Interest added to investment	<u>(550)</u>
Net cash provided by investing activities	-

Cash flows from capital and related financing activities

Purchase of capital assets	\$ (388,535)
Principal payments on note payable	(13,680)
Interest paid on note payable	(14,736)
Grant proceeds received	<u>257,443</u>
Net cash used by capital and related financing activities	<u>(159,508)</u>

Net increase in cash and cash equivalents **29,985**

Cash and cash equivalents - July 1, 2023 469,763

Cash and cash equivalents - June 30, 2024 \$ 499,748

**Reconciliation of operating income to net cash provided
by operating activities:**

Income (loss) from operations	\$ 93,833
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	129,427
Deferred outflows related to pensions	749
Deferred inflows related to pensions	6,302
Increase in accounts receivable	(15,852)
Increase in prepaid insurance	(26,419)
Increase in accounts payable	10,098
Increase in accrued expenses	1,059
Decrease in net pension liability	(10,100)
Increase in customer deposits	<u>396</u>
Net cash provided by operating activities	<u>\$ 189,493</u>

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

**TOWN OF RUTHERFORD, TENNESSEE
FIDUCIARY FUND**

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2024

	<u>Custodial Fund</u> <u>School Board</u> <u>Fund</u>
ASSETS	
Cash	\$ 67,885
LIABILITIES	<u>-</u>
NET POSITION	
Net position held in trust for school board	<u><u>\$ 67,885</u></u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2024

ADDITIONS:	
Investment income - interest	\$ 1,043
Donations	<u>1</u>
Total additions	1,044
DEDUCTIONS:	
Program expenses - school board	<u>650</u>
Change in net position	394
Net position - July 1, 2023	<u>67,491</u>
Net position - June 30, 2024	<u><u>\$ 67,885</u></u>

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

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Rutherford, Tennessee, is a municipal corporation that operates under a Mayor–Board of Aldermen form of government and provides the following services to its citizens: public safety (police and fire), highways and streets, public works, culture/recreation, a water and sewer utility, planning and zoning, and general administrative services.

The policies followed by the Town of Rutherford conform to generally accepted accounting principles 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 Town’s significant accounting policies are summarized below:

A. Reporting Entity

The financial statements of the Town include all of the funds relevant to its operations. There are no entities that should be included in the Town’s reporting entity according to the criteria for determining component units as set forth in GASB’s Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions 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 the proprietary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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 and the fiduciary 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 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.

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

In general, taxes, licenses, federal and state grants 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The general fund is the government'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 solid waste fund accounts for the activities of the Town's sanitation operations.

The Town reports the following major proprietary fund:

The water and sewer fund accounts for the activities associated with the water distribution system and the activities associated with the Town's collection, transportation, treatment, and disposal of wastewater.

The Town also reports one fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town has one fiduciary fund, the School Board Fund.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary 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 a proprietary fund's principle ongoing operations. The principle operating revenues of the Town's enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the systems. Operating expenses for the proprietary fund 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 nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The Town's cash and cash equivalents are considered to be all deposits with financial institutions, including restricted deposits, and highly liquid investments with original maturities of three months or less. State statutes also authorize the Town to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, and the state pooled investment fund.

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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 to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

The Town’s property tax rate as of June 30, 2024, is \$1.94 per \$100 of assessed valuation. The Town bills and collects its own property taxes, and tax revenues are recognized when levied to the extent that they result in current receivables. Property taxes attach as an enforceable lien on property on January 1st and are levied on October 1st of each year. Notices are mailed in October and are due and payable from then until February 28th or 29th of the following year. After this date, taxes are considered delinquent if not paid. An allowance for uncollectible taxes is reported for estimated past due taxes. The allowance at June 30, 2024, was \$3,922.

The Town uses the direct write-off method for bad debts in the water and sewer department.

Prepaid Assets

Insurance payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental and proprietary fund financial statements.

Capital Assets

Capital assets may be acquired by purchase, construction, long-term leases, or donation, and include property, plant, vehicles, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and construction in progress, which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings and improvements	40–70 years
Vehicles and equipment	5–30 years
Furniture and fixtures	5–10 years
Infrastructure	20–50 years

Lessees recognizes a lease liability and an intangible right-to-use lease asset for operating leases, unless the agreement qualifies for short-term treatment or is a financed purchase that transfers ownership. Lessors recognize a lease receivable and a deferred inflow of resources. Capital assets may also include intangible right-to-use subscription assets and liabilities for subscription-based information technology arrangements, or SBITAs (see Note 4C). The Town does not currently have any leases or SBITAs.

Compensated Absences

The Town provides paid vacation annually for employees with at least one year of service. Vacation time cannot be accumulated and therefore no liability exists at year end. Upon separation, employees are entitled to reimbursement for any unused vacation. The Town’s sick leave policy states that employees are entitled to one day of sick leave per month. The maximum credit for accrued sick leave is 30 days. No payments for accumulated sick leave are made at the termination of employment.

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Pensions

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

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. 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. Bond issuance costs are reported as debt service expenditures.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applied to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has deferred outflows related to pensions as of June 30, 2024. See the pension disclosure for additional details concerning these items.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has various items that qualify for reporting in this category. Property taxes reported as receivables in the statements of financial position before the period for which they were levied are deferred and recognized as an inflow of resources in the period that the amounts become available. This item is reported as deferred inflows in both the governmental funds balance sheet and the statement of net position. In addition, taxes collected after the availability period are deferred in the governmental funds balance sheet but recognized as revenue in the government-wide statements. The Town also has deferred inflows related to pensions in the government-wide statements and proprietary fund statements. See the pension disclosure for additional details concerning these items.

Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Fund balance for governmental funds can consist of the following:

- 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

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

spendable form” criterion includes items that are not expected to be converted to cash, such as 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 ordinance of the Town’s highest level of decision-making authority, the Board of Aldermen of the Town. Commitments may be changed or lifted only by the Town taking the same formal action that imposed the constraint originally by ordinance.
- Assigned fund balance – This classification includes amounts intended to be used by the Town for specific purposes that are neither restricted nor committed. The Board and its designees (of which there are none) 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. 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.

Effect of New Pronouncement

The Town adopted GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* in the current year. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The adoption of the new standard did not have a material impact on the Town’s financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Town utilizes the following procedures in establishing its budget:

1. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
2. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
3. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

For the year ended June 30, 2024, the General Fund had expenditures in excess of budget appropriations of \$55,143 and the Solid Waste fund had excess expenditures of \$12,045.

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Invested Funds

Custodial Credit Risk - The Town's policies limit deposits and investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be insured by federal depository insurance or the Tennessee Bank Collateral Pool or collateralized by collateral held by the Town's agent in the Town's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2024, all bank deposits were fully collateralized or insured.

B. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 55,677	\$ -	\$ -	\$ 55,677
Construction in process	13,420	44,781	13,420	44,781
Capital assets, being depreciated				
Buildings and infrastructure	2,556,045	558,015	568,729	2,545,331
Equipment, furniture and fixtures	1,415,861	253,949	7,042	1,662,768
Total capital assets being depreciated	3,971,906	811,964	575,771	4,208,099
Less accumulated depreciation for:				
Buildings and infrastructure	1,502,019	62,287	320,358	1,243,948
Equipment, furniture and fixtures	858,308	123,219	6,526	975,001
Total accumulated depreciation	2,360,327	185,506	326,884	2,218,949
Total capital assets being depreciated, net	1,611,579	626,458	248,887	1,989,150
Governmental activities capital assets, net	<u>\$ 1,680,676</u>	<u>\$ 671,239</u>	<u>\$ 262,307</u>	<u>\$ 2,089,608</u>

An asset purchased for the Water and Sewer Fund was posted to governmental capital assets in error in the prior year. A restatement of \$1,198 was made to correct the misposting, which decreased beginning governmental capital assets and net position and increased Water and Sewer Fund beginning capital assets and net position.

Depreciation expense was charged to functions/programs of governmental activities as follows:

General	\$ 27,661
Public safety	82,231
Streets	67,440
Parks	8,174
Total depreciation expense - governmental activities	<u>\$ 185,506</u>

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 12,890	\$ -	\$ -	\$ 12,890
Construction in process	-	256,888	-	256,888
Capital assets, being depreciated				
Buildings	22,271	-	-	22,271
Plant	5,500,102	131,647	-	5,631,749
Machinery and equipment	165,215	-	-	165,215
Total capital assets being depreciated	5,687,588	131,647	-	5,819,235
Less accumulated depreciation				
Buildings	17,022	504	-	17,526
Plant	2,607,435	115,186	-	2,722,621
Machinery and equipment	105,557	13,737	-	119,294
Total accumulated depreciation	2,730,014	129,427	-	2,859,441
Total capital assets being depreciated, net	2,957,574	2,220	-	2,959,794
Business-type activities capital assets, net	<u>\$ 2,970,464</u>	<u>\$ 259,108</u>	<u>\$ -</u>	<u>\$ 3,229,572</u>

C. Long-Term Debt

The Town issued General Obligation Bonds, Series 2021, in the amount of \$247,000 for the purpose of providing financing for street paving and related costs. USDA, through Rural Development, agreed to purchase the bonds. The bonds are secured by ad valorem taxes to be levied on all taxable property within the corporate limits of Rutherford, as well as the full faith, credit, and resources of the Town. The bonds have an interest rate not to exceed 2.25% and will be repaid in annual installments of principal and interest over 20 years, beginning in October 2022.

On November 5, 2020, a bond/USDA loan for \$740,000 was executed with an interest rate of 2.125%. The loan was obtained in conjunction with the water system improvement project currently underway. The bonds have an interest rate of 2.125% and a maturity date of November 5, 2058, and require monthly payments of \$2,368.

Long-term debt activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Borrowings	Retirements	Balance June 30, 2024	Due in One Year
<u>Governmental activities</u>					
Series 2021 GO bonds	<u>\$ 236,959</u>	<u>\$ -</u>	<u>\$ 10,255</u>	<u>\$ 226,704</u>	<u>\$ 10,472</u>
<u>Business-type activities</u>					
2020 Revenue Bonds	<u>\$ 699,661</u>	<u>\$ -</u>	<u>\$ 13,680</u>	<u>685,981</u>	<u>\$ 13,980</u>

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Future debt service requirements for the long-term debt are shown below:

Year ending June 30	2021 GO Bonds		2020 Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2025	\$ 10,472	\$ 4,817	\$ 13,980	\$ 14,441	\$ 43,710
2026	10,694	4,595	14,280	14,141	43,710
2027	10,922	4,368	14,586	13,835	43,711
2028	11,154	4,136	14,899	13,522	43,711
2029	11,391	3,899	15,219	13,202	43,711
2030-2034	60,689	15,758	81,136	60,969	218,552
2035-2039	67,416	9,029	90,223	51,882	218,550
2040-2044	43,966	1,881	100,327	41,778	187,952
2043-2049	-	-	111,563	30,542	142,105
2050-2054	-	-	124,057	18,048	142,105
2055-2058	-	-	105,711	4,506	110,217
Total	<u>\$ 226,704</u>	<u>\$ 48,483</u>	<u>\$ 685,981</u>	<u>\$ 276,866</u>	<u>\$ 1,238,034</u>

D. Interfund Balances

At June 30, 2024, the General Fund had a payable of \$550 to the Water and Sewer Fund for its share of the proceeds from the sale of assets.

E. Fund Balance/Net Position

Nonspendable fund balance was reported in the General Fund for prepaid insurance as of June 30, 2024. Spendable fund balances were restricted for the following purposes:

Solid waste expenditures	\$ 103,444
Drug fund expenditures	2,263
State street aid expenditures	32,667
Sports expenditures	19,512
	<u>\$ 157,886</u>

Restricted net position in governmental activities also includes the net pension asset of \$42,326. The proprietary fund has restricted net position of \$392,105 for unspent grant funds and \$381 for the net pension asset.

NOTE 4 – OTHER INFORMATION

A. Retirement Plan

Plan description. Employees of Town of Rutherford 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

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

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

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	16
Active employees	9
	<u>26</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Town of Rutherford makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the employer contributions for Town of Rutherford were \$26,585 based on a rate of 6.48 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Town of Rutherford's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Town of Rutherford's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The mortality improvement assumption adopted with the 2020 experience study utilizes the most current projection scale published by the Society of Actuaries as of the actuarial valuation date. As of June 30, 2023, the projection scale did not require a change from the previous scale of MP-2021.

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Town of Rutherford 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.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of Town of Rutherford calculated using the discount rate of 6.75 percent, as well as what the net pension liability 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	Current Rate	1% Increase
Rutherford's net pension liability	<u>\$ (5,512)</u>	<u>\$ (42,707)</u>	<u>\$ (73,354)</u>

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 6/30/22	\$ 325,287	\$ 270,409	\$ 54,878
Changes for the year:			
Service cost	26,026	-	26,026
Interest	22,472	-	22,472
Differences between expected and actual experience	(91,708)	-	(91,708)
Changes in assumptions	-	-	-
Contributions-employer	-	20,090	(20,090)
Contributions-employees	-	16,740	(16,740)
Net investment income	-	18,157	(18,157)
Benefit payments, including refunds of employee contributions	(36,785)	(36,785)	-
Administrative expense	-	(612)	612
Net changes	(79,995)	17,590	(97,585)
Balance at 6/30/23	\$ 245,292	\$ 287,999	\$ (42,707)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2024, Town of Rutherford recognized negative pension expense of \$2,882.

Deferred outflows of resources and deferred inflows of resources. At June 30, 2024, Town of Rutherford reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,302	\$ 104,883
Net difference between projected and actual earnings on pension plan investments	3,160	-
Changes in assumptions	29,738	-
Contributions subsequent to the measurement date of June 30, 2023	26,585	(not applicable)
Total	\$ 89,785	\$ 104,883

TOWN OF RUTHERFORD, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023" will be recognized as a reduction to net pension liability in the following measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the following measurement periods:

Year Ending June 30:

2024	\$ (16,962)
2025	(16,522)
2026	(8,267)
2027	(9,129)
2028	9,197
Thereafter	-

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

B. Risk Management

The Town is exposed to various risks of loss related to general liability, personal injury, errors or omissions, automobile and automobile physical damage liability, employment practices liability, privacy and network liability, and workers compensation and employer's liability. The Town uses the Tennessee Municipal League Risk Management Pool to insure against these exposures. There were no settlements in excess of insurance coverage in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF RUTHERFORD, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

**Schedule of Changes in Town of Rutherford's
Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS**
Plan Years Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability					
Service cost	\$ 2,083	\$ 4,223	\$ 13,970	\$ 18,404	\$ 12,120
Interest	4,292	4,358	9,943	11,881	11,473
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	(7,640)	59,263	6,657	(21,144)	(5,168)
Change of assumptions	-	-	-	5,279	-
Benefit payments, including employee refunds	-	-	(6,244)	(12,089)	(4,512)
Net change in total pension liability	(1,265)	67,844	24,326	2,331	13,913
Total pension liability – beginning	55,152	53,887	121,731	146,057	148,388
Total pension liability – ending (a)	53,887	121,731	146,057	148,388	162,301
Plan fiduciary net position					
Contributions – employer	1,642	6,068	5,846	10,064	7,898
Contributions – employee	3,283	12,145	11,693	11,515	8,934
Net investment income	8,691	2,230	2,360	11,452	10,187
Benefit payments, including employee refunds	-	-	(6,244)	(12,089)	(4,512)
Administrative expense	(70)	(457)	(688)	(579)	(532)
Net change in plan fiduciary net position	13,546	19,986	12,967	20,363	21,975
Plan fiduciary net position – beginning	49,975	63,521	83,507	96,474	116,837
Plan fiduciary net position – ending (b)	63,521	83,507	96,474	116,837	138,812
Net pension liability (asset) – ending (a – b)	\$ (9,634)	\$ 38,224	\$ 49,583	\$ 31,551	\$ 23,489
Plan fiduciary net position as a percentage of total pension liability	117.88%	68.60%	66.05%	78.74%	85.53%
Covered payroll	\$ 65,665	\$ 242,886	\$ 233,854	\$ 230,303	\$ 178,678
Net pension liability (asset) as a percentage of covered payroll	(14.67)%	15.74%	21.20%	13.70%	13.15%

Notes to schedule:

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

TOWN OF RUTHERFORD, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Schedule of Changes in Town of Rutherford's
Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Plan Years Ended June 30,

—continued from previous page

	2019	2020	2021	2022	2023
Total pension liability					
Service cost	\$ 13,289	\$ 16,679	\$ 16,622	\$ 33,511	\$ 26,026
Interest	12,567	16,738	17,604	23,674	22,472
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	33,744	(15,964)	27,057	(34,570)	(91,708)
Change of assumptions	-	-	46,527	-	-
Benefit payments, including employee refunds	(4,512)	(6,392)	(4,512)	(29,076)	(36,785)
Net change in total pension liability	55,088	11,061	103,298	(6,461)	(79,995)
Total pension liability – beginning	162,301	217,389	228,450	331,748	325,287
Total pension liability – ending (a)	217,389	228,450	331,748	325,287	245,292
Plan fiduciary net position					
Contributions – employer	10,581	11,447	16,059	20,405	20,090
Contributions – employee	11,969	11,680	15,382	19,545	16,740
Net investment income	10,984	8,695	52,919	(10,561)	18,157
Benefit payments, including employee refunds	(4,512)	(6,392)	(4,512)	(29,076)	(36,785)
Administrative expense	(623)	(574)	(787)	(1,032)	(612)
Net change in plan fiduciary net position	28,399	24,856	79,061	(719)	17,590
Plan fiduciary net position – beginning	138,812	167,211	192,067	271,128	270,409
Plan fiduciary net position – ending (b)	167,211	192,067	271,128	270,409	287,999
Net pension liability (asset) – ending (a – b)	\$ 50,178	\$ 36,383	\$ 60,620	\$ 54,878	\$ (42,707)
Plan fiduciary net position as a percentage of total pension liability	76.92%	84.07%	81.73%	83.13%	117.41%
Covered payroll	\$ 239,387	\$ 233,609	\$ 307,647	\$ 390,892	\$ 310,025
Net pension liability (asset) as a percentage of covered payroll	20.96%	15.57%	19.70%	14.04%	-13.78%

Changes of assumptions. In 2021, amounts reported as changes of assumptions were the result of decreased inflation rate from 2.50 percent to 2.25 percent; decreased investment rate of return from 7.25 percent to 6.75 percent; and improved mortality assumptions.

TOWN OF RUTHERFORD, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Schedule of Town of Rutherford's
Contributions Based on Participation in the
Public Employee Pension Plan of TCRS
Fiscal Years Ending June 30,

	2015	2016	2017	2018	2019
Actuarially determined contributions	\$ -	\$ -	\$ 10,064	\$ 7,898	\$ 10,581
Contributions in relation to the actuarially determined contribution	6,068	5,846	10,064	7,898	10,581
Contribution deficiency (excess)	<u>\$ (6,068)</u>	<u>\$ (5,846)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 242,886	\$ 233,854	\$ 230,303	\$ 178,678	\$ 239,387
Contributions as a percentage of covered payroll	2.50%	2.50%	4.37%	4.42%	4.42%
	2020	2021	2022	2023	2024
Actuarially determined contributions	\$ 11,447	\$ 16,059	\$ 20,405	\$ 20,090	\$ 26,586
Contributions in relation to the actuarially determined contribution	11,447	16,059	20,405	20,090	26,586
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 233,609	\$ 307,647	\$ 390,892	\$ 310,025	\$ 410,273
Contributions as a percentage of covered payroll	4.90%	5.22%	5.22%	6.48%	6.48%

Notes to Schedule:

Valuation date: Actuarially determined contribution rates for the year ended June 30, 2024, were calculated based on the June 30, 2022, 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	2015 valuation date – 9.82 years remaining; 2016 through 2022 annual actuarial valuations used 20-year initial amortization period, with remaining periods of 14 to 20 years
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

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement

Changes in 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; 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 salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

SUPPLEMENTARY AND OTHER INFORMATION

TOWN OF RUTHERFORD, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	<u>Drug Fund</u>	<u>State Street Aid Fund</u>	<u>Sports Fund</u>	<u>Total Nonmajor Funds</u>
ASSETS				
Restricted cash	\$ 2,263	\$ 25,480	\$ 19,512	\$ 47,255
Receivables:				
State taxes	<u>-</u>	<u>7,187</u>	<u>-</u>	<u>7,187</u>
Total assets	<u>\$ 2,263</u>	<u>\$ 32,667</u>	<u>\$ 19,512</u>	<u>\$ 54,442</u>
 LIABILITIES				
Customer deposit	\$ -	\$ -	\$ -	\$ -
 FUND BALANCES				
Restricted	<u>2,263</u>	<u>32,667</u>	<u>19,512</u>	<u>54,442</u>
 Total liabilities and fund balances	<u>\$ 2,263</u>	<u>\$ 32,667</u>	<u>\$ 19,512</u>	<u>\$ 54,442</u>

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	<u>Drug Fund</u>	<u>State Street Aid Fund</u>	<u>Sports Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local revenue	\$ -	\$ -	\$ 2,900	\$ 2,900
Intergovernmental revenue	146	40,888	-	41,034
Charges for services	-	-	4,194	4,194
Other revenues	331	-	-	331
Total revenues	<u>477</u>	<u>40,888</u>	<u>7,094</u>	<u>48,459</u>
EXPENDITURES				
Streets	-	36,219	-	36,219
Recreation	-	-	4,821	4,821
Total expenditures	<u>-</u>	<u>36,219</u>	<u>4,821</u>	<u>41,040</u>
Revenues over expenditures	477	4,669	2,273	7,419
Fund balances - July 1, 2023	<u>1,786</u>	<u>27,998</u>	<u>17,239</u>	<u>47,023</u>
Fund balances - June 30, 2024	<u><u>\$ 2,263</u></u>	<u><u>\$ 32,667</u></u>	<u><u>\$ 19,512</u></u>	<u><u>\$ 54,442</u></u>

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Drug fund revenue	\$ 800	\$ 800	\$ 146	\$ (654)
Other revenue	<u>-</u>	<u>-</u>	<u>331</u>	<u>331</u>
Total revenues	800	800	477	(323)
EXPENDITURES				
Operating supplies	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Revenues over expenditures	<u>\$ 600</u>	<u>\$ 600</u>	477	<u>\$ (123)</u>
Fund balance - July 1, 2023			<u>1,786</u>	
Fund balance - June 30, 2024			<u>\$ 2,263</u>	

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Gas and motor fuel tax	\$ 24,000	\$ 24,000	\$ 20,867	\$ (3,133)
2017 gas tax	10,725	10,725	10,520	(205)
Gas 1989 tax	3,300	3,300	3,262	(38)
Gas 3 cent tax	6,100	6,100	6,024	(76)
Transportation Modernization Act revenue	-	-	215	215
Total revenues	<u>44,125</u>	<u>44,125</u>	<u>40,888</u>	<u>(3,237)</u>
EXPENDITURES				
Street light utilities	37,400	37,400	36,219	(1,181)
Street repairs and material	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total expenditures	<u>42,400</u>	<u>42,400</u>	<u>36,219</u>	<u>(6,181)</u>
Revenues over expenditures	<u>\$ 1,725</u>	<u>\$ 1,725</u>	4,669	<u>\$ 2,944</u>
Fund balance - July 1, 2023			<u>27,998</u>	
Fund balance - June 30, 2024			<u>\$ 32,667</u>	

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
SPORTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Registration fees	\$ 2,800	\$ 2,800	\$ 2,435	\$ (365)
Concessions	2,800	2,800	1,759	(1,041)
Sponsorships	600	600	900	300
Donations	-	-	2,000	2,000
Miscellaneous income	<u>2,310</u>	<u>2,310</u>	<u>-</u>	<u>(2,310)</u>
Total revenues	<u>8,510</u>	<u>8,510</u>	<u>7,094</u>	<u>(1,416)</u>
EXPENDITURES				
Equipment	3,000	3,000	1,700	(1,300)
Maintenance	500	500	520	20
Concessions	3,200	3,200	1,726	(1,474)
Umpires	1,000	1,000	-	(1,000)
Miscellaneous	200	200	875	675
Trophies	100	100	-	(100)
Registration fees - Cal Ripkin	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
Total expenditures	<u>8,250</u>	<u>8,250</u>	<u>4,821</u>	<u>(3,429)</u>
Revenues over expenditures	<u>\$ 260</u>	<u>\$ 260</u>	<u>2,273</u>	<u>\$ 2,013</u>
Fund balance - July 1, 2023			<u>17,239</u>	
Fund balance - June 30, 2024			<u><u>\$ 19,512</u></u>	

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Year Ended June 30, 2024

<u>Tax Year</u>	<u>Beginning Balance</u>	<u>Property Tax Levied</u>	<u>Anticipated Current Year Levy</u>	<u>Collections/ Adjustments</u>	<u>Ending Balance</u>
2024	\$ -	\$ -	\$ 256,066	\$ -	\$ 256,066
2023	-	248,881	-	(239,614)	9,267
2022	6,523	-	-	(3,382)	3,141
2021	4,179	-	-	(3,784)	395
2020	428	-	-	(8)	420
2019	717	-	-	-	717
2018	<u>2,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,390</u>
	<u>\$ 14,237</u>	<u>\$ 248,881</u>	<u>\$ 256,066</u>	<u>\$ (246,788)</u>	<u>\$ 272,396</u>
Less allowance for uncollectible accounts					<u>(3,922)</u>
					<u>\$ 268,474</u>

SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
UNAUDITED

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100</u>	<u>Property Tax Levy</u>	<u>Ad Valorem Taxes</u>	<u>Total</u>
2023	\$12,168,326	\$1.94	\$236,067	\$12,814	\$248,881
2022	\$11,967,390	\$1.94	\$220,385	\$11,784	\$232,169
2021	\$12,146,784	\$1.94	\$235,649	\$11,784	\$247,433
2020	\$11,436,019	\$1.94	\$221,865	\$14,044	\$235,909
2019	\$11,404,763	\$1.79	\$204,149	\$13,834	\$217,983
2018	\$11,234,959	\$1.81	\$203,370	\$16,571	\$219,941
2017	\$11,229,482	\$1.81	\$203,271	\$16,571	\$219,842
2016	\$11,467,386	\$1.81	\$207,576	\$17,798	\$225,374
2015	\$11,278,872	\$1.71	\$210,196	\$1,075	\$211,271
2014	\$12,092,515	\$1.71	\$205,112	\$1,075	\$206,187

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
LONG-TERM DEBT SCHEDULES

June 30, 2024

CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Outstanding 7/1/2023</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2024</u>
GOVERNMENTAL ACTIVITIES									
Bonds Payable									
<u>Payable through General Fund</u>									
General Obligation Bond, Series 2021	\$247,000	2.125%	10/27/2021	10/27/2041	\$ 236,959	\$ -	\$ 10,255	\$ -	\$ 226,704
Total long-term debt - governmental activities					<u>236,959</u>	<u>-</u>	<u>10,255</u>	<u>-</u>	<u>226,704</u>
BUSINESS-TYPE ACTIVITIES									
Bonds Payable									
<u>Payable through Water and Sewer Fund</u>									
Water and Sewer Revenue and Tax Bonds, Loan 91-06	\$740,000	2.125%	11/5/2020	11/5/2058	699,661	-	13,680	-	685,981
Total long-term debt - business-type activities					<u>699,661</u>	<u>-</u>	<u>13,680</u>	<u>-</u>	<u>685,981</u>
Total long-term debt					<u>\$ 936,620</u>	<u>\$ -</u>	<u>\$ 23,935</u>	<u>\$ -</u>	<u>\$ 912,685</u>

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
LONG-TERM DEBT SCHEDULES
June 30, 2024

DEBT SERVICE REQUIREMENTS TO MATURITY

Year Ending June 30,	GOVERNMENTAL		BUSINESS-TYPE		Total	
	Series 2021 GO Bond		Loan 91-06			
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 10,472	\$ 4,817	\$ 13,980	\$ 14,441	\$ 24,452	\$ 19,258
2026	10,694	4,595	14,280	14,141	24,974	18,736
2027	10,922	4,368	14,586	13,835	25,508	18,203
2028	11,154	4,136	14,899	13,522	26,053	17,658
2029	11,391	3,899	15,219	13,202	26,610	17,101
2030	11,633	3,657	15,546	12,875	27,179	16,532
2031	11,880	3,409	15,879	12,542	27,759	15,951
2032	12,132	3,157	16,220	12,201	28,352	15,358
2033	12,390	2,899	16,568	11,853	28,958	14,752
2034	12,654	2,636	16,923	11,498	29,577	14,134
2035	12,922	2,367	17,287	11,134	30,209	13,501
2036	13,197	2,092	17,657	10,763	30,854	12,855
2037	13,477	1,812	18,037	10,385	31,514	12,197
2038	13,764	1,525	18,423	9,998	32,187	11,523
2039	14,056	1,233	18,819	9,602	32,875	10,835
2040	14,355	934	19,223	9,198	33,578	10,132
2041	14,660	629	19,635	8,786	34,295	9,415
2042	14,951	318	20,056	8,365	35,007	8,683
2043			20,487	7,934	20,487	7,934
2044			20,926	7,495	20,926	7,495
2045			21,375	7,046	21,375	7,046
2046			21,834	6,587	21,834	6,587
2047			22,303	6,118	22,303	6,118
2048			22,781	5,640	22,781	5,640
2049			23,270	5,151	23,270	5,151
2050			23,769	4,652	23,769	4,652
2051			24,279	4,142	24,279	4,142
2052			24,800	3,621	24,800	3,621
2053			25,333	3,088	25,333	3,088
2054			25,876	2,545	25,876	2,545
2055			26,431	1,990	26,431	1,990
2056			26,999	1,422	26,999	1,422
2057			27,578	843	27,578	843
2058			24,703	251	24,703	251
	<u>\$ 226,704</u>	<u>\$ 48,483</u>	<u>\$ 685,981</u>	<u>\$ 276,866</u>	<u>\$ 912,685</u>	<u>\$ 325,349</u>

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
SCHEDULE OF CUSTOMERS AND UTILITY RATES IN FORCE
June 30, 2024

Water Rates

Base rate up to 1,000 gallons	\$21.56	per month, minimum bill
Additional amount per 1,000 gallons	\$6.58	

Number of customers:	567
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Sewer Rates

Based on water usage

Base rate up to 1,000 gallons	\$20.23	per month, minimum bill
Each additional 1,000 gallons	\$6.35	

Number of customers:	559
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Garbage Rates

Residential	13.60
Small business	24.21
Dumpster contract	
2-yard	113.63
4-yard	146.80
6-yard	189.86
8-yard	229.73

Number of customers:	534
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See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-through Identifying Number	Expenditures
U. S. Department of Defense			
Section 1033 Excess Property Program	12.700	n/a	\$ 5,924
U. S. Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Fund - American Rescue Plan Act	21.027	NEU-289	34,604
Water Infrastructure Investment Plan	21.027	33007-12423	74,650
			<u>109,254</u>
U.S. Department of Homeland Security/			
Pass-through Tennessee Department of the Military/ Tennessee Emergency Management Agency			
Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2022-FF-02204	27,750
Assistance to Firefighters Grant	97.044	EMW-2022-FG-04645	156,418
			<u>184,168</u>
U. S. Department of Housing and Urban Development			
Pass-through Tennessee Department of Economic and Community Development CDBG-Entitlement/Special Purpose Grants Cluster			
Community Development Block Grants	14.228	33004-34622	211,368
Total federal awards			<u>\$ 510,714</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Town of Rutherford under programs of the federal government for the year ended June 30, 2024. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position or changes in financial position of Town of Rutherford, Tennessee.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Loans Outstanding

A loan was obtained in 2022 through the USDA Community Facilities Loans and Grants program for \$247,000. A loan was obtained through the USDA Water and Waste Disposal Systems for Rural Communities loan program on March 5, 2019, in the amount of \$740,000. The loan was finalized in November 2020. Activity during the current year was as follows:

	<u>#97-08</u>	<u>#91-06</u>
Beginning Balance	\$ 236,959	\$ 699,661
Current year principal paid	<u>(10,255)</u>	<u>(13,680)</u>
Balance as of June 30, 2024	<u>\$ 226,704</u>	<u>\$ 685,981</u>

See independent auditor's report

TOWN OF RUTHERFORD, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2024

<u>Grantor Agency/ Program Title</u>	<u>Pass-through Identifying Number</u>	<u>Expenditures</u>
Tennessee Department of Finance and Administration		
Violent Crime Intervention Fund Grant	52278	\$ 60,037
Tennessee Department of Economic and Community Development		
Infrastructure Planning Grant	32701-05126	46,075
Tennessee Department of Commerce and Insurance		
Assistance to Firefighters Grant	EMW-2022-FG-04645	<u>7,821</u>
Total state assistance		<u>\$ 113,933</u>

Note: This schedule is prepared on the modified accrual basis.

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE



**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***

The Honorable Mayor and Board of Aldermen
Town of Rutherford, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rutherford, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 6, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2024-001 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2024-002 and 2024-003, to be significant deficiencies.

The Honorable Mayor and Board of Aldermen
Town of Rutherford, Tennessee

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Rutherford'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2024-002.

Town of Rutherford's Response to Findings

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

ATA, PLLC

Union City, Tennessee
February 6, 2025

TOWN OF RUTHERFORD, TENNESSEE
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2024

2024-001 Segregation of Duties

Condition: Accounting functions are not being segregated properly.

Criteria: A good system of internal control requires that accounting functions be adequately segregated in order to safeguard assets and to provide management and employees with a system that can prevent, or detect and correct, misstatements on a timely basis.

Cause: The Town's 2023 Internal Control Policy does not assign duties to existing personnel in a manner that adequately segregates duties related to accounting functions and reporting. The policy refers to Finance Officer, Recorder and Clerk. However, the finance officer is the Recorder and only one additional clerk is currently employed. Procedures outlined in the Policy have all reconciliations being done by one person, who also collects money and posts to the books of account, as well as recording accounts payable and writing all checks.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Recommendation: The Town should review and update its Internal Control Policy to adequately segregate duties, especially related to cash. The Board should utilize board members and other department heads to fully segregate the accounting functions properly.

Response: *The Internal Control Policy will be reviewed.*

2024-002 Expenditures in Excess of Appropriations

Condition: The Town's governmental funds had expenditures in excess of budget appropriations for the year ended June 30, 2024, as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Overage</u>
General Fund	\$ 1,677,811	\$ 1,732,954	\$ (55,143)
Solid Waste Fund	103,100	115,145	(12,045)

Criteria: Tennessee Code Annotated, Title 6, Chapter 56, Part 2, *Municipal Budget Law of 1982*, states that it is the intent of this ordinance that all moneys received and expended by a municipality shall be included in a budget ordinance. Therefore, no municipality may expend any moneys regardless of their source, except in accordance with a budget ordinance adopted under this section. Furthermore, the Town's Internal Control Manual, page 23, states that reports comparing actual to budget amounts for revenues and expenditures will be generated monthly and reviewed by those in a position of authority over financial operations. Page 16 states that budget availability should be verified by the Finance Officer prior to printing checks.

Cause: The Board did not cover all expenditures in its budget amendments prior to June 30, 2024. It appears that Town personnel did not follow the Internal Control Manual policy related to verifying budget availability before making disbursements.

TOWN OF RUTHERFORD, TENNESSEE
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2024

Effect: The Town has made expenditures in excess of the budget ordinances adopted.

Recommendation: We recommend that the Town follow its Internal Control Policy regarding budget availability before expending funds. Budget amendments should be approved throughout the year and prior to June 30 of each year to cover expenditures not anticipated at the time of the original budget ordinance.

Response: *The board will be advised about managing excess spending. The board receives budget tracking on all funds monthly. Budget availability will be verified before payments. Amendments will be done for the budget to cover all expenditures.*

2024-003 Failure to Close Books in Accordance with State Requirements

Condition: The Town's books were not closed as defined in the State of Tennessee Audit Manual in accordance with the time frame stipulated by TCA Section 9-2-102.

Cause: Several of the Town's checking accounts had not been reconciled at the time scheduled for the audit. This resulted in adjustments being made after the 60-day time period stipulated in the statute.

Criteria: TCA 9-2-102 was amended to require all local governments to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year end. In addition, the Town's Internal Control Policy stipulates that all accounts be reconciled monthly and that bank balances may be inaccurate due to failure to reconcile bank accounts.

Effect: The Town's books were not closed in accordance with the revised state statute or in compliance with the Town's Internal Control Policy.

Recommendation: We recommend that the Town take steps to ensure that its books are closed and ready for audit in accordance with state statutes. This would eliminate the need for routine adjustments to the accounts after the two-month closing deadline.

Response: *The books will be closed by the two month deadline.*

TOWN OF RUTHERFORD, TENNESSEE
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2024

Financial Statement Findings

Prior Year Finding No.	Finding Title	Status/Current Year Finding No.
2023-001	Segregation of duties (original # 2012-001)	Repeated/2024-001
2023-002	Expenditures in Excess of Appropriations (original #2020-004)	Repeated/2024-002

Federal Award Findings and Questioned Costs

The Town of Rutherford was not subject to a Single Audit in the prior year.

Town of Rutherford

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MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2024

To the Tennessee Comptroller of the Treasury

Town of Rutherford, Tennessee, respectfully submits the following corrective action plan for the year ended June 30, 2024, as required by Tennessee Code Annotated, Title 9, Chapter 3, Part 4.

Name and address of independent public accounting firm:

ATA, PLLC
624 East Reelfoot Avenue
Union City, Tennessee 38261

Audit period: July 1, 2023, through June 30, 2024

The findings from the June 30, 2024, schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2024-001 Segregation of Duties

Recommendation: The Town should review and update its Internal Control Policy to adequately segregate duties, especially related to cash. The Board should utilize board members and other department heads to fully segregate the accounting functions properly.

Action taken: The Internal Control Policy will be reviewed.

Name of contact person responsible for corrective action: Donna Stricklin

Anticipated completion date for the corrective action: 04/01/25



LAST HOME OF DAVY CROCKETT

Finding 2024-002 Expenditures in Excess of Appropriations

Recommendation: We recommend that the Town follow its Internal Control Policy regarding budget availability before expending funds. Budget amendments should be approved throughout the year and prior to June 30 of each year to cover expenditures not anticipated at the time of the original budget ordinance.

Action taken: The board will be advised about managing excess spending. The board receives budget tracking on all funds monthly. Budget availability will be verified before payments. Amendments will be done for the budget to cover all expenditures.

Name of contact person responsible for corrective action: Donna Stricklin

Anticipated completion date for the corrective action: 6/30/25

Finding 2024-003 Failure to Close Books in Accordance with State Requirements

Recommendation: We recommend that the Town take steps to ensure that its books are closed and ready for audit in accordance with state statutes. This would eliminate the need for routine adjustments to the accounts after the two-month closing deadline.

Action taken: The books will be closed by the two month deadline.

Name of contact person responsible for corrective action: Donna Stricklin

Anticipated completion date for the corrective action: 6/30/25

Respectfully submitted,



Donna Stricklin, City Recorder/CMFO
Town of Rutherford, Tennessee