

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2023**

## **I. INTRODUCTORY SECTION**

# TOWN OF SIGNAL MOUNTAIN, TENNESSEE

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June 30, 2023

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**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Mayor and Officials**  
**June 30, 2023**

Mayor – Charles Poss

Vice Mayor – Elizabeth Baker

Councilmember – Andrew Gardner

Councilmember – Clay Crumbliss

Councilmember – Vicki Anderson (resigned 3/16/2023)

Councilmember – Susannah Murdock (appointed 3/27/2023)

Town Manager – Elaine Brunelle, CMFO

Finance Director/Town Recorder – Jennifer Broomfield, CMFO

## **II. FINANCIAL SECTION**

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# Waycaster, CPA LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council  
Town of Signal Mountain, 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Signal Mountain, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Signal Mountain, Tennessee's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Signal Mountain, Tennessee, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *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 Signal Mountain, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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### ***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 Signal Mountain, Tennessee's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Signal Mountain, Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Signal Mountain, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Signal Mountain, Tennessee's basic financial statements. The accompanying nonmajor governmental fund financial statements and financial schedules, and schedule of expenditures of federal and state awards and notes to the schedule of expenditures of federal and state awards, as listed in the table of contents, as required by Title 2 U.S. *Code of federal regulation* Part 200, *Uniform Administrative Requirements for Federal Awards*, are presented for purpose of additional analysis and are not a required part of the basic financial statements. The nonmajor governmental fund financial statements and financial schedules 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

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financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major governmental fund financial statements and financial schedules 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 Management's Corrective Action Plan but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2023, on our consideration of the Town of Signal Mountain, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Signal Mountain, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Signal Mountain, Tennessee's internal control over financial reporting and compliance.

*Waycaster CPA, LLC*

Chickamauga, GA

December 20, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

As management of the Town of Signal Mountain (TOSM) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of TOSM for the fiscal year ended June 30, 2023. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town.

**Financial Highlights:**

- The assets of the Town of Signal Mountain exceeded its liabilities at the close of the most recent year by \$27,487,009. Of this amount, \$12,034,234 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, fund balance for the General Fund was \$6,113,008 or 68.8% of total general fund expenditures.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,094,207.

**Overview of the Financial Statements:**

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

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

The Statement of Net Position presents information on all of TOSM's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TOSM is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of TOSM that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Signal Mountain include general



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

government, public safety, public works, and public welfare and recreation. The business-type activities of TOSM include water services and stormwater services.

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

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

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

TOSM maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Building Construction Fund, and Vehicle Replacement Fund. Other Funds are grouped together under the heading of Other Governmental Funds.

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

Proprietary Funds – TOSM maintains two types of proprietary funds.

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

Enterprise Funds- TOSM uses enterprise funds to account for water services and stormwater services.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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

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

**Financial Analysis of the Financial Statements**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Signal Mountain, assets exceeded liabilities by \$27,487,009 at the close of this fiscal year, compared to \$26,428,320 in the prior year.

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

A small additional portion of the Town of Signal Mountain, Tennessee's net position represents the resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Signal Mountain, Tennessee is able to report positive balances in almost all categories of net position, both for the government as a whole, as well as for its' business-type activities. The Special Revenue Fund State Street Aid currently owes the General Fund an amount for Capital Projects it did not have the funds to pay for.

Significant Budget Variations (General Fund)

Significant variances between the budget and actual results of the General fund included a shortfall of \$60,470 in property tax projection, an overage of \$309,069 in the local sales tax projection, an overage of \$70,573 in State sales tax projection, an overage of \$375,766 in Federal and State grants. In all, \$1,114,634 was the overage in projection of revenue for the General Fund. General Fund Expenditures were \$63,600 less than projected.

Currently Known Facts, Decisions, or Conditions

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

Anticipated differences in the next fiscal year are: An increase in revenues of the Water fund due to a rate increase. As of July 1, 2023, a new Signal Mountain Pay Scale by grade was adopted, resulting in increases across most departments in order to bring salaries to market level.

**Town of Signal Mountain, Tennessee Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current assets	\$16,704,927	\$ 16,076,082	\$ 4,136,880	\$ 3,847,336
Capital assets, net	15,815,295	15,514,616	4,884,049	4,429,646
<b>Total Assets</b>	<b>32,520,222</b>	<b>31,590,698</b>	<b>9,020,929</b>	<b>8,276,982</b>
Deferred outflows	1,531,553	1,301,906	151,473	164,679
<b>Total Deferred Outflows</b>	<b>1,531,553</b>	<b>1,301,906</b>	<b>151,473</b>	<b>164,679</b>
Current and other liabilities	2,653,297	1,835,990	172,327	158,376
Long-term liabilities	5,569,658	4,668,019	307,938	199,798
<b>Total Liabilities</b>	<b>8,222,955</b>	<b>6,504,009</b>	<b>480,265</b>	<b>358,174</b>
Deferred inflows of resources	7,151,711	7,828,955	48,963	214,807
<b>Deferred Inflows of Resources</b>	<b>7,151,711</b>	<b>7,828,955</b>	<b>48,963</b>	<b>214,807</b>
Net Investment in Capital Assets	11,048,543	10,963,616	4,884,049	4,429,646
Restricted	(479,817)	171,971	-	17,275
Unrestricted	8,108,383	7,424,053	3,925,851	3,421,759
<b>Total Net Position</b>	<b>\$18,677,109</b>	<b>\$ 18,559,640</b>	<b>\$ 8,809,900</b>	<b>\$ 7,868,680</b>

Changes in net position. Governmental activities increased the Town's net position by \$117,469  
Business-type activities net position increased by \$941,220.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Town of Signal Mountain Tennessee Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Program Revenues				
Charges for services	\$ 225,904	\$ 215,997	\$ 2,425,312	\$ 2,543,077
Fines & Forfeitures		\$ 6,416	\$ 36,683	
Contributions & Donations	\$ 740,130	\$ 1,480		
General Revenues				
Local Taxes	\$ 7,224,148	\$ 7,280,445		
Licenses & Permits	\$ 98,893	\$ 108,388		
Intergovernmental	\$ 1,705,242	\$ 1,896,218		
Investment Earnings	\$ 236,230	\$ 7,798	\$ 72,091	\$ 2,593
Rent		\$ 50,856		
Miscellaneous		\$ 451,579	\$ 326,763	\$ 36,094
Total Revenues	<u>\$ 10,230,547</u>	<u>\$ 10,019,177</u>	<u>\$ 2,860,849</u>	<u>\$ 2,581,764</u>
Expenses				
General Government	\$ 1,455,442	\$ 1,004,530		
Public Safety	\$ 4,643,353	\$ 4,002,560		
Public Works	\$ 2,922,165	\$ 1,546,776		
Public Welfare & Recreation	\$ 937,642	\$ 964,935		
Interest on Long Term Debt	\$ 141,678	\$ 366,166		
Water			\$ 1,801,283	\$ 1,687,165
Stormwater			\$ 290,645	\$ 270,251
Total Expenses	<u>\$ 10,100,280</u>	<u>\$ 7,884,967</u>	<u>\$ 2,091,928</u>	<u>\$ 1,957,416</u>
Change in net position	\$ 130,267	\$ 2,134,210	\$ 768,921	\$ 624,348
Net position, beginning, restated	\$ 18,546,842	\$ 3,599,908	\$ 7,874,253	\$ 7,244,332
Net position, ending	\$ 18,677,109	\$ 5,734,118	\$ 8,643,174	\$ 7,868,680

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

- The overall expenditures increased by approximately \$2,215,313.

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

- The overall expenditures increased by approximately \$134,512.

**Business-type Activities**

Business-type activities accounted for revenue of \$2,860,849.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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

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

**Governmental Funds**

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

As of the end of the current fiscal year, TOSM's governmental funds reported combined ending fund balances of \$8,094,207, a decrease of \$103,438 from the prior year ending balance. A third of that amount was due to a restatement of balance due to an accounting error. Approximately \$6,087,552 (75.2%) of this balance is unassigned. This amount is available for spending at the government's discretion. The remainder of the fund balance is non-spendable, committed or assigned for specific purposes.

The general fund is the chief operation fund of the Town of Signal Mountain. Due to the compliance of GASB 54, the general fund recognizes "unassigned" fund balance instead of "unreserved" fund balance. At the end of this fiscal year, this amount is \$6,087,552. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 60.3% of total general fund expenditures.

**Proprietary fund**

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

Unrestricted Net Assets at the end of the year for the Water Fund amounted to \$3,430,748.

Unrestricted Net Assets at the end of the year for the Stormwater Fund amounted to \$495,103.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Signal Mountain's business-type activities.

**Capital Assets**

The Town of Signal Mountain's investment in capital assets from its governmental and business-type activities at June 30, 2023 amounts to \$20,211,592 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvement, machinery and equipment, park facilities, roads, highways, and bridges.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Town of Signal Mountain, Tennessee Capital Assets**

**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	869,313	844,313	-	-	869,313	844,313
Construction in Progress			16,075		16,075	-
Utility Plant in Service			8,803,331	3,850,596	8,803,331	3,850,596
Buildings and improvements	8,237,220	9,273,255	-	-	8,237,220	9,273,255
Furniture, machinery, and equipment	3,492,436	2,120,894	1,799,451	579,050	5,291,887	2,699,944
Infrastructure	2,728,575	3,276,154			2,728,575	3,276,154
Total capital Assets	\$15,327,544	\$ 15,514,616	\$10,618,857	\$ 4,429,646	\$ 25,946,401	\$ 19,944,262

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

**Long-term Debt**

At the end of the current year, the Town of Signal Mountain had debt outstanding of \$4,482,112. Of this amount, \$278,000 is due in the next fiscal year.

**Town of Signal Mountain, Tennessee Outstanding Debt**

	Governmental Activities	Total
TN Municipal Bond 2015	\$ 147,000	\$ 147,000
TN Municipal Bond 2017	\$ 131,000	\$ 131,000

The Town of Signal Mountain has a combined total debt in the amount of \$4,279,000 outstanding during the current fiscal year, a decrease of \$272,000 from the prior year. TOSM's debt is payable from ad valorem taxes to be levied on all taxable property with the limits of the Town.

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

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Signal Mountain's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Signal Mountain, 1111 Ridgeway Avenue, Signal Mountain, TN 37377.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Government-Wide Statement of Net Position**  
**June 30, 2023**

	<b>Primary Government</b>			<b>Component</b>
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Unit</b>
	<b>Activities</b>	<b>Activities</b>		
<b>ASSETS</b>				
Current Assets				
Cash	\$ 5,020,465	\$ 2,416,004	\$ 7,436,469	\$ 151,522
Investments	4,961,963	1,294,888	6,256,851	40,047
Property taxes receivable - net	6,210,023	-	6,210,023	-
Accounts receivable - net	30,029	335,659	365,688	-
Due from other governments	445,262	-	445,262	-
Internal balance	(15,640)	15,640	-	-
Lease receivable- due within one year	50,856	-	50,856	-
Interest receivable	1,969	-	1,969	-
Inventory	-	74,689	74,689	-
Total Current Assets	16,704,927	4,136,880	20,841,807	191,569
Non-current Assets				
Lease receivable-due more than one year	487,752	-	487,752	-
Capital assets				
Land	869,313	-	869,313	-
Construction in process	-	16,075	16,075	-
Other capital assets - net of accumulated depreciation	14,458,230	4,867,974	19,326,204	-
Total capital assets	15,327,543	4,884,049	20,211,592	-
Total Non-current Assets	15,815,295	4,884,049	20,699,344	-
<b>TOTAL ASSETS</b>	<b>\$ 32,520,222</b>	<b>\$ 9,020,929</b>	<b>\$ 41,541,151</b>	<b>\$ 191,569</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to Pension	\$ 1,475,318	\$ 145,911	\$ 1,621,229	\$ -
Deferred outflows related to OPEB	56,235	5,562	61,797	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,531,553</b>	<b>\$ 151,473</b>	<b>\$ 1,683,026</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 95,150	\$ 8,164	\$ 103,314	\$ -
Accrued liabilities	306,341	164,163	470,504	-
Unearned grant revenue	1,973,806	-	1,973,806	-
Bonds payable - due within one year	278,000	-	278,000	-
Total current liabilities	2,653,297	172,327	2,825,624	-
Non-current Liabilities				
Customer deposit	-	157,985	157,985	-
Net Pension Liability	1,280,513	126,644	1,407,157	-
Total OPEB Liability	85,033	8,410	93,443	-
Bonds payable - due more than one year	4,001,000	-	4,001,000	-
Compensated absences	203,112	14,899	218,011	-
Total non-current liabilities	5,569,658	307,938	5,877,596	-
<b>TOTAL LIABILITIES</b>	<b>\$ 8,222,955</b>	<b>\$ 480,265</b>	<b>\$ 8,703,220</b>	<b>\$ -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to property taxes	\$ 6,143,487	\$ -	\$ 6,143,487	-
Deferred inflows related to leases	513,152	-	513,152	-
Deferred inflows related to Pension	281,148	27,806	308,954	-
Deferred inflows related to OPEB	213,924	21,157	235,081	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 7,151,711</b>	<b>\$ 48,963</b>	<b>\$ 7,200,674</b>	<b>\$ -</b>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 11,048,543	\$ 4,884,049	\$ 15,932,592	\$ -
Restricted for:				
State Street Aid	(481,325)	-	(481,325)	-
Drug	1,508	-	1,508	-
Library Board	-	-	-	191,569
Unrestricted	8,108,383	3,925,851	12,034,234	-
<b>TOTAL NET POSITION</b>	<b>\$ 18,677,109</b>	<b>\$ 8,809,900</b>	<b>\$ 27,487,009</b>	<b>\$ 191,569</b>

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



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

**Government-Wide Statement of Activities**

**Year Ended June 30, 2023**

					Net (Expense) Revenue and Changes in Net Position			
Functions/Programs		Program Revenues			Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activites	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 1,455,442	\$ 20,494	\$ -	\$ 403,016	\$ (1,031,932)	\$ -	\$ (1,031,932)	
Public safety	4,643,353	13,558	-	29,600	(4,600,195)	-	(4,600,195)	
Public works	2,922,165	46,686	307,514	-	(2,567,965)	-	(2,567,965)	
Public welfare and recreation	937,642	145,166	-	-	(792,476)	-	(792,476)	
Interest on long-term debt	141,678	-	-	-	(141,678)	-	(141,678)	
Total governmental activities	10,100,280	225,904	307,514	432,616	(9,134,246)	-	(9,134,246)	-
Business-type activities:								
Water	1,801,283	1,979,586		23,434		201,737	201,737	
Stormwater	290,645	491,017		209,711	-	410,083	410,083	-
Total business-type activities	2,091,928	2,470,603	-	233,145	-	611,820	611,820	-
Total Primary Government	12,192,208	2,696,507	307,514	665,761	(9,134,246)	611,820	(8,522,426)	-
Component Unit:								
Library board	9,881	-	31,969	-	-	-	-	22,088
General revenues:								
Unrestricted:								
					5,970,546	-	5,970,546	-
					226	-	226	-
					309,069	-	309,069	-
					1,950	-	1,950	-
					2,548,747	-	2,548,747	-
					236,230	72,091	308,321	1,208
					197,745	85,010	282,755	-
					9,264,513	157,101	9,421,614	1,208
Change in net position					130,267	768,921	899,188	23,296
Net position - beginning, as previously stated					18,559,641	7,868,680	26,428,321	168,273
Restatement - due to accounting error					(12,799)	5,573	(7,226)	-
Net position - beginning, as restated					18,546,842	7,874,253	26,421,095	168,273
Net position - end					\$ 18,677,109	\$ 8,643,174	\$ 27,320,283	\$ 191,569

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

		Capital Projects			
	General Fund	Building Construction Fund	Vehicle Replacement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 2,516,441	\$ 766,373	\$ 1,713,410	\$ 24,241	\$ 5,020,465
Investments	4,662,342	-	2,685	296,936	4,961,963
Property taxes receivable - net	6,210,023	-	-	-	6,210,023
Other accounts receivable - net	30,029	-	-	-	30,029
Due from other governments	392,683	-	-	52,579	445,262
Due from other funds	839,495	-	-	-	839,495
Lease receivable-due within one year	50,856	-	-	-	50,856
Lease receivable-due more than one year	487,752	-	-	-	487,752
Interest receivable	1,969	-	-	-	1,969
<b>Total Assets</b>	<u>\$ 15,191,590</u>	<u>\$ 766,373</u>	<u>\$ 1,716,095</u>	<u>\$ 373,756</u>	<u>\$ 18,047,814</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 59,620	\$ -	\$ 21,452	\$ 14,078	\$ 95,150
Accrued liabilities	306,341	-	-	-	306,341
Unearned grant revenue	1,973,806	-	-	-	1,973,806
Due to other funds	15,640	-	-	839,495	855,135
<b>Total Liabilities</b>	<u>\$ 2,355,407</u>	<u>\$ -</u>	<u>\$ 21,452</u>	<u>\$ 853,573</u>	<u>\$ 3,230,432</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to property taxes	\$ 6,210,023	\$ -	-	\$ -	\$ 6,210,023
Deferred inflows related to leases	513,152	-	-	-	513,152
<b>Total Deferred Inflows of Resources</b>	<u>\$ 6,723,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,723,175</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 25,456	\$ -	\$ -	\$ -	\$ 25,456
Restricted	-	-	-	(479,817)	(479,817)
Assigned	-	766,373	1,694,643	-	2,461,016
Unassigned	6,087,552	-	-	-	6,087,552
<b>Total Fund Balances</b>	<u>\$ 6,113,008</u>	<u>\$ 766,373</u>	<u>\$ 1,694,643</u>	<u>\$ (479,817)</u>	<u>\$ 8,094,207</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2023**

Total fund balances per governmental funds balance sheet	\$ 8,094,207
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	15,327,543
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(4,482,112)
Some Property tax will not be collected for several months after the Town's fiscal year end, they are not considered "available" revenues in the governmental funds.	66,536
Pension and OPEB liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(329,065)</u>
Net position of governmental activities	<u><u>\$ 18,677,109</u></u>

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

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

		Capital Projects			
		Building	Vehicle	Other	Total
	General Fund	Construction	Replacement	Governmental	Governmental
		Fund	Fund	Funds	Funds
<b>REVENUES</b>					
Taxes	\$ 7,224,148	-	-	\$ -	\$ 7,224,148
Licenses and permits	98,893	-	-	-	98,893
Intergovernmental revenue	1,862,397	-	-	307,514	2,169,911
Charges for services	225,904	-	-	-	225,904
Fines and forfeitures	11,180	-	-	-	11,180
Other revenue	364,106	-	63,956	5,913	433,975
<b>Total Revenues</b>	<b>9,786,628</b>	<b>-</b>	<b>63,956</b>	<b>313,427</b>	<b>10,164,011</b>
<b>EXPENDITURES</b>					
Current Expenditures					
General government	1,301,934	-	-	-	1,301,934
Public safety	4,479,301	-	183,361	-	4,662,662
Public works	1,680,873	-	362,889	786,799	2,830,561
Public welfare and recreation	1,020,815	-	-	-	1,020,815
Debt service	413,678	-	-	-	413,678
<b>Total Expenditures</b>	<b>8,896,601</b>	<b>-</b>	<b>546,250</b>	<b>786,799</b>	<b>10,229,650</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>890,027</b>	<b>-</b>	<b>(482,294)</b>	<b>(473,372)</b>	<b>(65,639)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in (out)	(473,338)	-	473,338	-	-
<b>Excess (deficiency) of revenues and other sources (uses) over (under) expenditures</b>	<b>416,689</b>	<b>-</b>	<b>(8,956)</b>	<b>(473,372)</b>	<b>(65,639)</b>
<b>Fund Balances - beginning</b>	<b>5,734,118</b>	<b>766,373</b>	<b>1,703,599</b>	<b>(6,445)</b>	<b>8,197,645</b>
Restatement-due to accounting error	(37,799)	-	-	-	(37,799)
<b>Fund Balances - end</b>	<b>\$ 6,113,008</b>	<b>\$ 766,373</b>	<b>\$ 1,694,643</b>	<b>\$ (479,817)</b>	<b>\$ 8,094,207</b>

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

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

Net change in fund balances for total governmental funds	\$ (65,639)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	66,536
Governmental funds report capital outlay as expenditures, however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.	(187,075)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	272,000
Accrued leave reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	44,912
Pension and OPEB expense for the prior year is not reported in the governmental funds, but is reported in the Statement of Activities. Current year pension contributions are reported as an expense in the governmental funds but are not report in the Statement of Activities.	(467)
Change in net position of governmental activities	\$ 130,267

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

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

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
<b>Taxes</b>				
Property taxes	6,075,710	6,075,710	6,015,240	(60,470)
Penalties and interest	16,000	16,000	21,842	5,842
Room occupancy tax	-	-	8,193	8,193
Public utilities	200	200	-	(200)
In lieu of tax - Water fund	33,000	33,000	32,000	(1,000)
Business tax- Minimum	300	300	526	226
Local sales tax	750,000	750,000	1,059,069	309,069
Wholesale beer tax	70,000	70,000	87,278	17,278
<b>Total Taxes</b>	<b>6,945,210</b>	<b>6,945,210</b>	<b>7,224,148</b>	<b>278,938</b>
<b>Licenses and Permits</b>				
Business license	6,000	6,000	7,857	1,857
Beer license	1,200	1,200	1,350	150
Liquor license	800	800	600	(200)
Building permits	90,000	90,000	88,771	(1,229)
Fowl permits	150	150	315	165
<b>Total Licenses and Permits</b>	<b>98,150</b>	<b>98,150</b>	<b>98,893</b>	<b>743</b>
<b>Intergovernmental Revenue</b>				
State shared revenue				
Business tax	45,000	45,000	60,299	15,299
Mixed drink tax	10,000	10,000	12,595	2,595
State sales tax	982,572	982,572	1,053,145	70,573
State beer tax	4,160	4,160	4,042	(118)
State wine tax	15,000	15,000	218	(14,782)
TVA in lieu of tax	92,946	92,946	106,430	13,484
Streets and transportation funds	17,000	17,000	16,217	(783)
Sports betting tax	13,278	13,278	15,782	2,504
State income tax	-	-	1,541	1,541
Other state share tax	184,000	184,000	159,512	(24,488)
Federal and State grants	56,850	56,850	432,616	375,766
<b>Total Intergovernmental Revenue</b>	<b>1,420,806</b>	<b>1,420,806</b>	<b>1,862,397</b>	<b>441,591</b>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES (Continued)</b>				
<b>Charges For Services</b>				
Library fees	-	-	20,419	20,419
Parks and recreation fees	109,050	109,050	145,166	36,116
Building and codes fees	50	50	75	25
Public works fees	19,700	19,700	46,686	26,986
Police special services	-	-	13,558	13,558
<b>Total Charges For Services</b>	<u>128,800</u>	<u>128,800</u>	<u>225,904</u>	<u>97,104</u>
 <b>Fines and Forfeitures</b>				
Court fines and forfeitures	<u>10,000</u>	<u>10,000</u>	<u>11,180</u>	<u>1,180</u>
 <b>Other Revenue</b>				
Donations	7,500	7,500	550	(6,950)
Interest earnings	50,878	50,878	281,189	230,311
City property rent	2,000	2,000	663	(1,337)
Lease Revenue	8,500	8,500	35,390	26,890
Miscellaneous	150	150	46,314	46,164
<b>Total Other Revenue</b>	<u>69,028</u>	<u>69,028</u>	<u>364,106</u>	<u>295,078</u>
 <b>Total Revenues</b>	<u>8,543,194</u>	<u>8,543,194</u>	<u>9,786,628</u>	<u>1,114,634</u>

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

**TOWN OF SINGAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
<b>General government</b>				
<b>Judicial</b>				
Salaries and payroll taxes	25,169	25,169	17,058	8,111
Health insurance	3,727	3,727	171	3,556
Retirement	663	663	119	544
Other employee benefits	165	165	62	103
Insurance	1,660	1,660	1,720	(60)
Office supplies	40	40	-	40
Other operating expenses	150	150	1,218	(1,068)
Postage and printing	125	125	18	107
Professional and contractual services	1,100	1,100	1,246	(146)
Repair and maintenance	5,650	5,650	5,684	(34)
Telephone and communications	50	50	588	(538)
Travel and training	150	150	1,002	(852)
<b>Total Judicial</b>	<b>38,649</b>	<b>38,649</b>	<b>28,886</b>	<b>9,763</b>
<b>Adminstration</b>				
Salaries and payroll taxes	300,703	257,788	226,466	31,322
Health insurance	13,599	13,599	-	13,599
Retirement	31,565	31,565	15,418	16,147
Other employee benefits	6,021	6,021	4,835	1,186
Insurance	2,500	2,500	3,105	(605)
Miscellaneous	8,200	8,200	7,997	203
Non-capital equipment	3,200	3,200	10,772	(7,572)
Office supplies	2,000	2,000	2,605	(605)
Other operating expenses	17,650	17,650	15,704	1,946
Postage and printing	3,050	3,050	1,198	1,852
Professional and contractual services	179,375	147,375	118,217	29,158
Repair and maintenance	4,050	4,050	3,561	489
Telephone and communications	2,000	2,000	2,098	(98)
Travel and training	4,000	4,000	13,428	(9,428)
Utilities	6,750	6,750	5,702	1,048
Capital outlay	-	-	9,600	(9,600)
<b>Total Adminstration</b>	<b>584,663</b>	<b>509,748</b>	<b>440,706</b>	<b>69,042</b>

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



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures</b>				
<b>General government</b>				
<b>Finance</b>				
Salaries and payroll taxes	137,432	147,432	155,652	(8,220)
Health insurance	39,172	33,972	26,609	7,363
Retirement	14,483	14,483	11,521	2,962
Other employee benefits	29,365	29,365	2,249	27,116
Insurance	600	600	1,281	(681)
Miscellaneous	-	-	705	(705)
Non-capital equipment	250	250	3,750	(3,500)
Office supplies	58,500	58,500	2,518	55,982
Other operating expenses	8,250	8,250	4,374	3,876
Postage and printing	11,700	11,700	9,000	2,700
Professional and contractual services	-	-	35,679	(35,679)
Repair and maintenance	1,000	1,000	51,909	(50,909)
Telephone and communications	1,000	1,000	4,775	(3,775)
Travel and training	-	-	2,988	(2,988)
Utilities	4,535	4,535	5,758	(1,223)
Capital outlay	51,250	51,250	41,550	9,700
<b>Total Finance</b>	357,537	362,337	360,318	2,019
<b>Building and codes</b>				
Salaries and payroll taxes	108,117	117,517	140,141	(22,624)
Health insurance	31,635	31,635	33,172	(1,537)
Retirement	11,048	11,048	10,186	862
Other employee benefits	5,310	5,310	6,594	(1,284)
Insurance	3,000	3,000	1,774	1,226
Non-capital equipment	1,800	1,800	33	1,767
Office supplies	1,600	1,600	878	722
Other operating expenses	1,250	1,250	3,119	(1,869)
Postage and printing	850	850	44	806
Professional and contractual services	3,500	3,500	5,350	(1,850)
Repair and maintenance	11,000	11,000	1,058	9,942
Telephone and communications	500	500	3,351	(2,851)
Travel and training	2,650	2,650	724	1,926
Capital outlay	1,500	1,500	-	1,500
<b>Total Building and codes</b>	183,760	193,160	206,424	(13,264)

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures</b>				
<b>General government</b>				
<b>Library</b>				
Salaries and payroll taxes	147,806	148,775	173,466	(24,691)
Health insurance	16,063	16,063	16,352	(289)
Retirement	15,515	15,515	9,347	6,168
Other employee benefits	1,662	1,662	1,449	213
Insurance	4,000	4,000	3,583	417
Non-capital equipment	400	400	2,227	(1,827)
Office supplies	7,840	7,840	19,807	(11,967)
Other operating expenses	2,050	2,050	2,462	(412)
Postage and printing	500	500	7	493
Professional and contractual services	8,680	8,680	5,400	3,280
Repair and maintenance	31,900	31,900	18,635	13,265
Telephone and communications	1,000	1,000	1,471	(471)
Travel and training	400	400	-	400
Utilities	12,800	12,800	11,394	1,406
<b>Total Library</b>	250,616	251,585	265,600	(14,015)
<b>Total General government</b>	1,415,225	1,355,479	1,301,934	53,545
<b>Public safety</b>				
<b>Police</b>				
Salaries and payroll taxes	965,978	975,978	1,052,413	(76,435)
Health insurance	196,578	196,578	179,954	16,624
Retirement	101,399	101,399	108,585	(7,186)
Other employee benefits	53,442	53,442	61,078	(7,636)
Insurance	24,000	24,000	24,496	(496)
Miscellaneous	-	-	271	(271)
Non-capital equipment	65,500	65,500	67,018	(1,518)
Office supplies	14,300	14,300	10,322	3,978
Other operating expenses	79,500	79,500	68,870	10,630
Postage and printing	1,800	1,800	1,604	196
Professional and contractual services	121,000	121,000	120,505	495
Repair and maintenance	27,600	27,600	24,667	2,933
Telephone and communications	18,000	18,000	10,835	7,165
Travel and training	9,000	9,000	10,649	(1,649)
Utilities	6,300	6,300	6,631	(331)
Capital outlay	-	-	41,055	(41,055)
<b>Total Police</b>	1,684,397	1,694,397	1,788,953	(94,556)

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures</b>				
<b>Public safety</b>				
<b>Fire</b>				
Salaries and payroll taxes	1,533,727	1,543,089	1,693,289	(150,200)
Health insurance	362,420	384,420	371,495	12,925
Retirement	158,645	158,645	178,150	(19,505)
Other employee benefits	67,099	67,099	72,161	(5,062)
Insurance	35,000	35,000	27,904	7,096
Non-capital equipment	19,000	19,000	10,370	8,630
Office supplies	60,850	60,850	58,806	2,044
Other operating expenses	41,500	41,500	37,137	4,363
Postage and printing	650	650	263	387
Professional and contractual services	87,900	87,900	78,774	9,126
Repair and maintenance	41,000	41,000	41,223	(223)
Telephone and communications	12,300	12,300	15,993	(3,693)
Travel and training	45,000	45,000	32,302	12,698
Utilities	26,400	26,400	36,279	(9,879)
Capital outlay	48,000	48,000	36,202	11,798
<b>Total Fire</b>	<u>2,539,491</u>	<u>2,570,853</u>	<u>2,690,348</u>	<u>(119,495)</u>
<b>Total Public safety</b>	<u>4,223,888</u>	<u>4,265,250</u>	<u>4,479,301</u>	<u>(214,051)</u>
<b>Public works</b>				
<b>Administration</b>				
Salaries and payroll taxes	102,015	102,015	112,784	(10,769)
Health insurance	20,713	20,713	22,046	(1,333)
Retirement	10,708	10,708	8,254	2,454
Other employee benefits	1,629	1,629	2,729	(1,100)
Insurance	1,525	1,525	1,302	223
Miscellaneous	750	750	658	92
Non-capital equipment	5,200	5,200	3,519	1,681
Office supplies	4,695	4,695	1,203	3,492
Other operating expenses	1,200	1,200	1,726	(526)
Postage and printing	200	200	83	117
Professional and contractual services	3,380	1,680	1,216	464
Repair and maintenance	1,150	1,150	729	421
Telephone and communications	200	200	1,140	(940)
Travel and training	100	2,200	2,045	155
Utilities	2,900	2,900	2,642	258
<b>Total Administration</b>	<u>156,365</u>	<u>156,765</u>	<u>162,076</u>	<u>(5,311)</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures</b>				
<b>Public works</b>				
<b>Streets and highway repair and maintenance</b>				
Salaries and payroll taxes	405,092	415,092	342,910	72,182
Health insurance	97,570	97,570	103,566	(5,996)
Retirement	22,998	22,998	24,963	(1,965)
Other employee benefits	25,653	25,653	19,772	5,881
Insurance	9,000	9,000	10,043	(1,043)
Miscellaneous	600	600	763	(163)
Non-capital equipment	10,700	10,700	3,373	7,327
Office supplies	57,100	57,100	41,076	16,024
Other operating expenses	27,125	27,125	30,695	(3,570)
Postage and printing	450	450	240	210
Professional and contractual services	5,620	5,620	3,582	2,038
Repair and maintenance	41,600	67,600	49,421	18,179
Telephone and communications	1,000	1,000	1,520	(520)
Travel and training	2,000	2,000	1,692	308
Utilities	2,170	2,170	2,412	(242)
Capital outlay	37,000	37,000	36,283	717
<b>Total Streets and highway repair and maintenance</b>	<u>745,678</u>	<u>781,678</u>	<u>672,311</u>	<u>109,367</u>
<b>Shop</b>				
Salaries and payroll taxes	48,175	48,175	45,656	2,519
Health insurance	19,474	19,474	3,427	16,047
Retirement	5,057	5,057	3,396	1,661
Other employee benefits	2,686	2,686	2,060	626
Insurance	2,000	2,000	1,767	233
Miscellaneous	-	-	22	(22)
Non-capital equipment	2,250	2,250	2,055	195
Office supplies	4,360	4,360	5,815	(1,455)
Other operating expenses	2,475	2,475	1,594	881
Professional and contractual services	8,485	8,485	6,459	2,026
Repair and maintenance	7,700	7,700	6,922	778
Telephone and communications	1,980	1,980	1,332	648
Travel and training	700	700	344	356
Utilities	18,020	18,020	20,841	(2,821)
<b>Total Shop</b>	<u>123,362</u>	<u>123,362</u>	<u>101,690</u>	<u>21,672</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures</b>				
<b>Public works</b>				
<b>Solid waste</b>				
Salaries and payroll taxes	222,276	224,089	173,996	50,093
Health insurance	16,291	16,291	7,983	8,308
Retirement	23,332	23,332	12,992	10,340
Other employee benefits	7,926	7,926	4,780	3,146
Insurance	4,600	4,600	4,512	88
Miscellaneous	400	400	575	(175)
Non-capital equipment	700	700	287	413
Office supplies	34,250	34,250	32,550	1,700
Other operating expenses	43,650	43,650	40,221	3,429
Postage and printing	100	100	39	61
Professional and contractual services	353,988	353,988	341,726	12,262
Repair and maintenance	44,225	44,225	40,441	3,784
Telephone and communications	480	480	142	338
Travel and training	800	800	277	523
Utilities	2,120	2,120	2,527	(407)
<b>Total Solid waste</b>	755,138	756,951	663,048	93,903
<b>Recycle</b>				
Salaries and payroll taxes	10,227	10,227	6,650	3,577
Health insurance	2,551	2,551	852	1,699
Retirement	1,074	1,074	475	599
Other employee benefits	510	510	104	406
Insurance	550	550	276	274
Office supplies	41,210	41,210	619	40,591
Other operating expenses	750	750	245	505
Professional and contractual services	15,100	15,100	50,507	(35,407)
Repair and maintenance	1,600	1,600	1,249	351
Telephone and communications	350	350	514	(164)
Utilities	800	800	1,071	(271)
Capital outlay	17,000	17,000	19,186	(2,186)
<b>Total Recycle</b>	91,722	91,722	81,748	9,974
<b>Total Public works</b>	1,872,265	1,910,478	1,680,873	229,605

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (continued)</b>				
<b>Current Expenditures</b>				
<b>Public welfare and recreation (continued)</b>				
<b>Mountain arts and community center</b>				
Insurance	6,500	6,500	5,169	1,331
Professional and contractual services	-	-	130	(130)
Repair and maintenance	25,500	9,300	7,305	1,995
Telephone and communications	1,600	1,600	429	1,171
Utilities	4,500	18,000	20,042	(2,042)
Capital outlay	35,000	35,000	36,451	(1,451)
<b>Total Mountain arts and community center</b>	73,100	70,400	69,526	874
 <b>Public welfare and recreation</b>				
<b>Administration</b>				
Salaries and payroll taxes	72,548	72,548	82,899	(10,351)
Health insurance	19,474	19,474	15,302	4,172
Retirement	7,615	7,615	6,382	1,233
Other employee benefits	1,235	1,235	1,374	(139)
Insurance	1,000	1,000	786	214
Miscellaneous	-	-	191	(191)
Non-capital equipment	800	800	-	800
Office supplies	1,500	1,500	414	1,086
Other operating expenses	450	450	100	350
Postage and printing	1,000	1,000	210	790
Repair and maintenance	250	250	1,080	(830)
Telephone and communications	2,000	2,000	2,135	(135)
Travel and training	100	100	2,235	(2,135)
Utilities	100	100	107	(7)
<b>Total Administration</b>	108,072	108,072	113,215	(5,143)

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (continued)</b>				
<b>Current Expenditures</b>				
<b>Public welfare and recreation (continued)</b>				
<b>Pool</b>				
Salaries and payroll taxes	70,594	70,594	75,512	(4,918)
Other employee benefits	2,550	2,550	1,959	591
Insurance	1,900	1,900	3,782	(1,882)
Miscellaneous	-	-	568	(568)
Non-capital equipment	-	-	249	(249)
Office supplies	18,200	18,200	24,022	(5,822)
Other operating expenses	2,100	2,100	1,765	335
Postage and printing	2,350	2,350	559	1,791
Professional and contractual services	700	700	1,967	(1,267)
Repair and maintenance	20,500	20,500	11,065	9,435
Telephone and communications	400	400	328	72
Utilities	36,000	36,000	42,507	(6,507)
<b>Total Pool</b>	155,294	155,294	164,283	(8,989)
<b>Concessions</b>				
Salaries and payroll taxes	11,572	11,572	12,267	(695)
Other employee benefits	500	500	397	103
Insurance	300	300	472	(172)
Miscellaneous	-	-	1,090	(1,090)
Office supplies	6,000	6,000	13,318	(7,318)
Postage and printing	-	-	27	(27)
<b>Total Concessions</b>	18,372	18,372	27,571	(9,199)

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (continued)</b>				
<b>Current Expenditures</b>				
<b>Public welfare and recreation (continued)</b>				
<b>Maintenance</b>				
Salaries and payroll taxes	163,392	165,131	129,797	35,334
Health insurance	38,697	38,697	36,721	1,976
Retirement	17,151	17,151	8,420	8,731
Other employee benefits	5,627	5,627	7,330	(1,703)
Insurance	2,400	2,400	2,047	353
Miscellaneous	-	-	15	(15)
Non-capital equipment	500	500	478	22
Office supplies	8,500	8,500	6,471	2,029
Other operating expenses	9,400	9,400	7,646	1,754
Professional and contractual services	5,000	5,000	8,770	(3,770)
Repair and maintenance	20,000	20,000	32,032	(12,032)
Telephone and communications	500	500	18	482
Utilities	4,800	4,800	5,559	(759)
Capital outlay	93,000	93,000	59,782	33,218
<b>Total Maintenance</b>	<u>368,967</u>	<u>370,706</u>	<u>305,086</u>	<u>65,620</u>
<b>Tennis Courts</b>				
Insurance	3,100	3,100	3,079	21
Office supplies	800	800	962	(162)
Repair and maintenance	21,000	21,000	4,498	16,502
Utilities	1,000	1,000	206	794
<b>Total Tennis courts</b>	<u>25,900</u>	<u>25,900</u>	<u>8,745</u>	<u>17,155</u>
<b>Ballfields</b>				
Insurance	2,200	2,200	2,164	36
Office supplies	5,600	5,600	889	4,711
Repair and maintenance	18,100	18,100	14,456	3,644
Utilities	12,500	12,500	15,015	(2,515)
<b>Total Ballfields</b>	<u>38,400</u>	<u>38,400</u>	<u>32,524</u>	<u>5,876</u>

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



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES (continued)</b>				
<b>Current Expenditures</b>				
<b>Public welfare and recreation (continued)</b>				
<b>Gym</b>				
Salaries and payroll taxes	34,418	34,418	22,381	12,037
Other employee benefits	1,270	1,270	573	697
Insurance	2,300	2,300	2,229	71
Office supplies	2,500	2,500	3,453	(953)
Professional and contractual services	100	100	105	(5)
Repair and maintenance	3,500	3,500	8,114	(4,614)
Utilities	11,500	11,500	11,363	137
<b>Total Gym</b>	<u>55,588</u>	<u>55,588</u>	<u>48,218</u>	<u>7,370</u>
<b>Facilities maintenance</b>				
Insurance	650	650	429	221
Non-capital equipment	1,000	1,000	4,018	(3,018)
Office supplies	8,500	8,500	3,829	4,671
Other operating expenses	200	200	395	(195)
Postage and printing	100	100	-	100
Professional and contractual services	39,000	39,000	41,125	(2,125)
Repair and maintenance	70,000	70,000	79,715	(9,715)
Telephone and communications	2,500	2,500	502	1,998
Capital outlay	115,600	115,600	121,634	(6,034)
<b>Total Facilities maintenance</b>	<u>237,550</u>	<u>237,550</u>	<u>251,647</u>	<u>(14,097)</u>
<b>Total Public welfare and recreation</b>	<u>1,081,243</u>	<u>1,080,282</u>	<u>1,020,815</u>	<u>59,467</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>EXPENDITURES</b> (continued)				
<b>Current Expenditures</b>				
<b>Debt service</b>				
Principal	272,000	272,000	272,000	-
Interest	131,680	141,680	141,678	2
<b>Total Debt service</b>	403,680	413,680	413,678	2
<b>Total Expenditures</b>	8,996,301	9,025,169	8,896,601	128,568
<b>Other Sources and Uses</b>				
Transfer in	300,000	300,000	-	(300,000)
Transfer (out)	(473,338)	(473,338)	(473,338)	-
Net change in fund balances	(8,452,963)	(8,481,831)	416,689	8,898,520
<b>Fund Balances - beginning</b>	5,734,118	5,734,118	5,734,118	-
Restatement- due to accounting error	-	-	(37,799)	37,799
<b>Fund Balances - end</b>	\$ (2,718,845)	\$ (2,747,713)	\$ 6,113,008	\$ 8,860,721

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Building Construction Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
<b>Other Revenue</b>				
Miscellaneous	447,600	447,600	-	(447,600)
<b>Total Other Revenue</b>	447,600	447,600	-	(447,600)
<b>Total Revenues</b>	447,600	447,600	-	(447,600)
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>				
Public works				
Rolling rocks	447,600	447,600	-	447,600
<b>Total Capital Outlay</b>	447,600	447,600	-	447,600
<b>Total Expenditures</b>	447,600	447,600	-	447,600
Net change in fund balances	-	-	-	-
<b>Fund Balances - beginning</b>	766,373	766,373	766,373	-
<b>Fund Balances - end</b>	\$ 766,373	\$ 766,373	\$ 766,373	\$ -

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Vehicle Replacement Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
<b>Other Revenue</b>				
Interest earnings	-	2	8	6
Proceeds for sale of capital assets	-	66,127	63,948	(2,179)
Miscellaneous		10,000	-	(10,000)
<b>Total Other Revenue</b>	-	76,129	63,956	(12,173)
<b>Total Revenues</b>		76,129	63,956	(12,173)
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>				
Public safety				
Vehicles	-	183,361	183,361	-
Public works				
Rolling rocks	-	-	190,948	(190,948)
Vehicles	-	341,438	171,941	169,497
<b>Total Capital Outlay</b>	-	524,799	546,250	(21,451)
<b>Total Expenditures</b>	-	524,799	546,250	(21,451)
<b>Other Sources and Uses</b>				
Transfer in	471,338	522,799	473,338	49,461
Net change in fund balances	(471,338)	(971,469)	(8,956)	(962,513)
<b>Fund Balances - beginning</b>	1,703,599	1,703,599	1,703,599	-
<b>Fund Balances - end</b>	\$ 1,232,261	\$ 732,130	\$ 1,694,643	\$ (962,513)

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 2,110,950	305,054	\$ 2,416,004
Investments	1,248,981	45,907	1,294,888
Accounts receivable - net	335,659	-	335,659
Inventory	74,689	-	74,689
Due from other funds	23,540	4,444	27,984
	<u>3,793,819</u>	<u>355,405</u>	<u>4,149,224</u>
Total Current Assets			
Non-current Assets			
Capital assets			
Construction in process	\$ -	\$ 16,075	\$ 16,075
Other capital assets - net of accumulated depreciation	4,148,067	719,907	4,867,974
Total capital assets	<u>4,148,067</u>	<u>735,982</u>	<u>\$ 4,884,049</u>
<b>Total Assets</b>	<u><u>\$ 7,941,886</u></u>	<u><u>\$ 1,091,387</u></u>	<u><u>\$ 9,033,273</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	\$ 97,274	\$ 48,637	\$ 145,911
Deferred outflows related to OPEB	3,708	1,854	5,562
	<u>100,982</u>	<u>50,491</u>	<u>151,473</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 100,982</u></u>	<u><u>\$ 50,491</u></u>	<u><u>\$ 151,473</u></u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 1,272	\$ 6,892	\$ 8,164
Accrued liabilities	158,790	5,373	164,163
Due to other funds	9,055	3,289	12,344
Total Current Liabilities	<u>169,117</u>	<u>15,554</u>	<u>184,671</u>
Non-current Liabilities			
Customer deposit	157,985	-	157,985
Net pension liability	84,429	42,215	126,644
Net OPEB liability	5,607	2,803	8,410
Compensated absences	14,273	626	14,899
Total Non-current Liabilities	<u>262,294</u>	<u>45,644</u>	<u>307,938</u>
<b>Total Liabilities</b>	<u><u>\$ 431,411</u></u>	<u><u>\$ 61,198</u></u>	<u><u>\$ 492,609</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to Pension	\$ 18,537	9,269	\$ 27,806
Deferred inflows related to OPEB	14,105	7,052	21,157
	<u>32,642</u>	<u>16,321</u>	<u>48,963</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>\$ 32,642</u></u>	<u><u>\$ 16,321</u></u>	<u><u>\$ 48,963</u></u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 4,148,067	\$ 735,982	\$ 4,884,049
Unrestricted	3,430,748	495,103	3,925,851
	<u>7,578,815</u>	<u>1,231,085</u>	<u>8,809,900</u>
<b>Total Net Position</b>	<u><u>\$ 7,578,815</u></u>	<u><u>\$ 1,231,085</u></u>	<u><u>\$ 8,809,900</u></u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2023**

	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Water charges	1,934,295	-	1,934,295
Stormwater charges	-	491,017	491,017
Penalties	36,683	-	36,683
Other revenues	8,608	-	8,608
<b>Total Operating Revenues</b>	<u>1,979,586</u>	<u>491,017</u>	<u>2,470,603</u>
<b>OPERATING EXPENSES</b>			
Administration	251,854	-	251,854
Power and Pumping	225,113	-	225,113
Shop and maintenance	369,244	-	369,244
Stormwater operations	-	251,022	251,022
Treatment and distribution	185,599	-	185,599
Water purchases	520,400	-	520,400
Depreciation	249,073	39,623	288,696
<b>Total Operating Expenses</b>	<u>1,801,283</u>	<u>290,645</u>	<u>2,091,928</u>
Operating income (loss)	178,303	200,372	378,675
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest earnings	70,434	1,657	72,091
Other Non-operating Revenues	85,010	-	85,010
<b>Total Non-operating Revenues (Expenses)</b>	<u>155,444</u>	<u>1,657</u>	<u>157,101</u>
Grant revenue	23,434	209,711	233,145
Changes in net position	357,181	411,740	768,921
<b>Net Position - beginning</b>	7,221,634	647,046	7,868,680
Restatement-due to accounting error	<u>-</u>	<u>5,573</u>	<u>5,573</u>
<b>Net Position - end</b>	<u>\$ 7,578,815</u>	<u>\$ 1,064,359</u>	<u>\$ 8,643,174</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2023**

	Water Fund	Stormwater Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 1,979,586	\$ 491,017	\$ 2,470,603
Payments to suppliers	(1,215,224)	(55,959)	(1,271,183)
Payments to employees	(598,558)	(133,984)	(732,542)
<b>Net cash provided (used) by operating activities</b>	<u>165,804</u>	<u>301,074</u>	<u>466,878</u>
<b>Cash Flows from Noncapital related Financing Activities</b>			
Nonoperating other receipts	85,010	-	85,010
<b>Net cash provided (used) by capital and related financing activities</b>	<u>85,010</u>	<u>-</u>	<u>85,010</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Grant revenue	23,434	209,711	233,145
Purchase of capital assets	(230,742)	(385,486)	(616,228)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(207,308)</u>	<u>(175,775)</u>	<u>(383,083)</u>
<b>Cash Flows from Investing Activities</b>			
Interest earned	25,515	6	25,521
<b>Net increase (decrease) in cash</b>	69,021	125,305	109,316
<b>Cash - beginning</b>	<u>2,041,929</u>	<u>179,749</u>	<u>2,221,678</u>
<b>Cash - end</b>	<u>\$ 2,110,950</u>	<u>\$ 305,054</u>	<u>\$ 2,330,994</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 178,303	\$ 200,372	378,675
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	249,073	39,623	288,696
(Increase) decrease in accounts receivable - net	31,006	-	31,006
(Increase) decrease in deferred outflows related to pension	497	10,159	10,656
(Increase) decrease in deferred outflows related to OPEB	8,870	4,804	13,674
(Increase) decrease in inventory	(11,642)	-	(11,642)
Increase (decrease) in accounts payable	(135,318)	1,637	(133,681)
Increase (decrease) in accrued liabilities	146,861	771	147,632
Increase (decrease) in customer deposits	(8,570)	-	(8,570)
Increase (decrease) in compensated absences	(832)	(86)	(918)
Increase (decrease) in net pension liability	41,991	6,618	48,609
Increase (decrease) in net OPEB liability	(5,482)	(3,534)	(9,016)
Increase (decrease) in deferred inflows related to pension	(105,394)	(61,551)	(166,945)
Increase (decrease) in deferred inflows related to OPEB	1,342	(241)	1,101
Increase (decrease) in due to other funds	(224,901)	102,502	(122,399)
Total adjustments	<u>(12,499)</u>	<u>100,702</u>	<u>88,203</u>
<b>Net cash provided (used) by operating activities</b>	<u>165,804</u>	<u>301,074</u>	<u>\$ 466,878</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Notes to Financial Statements**  
**June 30, 2023**

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

The Town of Signal Mountain, Tennessee operates under the Town Manager - Mayor and Town Council form of government within the following departments: general government, public safety, public works, public welfare and recreation.

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

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

**A. Reporting Entity**

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

**Discretely Presented Component Unit**

The Public Library Board (PLB) provides welfare assistance to the residents of the Town by providing educational reading material and assistance. The Town appoints all of the board members and approves the operating budget of the PLB.

The component unit column in the government-wide financial statements includes the financial data of this component unit. It is reported in a separate column of the government-wide financial statements to emphasize that it is legally separate from, and does not provide services exclusively to the Town. Separately issued financial statements of the PLB are not available.

**B. Basic Financial Statements**

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



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

### **B. Basic Financial Statements (continued)**

#### **Government-wide Statements**

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

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

#### **Fund Financial Statements**

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

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

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

#### **General Fund**

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

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

### **B. Basic Financial Statements (continued)**

#### **Building Construction Fund**

This fund is used to account for funds set aside for future building construction projects.

#### **Vehicle Replacement Fund**

This fund is used to account for the purchase and replacement of vehicles and rolling stock.

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

#### **Water Fund**

This fund is used to account for the provision of water services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing and collection.

#### **Stormwater Fund**

This fund is used to account for the provision of stormwater services of the Town, including, but not limited to, operations and maintenance.

Additionally, the Town reports the following nonmajor governmental funds:

#### **Special Revenue Funds**

These types of funds are used to account for the proceeds of specific revenue sources (other than major capital projects) or committed sources requiring separate accounting because of legal or regulatory provisions or administrative action. The special revenue funds include the State Street Aid and Drug Control Fund.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, with the exception of interfund services provided and used which are not eliminated in the process of consolidation. Net interfund activities and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

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

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

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

### **C. Measurement Focus – Basis of Accounting (continued)**

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

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

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

### **F. Investments**

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

### **G. Property Taxes**

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

Property taxes are recognized on the modified accrual basis on the governmental fund financial statements. Proper allowances are made for estimated uncollectible accounts and delinquent accounts when necessary. The tax rate for the 2023 levy is \$1.7012 per \$100 of assessed valuation.

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

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

Lien date	January 1, 2023
Levy date	January 1, 2023
Tax bills mailed	October 1, 2022
Payment due date	By February 28, 2023
Delinquency date	March 1, 2023

### **H. Interfund Transactions**

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

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

#### **Transactions between Funds**

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

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

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

### **J. Inventories**

Inventories, principally materials, supplies and replacement parts, are valued at cost, using the first in, first out (FIFO) method. The cost of an inventory item is recorded as an expense at the time of purchase. Inventories on hand at year-end are physically counted and recorded as assets, reducing the appropriate expense account.

### **K. Restricted Assets**

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited. See note 24 for detail on restricted assets.

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

### L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

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

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

Plant in service	50 years
Buildings and other improvements	10-40 years
Public improvements (infrastructure)	40 years
Machinery and equipment	5-20 years

### M. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Currently, the Town has four types of items that quality for reporting in this category: deferred revenue - property taxes, deferred inflows related to leases, deferred inflows related to Pensions, and deferred inflows related to OPEB.

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

### **N. Compensated Absences**

Town employees are granted annual leave in varying amounts. In the event of termination, an employee is paid for accumulated annual leave. Government-wide proprietary funds accrue vacation benefits in the period they are earned. A liability for these amounts is reported in governmental funds only if they have matured.

### **O. Customer Deposits**

The customer deposits represent the liability to the customer for refundable deposits received from the customers.

### **P. Long-term Obligations**

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

### **Q. 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 the Town of Signal Mountain's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Town'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.

### **R. Other Postemployment Benefits (OPEB)**

For economic resources accounting, a liability should be recognized for the total OPEB liability. For current resources accounting liability should be recognized to extent that the liability will be paid with expendable available financial resources. This usually means to the extent that benefit payments have matured (are due and payable). OPEB expenditures should be recognized equal to the total of amounts paid by the employer as benefits came due and the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources (to the extent benefits are due and payable). Changes in the total OPEB liability should be recognized in the OPEB expense in the current period except as noted below:

- One-year portion of difference between actual and expected experience with regard to economic or demographic factors in the net OPEB liability amortized over closed period equal to average remaining useful life of all OPEB eligible as of start measurement period.
- One-year portion of amounts related to changes of assumptions about future economic or demographic factors or of other inputs amortized over closed period equal to average remaining useful life of all OPEB eligible as of start of measurement period.
- Cost incurred by the employer related to administration of OPEB using same measurement period as other changes to total OPEB liability.

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

### **S. Net Position**

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

### **T. Fund Balance**

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

**Nonspendable:** The Town cannot spend these amounts because they are nonspendable form or because they are legally or contractually required to be maintain intact.

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

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

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

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

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

### **U. Estimates**

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

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

The Town has evaluated events and transactions that occurred between June 30, 2023, and December 20, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.



## NOTE 2 – DEPOSITS AND INVESTMENTS

### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure the Town's deposits may not be returned to it. The Town does not have a deposit or investment policy for custodial credit risk, however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under TCA Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2023, the carrying amount of the Town's deposits was \$5,019,215, and the bank balance was \$5,020,465. None of the Town's bank balance was exposed to custodial credit risk as uninsured or uncollateralized due to the fact that all of its deposits and investments are in a financial institution that is a participant in the State of Tennessee collateral pool or are fully collateralized.

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

Cash and cash equivalents	\$ 5,020,465
Investments	<u>4,961,963</u>
Gross Total	9,982,428
Less: Investment in LGIP	(4,961,963)
Petty Cash	<u>(1,250)</u>
Net Total	<u><u>\$ 5,019,215</u></u>

### **Investments**

The Town's investments are carried at fair value, and consist of investments in the State of Tennessee's Local Government Investment Pool (LGIP). The LGIP is considered a 2a-7 like account (SEC designation) and is only required to be reported at amortized cost. The LGIP is an unrated investment pool. Because the fund is valued at a constant dollar, the Town's position in the pool is equal to its account balance (fair value) as of June 30, 2023.

### NOTE 3 – PROPERTY TAXES RECEIVABLE – NET

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

<u>Year of Levy</u>	
2023	6,143,487
2022	82,121
2021	23,668
2020	11,624
2019	11,895
2018	6,420
2017	3,537
2016	3,666
2015	2,844
2014	3,711
2013	3,827
	<hr/>
	6,296,800
Less: Allowance for uncollectibles	(86,777)
	<hr/>
Property taxes receivable-net	<u><u>6,210,023</u></u>

### NOTE 4 – ACCOUNTS RECEIVABLE – NET

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

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Customer accounts	\$ -	\$ 351,159	\$ 351,159
Wholesale beer tax	7,656	-	7,656
Franchise tax	22,242	-	22,242
Other	131	-	131
Gross total	<hr/> 30,029	<hr/> 351,159	<hr/> 381,188
Less: Allowance for uncollectible accounts	<hr/> -	<hr/> (15,500)	<hr/> (15,500)
Net total	<u><u>30,029</u></u>	<u><u>335,659</u></u>	<u><u>365,688</u></u>

## NOTE 5 – DUE FROM OTHER GOVERNMENTS

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

State street aid	\$	52,579
City street and transportation		2,703
Mixed drink tax		7,311
State sales tax		187,296
Local sales tax		176,312
Business tax		4,037
Telecommunications tax		737
Income tax		1,541
Sportsbetting tax		3,517
Occupancy tax		1,215
Grant income		8,014
Total	\$	<u>445,262</u>

## NOTE 6 – INTERNAL BALANCES

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

Due to:	Due from:				
	General fund	State street aid	Water fund	Stormawater	Total
General fund	\$ -	\$ 839,495	\$ 9,055	\$ 3,289	\$ 851,839
Fleet services	-	-	(9,055)	(3,289)	(12,344)
Water fund	-	-	-	-	-
Stormawater fund	-	-	-	-	-
State Street Aid	(839,495)	-	-	-	(839,495)
Total	<u>\$ (839,495)</u>	<u>\$ 839,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## NOTE 7 – LEASE RECEIVABLE

A lease receivable is recognized at the present value of lease payments expected to be received during the lease term. Future lease payments were discounted using a rate of 5.25%. As of June 30, 2023 the value of the lease receivable is \$538,608.

## NOTE 8 – PREPAID EXPENSE

At June 30, 2023 the Town did not have any prepaid expense.

## NOTE 9 – CAPITAL ASSETS

	Balance as of July 1, 2022	Additions	Deletions	Balance as of June 30, 2023
<b><u>Governmental activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 869,313	\$ -	\$ -	\$ 869,313
Construction in process	722,415	-	722,415	-
Total capital assets not being depreciated	1,591,728	-	722,415	869,313
Capital assets being depreciated:				
Building and other improvements	13,441,009	812,263	-	14,253,272
Equipment	5,925,314	633,968	512,662	6,046,620
Public improvements (infrastructure)	4,712,817	-	-	4,712,817
Total capital assets being depreciated	24,079,140	1,446,231	512,662	25,012,709
Less accumulated depreciation	(10,131,252)	(935,888)	(512,662)	(10,554,478)
Total capital assets being depreciated-net	13,947,888	510,343	-	14,458,231
Governmental activities capital assets-net	15,539,616	510,343	722,415	15,327,544
	Balance as of July 1, 2022	Additions	Deletions	Balance as of June 30, 2023
<b><u>Business-Type activities:</u></b>				
Capital assets not being depreciated:				
Construction in process	\$ 111,455	\$ 24,460	\$ 119,840	\$ 16,075
Total capital assets not being depreciated	111,455	24,460	119,840	16,075
Capital assets being depreciated:				
Plant in service	8,578,939	224,392	-	8,803,331
Equipment and vehicles	1,267,666	608,515	76,730	1,799,451
Total capital assets being depreciated	9,846,605	832,907	76,730	10,602,782
Less accumulated depreciation	(5,522,841)	(288,697)	(76,730)	(5,734,808)
Total capital assets being depreciated-net	4,323,764	544,210	-	4,867,974
Governmental activities capital assets-net	4,435,219	568,670	119,840	4,884,049

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

Depreciation expense was charged to functions of government as follows:

General government	\$ 732,425
Public safety	47,285
Public works	145,163
Public welfare and recreation	11,015
Total	<u>\$ 935,888</u>

Water fund	\$ 249,074
Stormwater	39,623
Total	<u>\$ 288,697</u>

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

**NOTE 10 – DEFERRED OUTFLOWS RELATED TO PENSIONS**

Deferred outflows related to pensions at June 30, 2023 consists of:

Beginning Balance	\$ 1,393,542
Differences between expected and actual experience	551,111
Differences between projected and actual investment	1,300,415
Prior year employer contributions	(394,062)
Current Year employer contributions	435,428
Amortization of deferral	(698,782)
Netting investment earnings	(966,423)
Total	<u>\$ 1,621,229</u>

## NOTE 11 – DEFERRED OUTFLOWS RELATED TO OPEB

Deferred outflows related to OPEB at June 30, 2023 consists of:

Beginning Balance	\$	73,042
Prior year prepaid benefits payments		(574)
Current year prepaid benefit payments		589
Amortization of deferral		(11,260)
Total	\$	<u>61,797</u>

## NOTE 12 – NET PENSION LIABILITY

Net pension liability at June 30, 2023 consists of:

Beginning balance	\$	(187,738)
Service cost		335,916
Interest expense		820,334
Plan administrative expense		7,868
Employer contributions		(392,344)
Employee contributions		(198,402)
Differences between expected and actual experience		551,111
Net investment income		470,411
Changes in assumptions		-
Total	\$	<u>1,407,156</u>

## NOTE 13 – TOTAL OPEB LIABILITY

Total OPEB liability at June 30, 2023 consists of:

Beginning balance	\$	158,421
Service cost		18,117
Interest expense		3,807
Differences between expected and actual experience		(20,220)
Changes in assumptions		(66,108)
Benefit payments		(574)
Total	\$	<u>93,443</u>

## NOTE 14 – LONG-TERM DEBT

Long-term debt, which consists of bonds payable, notes payable, and accrued leave is summarized as follows:

### Governmental Debt

	<b>Balance as of June 30, 2023</b>
	<hr/>
Tennessee Municipal Bond, Series 2015, \$3,000,000 at 3%, matures May 25, 2035, direct debt.	\$ 1,882,000
Tennessee Municipal Bond, Series 2017, \$3,000,000 at 2.79%, matures October 1, 2037, direct debt.	2,397,000
Compensated absences payable	203,112
	<hr/>
Total	4,482,112
	<hr/>
Less: amounts due within one year	(278,000)
	<hr/>
Total long-term debt due after one year	\$ 4,204,112
	<hr/>

### Business-type Debt

	<b>Balance as of June 30, 2023</b>
	<hr/>
Compensated absences payable	14,899
	<hr/>
Total	14,899
	<hr/>
Less: amounts due within one year	-
	<hr/>
Total long-term debt due after one year	\$ 14,899
	<hr/>

**NOTE 14 – LONG-TERM DEBT (continued)**

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

	<b>Balance as of July 1, 2022</b>	<b>Additions</b>	<b>Retirement s</b>	<b>Balance as of June 30, 2023</b>	<b>Amount due within one year</b>
<b><u>Direct Borrowings:</u></b>					
Tn Municipal Bond, 2015	\$ 2,027,000	\$ -	\$ 145,000	\$ 1,882,000	\$ 147,000
Tn Municipal Bond, 2017	2,524,000	-	127,000	2,397,000	131,000
Total	<u>\$ 4,551,000</u>	<u>\$ -</u>	<u>\$ 272,000</u>	<u>\$ 4,279,000</u>	<u>\$ 278,000</u>
<b><u>Other Debt:</u></b>					
Compensated absences	248,024	-	44,912	203,112	-
Total debt	<u>\$ 4,799,024</u>	<u>\$ -</u>	<u>\$ 316,912</u>	<u>\$ 4,482,112</u>	<u>\$ 278,000</u>
Less current portion of governmental long-term debt:				<u>(278,000)</u>	
Total governmental long-term debt				<u><u>\$ 4,204,112</u></u>	

	<b>Balance as of July 1, 2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance as of June 30, 2023</b>	<b>Amount due within one year</b>
Compensated absences	16,225	-	1,325	14,900	-
Total	<u>\$ 16,225</u>	<u>\$ -</u>	<u>\$ 1,325</u>	<u>\$ 14,900</u>	<u>\$ -</u>
Less current portion of business-type long-term debt:				<u>-</u>	
Total Business-Type long-term debt				<u><u>\$ 14,900</u></u>	

The Tennessee Municipal Bonds Series 2015 and 2017 are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Town. The Town's full faith and credit are irrevocably pledged as collateral. If in default and there are insufficient funds from ad valorem taxes, the principal and interest will be paid from the current funds of the Town.

The Town does not have any unused lines of credit.



#### NOTE 14 – LONG-TERM DEBT (continued)

Governmental fund debt service requirements to maturity, including interest of \$5,189,278 are as follows:

<b>Year Ending June 30, 2023</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 278,000	\$ 121,509	\$ 399,509
2025	284,000	113,388	397,388
2026	289,000	105,110	394,110
2027	294,000	96,674	390,674
2028	300,000	88,096	388,096
2029-2033	1,592,000	305,664	1,897,664
2034-2038	1,242,000	79,837	1,321,837
Total	<u>\$4,279,000</u>	<u>\$ 910,278</u>	<u>\$5,189,278</u>

*Note: The above debt service schedule does not include accrued leave.*

Interest paid during the year ended June 30, 2023 on governmental debt was \$141,678.

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

#### NOTE 15 – DEFERRED REVENUE PROPERTY TAX

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

	<b>Unavailable</b>	<b>Unearned</b>	<b>Total</b>
Property taxes	\$ 66,536	\$ 6,143,487	\$ 6,210,023

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

## NOTE 16 – DEFERRED INFLOWS RELATED TO PENSIONS

Deferred inflows related to pensions at June 30, 2023 consists of:

Beginning Balance	\$	1,770,460
Differences between expected and actual experience		-
Differences between projected and actual investment		-
Amortization of deferral		(495,083)
Netting investment earnings		(966,423)
Total	\$	<u>308,954</u>

## NOTE 17 – DEFERRED INFLOWS RELATED TO OPEB

Deferred inflows related to OPEB at June 30, 2023 consists of:

Beginning Balance	\$	182,229
Differences between expected and actual experience		20,220
Differences between projected and actual investment		-
Amortization of deferral		(33,476)
Changes of assumptions		66,108
Total	\$	<u>235,081</u>

## NOTE 18 – DEFERRED REVENUE LEASES

A deferred revenue was recognized for leases in the amount of \$513,152 at June 30, 2023. Lease revenue recognized during the fiscal year was \$35,390 and interest earned was \$28,863.

## NOTE 19 – COMMERCIAL LEASE

The Town entered into a lease agreement as the lessor for land, in 1966. The Town is leasing the land to the Signal Mountain Golf and Country Club. The agreement was renewed as a fixed term on January 1, 2018 and will be in effect until January 1, 2038 for a total of 20 years. The Country Club will pay the Town annual rent of \$50,856 payable in equal installments at the beginning of each calendar month starting January 1, 2018. The Country Club will also pay all real estate taxes due, as well as all water, sewer, garbage, and lawn maintenance services. There are no termination agreements.

**NOTE 20 – TRANSFER**

During the year the general fund made a transfer to the vehicle replacement fund in the amount of \$473,388 that was an operating transfer to aid the vehicle replacement plan that schedules the systematic replacement and funding of modular equipment.

	<b><u>Transfer to:</u></b>
	Vehicle replacement fund
<b><u>Transfer from:</u></b>	
General fund	\$ 473,388

**NOTE 21 – PENSION PLAN****General Information About the Pension Plan****Plan description**

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

**Benefits provided**

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.

## **NOTE 21 – PENSION PLAN (continued)**

### **General Information About the Pension Plan (continued)**

#### **Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	95
Active employees	78
Total Employees	<u>225</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. The Town of Signal Mountain makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the employer contributions for the Town of Signal Mountain were \$435,428 based on a rate of 9.87% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Town of Signal Mountain's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Pension liabilities (assets)**

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

#### **Actuarial assumptions**

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

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

## NOTE 21 – PENSION PLAN (continued)

### General Information About the Pension Plan (continued)

#### **Actuarial assumptions (continued)**

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

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

#### **Changes of assumptions**

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:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
U.S. equity	4.88%	31.00%
Developed market international equity	5.37%	14.00%
Emerging market international equity	6.09%	4.00%
Private equity and strategic lending	6.57%	20.00%
U.S. fixed income	1.20%	20.00%
Real estate	4.38%	10.00%
Short-term securities	0.00%	1.00%
		<b>100.00%</b>

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.

## NOTE 21 – PENSION PLAN (continued)

### General Information About the Pension Plan (continued)

#### Discount rate

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2021	\$ 12,149,331	\$ 12,337,068	\$ (187,737)
<b>Changes for the year:</b>			-
Service cost	335,916	-	335,916
Interest	820,334	-	820,334
		-	-
Changes of benefit terms	-	-	-
Differences between expected and actual experience	551,111	-	551,111
Changes in assumptions	-	-	-
Contributions-employer	-	392,344	(392,344)
Contributions-employees	-	198,402	(198,402)
Net investment income	-	(470,411)	470,411
Benefit payments, including refunds of employee contributions	(664,298)	(664,298)	-
Administrative expense	-	(7,868)	7,868
Other changes	-	-	-
<b>Net changes</b>	<b>1,043,063</b>	<b>(551,831)</b>	<b>1,594,894</b>
<b>Balance June 30, 2022</b>	<b>\$ 13,192,394</b>	<b>\$ 11,785,237</b>	<b>\$ 1,407,157</b>

## NOTE 21 – PENSION PLAN (continued)

### General Information About the Pension Plan (continued)

#### **Sensitivity of the net pension liability (asset) to changes in the discount rate**

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

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Town of Signal Mountain's Net pension liability (asset)	\$ 3,064,823	\$ 1,407,157	\$ 22,888

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

#### **Pension expense (Negative pension expense)**

For the fiscal year ended June 30, 2023, the Town of Signal Mountain, Tennessee recognized pension expense (negative pension expense) of \$339,411.

#### **Deferred outflows of resources and deferred inflows of resources**

For the fiscal year ended June 30, 2023, the Town of Signal Mountain, Tennessee reported deferred outflows of resources and deferred inflows of resources related to Pensions from the following sources

	<b>Deferred outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 601,933	\$ 308,954
Net difference btween projected and actual earnings on pension plan investments	31,371	-
Changes in assumptions	552,497	-
Contributions subsequent to the measurement date of June 30, 2022	435,428	(not applicable)
Total	<u>\$ 1,621,229</u>	<u>\$ 308,954</u>

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

## NOTE 21 – PENSION PLAN (continued)

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

#### **Deferred outflows of resources and deferred inflows of resources (continued)**

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

#### **Year ended June 30:**

2024	\$	197,289
2025		170,108
2026		72,943
2027		436,507
2028		-
Thereafter		-

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

#### **Payable to the pension plan**

At June 30, 2023, the Town of Signal Mountain reported a payable of \$86,231 for outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

## NOTE 22 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### **Local Government OPEB Plan:**

#### **General Information About the OPEB Plan**

##### **Plan description**

Employees of the Town of Signal Mountain, Tennessee, are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.



## NOTE 22 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

### General Information About the OPEB Plan (continued)

#### **Benefits provided**

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

#### **Employees covered by benefit terms**

At July 1, 2022, the following employees of the Town of Signal Mountain, Tennessee were covered by the benefit terms of the LGOP:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	72
Total	<u>72</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2023, the Town of Signal Mountain, Tennessee paid \$589 to the LGOP for OPEB benefits as they came due.

## NOTE 22 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

### **Total OPEB Liability**

#### **Actuarial assumptions**

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

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

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

#### **Discount rate**

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

## NOTE 22 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

### Changes in the Total OPEB Liability

#### LGOP:

	<b>Total OPEB Liability (a)</b>
Total OPEB liability-beginning balance	158,421
Changes for the year:	
Service cost	18,117
Interest	3,807
Changes of benefit terms	-
Difference between expected and actual experience	(20,220)
Change in assumptions	(66,108)
Benefit payments	(574)
Net Changes	(64,978)
Total OPEB liability-ending balance	93,443

#### Changes in assumptions

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

#### Sensitivity of total OPEB liability to changes in the discount rate

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

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Town of Signal Mountain's Total OPEB liability	\$ 104,445	\$ 93,443	\$ 83,438

## NOTE 22 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

### Changes in the Total OPEB Liability (continued)

#### **Sensitivity of total OPEB liability to changes in the healthcare cost trend rate**

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

	<b>1% Decrease (7.37%/7.99% decreasing to 3.50%)</b>	<b>Healthcare Cost Trend Rates (8.37%/8.99% decreasing to 4.50%)</b>	<b>1% Increase (9.37%/9.99% decreasing to 5.50%)</b>
Town of Signal Mountain's Total OPEB liability	\$ 79,018	\$ 93,443	\$ 111,064

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

#### **OPEB expense**

For the fiscal year ended June 30, 2023, the Town of Signal Mountain, Tennessee recognized OPEB expense of \$292.

#### **Deferred outflows of resources and deferred inflows of resources**

For the fiscal year ended June 30, 2023, the Town of Signal Mountain, Tennessee reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	<b>Deferred outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 38,105	\$ 112,524
Changes in assumptions	23,103	122,557
Employer payments subsequent to the measurement date	589	-
Total	<u>\$ 61,797</u>	<u>\$ 235,081</u>

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

## NOTE 22 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

#### Deferred outflows of resources and deferred inflows of resources (continued)

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

#### LGOP

##### Year ended June 30:

2024	\$	(22,216)
2025		(22,216)
2026		(22,216)
2027		(22,216)
2028		(21,563)
Thereafter		(63,446)

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

## NOTE 23 – NET POSITION RESTRICTIONS

The Town can restrict net position to be maintained for specific purposes. The nature and purpose of these restrictions are explained as follows:

State street aid funds in the amount of (\$481,325) are legally restricted for state street aid expenditures.

Drug funds in the amount of \$1,508 are legally restricted for drug control expenditures.

Component Unit Library Board funds in the amount of 191,569 are legally restricted for the Library Board.

## NOTE 24 – FUND BALANCES

Fund balances are as follows:

#### **Nonspendable:**

The difference in Lease receivable and Deferred inflows related to property taxes \$25,456 is nonspendable due to form.

#### **Restricted:**

State street aid funds in the amount of (\$481,325) are legally restricted for state street aid expenditures. In addition, drug funds in the amount of \$1,508 are legally restricted for drug control expenditures. The component unit Library Board funds in the amount of 191,569 are legally restricted for the Library Board.

## NOTE 24 – FUND BALANCES (continued)

### Assigned:

Funds in the amount of \$766,374 is assigned for building construction and \$1,694,643 is assigned for vehicle replacement.

### Unassigned:

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

## NOTE 25 – PRIOR PERIOD ADJUSTMENT

### Correction of Errors in Previously Issued Financial Statements

Prior period adjustments were made to both beginning net position and beginning fund balance in relation to correction of the accounting error:

<u>Government - Wide:</u>	<u>Decription of Restatement</u>	<u>Amount</u>
Government activities	Beginning Net Position, as previously reported	\$ 18,559,640
	Unrecorded land from unrecorded lease	25,000
	PY grant receivable unrecorded	(27,098)
	To correct accounting error from PY	114,461
	Unrecorded leases	14,032
	Write off outstanding checks from PY	(139,194)
	Beginning Net Position, as restated	<u>18,546,841</u>
 <u>Business-Type:</u>		
Stormwater	Beginning Net Position, as previously reported	\$ 647,046
	PY recorded depreciation on CIP	5,573
	Beginning Net Position, as restated	<u>652,619</u>

**NOTE 25 – PRIOR PERIOD ADJUSTMENT (continued)****Correction of Errors in Previously Issued Financial Statements (continue)**

<u>Fund Statements:</u>	<u>Decription of Restatement</u>	<u>Amount</u>
General fund	Beginning Net Position, as previously reported	\$ 5,734,118
	PY grant receivable unrecorded	(27,098)
	To write off PY expenses recorded incorrect	114,461
	Unrecorded leases	14,032
	Write off outstanding checks from PY	(139,194)
	Beginning Net Position, as restated	<u>5,696,319</u>

**NOTE 26 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position:

The governmental fund balance includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the Government-wide Statement of Net Position. One element of that reconciliation states that “Net Pension Liability and Net OPEB Liability including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this (\$329,065) difference are as follows:

**NOTE 26 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

Deferred outflows related to pensions	\$ 1,475,318
Net pension liability	(1,280,513)
Deferred inflows related to pensions	(281,148)
Net adjustment	<u>\$ (86,343)</u>

Deferred outflows related to OPEB	\$ 56,235
Net OPEB liability	(85,033)
Deferred inflows related to OPEB	(213,924)
Net adjustment	<u>\$ (242,722)</u>

Another element of that reconciliation states that “Capital assets used in government activities are not financial resources and, therefore, are not reported in the government al fund balance sheet.” The details of this \$15,327,543 difference are as follows:

Capital Assets	\$ 25,882,022
Accumulated depreciation	\$ (10,554,479)
Net adjustment	<u>\$ 15,327,543</u>

Another element of that reconciliation states that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.” The details of this (\$4,482,112) difference are as follows:

Bond payable	\$ (4,279,000)
Compensated absences	(203,112)
Net adjustment	<u>\$ (4,482,112)</u>

Another element of that reconciliation states that “Some property tax will not be collected for several months after the Town’s fiscal year end; they are not considered “available” revenues in the governmental funds.” The details of this \$66,536 difference are as follows:

Deferred revenue- property tax	\$ 6,210,023
Deferred revenue- property tax - Unearned	(6,143,487)
Net adjustment	<u>\$ 66,536</u>



## NOTE 26 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Explanation of certain differences between the Governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities:

The Governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances for total governmental funds and changes in net position of governmental activities as reported in the Government-wide Statement of Activities. One element of that reconciliation explains that “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 expenses.” The detail of this (\$187,075) difference is as follows:

Capital outlay	\$	748,813
Depreciation expense		(935,888)
Net adjustment	\$	<u>(187,075)</u>

Another element of that reconciliation states that “Pension and OPEB expense for the prior year is not reported in the governmental funds, but is reported in the Statement of Activities. Current year pension and OPEB contributions are reported as an expense in the governmental funds, but are not reported in the Statement of Activities.” The details of this (\$467) difference are as follows:

Pension expense	\$	339,411
Prior year contribution changes		95,832
Contributions		(435,428)
Net adjustment	\$	<u>(185)</u>

OPEB expense	\$	292
Prior year contribution changes		15
Contributions		(589)
Net adjustment	\$	<u>(282)</u>

Another element of that reconciliation states that “Repayment of long-term debt is report as an expenditure in government funds, but the repayment reduced long-term liabilities in the Net Position.” The details of this \$272,000 difference are as follows:

**NOTE 26 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

Tn municipal bond, 2015	\$	145,000
Tn municipal bond, 2017		127,000
Net adjustment	<u>\$</u>	<u>272,000</u>

Another element of that reconciliation states that “Accrued leave reported in the Statement of Activities does not require the use of current financial resources and, therefore, is reported as expenditures in governmental funds.” The details of this \$44,912 difference are as follows:

Compensated absences-PY	248,024
Compensated absences-CY	(203,112)
Net adjustment	<u>\$ 44,912</u>

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$66,536 difference are as follows:

Account receivable- property tax	\$ 6,210,023
Deferred inflow realated to property tax	(6,143,487)
Net adjustment	<u>\$ 66,536</u>

**NOTE 27 – RISK MANAGEMENT**

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

**NOTE 28 – LITIGATION AND CLAIMS**

The Town is not aware of any litigation or claims that would be material to the Town’s financial statements.

**REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**June 30, 2023**

**Local Government OPEB Plan**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability						
Service cost	15,565	14,327	18,725	18,948	24,436	18,117
Interest	5,805	7,372	3,991	7,290	5,379	3,807
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(126,330)	67,533	(19,440)	(15,252)	(20,220)
Changes of assumptions	(11,260)	4,104	7,775	24,520	(74,704)	(66,108)
Benefit payments	<u>-</u>	<u>(1,228)</u>	<u>(186)</u>	<u>(1,408)</u>	<u>(789)</u>	<u>(574)</u>
Net change in total OPEB liability	10,110	(101,755)	97,838	29,910	(60,930)	(64,978)
Total OPEB liability- beginning	<u>183,248</u>	<u>193,358</u>	<u>91,603</u>	<u>189,441</u>	<u>219,351</u>	<u>158,421</u>
Total OPEB liability- ending (a)	<u><u>193,358</u></u>	<u><u>91,603</u></u>	<u><u>189,441</u></u>	<u><u>219,351</u></u>	<u><u>158,421</u></u>	<u><u>93,443</u></u>
Covered-employee payroll	3,026,441	3,147,765	3,186,792	3,071,326	4,053,858	4,409,851
Total OPEB liability as a percentage of covered-employee payroll	6.39%	2.91%	5.94%	7.14%	3.91%	2.12%

**Notes to Schedule:**

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

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

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on**  
**Participation in the Public Employee Pension Plan of TCRS**  
**June 30, 2023**

<b>Total Pension Liability (Asset)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Service cost	\$ 186,105	\$ 185,659	\$ 209,761	\$ 241,722	\$ 254,867	\$ 283,071	\$ 293,520	\$ 281,770	\$ 335,916
Interest	517,825	543,568	585,726	639,503	663,000	715,422	751,774	813,057	820,334
Change in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	(22,661)	183,963	298,664	(175,858)	183,153	(63,796)	326,301	(431,536)	551,111
Change of assumptions	-	-	-	312,173	-	-	-	828,747	-
Benefit payments, including refunds of employee contributions	(320,690)	(354,485)	(395,879)	(422,282)	(402,867)	(409,437)	(478,063)	(551,042)	(664,298)
<b>Net change in total pension liability (asset)</b>	<b>360,579</b>	<b>558,705</b>	<b>698,272</b>	<b>595,258</b>	<b>698,153</b>	<b>525,260</b>	<b>893,532</b>	<b>940,996</b>	<b>1,043,063</b>
Total pension liability (asset), beginning	6,878,576	7,239,155	7,797,860	8,496,132	9,091,390	9,789,543	10,314,803	11,208,335	12,149,331
Total pension liability (asset), ending (a)	<u>\$ 7,239,155</u>	<u>\$ 7,797,860</u>	<u>\$ 8,496,132</u>	<u>\$ 9,091,390</u>	<u>\$ 9,789,543</u>	<u>\$ 10,314,803</u>	<u>\$ 11,208,335</u>	<u>\$ 12,149,331</u>	<u>\$ 13,192,394</u>
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	251,361	267,550	315,781	326,173	350,648	381,374	381,498	380,242	392,344
Contributions- employee	122,475	128,542	150,718	157,112	168,278	182,492	194,019	193,008	198,402
Net investment income	906,655	197,493	176,702	781,739	644,276	635,439	460,694	2,528,405	(470,411)
Benefit payments, including refunds of employee contributions	(320,690)	(354,485)	(395,879)	(422,282)	(402,867)	(409,437)	(478,063)	(551,042)	(664,298)
Administrative expense	(2,524)	(3,330)	(5,286)	(6,253)	(7,380)	(7,274)	(7,418)	(7,281)	(7,868)
Net change in plan fiduciary net position	957,277	235,770	242,036	836,489	752,955	782,594	550,730	2,543,332	(551,831)
Plan fiduciary net position, beginning	5,435,885	6,393,162	6,628,932	6,870,968	7,707,457	8,460,412	9,243,006	9,793,736	12,337,068
plan fiduciary net position, ending (b)	<u>\$ 6,393,162</u>	<u>\$ 6,628,932</u>	<u>\$ 6,870,968</u>	<u>\$ 7,707,457</u>	<u>\$ 8,460,412</u>	<u>\$ 9,243,006</u>	<u>\$ 9,793,736</u>	<u>\$ 12,337,068</u>	<u>\$ 11,785,237</u>
Net pension liability (asset), ending (a-b)	<u>\$ 845,993</u>	<u>\$ 1,168,928</u>	<u>\$ 1,625,164</u>	<u>\$ 1,383,933</u>	<u>\$ 1,329,131</u>	<u>\$ 1,071,797</u>	<u>\$ 1,414,599</u>	<u>\$ (187,737)</u>	<u>\$ 1,407,157</u>
Plan fiduciary net position as a percentage of total pension liability	88.31%	85.01%	80.87%	84.78%	86.42%	89.61%	87.38%	101.55%	89.33%
Covered employee payroll	\$ 2,449,490	\$ 2,569,954	\$ 3,025,668	\$ 3,142,242	\$ 3,365,536	\$ 3,649,821	\$ 3,880,368	\$ 3,860,138	\$ 3,978,536
Net pension liability (asset) as a percentage of covered employee payroll	34.54%	45.48%	53.71%	44.04%	39.49%	29.37%	36.46%	-4.86%	35.37%

**Notes to Schedule:**

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

\*GASB 68 requires a 10-year schedule for this data to be presented starting with the *implementation of GASB 68*. The schedule is not required to be presented retroactively prior years' data, if needed.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Contributions Based on Participation in the Public**  
**Employee Pension Plan of TCRS**  
**June 30, 2023**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 251,361	\$ 267,550	\$ 315,781	\$ 326,173	\$ 350,648	\$ 381,374	\$ 381,498	\$ 380,242	\$ 392,344	\$ 435,428
Contributions in relation to the										
actuarially determined contribution	<u>251,361</u>	<u>267,550</u>	<u>315,781</u>	<u>326,173</u>	<u>350,648</u>	<u>381,374</u>	<u>381,498</u>	<u>380,242</u>	<u>392,344</u>	<u>435,428</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,026,441	\$ 3,147,765	\$ 3,186,792	\$ 3,071,326	\$ 3,365,536	\$ 3,649,821	\$ 3,880,368	\$ 3,860,138	\$ 3,978,536	\$ 4,409,851
Contributions as a percentage of covered payroll	8.31%	8.50%	9.91%	10.62%	10.42%	10.45%	9.83%	9.85%	9.86%	9.87%

**Notes to Schedule:**

GASB 68 requires a 10-year Schedule for this data to be presented starting with the implementation of GASB 68. The information in this Schedule is not required to be presented retroactively prior to the implementation date.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Notes to Required Supplementary Information**  
**June 30, 2023**

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

*Methods and assumptions used to determine contribution rates:*

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

*Changes of assumptions.* In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.22 percent; decrease salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

**Balance Sheet**

**Library Board - Component Unit**

**June 30, 2023**

	Library Board - Component Unit
<b>ASSETS</b>	
Cash	\$ 151,522
Investment	40,047
<b>Total Assets</b>	<u><u>\$ 191,569</u></u>
<b>LIABILITIES</b>	
<b>Total Liabilities</b>	<u><u>\$ -</u></u>
<b>FUND BALANCES</b>	
Nonspendable	\$ -
Restricted	191,569
Assigned	-
Unassigned	-
<b>Total Fund Balances</b>	<u><u>\$ 191,569</u></u>

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



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Library Board - Component Unit**  
**Year Ended June 30, 2023**

	Library Board - Component Unit
<b>REVENUES</b>	
Other revenue	31,969
Gains in investments	1,208
<b>Total Revenues</b>	<u>33,177</u>
<b>EXPENDITURES</b>	
Current Expenditures	
Other operating expenses	430
Professional and contractual services	6,237
Repair and maintenance	3,150
Utilities	64
<b>Total Expenditures</b>	<u>9,881</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	23,296
<b>Fund Balances - beginning</b>	<u>168,273</u>
<b>Fund Balances - end</b>	<u>\$ 191,569</u>

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

## **OTHER SUPPLEMENTARY INFORMATION**

## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**State Street Aid Fund:** This fund is used to account for the expenditures of the Town's streets that are funded by tax revenues from the gasoline and motor fuels tax received from the State of Tennessee and other general tax revenue transferred from the General Fund.

**Drug Fund:** This fund is used to account for investigations of violations of controlled substance laws and is funded primarily by the state statute from the receipt of fines and costs related to drug enforcement cases.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	State Street Aid Fund	Drug Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 22,733	\$ 1,508	\$ 24,241
Investment	296,936	-	296,936
Due from other governments	52,579	-	52,579
<b>Total Assets</b>	<u><u>\$ 372,248</u></u>	<u><u>\$ 1,508</u></u>	<u><u>\$ 373,756</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 14,076	\$ -	\$ 14,076
Accrued liabilities	-	-	-
Due to other funds	839,495	-	839,495
<b>Total Liabilities</b>	<u><u>\$ 853,571</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 853,571</u></u>
<b>FUND BALANCES</b>			
Nonspendable	\$ -	\$ -	\$ -
Restricted	(481,325)	1,508	(479,817)
Assigned	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<u><u>\$ (481,325)</u></u>	<u><u>\$ 1,508</u></u>	<u><u>\$ (479,817)</u></u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2023**

	State Street Aid	Drug Fund	Total Governmental Funds
<b>REVENUES</b>			
Intergovernmental revenue	307,514	-	307,514
Fines and forfeitures	-	-	-
Other revenue	5,913	-	5,913
<b>Total Revenues</b>	<u>313,427</u>	<u>-</u>	<u>313,427</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Public safety	-	-	-
Public works	771,723	-	771,723
Capital outlay	15,076	-	15,076
<b>Total Expenditures</b>	<u>786,799</u>	<u>-</u>	<u>786,799</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(473,372)	-	(473,372)
<b>Fund Balances - beginning</b>	<u>(7,953)</u>	<u>1,508</u>	<u>(6,445)</u>
<b>Fund Balances - end</b>	<u>\$ (481,325)</u>	<u>\$ 1,508</u>	<u>\$ (479,817)</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**State Street Aid Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2023**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
<b>Intergovernmental Revenue</b>				
State shared revenue				
Streets and transportation funds	-	27,000	307,514	280,514
<b>Total Intergovernmental Revenue</b>	-	27,000	307,514	280,514
<b>Other Revenue</b>				
Interest earnings	-	-	5,913	5,913
<b>Total Other Revenue</b>	-	-	5,913	5,913
<b>Total Revenues</b>	-	27,000	313,427	286,427
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
<b>Public Works</b>				
Highway and maintenance				
Street lighting	28,000	28,000	29,339	(1,339)
Engineering	5,000	5,000	-	5,000
Tree removal	20,000	20,000	17,800	2,200
Repairs and maintenance	700,000	727,000	723,665	3,335
Painting amd striping	17,000	17,000	919	16,081
<b>Total Public works</b>	770,000	797,000	771,723	25,277
<b>Capital Outlay</b>				
Highway and maintenance				
Other improvements	700,000	700,000	15,076	684,924
<b>Total Capital outlay</b>	700,000	700,000	15,076	684,924
<b>Total Expenditures</b>	1,470,000	1,497,000	786,799	710,201
Net change in fund balances	(1,470,000)	(1,470,000)	(473,372)	(996,628)
<b>Fund Balances - beginning</b>	(7,953)	(7,953)	(7,953)	-
<b>Fund Balances - end</b>	<u>\$ (1,477,953)</u>	<u>\$ (1,477,953)</u>	<u>\$ (481,325)</u>	<u>\$ (996,628)</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

**Drug Fund**

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

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
<b>Fines and Forfeitures</b>				
Court fines and forfeitures			-	-
<b>Total Revenues</b>	-	-	-	-
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
<b>Public safety</b>				
Drug prevention and enforcement	-	-	-	-
<b>Total Public safety</b>	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
Net change in fund balances	-	-	-	-
<b>Fund Balances - beginning</b>	1,508	1,508	1,508	-
<b>Fund Balances - end</b>	\$ 1,508	\$ 1,508	\$ 1,508	\$ -

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

## **FINANCIAL SCHEDULES**



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**June 30, 2023**

<b>Federal Grantor/ Pass-through Grantor/ Program Title</b>	<b>Assistance Listing Number</b>	<b>Grant/Project Number</b>	<b>Accrued (Receivable) 7/1/2022</b>	<b>Grant Receipts</b>	<b>Grant Expenditures</b>	<b>Accrued (Receivable) 6/30/2023</b>
<b>Federal Programs</b>						
U.S. Department of Transportation						
Traffic Safety Enforcement and Education	20.600	Z22THS261	\$ (4,668)	\$ 6,548	\$ 1,880	\$ -
Traffic Safety Enforcement and Education	20.600	Z23THS253	-	16,531	24,545	(8,014)
Transportation Enhancement - Sidewalks	20.205	STP-M-9215(3)	-	10,307	10,307	-
Total U.S. Department of Transportation			(4,668)	33,386	36,732	(8,014)
U.S. Department of the Treasury						
Coronavirus State and Local Fiscal Recovery Funds	21.027	-	1,276,758	1,276,758	579,710	1,973,806
<b>Total Federal</b>			<u>\$ 1,272,090</u>	<u>\$ 1,310,144</u>	<u>\$ 616,442</u>	<u>\$ 1,965,792</u>

**Notes to Schedule:**

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the Town of Signal Mountain, Tennessee under programs of federal government for the year ended June 30, 2023. 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, changes on net assets, or cash flows of the Town.

**Note B- Summary of Significant Accounting Policies**

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) The Town has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Changes in Property Tax Receivable**  
**June 30, 2023**

<u>Year of Levy</u>	<u>Gross Property Taxes Receivable July 1, 2022</u>	<u>Property Tax Levied</u>	<u>Pickups</u>	<u>Abatements and Adjustments</u>	<u>Collections</u>	<u>Property Taxes Receivable June 30, 2023</u>
2023		6,143,487				6,143,487
2022	6,091,073	1	332,517	35	(6,341,504)	82,121
2021	121,524			-	(97,856)	23,668
2020	29,586			-	(17,962)	11,624
2019	20,730			-	(8,835)	11,895
2018	6,791			-	(371)	6,420
2017	4,008			-	(471)	3,537
2016	3,782			-	(116)	3,666
2015	2,358			486	-	2,844
2014	3,129			582	-	3,711
2013	3,827			-	-	3,827
<b>Total</b>	<u>6,286,808</u>	<u>6,143,487</u>	<u>332,517</u>	<u>1,103</u>	<u>(6,467,115)</u>	<u>6,296,800</u>
<b>Less Allowance for Uncollectable Accounts</b>						<u>(86,777)</u>
<b>Balance, End of Year, Net of Allowance</b>						<u><u>6,210,023</u></u>

(1) 2022 Stormwater Fees

**Notes to Schedule:**

All uncollected taxes for years prior to 2021 have been turned over to the county for collections.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Property Taxes Levied and Property Tax Collections- Last Ten Years**  
**June 30, 2023**

<b>Year of Levy</b>	<b>Tax Rate Per \$100</b>	<b>Total Tax Levy</b>	<b>Collection of Current Levy During Period</b>	<b>Percent of Current Collection to Levy</b>	<b>Collections of Prior Years Levy During Period</b>	<b>Total Collection During Period</b>	<b>Percent of Total Collection to Current Year Levy</b>	<b>Discounts and Adjustments During Period</b>	<b>Accumulated Delinquent Property Taxes</b>	<b>Percent of Delinquent Property Taxes to Current Year Levy</b>
2022	1.701	6,091,073	6,341,504	104.11%	125,611	6,467,115	106.17%	1,103	153,313	2.42%
2021	1.701	6,394,215	6,269,796	98.05%	153,391	6,423,187	100.45%	(6,210)	195,734	3.12%
2020	1.887	6,098,357	5,985,542	98.15%	119,050	6,104,592	100.10%	(14,273)	230,916	3.86%
2019	1.887	6,073,258	5,911,499	97.34%	82,815	5,994,314	98.70%	(39,745)	25,124	0.43%
2018	1.567	5,048,773	4,958,163	98.21%	63,543	5,021,706	99.46%	(9,457)	212,225	4.28%
2017	1.567	5,010,500	4,935,513	98.50%	83,065	5,018,578	100.16%	(4,957)	194,615	3.94%
2016	1.568	4,476,694	4,424,205	98.83%	73,235	4,497,440	100.46%	22,185	207,650	4.69%
2015	1.568	4,580,872	4,387,939	95.79%	70,557	4,458,496	97.33%	(104,802)	206,211	4.70%
2014	1.568	4,476,907	4,399,224	98.26%	42,052	4,441,276	99.20%	(15,357)	188,637	4.29%
2013	1.568	4,332,349	4,263,244	98.40%	49,669	4,312,913	99.55%	7,903	168,363	3.95%

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Tax Rates and Assessed Valuation- Applicable to the Last Ten Years**  
**June 30, 2023**

Year of Levy	Tax Rate Per \$100	Assessed Valuation				Total
		Property	Personalty	Utilities		
2023	\$ 1.70	\$ 350,118,627	\$ 1,896,848	\$ -	\$	352,015,475
2022	1.70	346,747,962	2,362,827	8,934,885		358,045,674
2021	1.70	342,583,437	2,098,412	9,093,604		353,775,453
2020	1.89	297,112,737	1,750,038	8,178,728		307,041,503
2019	1.89	294,727,697	2,043,069	8,963,199		305,733,965
2018	1.57	291,942,942	2,373,029	8,560,441		302,876,412
2017	1.57	289,700,612	1,910,103	8,798,746		300,409,461
2016	1.57	256,749,794	1,953,030	8,516,067		267,218,891
2015	1.57	263,185,609	2,028,821	6,554,450		271,768,880
2014	1.57	257,035,529	2,756,475	7,096,404		266,888,408

Note: On July 1, 2022 the Town of Signal Mountain approved the levy for the year ended June 30, 2023. The tax rate adopted for each \$100 of assessed valuation for the 2023 levy was \$1.70. Additonally, on July 1, 2023 the Town Signal Mountain approved the levy for the year ended June 30, 2024, for the residents on record as of January 1, 2022. The 2022 levy was recorded as a receivable and deferred revenue for the year ended June 30, 2023.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Principal and Interest Requirements**  
**By Fiscal Year**  
**June 30, 2023**

**Governmental Activities Long-Term Debt**

<b>Year Ending June 30</b>	<b>Tennessee Municipal Bond, Series 2015</b>			<b>Tennessee Municipal Bond, Series 2017</b>			<b>Total</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 147,000	\$ 56,460	\$ 203,460	\$ 131,000	\$ 65,049	\$ 196,049	\$ 278,000	\$ 121,509	\$ 399,509
2025	149,000	52,050	201,050	135,000	61,338	196,338	284,000	113,388	397,388
2026	151,000	47,580	198,580	138,000	57,530	195,530	289,000	105,110	394,110
2027	152,000	43,050	195,050	142,000	53,624	195,624	294,000	96,674	390,674
2028	154,000	38,490	192,490	146,000	49,606	195,606	300,000	88,096	388,096
2029	156,000	33,870	189,870	150,000	45,477	195,477	306,000	79,347	385,347
2030	158,000	29,190	187,190	155,000	41,222	196,222	313,000	70,412	383,412
2031	159,000	24,450	183,450	159,000	36,842	195,842	318,000	61,292	379,292
2032	161,000	19,680	180,680	163,000	32,350	195,350	324,000	52,030	376,030
2033	163,000	14,850	177,850	168,000	27,733	195,733	331,000	42,583	373,583
2034	165,000	9,960	174,960	172,000	22,990	194,990	337,000	32,950	369,950
2035	167,000	5,010	172,010	177,000	18,121	195,121	344,000	23,131	367,131
2036	-	-	-	182,000	13,113	195,113	182,000	13,113	195,113
2037	-	-	-	187,000	7,965	194,965	187,000	7,965	194,965
2038	-	-	-	192,000	2,678	194,678	192,000	2,678	194,678
<b>Total</b>	<b>\$ 1,882,000</b>	<b>\$ 374,640</b>	<b>\$ 2,256,640</b>	<b>\$ 2,397,000</b>	<b>\$ 535,638</b>	<b>\$ 2,932,638</b>	<b>\$ 4,279,000</b>	<b>\$ 910,278</b>	<b>\$ 5,189,278</b>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Changes in Long-term Debt by Individual Issue**  
**June 30, 2023**

<b>Description of Indebtedness</b>	<b>Original Amount of Issue</b>	<b>Interest Rate</b>	<b>Date of Issue</b>	<b>Maturity Date</b>	<b>Outstanding Balance as of July 1, 2022</b>	<b>Issued During Period</b>	<b>Matured During Period</b>	<b>Outstanding Balance as of June 30, 2023</b>
<b>Governmental Activities:</b>								
Bonds Payable:								
Tennessee Municipal Bond 2015	\$ 3,000,000	3.00%	October 1, 2015	May 25, 2035	\$ 2,027,000	\$ -	\$ (145,000)	\$ 1,882,000
Tennessee Municipal Bond 2017	3,000,000	2.79%	October 13, 2017	October 1, 2037	2,524,000	-	(127,000)	2,397,000
<b>Total Bonds Payable</b>					<b>\$ 4,551,000</b>	<b>\$ -</b>	<b>\$ (272,000)</b>	<b>\$ 4,279,000</b>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Utility Rates**  
**June 30, 2023**

**Water Rates**

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**Residential- Inside City Limits**

Monthly service fee	\$6.00
Per 1,000 gallons used	\$7.67

**Residential- Outside City Limits**

Monthly service fee	\$7.20
Per 1,000 gallons used	\$9.20

<b>Number of Customers</b>	<b>3,261</b>
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### **III. INTERNAL CONTROL AND COMPLIANCE SECTION**



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# Waycaster, CPA LLC

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

Mayor and Town Council  
Town of Signal Mountain, 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, the discretely presented component unit, each major fund and aggregate remaining fund information of the Town of Signal Mountain, Tennessee (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 20, 2023.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town'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.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identify. Given these limitations, during our audit we did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-004, which is consider as a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Signal Mountain, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Responses as item 2023-001, 2023-002 and 2023-003.

### **Town of Signal Mountain, Tennessee's Response to Findings**

The Town of Signal Mountain, Tennessee's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Town of Signal Mountain, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 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.

*Waycaster CPA, LLC*  
Chickamauga, GA  
December 20, 2023

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Findings and Responses**  
**June 30, 2023**

**SUMMARY OF AUDIT RESULTS**

**Opinion:**

Unmodified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Deficiencies:**

One significant deficiency in internal controls was disclosed. (2023-004)

**Material Noncompliance:**

Three instances of noncompliance or other matters were disclosed. (2023-001, 2023-002 and 2023-003)

**FINANCIAL STATEMENT FINDINGS**

**2023-001: Budgeted Expenditures in Excess of Appropriations (Noncompliance under Government Auditing Standards)**

**Condition:** The following Department were over budget at June 30, 2023:

General Fund-Building and Codes Department (\$13,264)  
General Fund-Library Department (\$14,015)  
General Fund-Police Department (\$94,556)  
General Fund-Fire Department (\$119,495)  
Vehicle Replacement Fund- Capital Outlay (\$21,451)

**Criteria:** Tennessee Code Annotated, Section 6-56-203(1) states in part:

*....all moneys received and expended by a municipality shall be included in a budget ordinance. Therefore, notwithstanding any other law, no municipality may expend any moneys regardless of their source, including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments, except in accordance with a budget ordinance...*

**Cause:** The Town's governing body failed to monitor spending and make amendments to the budget in accordance with the requirements of Tennessee Code Annotated.

**Effect:** Expenditures made in excess of budgeted amounts could result in a loss of control over financial operations by the governing body.

**FINANCIAL STATEMENT FINDINGS (continued)**

**2023-001: Budgeted Expenditures in Excess of Appropriations (Noncompliance under Government Auditing Standards) (continued)**

**Recommendation:** Expenditures should be held within appropriations approved by the Mayor and Town's Council.

**Management's Response:** We concur with this finding. See Management's Corrective Action Plan.

**2023-002: Deficit Restricted Fund Balance (Noncompliance under Government Auditing Standards)**

**Condition:** At June 30, 2023, special revenue fund State Street Aid had a deficit fund balance of (\$481,325).

**Criteria:** The purpose of a special revenue fund is to account for specific revenue sources that are legally restricted to expenditure for a specific purpose.

**Cause:** This condition is a result of failing to take action to ensure that each fund balance has a zero or positive balance prior to closing the books for the fiscal year.

**Effect:** The Town has a reduced ability to manage the use of its funds and meet its objective.

**Recommendation:** Municipal officials should identify the reason for the negative fund balance and monitor revenues and expenditures to ensure this deficit is eliminated.

**Management's Response:** We concur with this finding. See Management's Corrective Action Plan.

**2023-003: Failure to Clear Interfund Payable Within one-year (Noncompliance under Government Auditing Standards)**

**Condition:** The Town has certain Due to/Due From balances at year-end between the General Fund and State Street Aid. These balances are over 12 months old and are now consider interfund loans. These interfund loans were not approved by the State of Tennessee Comptroller Office of State and Local Finance, nor did the Town's council approve the interfund loan.

**2023-003: Failure to Clear Interfund Payable Within one-year (Noncompliance under Government Auditing Standards) (continued)**

**Criteria:** Tennessee Code Annotated, Section 9-21-408(b) and 9-21-604 states in part:

*Local governments are hereby authorized to make interfund loans in accordance with procedures for issuance of notes or bonds in part 5, 7 or 8 of this chapter or § 9-21-604*

*...notes issued provided, that, with the approval of the Comptroller of Treasury....*

**Cause:** Oversight due to staff turnover.

**Effect:** An interfund loan reduces the ability of the Town to use the funds for the intended purpose.

**Recommendation:** The Town will need to clear interfund payable immediately or the Town needs to contact State of Tennessee Comptroller of Treasury to request retroactive approval for interfund loan and to define repayment terms.

**Management's Response:** We concur with this finding. See Management's Corrective Action Plan.

**2023-004: Failure to Receive a Proper Approval (Internal Control Deficiency-Significant Deficiency)**

**Condition:** During the testing phase of the audit the following deficiencies were noted: 1) Wex fuel statements were not reviewed for discrepancies and was not initialed for approval. 2) The bank statements and reconciliations should be reviewed and approved by the Town manager. 3) All invoices should be approved for payment by department heads; during testing we found 4 of 40 did not have approval. 4) Payroll direct deposit forms need to be reviewed and approved.

**Criteria:** Government Auditing Standards Chapter A.06(h) states that "inadequate controls for the safeguarding of assets....." is a control deficiency.

**Cause:** The approval process is not consistently being followed.

**Effect:** A diminished control environment which inherently increases the risk that the Town's funds could be used inappropriately or misappropriated.

**Recommendation:** To increase controls to ensure all areas are being appropriately reviewed and approved.

**Management's Response:** We concur with this finding. See Management's Corrective Action Plan.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Summary Schedule of Prior Year Findings**  
**June 30, 2023**

**Prior- year Financial Statement Findings**

<b><u>Prior Year Finding Number</u></b>	<b><u>Finding Title</u></b>	<b><u>Status and Current Year Finding Number</u></b>
2022-001	Expenditures Exceeded Budget	Repeated 2023-001

CHARLES POSS  
Mayor

HARRY R. CASH  
Town Attorney

ELAINE A. BRUNELLE  
Town Manager



ELIZABETH BAKER  
Vice Mayor

ANDREW GARDNER  
Councilmember  
SUSANNAH MURDOCK  
Councilmember

CLAY CRUMBLISS  
Councilmember

## Town of Signal Mountain

1111 RIDGEWAY AVENUE  
SIGNAL MOUNTAIN, TENNESSEE 37377  
423-886-2177

### Management's Corrective Action Plan For the Fiscal Year Ended June 30, 2023

#### 2023-001: Budgeted Expenditures in Excess of Appropriations 2023-001: Budgeted Expenditures in Excess of Appropriations

**Response and Corrective Action Prepared by: Jennifer Broomfield**

**Person Responsible for Implementing the Corrective Action: Jennifer Broomfield**

**Anticipation Completion Date of Corrective Action: Ongoing**

**Planned Corrective Action:** Finance will meet with department heads after the April Financials have been generated to obtain anticipated spending through fiscal year end. A budget amendment will be submitted to Council for approval before June 30 if necessary to ensure expenditures do not exceed appropriation.

#### 2023-002: Deficit Restricted Fund Balance Response and Corrective Action

**Response and Corrective Action Prepared by: Jennifer Broomfield**

**Person Responsible for Implementing the Corrective Action: Jennifer Broomfield**

**Anticipation Completion Date of Corrective Action: 21 months**

**Planned Corrective Action:** Council has decided to wait until January when the audit is presented to them to make any decision on this issue.

CHARLES POSS  
Mayor

HARRY R. CASH  
Town Attorney

ELAINE A. BRUNELLE  
Town Manager



ELIZABETH BAKER  
Vice Mayor

ANDREW GARDNER  
Councilmember  
SUSANNAH MURDOCK  
Councilmember

CLAY CRUMBLISS  
Councilmember

## Town of Signal Mountain

1111 RIDGEWAY AVENUE  
SIGNAL MOUNTAIN, TENNESSEE 37377  
423-886-2177

### **2023-003: Failure to Clear Interfund Payable Within one-year**

**Response and Corrective Action Prepared by: Jennifer Broomfield**

**Person Responsible for Implementing the Corrective Action: Jennifer Broomfield**

**Anticipation Completion Date of Corrective Action: 21 months**

**Planned Corrective Action:** Council has decided to wait until January when the audit is presented to them to make any decision on this issue.

### **2023-004: Failure to Receive a Proper Approval**

**Response and Corrective Action Prepared by:**

**Person Responsible for Implementing the Corrective Action:**

**Anticipation Completion Date of Corrective Action: Ongoing**

**Planned Corrective Action:** 1) Management will make sure each fuel statement will be initialed and any changes submitted to Finance for approval. 2) Town Manager has been reviewing bank reconciliations and bank statements monthly since we were made aware of this issue. 3) Finance Director will review each invoice upon signing to verify it has been properly approved. 4) Finance Director and Town Manager will review payroll direct deposit advice from the bank once it is received and approve as appropriate.

**Charles Poss Town Mayor Signal Mountain, Tennessee**

**Elaine Brunelle Town Manager Signal Mountain, Tennessee**