



ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

JOHNSON, MURPHEY & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA, TENNESSEE

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TOWN OF SIGNAL MOUNTAIN, TENNESSEE
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TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Roster of Board Members and Management
June 30, 2019

Mayor Dan Landrum

Vice Mayor.....Amy Speek

Councilmember Bill Lusk

CouncilmemberSusannah Murdock

Councilmember Dr. Robert Spalding

Town JudgeGary Humble
(September 1, 2018 to June 30, 2019)

Tracy Cox
(July 1, 2018 to August 31, 2018)

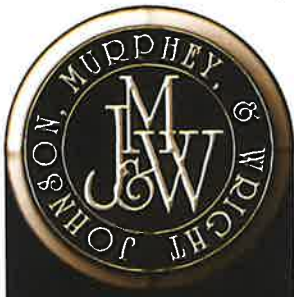
Town Manager Boyd Veal

Town Attorney Harry Cash
(February 1, 2019 to June 30, 2019)

Phillip Noblett
(July 1, 2018 to January 31, 2019)

Finance Director/Town Recorder (CMFO/CMC)..... Carol Thompson-White

II. FINANCIAL SECTION



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Accountants

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Brian T. Wright, CPA

Karen Hutcherson, CPA

Marianne Greene, CPA

Jennifer Waycaster, CPA

INDEPENDENT AUDITOR'S REPORT

Mayor and Town Council
Town of Signal Mountain, Tennessee

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2019, and, the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and State Street Aid Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS, Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS and Schedule of Changes in the Town of Signal Mountain, Tennessee's Total OPEB Liability and Related Ratios listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Introductory Section, non-major 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.

The non-major governmental fund financial statements and financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Mayor and Town Council
Town of Signal Mountain, Tennessee
Page Three

The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019, 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 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.

Johnson, Murphy & Wright, P.C.

Chattanooga, Tennessee
December 5, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Signal Mountain, Tennessee, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Signal Mountain, Tennessee for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the Town of Signal Mountain, Tennessee exceeded its liabilities and deferred inflows at June 30, 2019, by \$22,353,706 (net position). Of this amount \$8,555,311 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town has restricted \$17,031 for drug enforcement programs and \$654,301 for state street aid expenditures.

In addition to these restricted amounts, the Town has a committed fund balance of \$896,768 for the purchase of mobile assets and \$957,569 for building construction.

The Town's governmental activities operated at a surplus of \$1,439,951. The Town's business-type activities operated at a deficit of \$(215,862).

As of the close of the current fiscal year, the Town of Signal Mountain, Tennessee's governmental funds reported combined ending fund balances of \$6,699,742.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,174,073, or 58.16%, of total General Fund expenditures, excluding transfers.

At the end of the current fiscal year, the Town's enterprise funds reported combined ending net position of \$7,265,739. Of that balance \$3,372,362, or 46.41%, is unrestricted. The remaining 53.59%, or \$3,893,377 is invested in capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Town of Signal Mountain, Tennessee's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town of Signal Mountain, Tennessee's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Signal Mountain, Tennessee 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 taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Signal Mountain, Tennessee 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, Tennessee include general government made up of judicial, financial administration and building inspection, public safety made up of the police and fire departments, public works made up of highways and streets and sanitation, public welfare and recreation made up of the library and community center and the maintenance shop which performs maintenance and repair work for all departments. The business-type activities of the Town of Signal Mountain, Tennessee include the Water Fund and the Stormwater Fund.

The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The Town of Signal Mountain, Tennessee maintains five 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, State Street Aid Fund and Building Construction Fund which are considered to be major funds. Individual fund data for the non-major governmental funds is provided in the statements later in this report beginning on page 70.

The Town of Signal Mountain, Tennessee adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major governmental funds, which are the General Fund and State Street Aid Fund to demonstrate compliance with this budget, as well as for non-major funds. The budgetary comparison statement for the major General Fund and State Street Aid Fund can be found beginning on page 22 of this report. The budgetary comparison statements for the non-major funds can be found beginning on page 72 of this report.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary Funds

The Town of Signal Mountain, Tennessee maintains one type of proprietary fund: enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Signal Mountain, Tennessee uses enterprise funds to account for its water and stormwater operations. The Town adopts an annual budget for its enterprise 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 the Water Fund and Stormwater Fund, which are considered to be major funds, of the Town of Signal Mountain, Tennessee.

The basic proprietary fund financial statements can be found on pages 35 through 37 of this report.

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. The Notes to the Financial Statements can be found on pages 38 through 64 of this report.

Other Information

The statements referred to earlier in connection with non-major governmental funds, are presented immediately following the Required Supplementary Information other than Management's Discussion and Analysis. Individual fund statements and schedules can be found on pages 70 through 73 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position

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, Tennessee, assets and deferred outflows exceeded liabilities and deferred inflows by \$22,353,706 at the close of this fiscal year.

58.72 percent of the Town of Signal Mountain, Tennessee's net position reflects its investment in capital assets (e.g., land, buildings and other improvements, infrastructure, plant in service and equipment), less any debt used to acquire those assets that is still outstanding. The Town of Signal Mountain, Tennessee uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town of Signal Mountain, Tennessee'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.

Approximately 3.00%, or \$671,332, of the Town of Signal Mountain, Tennessee's net position represents resources that are subject to external restrictions on how they may be used. 38.28%, or \$8,555,311, in net position are unrestricted and can be used to meet the government's ongoing obligations.

At June 30, 2019, the Town of Signal Mountain, Tennessee is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The table below provides a summary of the Town's net position broken down by governmental and business-type activities.

Town of Signal Mountain, Tennessee's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Capital assets	\$ 14,199,190	\$ 11,238,145	\$ 3,893,377	\$ 3,775,346	\$ 18,092,567	\$ 15,013,491
Other assets	13,256,428	12,949,371	3,873,648	4,244,450	17,130,076	17,193,821
Total assets	<u>\$ 27,455,618</u>	<u>\$ 24,187,516</u>	<u>\$ 7,767,025</u>	<u>\$ 8,019,796</u>	<u>\$ 35,222,643</u>	<u>\$ 32,207,312</u>
Deferred outflows of resources	<u>\$ 846,826</u>	<u>\$ 807,143</u>	<u>\$ 109,863</u>	<u>\$ 95,968</u>	<u>\$ 956,689</u>	<u>\$ 903,111</u>
Long-term liabilities	\$ 6,353,565	\$ 5,918,119	\$ 408,017	\$ 398,777	\$ 6,761,582	\$ 6,316,896
Other liabilities	841,013	534,392	171,994	216,899	1,013,007	751,291
Total liabilities	<u>\$ 7,194,578</u>	<u>\$ 6,452,511</u>	<u>\$ 580,011</u>	<u>\$ 615,676</u>	<u>\$ 7,774,589</u>	<u>\$ 7,068,187</u>
Deferred inflows of resources	<u>\$ 6,019,899</u>	<u>\$ 4,894,132</u>	<u>\$ 31,138</u>	<u>\$ 18,487</u>	<u>\$ 6,051,037</u>	<u>\$ 4,912,619</u>
Net investment in capital assets	\$ 9,233,686	\$ 6,937,281	\$ 3,893,377	\$ 3,775,346	\$ 13,127,063	\$ 10,712,627
Restricted	671,332	722,395	-	-	671,332	722,395
Unrestricted	5,182,949	5,988,340	3,372,362	3,706,255	8,555,311	9,694,595
Total net position	<u>\$ 15,087,967</u>	<u>\$ 13,648,016</u>	<u>\$ 7,265,739</u>	<u>\$ 7,481,601</u>	<u>\$ 22,353,706</u>	<u>\$ 21,129,617</u>

Changes in Net Position

Governmental activities increased the Town of Signal Mountain, Tennessee's net position by \$1,439,951.

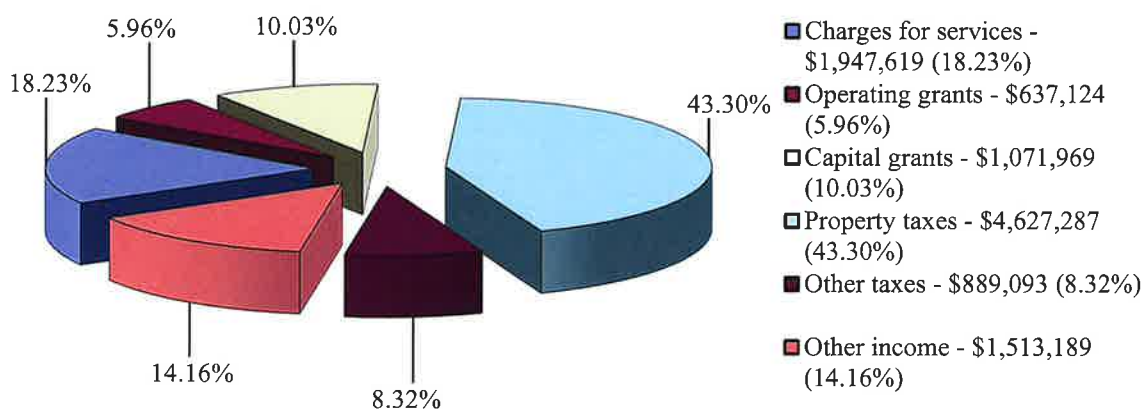
Business-type activities decreased the Town of Signal Mountain, Tennessee's net position by \$(215,862).

Town of Signal Mountain, Tennessee's Changes in Net Position

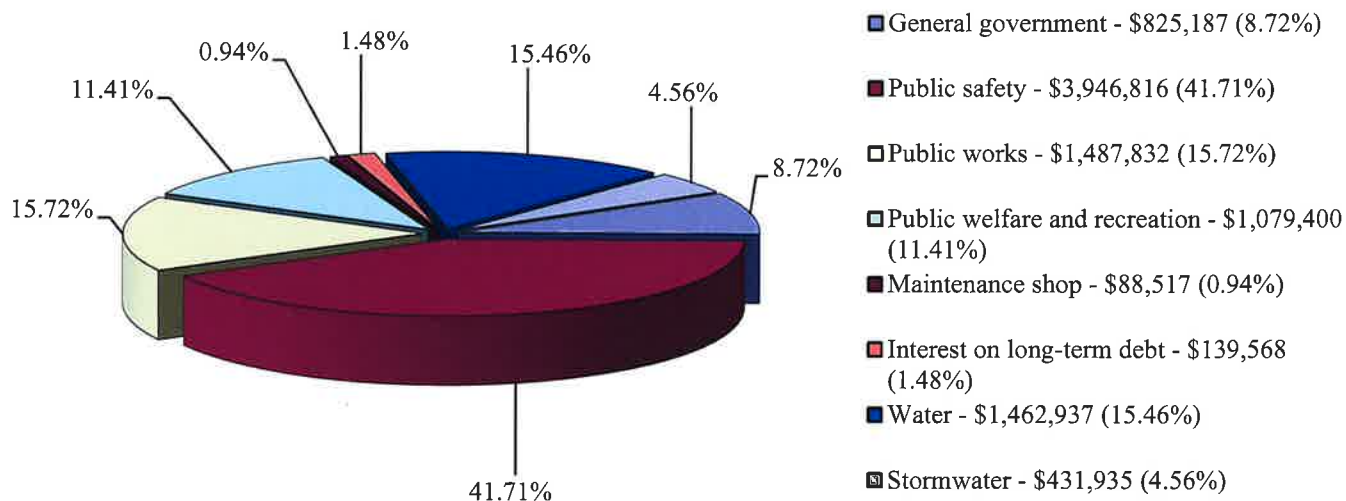
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 317,641	\$ 320,363	\$ 1,629,978	\$ 1,715,358	\$ 1,947,619	\$ 2,035,721
Operating grants and contributions	637,124	499,108	-	-	637,124	499,108
Capital grant and contributions	1,071,969	22,496	-	-	1,071,969	22,496
General revenues:						
Property taxes	4,627,287	4,596,566	-	-	4,627,287	4,596,566
Other taxes	889,093	822,507	-	-	889,093	822,507
Other income	1,464,157	1,539,276	49,032	29,452	1,513,189	1,568,728
Total revenues	<u>9,007,271</u>	<u>7,800,316</u>	<u>1,679,010</u>	<u>1,744,810</u>	<u>10,686,281</u>	<u>9,545,126</u>
Expenses:						
General government	825,187	763,405	-	-	825,187	763,405
Public safety	3,946,816	3,633,758	-	-	3,946,816	3,633,758
Public works	1,487,832	1,816,985	-	-	1,487,832	1,816,985
Public welfare and recreation	1,079,400	1,086,417	-	-	1,079,400	1,086,417
Maintenance shop	88,517	102,226	-	-	88,517	102,226
Interest on long-term debt	139,568	48,221	-	-	139,568	48,221
Water	-	-	1,462,937	1,385,520	1,462,937	1,385,520
Stormwater	-	-	431,935	271,597	431,935	271,597
Total expenses	<u>7,567,320</u>	<u>7,451,012</u>	<u>1,894,872</u>	<u>1,657,117</u>	<u>9,462,192</u>	<u>9,108,129</u>
Change in net position	1,439,951	349,304	(215,862)	87,693	1,224,089	436,997
Net position - beginning	<u>13,648,016</u>	<u>13,298,712</u>	<u>7,481,601</u>	<u>7,393,908</u>	<u>21,129,617</u>	<u>20,692,620</u>
Net position - end	<u>\$ 15,087,967</u>	<u>\$ 13,648,016</u>	<u>\$ 7,265,739</u>	<u>\$ 7,481,601</u>	<u>\$ 22,353,706</u>	<u>\$ 21,129,617</u>

The graphs below summarize the \$10,686,281 of town-wide revenue by source and the associated \$9,462,192 of expense by program. The graphs combine data from both governmental and business-type activities.

Town-Wide Sources of Revenue



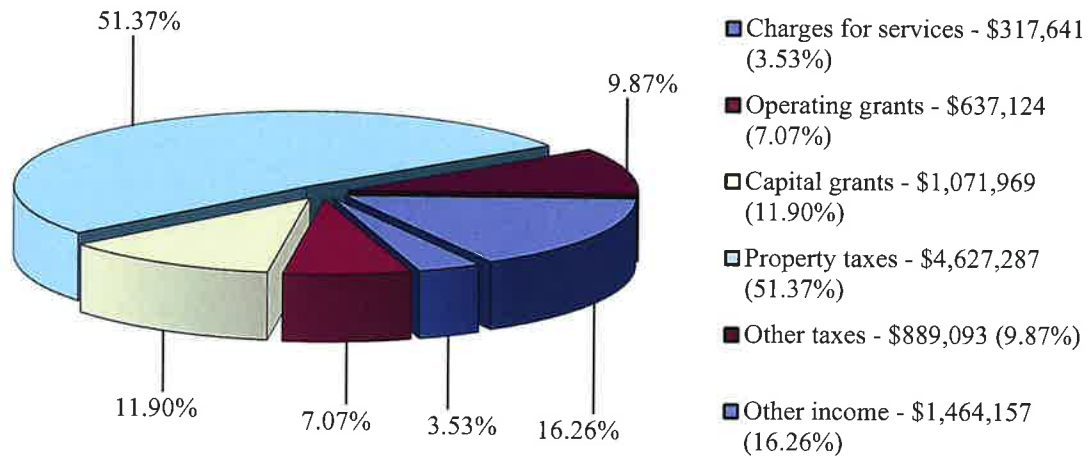
Town-Wide Program Expenses



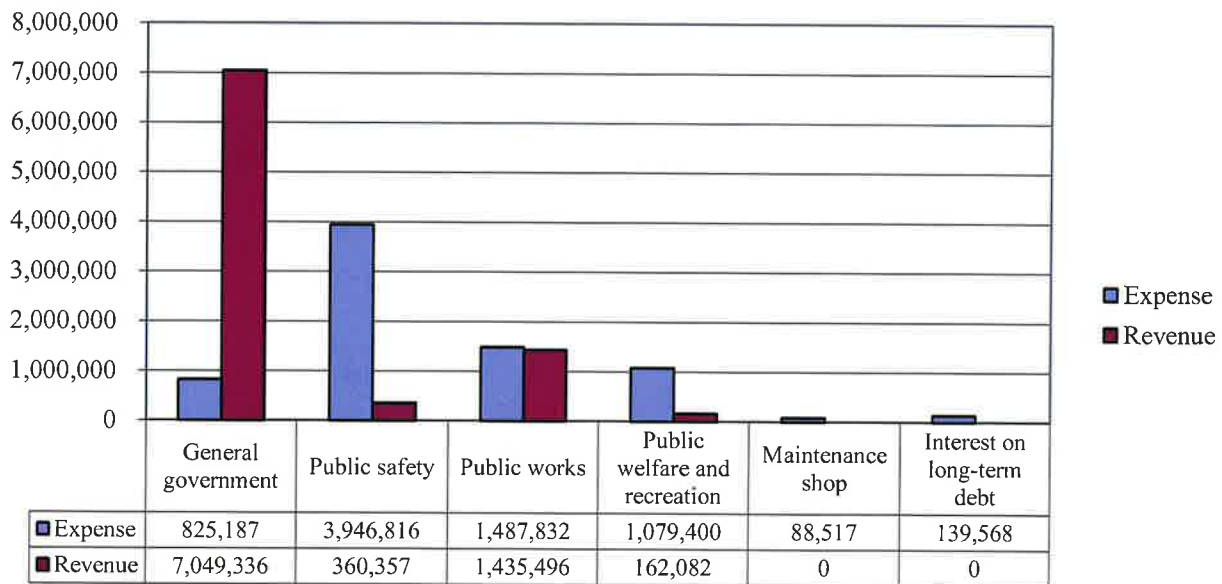
Governmental Activities

Governmental activities accounted for revenues of \$9,007,271. The following graph summarizes revenue by source.

**Revenue by Source -
Governmental Activities**

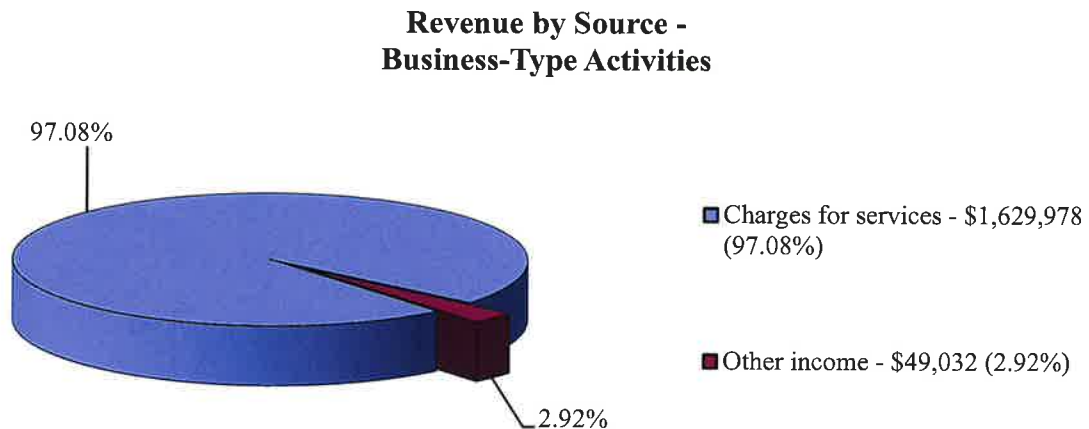


**Expenses and Program Revenues -
Governmental Activities**

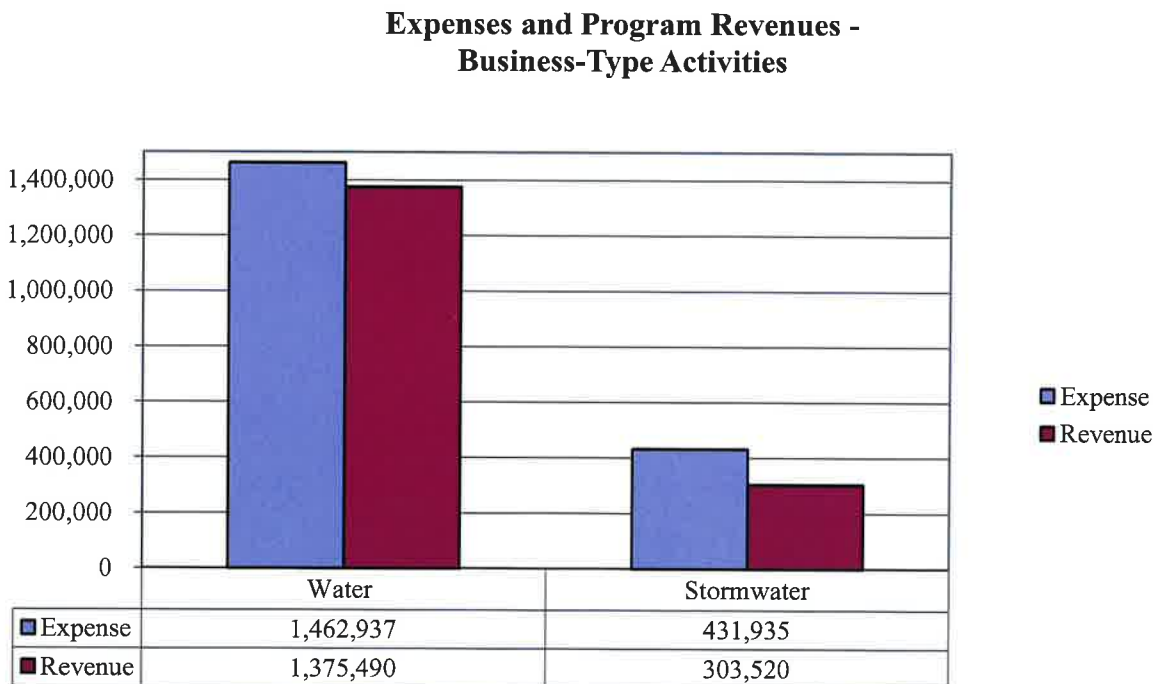


Business-type Activities

Business-type activities accounted for revenues of \$1,679,010. The following graph summarizes the revenue by source.



The following graph summarizes the revenue and related expense of operating the water and stormwater systems.



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town of Signal Mountain, Tennessee uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the Town of Signal Mountain, Tennessee's governmental funds reported combined ending fund balances of \$6,699,742. Approximately 62.30% of this total amount, or \$4,174,073, constitutes unassigned fund balance. Committed funds consist of \$896,768 for the purchase of mobile assets and \$957,569 for building construction. Restricted funds consist of \$654,301 for the use of street expenditures and \$17,031 for use in investigations of drug-related violations and drug prevention programs.

The General Fund is the chief operating fund of the Town of Signal Mountain, Tennessee. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,174,073. 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 58.16% of total General Fund expenditures, excluding transfers.

Proprietary Funds

The Town of Signal Mountain, Tennessee's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$2,820,788 for the Water Fund and \$551,574 for the Stormwater Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were approximately \$(637,972), and are listed below:

General Fund budgeted expenditures decreased \$955,934.

General Fund budgeted transfers out increased \$1,593,906.

Departmental budget officers closely monitored expenditures during the fiscal year in order to minimize budget amendments.

CAPITAL ASSET AND DEBT ADMINISTRATION

The table below summarizes the Town's investment in capital assets and is broken down by governmental and business-type activities.

Town of Signal Mountain, Tennessee's Capital Assets (Net of Depreciation)

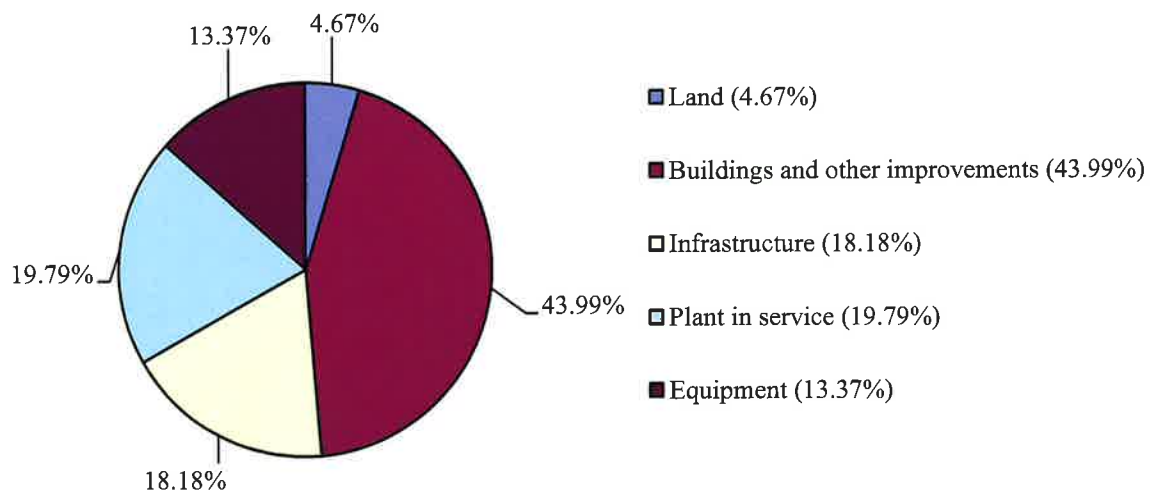
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 844,313	\$ 844,313	\$ -	\$ -	\$ 844,313	\$ 844,313
Buildings and other improvements	7,959,298	6,767,336	-	-	7,959,298	6,767,336
Infrastructure	3,288,981	1,421,654	-	-	3,288,981	1,421,654
Plant in service	-	-	3,580,878	3,583,633	3,580,878	3,583,633
Equipment	<u>2,106,598</u>	<u>2,204,842</u>	<u>312,499</u>	<u>191,713</u>	<u>2,419,097</u>	<u>2,396,555</u>
Total capital assets	<u>\$ 14,199,190</u>	<u>\$ 11,238,145</u>	<u>\$ 3,893,377</u>	<u>\$ 3,775,346</u>	<u>\$ 18,092,567</u>	<u>\$15,013,491</u>

Major capital asset events during the current fiscal year include the following:

James Boulevard infrastructure	\$ 1,156,492
Fire Station	\$ 861,508
Bridge	\$ 805,044
MACC building	\$ 511,262
2019 International 7400 (leaf machine)	\$ 181,030

The following graph provides a breakdown of which assets make up the largest portion of the Town's total investment in capital assets. The graph combines assets used in both governmental and business-type activities.

Town-Wide Capital Assets



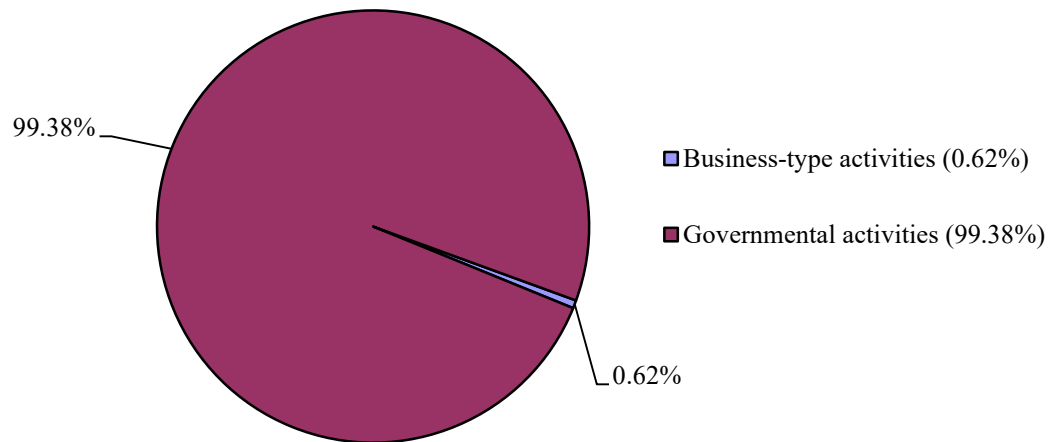
Additional information on the Town of Signal Mountain, Tennessee's capital assets can be found in Note 8 on page 48 and 49 of this report.

Town of Signal Mountain, Tennessee's Outstanding Debt

At the end of the current fiscal year, the Town of Signal Mountain, Tennessee had total long-term debt outstanding of \$5,242,208; of that amount \$117,000 is due in the next fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bonds	\$ 4,965,504	\$ 4,300,864	\$ -	\$ -	\$ 4,965,504	\$ 4,300,864
Compensated absences	243,982	213,466	32,722	19,136	276,704	232,602
Current portion	(117,000)	-	-	-	(117,000)	-
Total long-term debt	<u>\$ 5,092,486</u>	<u>\$ 4,514,330</u>	<u>\$ 32,722</u>	<u>\$ 19,136</u>	<u>\$ 5,125,208</u>	<u>\$ 4,533,466</u>

Long-Term Debt By Activity



Additional information on outstanding debt can be found in Note 11 on pages 50 and 51.

Currently Known Conditions Affecting Future Years

In 2015, the Town obtained a variable rate loan agreement with the City of Clarksville's Public Building Authority in the amount of \$3,000,000. This loan funded construction of a public works facility and related structures, including equipment and furnishings; and partially funded the construction of a fire station. The loan agreement provides for one principal payment per year and monthly variable interest payments. Additional principal payments are permitted.

In 2017, the Town obtained a fixed rate loan agreement with the City of Clarksville's Public Building Authority in the amount of \$3,000,000. This loan funded the majority of the costs associated with the acquisition, construction and equipping of a new fire station for the Town, and also included the purchase of a pumper truck for the new station. The loan agreement provides for one principal payment per year and bi-annual fixed rate interest payments. Additional principal payments are permitted.

The achievement of these two projects completes the Town's current need for new/additional facilities. The Town does not currently have, nor does it foresee, the need to assume additional debt to facilitate any capital projects in the next few years.

In addition to the projects noted above, in fiscal year 2018-2019 the Town also initiated an ambitious list of General Fund supported projects to improve roadways, bridges, athletic fields and facilities. As a result, of these project costs, the General Fund fund balance saw a sizeable decrease. However, with the passage of the fiscal year 2019-2020 Budget the Town has already begun the process of augmenting the General Fund fund balance. This necessitated that the Town implemented its first total tax rate increase since fiscal year 2011-2012. The additional revenue will also cover the additional staffing and operational costs of the new fire station. Management and Council will continue to closely monitor the needs of the General Fund to ensure that it continues to comply with the Town's Fund Balance Policy regarding the relationship between unassigned fund balance and budgeted expenditures.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental	Business-type	Total	Public Library Board
	Activities	Activities		
ASSETS				
Current assets				
Cash	\$ 4,433,374	\$ 1,158,667	\$ 5,592,041	\$ 28,411
Investments	1,701,259	2,208,679	3,909,938	47,894
Property taxes - net	5,846,739	-	5,846,739	-
Grants receivable	656,174	-	656,174	-
Receivable - net	43,086	404,579	447,665	-
Due from other governments	593,771	-	593,771	-
Internal balance	(17,975)	17,975	-	-
Inventories	-	81,776	81,776	-
Total current assets	<u>13,256,428</u>	<u>3,871,676</u>	<u>17,128,104</u>	<u>76,305</u>
Non-current assets				
Other assets				
Customer lists - Walden's Ridge - net	-	1,972	1,972	-
Capital assets				
Land and construction in progress	844,313	-	844,313	-
Other capital assets - net of depreciation	13,354,877	3,893,377	17,248,254	-
Total capital assets	<u>14,199,190</u>	<u>3,893,377</u>	<u>18,092,567</u>	<u>-</u>
Total non-current assets	<u>14,199,190</u>	<u>3,895,349</u>	<u>18,094,539</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 27,455,618</u>	<u>\$ 7,767,025</u>	<u>\$ 35,222,643</u>	<u>\$ 76,305</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	\$ 843,336	\$ 109,433	\$ 952,769	\$ -
Deferred outflows related to OPEB	3,490	430	3,920	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 846,826</u>	<u>\$ 109,863</u>	<u>\$ 956,689</u>	<u>\$ -</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 565,687	\$ 161,510	\$ 727,197	\$ -
Payable to pension	29,550	-	29,550	-
Accrued liabilities	128,776	10,484	139,260	-
Bonds payable - due in one year	117,000	-	117,000	-
Total current liabilities	<u>841,013</u>	<u>171,994</u>	<u>1,013,007</u>	<u>-</u>
Non-current liabilities				
Customer deposits	-	215,640	215,640	-
Bonds payable	4,848,504	-	4,848,504	-
Compensated absences payable	243,982	32,722	276,704	-
Net pension liability	1,179,551	149,580	1,329,131	-
Net OPEB liability	81,528	10,075	91,603	-
Total non-current liabilities	<u>6,353,565</u>	<u>408,017</u>	<u>6,761,582</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 7,194,578</u>	<u>\$ 580,011</u>	<u>\$ 7,774,589</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	\$ 141,523	\$ 17,493	\$ 159,016	\$ -
Deferred inflows related to OPEB	110,398	13,645	124,043	-
Deferred revenue - property taxes	5,767,978	-	5,767,978	-
Total deferred inflows of resources	<u>\$ 6,019,899</u>	<u>\$ 31,138</u>	<u>\$ 6,051,037</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 9,233,686	\$ 3,893,377	\$ 13,127,063	\$ -
Restricted for drug enforcement program	17,031	-	17,031	-
Restricted for state street aid	654,301	-	654,301	-
Unrestricted	<u>5,182,949</u>	<u>3,372,362</u>	<u>8,555,311</u>	<u>76,305</u>
TOTAL NET POSITION	<u>\$ 15,087,967</u>	<u>\$ 7,265,739</u>	<u>\$ 22,353,706</u>	<u>\$ 76,305</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Statement of Activities
Year Ended June 30, 2019

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues				Primary Government	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities
Primary Government						
General government activities:						
Judicial	\$ 426,384	\$ -	\$ -	\$ -	\$ (426,384)	\$ -
Financial administration	248,302	-	-	-	(248,302)	-
Building inspection	150,501	68,799	-	-	(81,702)	-
Public safety						
Police department	1,559,630	45,359	314,998	-	(1,199,273)	-
Fire department	2,387,186	-	-	-	(2,387,186)	-
Highway and streets						
Public works administration	125,485	-	-	-	(125,485)	-
Highway and street maintenance	704,169	-	315,265	1,071,969	683,065	683,065
Sanitation						
Solid waste department	600,433	40,473	-	-	(559,960)	-
Recycle center	57,745	7,789	-	-	(49,956)	-
Public welfare and recreation						
Recreation	666,441	106,227	6,801	-	(553,413)	-
Mountain Arts Community Center	198,553	37,930	60	-	(160,563)	-
Library	214,406	11,064	-	-	(203,342)	-
Maintenance shop	88,517	-	-	-	(88,517)	-
Interest on long-term debt	139,568	-	-	-	(139,568)	-
Total governmental activities	<u>7,567,320</u>	<u>317,641</u>	<u>637,124</u>	<u>1,071,969</u>	<u>(5,540,586)</u>	<u>(5,540,586)</u>
Business-type activities:						
Water	1,462,937	1,327,512	-	-	(135,425)	-
Stormwater	431,935	302,466	-	-	(129,469)	-
Total business-type activities	<u>1,894,872</u>	<u>1,629,978</u>	<u>-</u>	<u>-</u>	<u>(264,894)</u>	<u>-</u>
Total primary government	<u>\$ 9,462,192</u>	<u>\$ 1,947,619</u>	<u>\$ 637,124</u>	<u>\$ 1,071,969</u>	<u>(5,540,586)</u>	<u>(5,805,480)</u>
Component Unit						
Library Board	<u>\$ 1,828</u>	<u>\$ 9,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>7,282</u>
General Revenues:						
Property taxes, interest and penalty					4,627,287	-
Public utilities taxes					140,598	-
Sales taxes					472,498	-
Franchise tax					149,844	-
Business taxes					48,006	-
Alcoholic beverages taxes					78,147	-
Grants and contributions not restricted to specific programs					1,236,069	-
Investment income					71,921	49,032
Rent on land					50,856	-
Miscellaneous					105,311	-
Total general revenues					<u>6,980,537</u>	<u>7,029,569</u>
Change in net position					<u>1,439,951</u>	<u>(215,862)</u>
Net position - beginning					<u>13,648,016</u>	<u>7,481,601</u>
Net position - end					<u>\$ 15,087,967</u>	<u>\$ 7,265,739</u>
						<u>\$ 76,305</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Governmental Funds
Balance Sheet
June 30, 2019

	General Fund	Special Revenue State Street Aid Fund	Capital Projects Building Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,671,961	\$ 381,405	\$1,468,831	\$ 911,177	\$ 4,433,374
Investments	1,611,237	87,400	-	2,622	1,701,259
Property taxes - net	5,846,739	-	-	-	5,846,739
Grants receivable	150,821	505,353	-	-	656,174
Receivable - net	43,086	-	-	-	43,086
Due from other funds	556,896	14,241	-	-	571,137
Due from other governments	543,004	50,767	-	-	593,771
TOTAL ASSETS	\$10,423,744	\$1,039,166	\$1,468,831	\$ 913,799	\$ 13,845,540
LIABILITIES					
Accounts payable	\$ 180,822	\$ 384,865	\$ -	\$ -	\$ 565,687
Payable to pension	29,550	-	-	-	29,550
Accrued liabilities	128,776	-	-	-	128,776
Due to other funds	77,850	-	511,262	-	589,112
TOTAL LIABILITIES	\$ 416,998	\$ 384,865	\$ 511,262	\$ -	\$ 1,313,125
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 5,832,673	\$ -	\$ -	\$ -	\$ 5,832,673
FUND BALANCES					
Restricted	\$ -	\$ 654,301	\$ -	\$ 17,031	\$ 671,332
Committed	-	-	957,569	896,768	1,854,337
Unassigned	4,174,073	-	-	-	4,174,073
TOTAL FUND BALANCES	\$ 4,174,073	\$ 654,301	\$ 957,569	\$ 913,799	\$ 6,699,742

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, 2019

Total fund balances per governmental funds balance sheet	\$ 6,699,742
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,199,190
Long-term liabilities, including bonds payable and compensated absences payable are not due and payable in the current period and, therefore, are not reported in the funds.	(5,209,486)
Pension liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds.	(477,738)
OPEB liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds.	(188,436)
Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>64,695</u>
Net position of governmental activities	<u>\$ 15,087,967</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	General Fund	Special Revenue State Street Aid Fund	Capital Projects Building Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$5,346,602	\$ -	\$ -	\$ -	\$ 5,346,602
Licenses and permits	68,724	-	-	-	68,724
Intergovernmental	1,568,297	1,355,684	-	-	2,923,981
Charges for services	266,315	-	-	-	266,315
Fines and forfeitures	23,949	-	-	-	23,949
Other revenues	337,267	207	-	20,291	357,765
TOTAL REVENUES	7,611,154	1,355,891	-	20,291	8,987,336
EXPENDITURES					
Current Expenditures					
General government	792,465	-	-	-	792,465
Public safety	3,643,229	-	-	4,098	3,647,327
Public works	1,127,210	48,702	-	1,174	1,177,086
Public welfare and recreation	974,427	-	-	-	974,427
Maintenance shop	88,155	-	-	-	88,155
Capital Outlay	158,412	1,963,698	1,427,403	209,351	3,758,864
Debt Service	392,568	-	-	-	392,568
TOTAL EXPENDITURES	7,176,466	2,012,400	1,427,403	214,623	10,830,892
Excess (deficiency) of revenues over (under) expenditures	434,688	(656,509)	(1,427,403)	(194,332)	(1,843,556)
OTHER FINANCING SOURCES (USES)					
Proceeds from debt issuance	-	-	917,640	-	917,640
Transfers in	-	637,000	1,027,706	365,616	2,030,322
Transfers out	(2,030,322)	-	-	-	(2,030,322)
Total other financing sources (uses)	(2,030,322)	637,000	1,945,346	365,616	917,640
Net changes in fund balances	(1,595,634)	(19,509)	517,943	171,284	(925,916)
Fund balances - beginning	5,769,707	673,810	439,626	742,515	7,625,658
Fund balances - end	\$4,174,073	\$ 654,301	\$ 957,569	\$ 913,799	\$ 6,699,742

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, 2019

Net change in fund balances for total governmental funds	\$ (925,916)
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 capital outlay exceeds depreciation expense in the current period.	2,961,045
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	19,934
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.	253,000
Bonds issued are reported as a financial resource in the governmental funds. However, this is reported as an increase in long-term liabilities in the Statement of Net Position. During the current year additional loan proceeds were drawn on bonds payable.	(917,640)
Pension 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 reported in the Statement of Activities.	88,426
OPEB expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year OPEB contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities.	(8,382)
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:	
(Increase) decrease in compensated absences	<u>(30,516)</u>
Change in net position of governmental activities	<u>\$ 1,439,951</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
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property taxes	\$ 4,634,502	\$ 4,634,502	\$ 4,583,731	\$ (50,771)
Interest and penalties	9,000	9,000	23,622	14,622
Public utilities	105,000	105,000	110,203	5,203
In lieu - water fund	25,000	25,000	30,395	5,395
Local option sales taxes	360,000	360,000	472,498	112,498
Wholesale beer tax	65,000	65,000	78,147	13,147
Minimum business taxes	4,800	4,800	6,118	1,318
Gross receipts tax	37,000	37,000	41,888	4,888
Total taxes	5,240,302	5,240,302	5,346,602	106,300
License and permits				
Beer and liquor license	2,220	2,220	1,870	(350)
Building permits	54,900	54,900	66,519	11,619
Other permits	225	225	335	110
Total license and permits	57,345	57,345	68,724	11,379
Intergovernmental				
Federal grants	418,648	418,648	315,623	(103,025)
TVA replacement	95,000	95,000	99,035	4,035
Fire and police supplemental	19,200	19,200	22,800	3,600
State sales tax	700,000	700,000	741,728	41,728
Telecommunication tax	500	500	4,405	3,905
State income tax and excise tax	254,000	254,000	330,841	76,841
State beer tax	4,000	4,000	3,871	(129)
Mixed drink tax	19,000	19,000	33,389	14,389
Streets and transportation	16,000	16,000	16,605	605
Total intergovernmental	1,526,348	1,526,348	1,568,297	41,949
Charges for services				
Sanitation charges for service	51,454	51,454	38,765	(12,689)
Police special services	7,500	7,500	17,635	10,135
Fingerprint fees	3,500	3,500	3,775	275
Library charges	8,286	8,286	11,067	2,781
Recreation activities	113,050	113,050	106,227	(6,823)
Mountain Arts Community Center	44,193	44,193	37,990	(6,203)
Rent	50,878	50,878	50,856	(22)
Total charges for services	278,861	278,861	266,315	(12,546)
Fines and forfeitures				
City court revenues	35,000	35,000	23,949	(11,051)

(Continued)

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES (Continued)				
Other revenue				
Interest earnings	\$ 15,000	\$ 15,000	\$ 71,694	\$ 56,694
Insurance recovery	4,961	4,961	11,762	6,801
CATV franchise	147,000	147,000	149,844	2,844
Sale of materials and supplies	25,000	25,000	10,205	(14,795)
Miscellaneous	48,795	48,795	38,550	(10,245)
Contributions and donations	43,000	43,000	55,212	12,212
Total other revenue	<u>283,756</u>	<u>283,756</u>	<u>337,267</u>	<u>53,511</u>
TOTAL REVENUES	<u>7,421,612</u>	<u>7,421,612</u>	<u>7,611,154</u>	<u>189,542</u>
EXPENDITURES				
Current Expenditures				
General government				
Judicial				
Salaries	36,841	36,841	36,721	120
Payroll taxes	2,818	2,818	2,757	61
Fringe benefits	4,614	4,614	2,885	1,729
Pension expense	1,867	1,867	1,857	10
Insurance	581	581	957	(376)
Miscellaneous	325	325	-	325
Office supplies	700	700	581	119
Operating supplies	6,216	8,216	5,107	3,109
Postage and printing	125	125	26	99
Professional and contract services	2,750	2,750	668	2,082
Repairs and maintenance	30	30	-	30
Telephone and other communications	300	300	311	(11)
Travel and training	100	100	-	100
Utilities	-	-	5	(5)
Total judicial	<u>57,267</u>	<u>59,267</u>	<u>51,875</u>	<u>7,392</u>

(Continued)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
General government (Continued)				
Administration				
Salaries	\$ 198,830	\$ 198,830	\$ 200,786	\$ (1,956)
Payroll taxes	15,088	15,088	14,924	164
Fringe benefits	35,247	35,247	42,505	(7,258)
Pension expense	16,863	16,863	15,939	924
Insurance	3,038	3,038	3,835	(797)
Miscellaneous	68,850	50,550	22,919	27,631
Office supplies	2,700	2,700	1,397	1,303
Operating supplies	6,304	8,804	1,544	7,260
Postage and printing	8,180	8,180	4,693	3,487
Professional and contract services	76,075	73,975	53,674	20,301
Repairs and maintenance	1,560	1,560	935	625
Telephone and other communications	1,200	1,200	1,178	22
Travel and training	8,000	8,000	3,675	4,325
Utilities	6,400	6,400	5,693	707
Vehicle expense	200	200	135	65
Total administration	448,535	430,635	373,832	56,803
Finance				
Salaries	104,078	104,078	103,917	161
Payroll taxes	8,008	8,008	7,705	303
Fringe benefits	17,291	17,291	17,090	201
Pension expense	8,950	8,950	8,885	65
Insurance	2,281	2,281	2,075	206
Miscellaneous	7,750	6,500	4,093	2,407
Office supplies	3,800	3,500	1,957	1,543
Operating supplies	30,578	37,078	36,389	689
Postage and printing	10,750	10,750	12,927	(2,177)
Professional and contract services	25,826	25,826	13,731	12,095
Repairs and maintenance	500	300	508	(208)
Telephone and other communications	858	3,858	3,395	463
Travel and training	2,500	1,750	1,432	318
Utilities	5,525	5,525	5,049	476
Total finance	228,695	235,695	219,153	16,542

(Continued)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
General government (Continued)				
Building and codes				
Salaries	\$ 90,535	\$ 90,535	\$ 90,529	\$ 6
Payroll taxes	6,926	6,926	6,654	272
Fringe benefits	17,174	17,174	19,806	(2,632)
Pension expense	9,541	9,541	7,740	1,801
Insurance	6,149	6,369	5,362	1,007
Office supplies	1,000	1,000	807	193
Operating supplies	8,697	11,365	7,848	3,517
Postage and printing	3,900	3,900	312	3,588
Professional and contract services	5,026	4,138	758	3,380
Repairs and maintenance	3,020	3,020	1,295	1,725
Telephone and other communications	3,500	3,500	3,159	341
Travel and training	2,500	2,500	1,834	666
Utilities	-	-	5	(5)
Vehicle expense	1,500	2,000	1,496	504
Total building and codes	<u>159,468</u>	<u>161,968</u>	<u>147,605</u>	<u>14,363</u>
Total general government	<u>893,965</u>	<u>887,565</u>	<u>792,465</u>	<u>95,100</u>
Public safety				
Police				
Salaries	837,278	837,278	864,714	(27,436)
Payroll taxes	63,072	63,072	62,059	1,013
Fringe benefits	166,826	166,826	181,745	(14,919)
Pension expense	98,746	98,746	96,567	2,179
Animal control	10,000	10,000	9,900	100
Insurance	66,457	76,207	56,733	19,474
Miscellaneous	700	700	265	435
Office supplies	3,000	3,000	2,967	33
Operating supplies	31,247	31,247	31,425	(178)
Postage and printing	4,300	4,300	3,537	763
Professional and contract services	126,445	129,145	108,411	20,734
Repairs and maintenance	16,180	16,180	12,456	3,724
Telephone and other communications	21,551	21,551	17,369	4,182
Travel and training	8,791	8,791	10,913	(2,122)
Utilities	6,200	6,200	6,108	92
Vehicle expense	41,200	41,200	34,279	6,921
Total police	<u>1,501,993</u>	<u>1,514,443</u>	<u>1,499,448</u>	<u>14,995</u>

(Continued)

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public safety (Continued)				
Fire protection and control services				
Salaries	\$ 935,140	\$ 935,140	\$ 893,523	\$ 41,617
Payroll taxes	71,538	71,538	64,154	7,384
Fringe benefits	295,127	295,127	247,498	47,629
Pension expense	112,061	112,061	101,966	10,095
Insurance	76,844	76,844	57,972	18,872
Miscellaneous	15,500	15,500	9,286	6,214
Office supplies	1,900	1,900	2,442	(542)
Operating supplies	137,186	142,686	126,733	15,953
Postage and printing	3,650	3,650	2,100	1,550
Professional and contract services	61,918	61,918	63,608	(1,690)
Repairs and maintenance	27,430	27,430	37,462	(10,032)
Telephone and other communications	6,300	6,300	9,283	(2,983)
Travel and training	29,000	29,000	14,705	14,295
Utilities	26,400	26,400	20,349	6,051
Vehicle expense	16,000	16,000	16,347	(347)
Total fire protection and control services	<u>1,815,994</u>	<u>1,821,494</u>	<u>1,667,428</u>	<u>154,066</u>
Fire station grants				
Salaries	370,134	370,134	321,210	48,924
Payroll taxes	28,315	28,315	23,023	5,292
Fringe benefits	97,503	97,503	85,931	11,572
Pension expense	44,601	44,601	36,520	8,081
Insurance	13,844	13,844	9,669	4,175
Total fire station grants	<u>554,397</u>	<u>554,397</u>	<u>476,353</u>	<u>78,044</u>
Total public safety	<u>3,872,384</u>	<u>3,890,334</u>	<u>3,643,229</u>	<u>247,105</u>

(Continued)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public works				
Public works administration				
Salaries	\$ 81,896	\$ 81,896	\$ 78,989	\$ 2,907
Payroll taxes	6,265	6,265	5,487	778
Fringe benefits	34,715	34,715	21,711	13,004
Pension expense	7,002	7,002	6,754	248
Insurance	2,212	1,912	1,862	50
Miscellaneous	500	500	482	18
Office supplies	800	750	167	583
Operating supplies	1,785	8,145	3,359	4,786
Postage and printing	1,250	1,325	1,152	173
Professional and contract services	1,300	1,100	853	247
Repairs and maintenance	500	400	279	121
Telephone and other communications	330	610	607	3
Travel and training	2,500	2,500	1,626	874
Utilities	2,170	2,170	1,475	695
Vehicle expense	600	600	370	230
Total public works administration	<u>143,825</u>	<u>149,890</u>	<u>125,173</u>	<u>24,717</u>
Highway and street maintenance				
Salaries	190,914	190,914	145,120	45,794
Payroll taxes	14,605	14,605	10,072	4,533
Fringe benefits	101,636	101,636	113,448	(11,812)
Pension expense	16,323	16,323	12,408	3,915
Insurance	26,125	26,125	24,105	2,020
Miscellaneous	1,400	1,400	621	779
Office supplies	200	250	41	209
Operating supplies	9,340	10,190	9,602	588
Paving and road repair	31,000	24,500	18,698	5,802
Postage and printing	1,000	500	-	500
Professional and contract services	-	-	512	(512)
Repairs and maintenance	27,500	33,500	37,056	(3,556)
Telephone and other communications	1,530	1,530	825	705
Travel and training	2,000	2,000	2,206	(206)
Utilities	2,170	2,170	1,601	569
Vehicle expense	24,800	24,800	24,827	(27)
Total highway and street maintenance	<u>450,543</u>	<u>450,443</u>	<u>401,142</u>	<u>49,301</u>

(Continued)

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public works (Continued)				
Solid waste department				
Salaries	\$ 211,733	\$ 211,733	\$ 214,426	\$ (2,693)
Payroll taxes	16,198	16,198	14,974	1,224
Fringe benefits	25,944	25,944	24,827	1,117
Pension expense	14,990	14,990	17,511	(2,521)
Insurance	20,827	20,827	15,427	5,400
Landfill - hauling services	48,000	48,000	54,215	(6,215)
Landfill services	85,000	85,000	85,481	(481)
Miscellaneous	3,100	2,700	1,812	888
Office supplies	400	200	41	159
Operating supplies	2,457	2,157	8,172	(6,015)
Postage and printing	1,550	1,200	825	375
Professional and contract services	35,000	50,000	42,997	7,003
Repair and maintenance	23,300	23,200	24,142	(942)
Telephone and other communications	830	830	138	692
Travel and training	800	800	1,207	(407)
Utilities	2,170	2,170	1,352	818
Vehicle expense	39,400	35,750	32,335	3,415
Total solid waste department	<u>531,699</u>	<u>541,699</u>	<u>539,882</u>	<u>1,817</u>
Recycling centers				
Salaries	8,229	8,229	8,602	(373)
Payroll taxes	629	629	608	21
Fringe benefits	2,407	2,407	2,575	(168)
Pension expense	704	704	735	(31)
Insurance	1,018	1,018	681	337
Operating supplies	1,200	1,280	1,075	205
Professional and contract services	40,000	40,000	44,192	(4,192)
Repair and maintenance	3,500	3,320	408	2,912
Telephone and other communications	600	600	510	90
Utilities	1,050	1,150	1,627	(477)
Total recycling centers	<u>59,337</u>	<u>59,337</u>	<u>61,013</u>	<u>(1,676)</u>
Total public works	<u>1,185,404</u>	<u>1,201,369</u>	<u>1,127,210</u>	<u>74,159</u>

(Continued)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation				
Mountain Arts Community Center				
Salaries	\$ 84,638	\$ 84,638	\$ 79,294	\$ 5,344
Payroll taxes	6,475	6,475	5,829	646
Fringe benefits	7,766	7,766	7,522	244
Pension expense	4,272	4,272	4,267	5
Insurance	5,710	5,320	5,219	101
Miscellaneous	500	250	47	203
Office supplies	1,500	1,500	835	665
Operating supplies	11,300	16,030	6,743	9,287
Postage and printing	10,700	9,960	10,402	(442)
Professional and contract services	8,250	4,750	4,423	327
Repairs and maintenance	8,800	25,300	6,361	18,939
Telephone and other communications	2,000	2,000	1,885	115
Travel and training	1,250	-	-	-
Utilities	26,000	29,000	27,232	1,768
Vehicle expense	100	-	-	-
Total Mountain Arts Community Center	<u>179,261</u>	<u>197,261</u>	<u>160,059</u>	<u>37,202</u>
Recreation administration				
Salaries	55,855	55,855	55,850	5
Payroll taxes	4,273	4,273	4,226	47
Fringe benefits	665	665	582	83
Pension expense	4,776	4,776	4,768	8
Insurance	1,398	1,398	1,098	300
Miscellaneous	100	100	64	36
Office supplies	1,000	1,000	-	1,000
Postage and printing	3,800	3,800	3,197	603
Repairs and maintenance	-	-	395	(395)
Telephone and other communications	2,000	2,000	768	1,232
Travel and training	1,500	1,500	10	1,490
Utilities	<u>1,150</u>	<u>1,200</u>	<u>858</u>	<u>342</u>
Total recreation administration	<u>76,517</u>	<u>76,567</u>	<u>71,816</u>	<u>4,751</u>

(Continued)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Pool				
Salaries	\$ 50,162	\$ 50,162	\$ 50,907	\$ (745)
Payroll tax	3,838	3,838	3,877	(39)
Pension expense	609	609	682	(73)
Insurance	4,352	4,352	3,591	761
Miscellaneous	1,500	1,500	1,754	(254)
Office supplies	600	600	54	546
Operating supplies	17,400	17,400	19,506	(2,106)
Repairs and maintenance	16,500	16,500	18,748	(2,248)
Telephone and other communications	400	400	-	400
Utilities	30,000	30,000	30,141	(141)
Total pool	<u>125,361</u>	<u>125,361</u>	<u>129,260</u>	<u>(3,899)</u>
Concessions				
Salaries	8,000	8,000	7,342	658
Payroll tax	612	612	555	57
Insurance	594	594	501	93
Operating supplies	6,000	6,000	6,623	(623)
Total concessions	<u>15,206</u>	<u>15,206</u>	<u>15,021</u>	<u>185</u>
Parks and recreation maintenance				
Salaries	97,598	97,598	106,517	(8,919)
Payroll taxes	7,466	7,466	7,721	(255)
Fringe benefits	30,249	30,249	29,667	582
Pension expense	6,929	6,929	7,020	(91)
Insurance	7,849	7,849	5,863	1,986
Miscellaneous	-	-	296	(296)
Operating supplies	8,900	8,900	8,918	(18)
Repairs and maintenance	22,500	22,500	15,957	6,543
Telephone and other communications	1,000	1,000	-	1,000
Utilities	4,800	4,800	5,098	(298)
Vehicle expense	7,500	7,500	7,437	63
Total parks and recreation maintenance	<u>194,791</u>	<u>194,791</u>	<u>194,494</u>	<u>297</u>
Tennis courts				
Insurance	1,571	1,571	1,339	232
Operating supplies	1,700	1,700	1,310	390
Repairs and maintenance	4,000	4,000	5,053	(1,053)
Utilities	1,000	1,000	381	619
Total tennis courts	<u>8,271</u>	<u>8,271</u>	<u>8,083</u>	<u>188</u>

(Continued)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Ballfield				
Insurance	\$ 1,403	\$ 1,403	\$ 1,299	\$ 104
Operating supplies	5,600	5,600	5,550	50
Repairs and maintenance	19,000	19,000	19,188	(188)
Utilities	9,350	10,000	9,228	772
Total ballfield	35,353	36,003	35,265	738
Gym				
Salaries	25,712	25,712	19,759	5,953
Payroll taxes	1,967	1,967	1,512	455
Insurance	3,185	3,185	2,568	617
Miscellaneous	100	100	27	73
Operating supplies	3,500	3,500	1,551	1,949
Repairs and maintenance	3,500	3,500	5,023	(1,523)
Utilities	12,500	12,500	10,890	1,610
Total gym	50,464	50,464	41,330	9,134
Facilities maintenance				
Salaries	8,166	8,166	8,266	(100)
Payroll taxes	625	625	615	10
Fringe benefits	1,914	1,914	1,377	537
Pension expense	698	698	707	(9)
Insurance	434	1,184	1,095	89
Miscellaneous	150	150	-	150
Office supplies	150	150	776	(626)
Operating supplies	12,200	18,250	9,258	8,992
Postage and printing	300	300	68	232
Professional and contract services	33,000	33,500	28,391	5,109
Repairs and maintenance	75,350	69,230	62,997	6,233
Telephone	500	3,500	2,937	563
Vehicle expense	700	700	63	637
Total facilities maintenance	134,187	138,367	116,550	21,817

(Continued)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Library				
Salaries	\$ 118,235	\$ 118,235	\$ 116,538	\$ 1,697
Payroll taxes	9,045	9,045	8,854	191
Fringe benefits	15,422	15,422	14,627	795
Pension expense	6,945	6,945	6,951	(6)
Insurance	3,567	3,567	3,174	393
Miscellaneous	70	70	-	70
Office supplies	3,500	3,500	4,699	(1,199)
Operating supplies	24,733	24,733	25,863	(1,130)
Postage and printing	2,000	2,000	2,009	(9)
Professional and contract services	3,700	3,700	6,366	(2,666)
Repairs and maintenance	6,000	6,000	5,676	324
Telephone and other communications	1,000	1,000	525	475
Travel and training	400	400	-	400
Utilities	10,900	10,900	7,267	3,633
Total library	<u>205,517</u>	<u>205,517</u>	<u>202,549</u>	<u>2,968</u>
Total public welfare and recreation	<u>1,024,928</u>	<u>1,047,808</u>	<u>974,427</u>	<u>73,381</u>
Maintenance shop				
Salaries	41,547	41,547	41,159	388
Payroll taxes	3,178	3,178	3,084	94
Fringe benefits	266	266	267	(1)
Pension expense	3,552	3,552	3,519	33
Insurance	4,137	4,137	3,055	1,082
Miscellaneous	70	70	35	35
Office supplies	50	50	10	40
Operating supplies	7,611	7,461	9,082	(1,621)
Professional and contract services	1,400	1,100	1,225	(125)
Repairs and maintenance	2,600	2,500	2,775	(275)
Telephone and other communications	1,980	1,980	1,057	923
Travel and training	500	500	458	42
Utilities	14,555	19,555	19,642	(87)
Vehicle expense	<u>3,100</u>	<u>3,850</u>	<u>2,787</u>	<u>1,063</u>
Total maintenance shop	<u>84,546</u>	<u>89,746</u>	<u>88,155</u>	<u>1,591</u>

(Continued)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Capital Outlay				
General government	\$ 14,000	\$ -	\$ 2,465	\$ (2,465)
Public safety	60,000	69,500	-	69,500
Public works	22,000	16,000	5,308	10,692
Public welfare and recreation	1,403,043	402,014	150,639	251,375
Total capital outlay	<u>1,499,043</u>	<u>487,514</u>	<u>158,412</u>	<u>329,102</u>
Debt Service				
Principal paid	253,000	253,000	253,000	-
Interest	136,150	136,150	139,568	(3,418)
Total debt service	<u>389,150</u>	<u>389,150</u>	<u>392,568</u>	<u>(3,418)</u>
TOTAL EXPENDITURES	<u>8,949,420</u>	<u>7,993,486</u>	<u>7,176,466</u>	<u>817,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,527,808)</u>	<u>(571,874)</u>	<u>434,688</u>	<u>1,006,562</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	382,496	382,496	-	(382,496)
Transfers out	(456,202)	(2,050,108)	(2,030,322)	19,786
Total other financing sources (uses)	<u>(73,706)</u>	<u>(1,667,612)</u>	<u>(2,030,322)</u>	<u>(362,710)</u>
Net changes in fund balances	(1,601,514)	(2,239,486)	(1,595,634)	643,852
Fund balances - beginning	<u>5,769,707</u>	<u>5,769,707</u>	<u>5,769,707</u>	<u>-</u>
Fund balances - end	<u>\$ 4,168,193</u>	<u>\$ 3,530,221</u>	<u>\$ 4,174,073</u>	<u>\$ 643,852</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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental				
Grants	\$ 733,987	\$ 733,987	\$ 1,061,985	\$ 327,998
Streets and transportation	250,000	250,000	293,699	43,699
Total intergovernmental	983,987	983,987	1,355,684	371,697
Other revenues				
Interest earnings	100	100	207	107
Miscellaneous	50,000	50,000	-	(50,000)
Total other revenues	50,100	50,100	207	(49,893)
TOTAL REVENUES	1,034,087	1,034,087	1,355,891	321,804
EXPENDITURES				
Current Expenditures				
Public works				
Highways and street maintenance				
Street lighting (electricity)	22,000	22,000	22,769	(769)
Engineering	25,000	-	-	-
Tree removal	14,000	14,000	15,502	(1,502)
Repairs and maintenance	462,000	-	7,300	(7,300)
Paint and stripping	15,000	15,000	3,131	11,869
Total public works	538,000	51,000	48,702	2,298
Capital Outlay				
Public works				
Highways and street maintenance				
Street infrastructure	1,069,711	2,248,653	1,961,535	287,118
Improvements	191,251	42,000	2,163	39,837
Total public works	1,260,962	2,290,653	1,963,698	326,955
TOTAL EXPENDITURES	1,798,962	2,341,653	2,012,400	329,253
Excess (deficiency) of revenues over (under) expenditures	(764,875)	(1,307,566)	(656,509)	651,057
OTHER FINANCING SOURCE (USES)				
Transfers in	637,000	637,000	637,000	-
Net changes in fund balances	(127,875)	(670,566)	(19,509)	(651,057)
Fund balances - beginning	673,810	673,810	673,810	-
Fund balances - end	\$ 545,935	\$ 3,244	\$ 654,301	\$ 651,057

TOWN OF SIGNAL MOUNTAIN, TENNESSEE

**Proprietary Funds
Statement of Net Position
June 30, 2019**

	Enterprise Funds		
	Water Fund	Stormwater Fund	Totals
ASSETS			
Current assets			
Cash	\$ 653,475	\$ 505,192	\$ 1,158,667
Investments	2,165,264	43,415	2,208,679
Receivable - net	404,579	-	404,579
Due from other funds	-	63,609	63,609
Inventories	81,776	-	81,776
Total current assets	<u>3,305,094</u>	<u>612,216</u>	<u>3,917,310</u>
Non-current assets			
Other assets			
Customer lists - Walden's Ridge - net	1,972	-	1,972
Capital assets			
Other capital assets - net of accumulated depreciation	3,659,944	233,433	3,893,377
Total non-current assets	<u>3,661,916</u>	<u>233,433</u>	<u>3,895,349</u>
TOTAL ASSETS	<u>\$ 6,967,010</u>	<u>\$ 845,649</u>	<u>\$ 7,812,659</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	\$ 66,597	\$ 42,836	\$ 109,433
Deferred outflows related to OPEB	274	156	430
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 66,871</u>	<u>\$ 42,992</u>	<u>\$ 109,863</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 142,177	\$ 19,333	\$ 161,510
Accrued liabilities	5,631	4,853	10,484
Due to other funds	45,634	-	45,634
Total current liabilities	<u>193,442</u>	<u>24,186</u>	<u>217,628</u>
Non-current liabilities			
Customer deposits	215,640	-	215,640
Compensated absences payable	23,719	9,003	32,722
Net pension liability	94,123	55,457	149,580
Net OPEB liability	6,411	3,664	10,075
Total non-current liabilities	<u>339,893</u>	<u>68,124</u>	<u>408,017</u>
TOTAL LIABILITIES	<u>\$ 533,335</u>	<u>\$ 92,310</u>	<u>\$ 625,645</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 11,131	\$ 6,362	\$ 17,493
Deferred inflows related to OPEB	8,683	4,962	13,645
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 19,814</u>	<u>\$ 11,324</u>	<u>\$ 31,138</u>
NET POSITION			
Net investment in capital assets	\$ 3,659,944	\$ 233,433	\$ 3,893,377
Unrestricted	2,820,788	551,574	3,372,362
TOTAL NET POSITION	<u>\$ 6,480,732</u>	<u>\$ 785,007</u>	<u>\$ 7,265,739</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019

	Enterprise Funds		
	Water Fund	Stormwater Fund	Total
OPERATING REVENUES			
Water service charges	\$ 1,292,456	\$ -	\$ 1,292,456
Stormwater user fees	-	302,466	302,466
Penalties	19,978	-	19,978
Other revenue	15,078	-	15,078
Total operating revenues	<u>1,327,512</u>	<u>302,466</u>	<u>1,629,978</u>
OPERATING EXPENSES			
Water purchases	467,641	-	467,641
Power and pumping	226,896	-	226,896
Treatment and transmission	127,756	-	127,756
Maintenance	348,155	-	348,155
Stormwater operations	-	397,483	397,483
Administration	148,909	-	148,909
Depreciation	<u>140,619</u>	<u>34,452</u>	<u>175,071</u>
Total operating expenses	<u>1,459,976</u>	<u>431,935</u>	<u>1,891,911</u>
Operating income	<u>(132,464)</u>	<u>(129,469)</u>	<u>(261,933)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest earnings	47,978	1,054	49,032
Amortization expense	<u>(2,961)</u>	<u>-</u>	<u>(2,961)</u>
Total non-operating revenues (expenses)	<u>45,017</u>	<u>1,054</u>	<u>46,071</u>
Changes in net position	(87,447)	(128,415)	(215,862)
Net position - beginning	<u>6,568,179</u>	<u>913,422</u>	<u>7,481,601</u>
Net position - end	<u>\$ 6,480,732</u>	<u>\$ 785,007</u>	<u>\$ 7,265,739</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE

**Proprietary Funds
Statement of Cash Flows
June 30, 2019**

	Enterprise Funds		
	Water Fund	Stormwater Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,291,772	\$ 302,466	\$ 1,594,238
Payments to suppliers	(1,025,636)	(285,647)	(1,311,283)
Payments to employees	(275,191)	(162,080)	(437,271)
Net cash provided (used) by operating activities	<u>(9,055)</u>	<u>(145,261)</u>	<u>(154,316)</u>
Cash Flows from Non-capital and Related Financing Activities			
Due to/from other funds	<u>(7,282)</u>	<u>7,918</u>	<u>636</u>
Cash Flows from Capital and Related Financing Activities			
Amortization of customer lists	(2,961)	-	(2,961)
Acquisitions and construction of capital assets	(209,362)	(83,740)	(293,102)
Net cash provided (used) by capital and related financing activities	<u>(212,323)</u>	<u>(83,740)</u>	<u>(296,063)</u>
Cash Flows from Investing Activities			
(Purchase) sale of investments	(47,428)	(951)	(48,379)
Interest revenue received	47,978	1,054	49,032
Net cash provided (used) by investing activities	<u>550</u>	<u>103</u>	<u>653</u>
Net increase (decrease) in cash	(228,110)	(220,980)	(449,090)
Cash - beginning	881,585	726,172	1,607,757
Cash - end	<u>\$ 653,475</u>	<u>\$ 505,192</u>	<u>\$ 1,158,667</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ (132,464)	\$ (129,469)	\$ (261,933)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	140,619	34,452	175,071
Increase (decrease) in net pension liability	(2,749)	96	(2,653)
Increase (decrease) in deferred inflows related to pensions	79	46	125
(Increase) decrease in deferred outflows related to pensions	(4,554)	(9,046)	(13,600)
Increase (decrease) in net OPEB liability	(7,124)	(4,070)	(11,194)
Increase (decrease) in deferred inflows related to OPEB	7,971	4,555	12,526
(Increase) decrease in deferred outflows related to OPEB	(188)	(107)	(295)
(Increase) decrease in receivable - net	(35,740)	-	(35,740)
(Increase) decrease in inventories	2,234	-	2,234
(Increase) decrease in customer lists	2,961	-	2,961
Increase (decrease) in accounts payable	21	(45,636)	(45,615)
Increase (decrease) in accrued liabilities	44	666	710
Increase (decrease) in compensated absences payable	10,334	3,252	13,586
Increase (decrease) in customer deposits	9,501	-	9,501
Total adjustments	<u>123,409</u>	<u>(15,792)</u>	<u>107,617</u>
Net cash provided (used) by operating activities	<u>\$ (9,055)</u>	<u>\$ (145,261)</u>	<u>\$ (154,316)</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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 public welfare assistance to the residents of the Town by providing educational reading material and assistance. The Town of Signal Mountain, Tennessee 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 entity 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.

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 revenues transferred from the General Fund.

Building Construction Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

The Town reports the following major proprietary funds:

Water Fund

This fund is used to account for the provision of water services to the 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 stormwater services of the Town including operations and maintenance.

C. Measurement Focus, Basis of Accounting

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

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The 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. License 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 the principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting (Continued)

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.

D. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The Town follows the following procedures in establishing the budgetary data reflected in the financial statements.

In mid-April of each year the Town Manager holds budget hearings with all department heads submitting requests. The operating budget includes proposed expenditures and the means of financing them. A five-year capital budget is presented in conjunction with the operating budget.

By May 1, the Town Manager presents a budget to the Council. Beginning in mid-May the Town Council holds meetings to develop a final budget. Prior to July 1, the budget is adopted by a budget ordinance and a tax rate ordinance.

The Town Manager is authorized to transfer budgeted amounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the Town Council. Expenditures may not exceed appropriations at the fund level.

Formal legally adopted budgets are employed as a management control device during the year for all funds. Budgeted amounts reflected in the accompanying final budget and actual comparison are as originally adopted or amended by the Town Council.

All appropriations that are not expended lapse at year end.

During the year, supplementary appropriations were necessary. The effect of the amendments follow:

General Fund: Budgeted expenditures decreased by \$955,934. Budgeted transfers out increased by \$1,593,906.

Vehicle Replacement Fund: Budgeted expenditures decreased by \$2,000.

State Street Aid Fund: Budgeted expenditures increased by \$542,691.

Building Construction Fund: Budgeted expenditures decreased by \$124,147.

Water Fund: Budgeted expenses increased by \$11,000.

Stormwater Fund: Budgeted expenses increased \$126,039.

E. Cash and Cash Equivalents

For purposes of reporting cash on the Statement of Net Position, the Town considers unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash consist of cash-on-hand and on-deposit with financial institutions. These are classified on the Statement of Cash Flows as "Cash". At June 30, 2019, the Town had no cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investments are carried at market which approximates cost, and consist of deposits in the State of Tennessee Local Government Investment Pool (LGIP) and certificates-of-deposit. These are classified on the Statement of Net Position as "Investments". 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. Restricted Assets

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

H. Property Taxes

Property taxes levied by the Town are assessed by the Tax Assessor of Hamilton County, Tennessee, and collected by the Town. Property tax revenues are recognized on the accrual basis in the government-wide financial statements and in the governmental funds on the modified accrual basis. Proper allowances are made for estimated uncollectible accounts and delinquent accounts when necessary.

I. 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 from other funds and due to other funds in the fund financial statements and are subject to elimination upon consolidation. Any residual balances outstanding between governmental activities and the 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 operating transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenue or expenses in the enterprise funds.

J. Prepayment of Expenditures

Governmental fund expenditures for insurance and similar services extending over more than one accounting period are not allocated between accounting periods but are accounted for as expenditures of the period of acquisition.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Inventories

Inventories are valued at average cost. 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.

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 Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. 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 extend 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:

<u>Asset Class</u>	
Buildings and other improvements	10 - 40 years
Equipment	5 - 20 years
Public improvements (infrastructure)	40 years
Plant in service	50 years

The Town's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

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 Entity has two types of items that qualify 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 City has three types of items that qualify for reporting in this category: deferred revenue - property taxes, deferred inflows related to pensions and deferred inflows related to OPEB.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. **Compensated Absences**

Annual leave for employees of governmental funds is recorded as an expenditure in the period it is used and considered payable from current financial resources. Government-wide proprietary funds accrue vacation benefits in the period they are earned. A liability for these amount is reported in governmental funds only if they have matured.

O. **Customer Deposits**

The customer deposits represent the liability to customers 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 in the applicable governmental activities 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 Signal Mountain's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Signal Mountain'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. **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.

S. **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 due to form.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Fund Balance (Continued)

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.

T. 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.

U. Events Occurring after Reporting Date

The Town has evaluated events and transactions that occurred between June 30, 2019, and December 5, 2019, 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, 2019, the carrying amount of the Town's deposits was \$5,593,338, and the bank balance was \$5,753,162. 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.

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

Cash	\$ 5,592,041
Investments	3,909,938
Less: Investments in LGIP	(3,907,316)
Petty cash	(1,325)
Total	<u>\$ 5,593,338</u>

Investments

The Town's investments are carried at fair value, and consist of investments in the State of Tennessee Local Government Investment Pool (LGIP) and certificates-of-deposits. 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, 2019. The Weighted Average Maturity had a range of 1 to 86 days as of June 30, 2019.

NOTE 3 - PROPERTY TAXES - NET

Tax rate for the 2019 levy is \$1.8866 per \$100 of assessed valuation and the tax rate for the 2018 levy is \$1.5665 per \$100 of assessed valuation.

Property taxes for the 2019 levy are considered to be owed to the Town as of the lien date on January 1, 2019. Therefore, the entire 2019 levy was recorded as a receivable and deferred revenue as of June 30, 2019.

The property tax calendar applicable to the current fiscal year is as follows:

Lien date	January 1, 2019
Levy date	January 1, 2019
Tax bills mailed	October 1, 2018
Payment due date	October 1, 2018
	Through February 28, 2019
Delinquency date	March 1, 2019

Property taxes receivable as of June 30, 2019, are composed of the following:

<u>Year of Levy</u>	
2019	\$ 5,767,978
2018	96,203
2017	24,056
2016	10,536
2015	2,997
2014	3,747
2013	26,629
2012	19,801
2011	14,934
2010	<u>13,322</u>
	5,980,203
Less: allowance for uncollectibles	<u>(133,464)</u>
Property taxes receivable - net	<u>\$ 5,846,739</u>

NOTE 4 - GRANTS RECEIVABLE

At year end, grants receivable consists of the following:

U.S. Department of Transportation	\$ 341,132
U.S. Department of Homeland Security	148,626
Tennessee Department of Transportation	<u>166,416</u>
Total	<u>\$ 656,174</u>

NOTE 5 - RECEIVABLE - NET

Accounts and other receivables at June 30, 2019, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Customer accounts	\$ -	\$ 405,727	\$ 405,727
Wholesale beer tax	6,246	-	6,246
Franchise tax	36,658	-	36,658
Other	182	-	182
	<u>43,086</u>	<u>405,727</u>	<u>448,813</u>
Less allowance for uncollectible accounts	<u>-</u>	<u>(1,148)</u>	<u>(1,148)</u>
Total	<u>\$ 43,086</u>	<u>\$ 404,579</u>	<u>\$ 447,665</u>

Bad debt expense was \$0 for year ended June 30, 2019.

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Due from other governments as of June 30, 2019, consists of the following receivables from the State of Tennessee:

State income tax	\$ 65,373
State street aid revenues	50,767
City streets and transportation revenues	4,135
Mixed drink tax revenue	2,711
State sales tax revenue	66,329
Local sales tax revenue	82,034
Other	2,062
Telecommunications tax revenue	<u>320,360</u>
Total	<u>\$ 593,771</u>

Due to collection history, no allowance for bad debt was considered necessary.

NOTE 7 - INTERNAL BALANCES

Internal balances at June 30, 2019, consist of the following:

Due to:	Due from:			Total
	General Fund	Building Construction Fund	Water Fund	
General Fund	\$ -	\$ 511,262	\$ 45,634	\$ 556,896
State Street Aid	14,241	-	-	14,241
Stormwater Fund	63,609	-	-	63,609
	<u>\$ 77,850</u>	<u>\$ 511,262</u>	<u>\$ 45,634</u>	<u>\$ 634,746</u>

Amounts paid by the General Fund on behalf of the Building Construction Fund and Water Fund are to be reimbursed in the next fiscal year. Amounts paid by the State Street Aid Fund and Stormwater Fund on behalf of the General Fund are also to be reimbursed in the next fiscal year.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$ 844,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,313</u>
Capital assets being depreciated:				
Building and other improvements	10,426,193	1,432,953	(22,081)	11,867,065
Equipment	5,342,917	296,751	(153,310)	5,486,358
Public improvements (infrastructure)	<u>2,385,411</u>	<u>1,961,535</u>	<u>-</u>	<u>4,346,946</u>
Total capital assets being depreciated	<u>18,154,521</u>	<u>3,721,239</u>	<u>(175,391)</u>	<u>21,700,369</u>
Less accumulated depreciation for:				
Buildings and other improvements	3,658,857	270,991	(22,081)	3,907,767
Equipment	3,138,075	394,995	(153,310)	3,379,760
Public improvements (infrastructure)	<u>963,757</u>	<u>94,208</u>	<u>-</u>	<u>1,057,965</u>
Total accumulated depreciation	<u>7,760,689</u>	<u>760,194</u>	<u>(175,391)</u>	<u>8,345,492</u>
Total capital assets being depreciated - net	<u>10,393,832</u>	<u>2,961,045</u>	<u>-</u>	<u>13,354,877</u>
Governmental activities capital assets - net	<u>\$ 11,238,145</u>	<u>\$ 2,961,045</u>	<u>\$ -</u>	<u>\$ 14,199,190</u>

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

General government	\$ 26,889
Public safety	294,414
Public works	314,924
Public welfare and recreation	122,244
Maintenance shop	<u>1,723</u>
Total	<u>\$ 760,194</u>

NOTE 8 - CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets being depreciated:				
Plant in service	\$ 7,690,131	\$ 130,513	\$ -	\$ 7,820,644
Equipment	<u>1,120,174</u>	<u>162,589</u>	<u>(20,615)</u>	<u>1,262,148</u>
Total capital assets being depreciated	<u>8,810,305</u>	<u>293,102</u>	<u>(20,615)</u>	<u>9,082,792</u>
Less accumulated depreciation for:				
Plant in service	4,106,498	133,268	-	4,239,766
Equipment	<u>928,461</u>	<u>41,803</u>	<u>(20,615)</u>	<u>949,649</u>
Total capital depreciation	<u>5,034,959</u>	<u>175,071</u>	<u>(20,615)</u>	<u>5,189,415</u>
Total capital assets being depreciated - net	<u>3,775,346</u>	<u>118,031</u>	<u>-</u>	<u>3,893,377</u>
Business-type activities capital assets - net	<u>\$ 3,775,346</u>	<u>\$ 118,031</u>	<u>\$ -</u>	<u>\$ 3,893,377</u>

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

Water	\$ 140,619
Stormwater	<u>34,452</u>
Total	<u>\$ 175,071</u>

NOTE 9 - DEFERRED OUTFLOWS RELATED TO PENSIONS

Deferred outflows related to pensions at June 30, 2019, consists of the following:

Beginning balance	\$ 901,883
Difference in actuarial experience	72,189
Difference in investment earnings	(121,270)
Prior year employer contributions	(350,648)
Current year employer contributions	381,374
Change in assumptions	(52,029)
Netting investment earnings	<u>121,270</u>
Total	<u>\$ 952,769</u>

NOTE 10 - DEFERRED OUTFLOWS RELATED TO OPEB

Deferred outflows related to OPEB at June 30, 2019, consists of the following:

Beginning balance	\$ 1,228
Prior year prepaid benefit payments	(1,228)
Current year prepaid benefit payments	186
Change in deferrals	<u>3,734</u>
Total	<u>\$ 3,920</u>

NOTE 11 - LONG-TERM DEBT

A. Governmental Debt

Long-term debt, which consists of bonds, and compensated absences is summarized as follows:

	Principal Balance
Tennessee Municipal Bond, Series 2015, still in draw down phase	\$ 2,079,504
Tennessee Municipal Bond, Series 2017, \$3,000,000 at 2.79%, due 10/01/2037	2,886,000
Compensated absences payable	<u>243,982</u>
	5,209,486
Less: current portion of governmental long-term debt	<u>(117,000)</u>
Total governmental long-term debt	<u>\$ 5,092,486</u>

A summary of changes in governmental long-term debt for the year ended June 30, 2019, are as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amount Due Within One Year
Bond - Series 2015	\$1,716,291	\$ 502,213	\$ (139,000)	\$ 2,079,504	\$ -
Bond - Series 2017	2,584,573	415,427	(114,000)	2,886,000	117,000
Compensated absences	<u>213,466</u>	<u>30,516</u>	<u>-</u>	<u>243,982</u>	<u>-</u>
Total	<u>\$4,514,330</u>	<u>\$ 948,156</u>	<u>\$ (253,000)</u>	5,209,486	<u>\$ 117,000</u>
Less: current portion of governmental long-term debt				<u>(117,000)</u>	
Total governmental long-term debt				<u>\$ 5,092,486</u>	

Interest paid during the year ended June 30, 2019, on governmental long-term debt was \$139,568.

Government fund debt service requirements to maturity, including interest of \$830,889 are as follows:

Year ended June 30	Principal	Interest	Total Requirements
2020	\$ 117,000	\$ 78,887	\$ 195,887
2021	121,000	75,567	196,567
2022	124,000	72,149	196,149
2023	127,000	68,648	195,648
2024	131,000	65,049	196,049
2025-2029	711,000	267,575	978,575
2030-2034	817,000	161,137	978,137
2035-2038	<u>738,000</u>	<u>41,877</u>	<u>779,877</u>
Total	<u>\$ 2,886,000</u>	<u>\$ 830,889</u>	<u>\$ 3,716,889</u>

Note: A debt service requirements schedule is not necessary for compensated absences or for the bond still being drawn down at year-end.

NOTE 11 - LONG-TERM DEBT (Continued)**B. Business-type Debt****Water Fund**

Long-term debt payable by the Water Fund, which consists of compensated absences, is summarized as follows:

					<u>Principal Balance</u>
Compensated absences					<u>\$ 23,719</u>
	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Due Within</u>
Compensated absences	<u>\$ 13,385</u>	<u>\$10,334</u>	<u>\$ -</u>	<u>\$ 23,719</u>	<u>One Year</u>
					<u>\$ -</u>
Less: current portion of water long-term debt				<u>-</u>	
Total water long-term debt				<u>\$ 23,719</u>	

Interest expense of the Water Fund during the year amounted to \$0.

Stormwater Fund

Long-term debt payable by the Stormwater Fund, which consists of compensated absences, is summarized as follows:

					<u>Principal Balance</u>
Compensated absences					<u>\$9,003</u>
	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Due Within</u>
Compensated absences	<u>\$ 5,751</u>	<u>\$ 3,252</u>	<u>\$ -</u>	<u>\$ 9,003</u>	<u>One Year</u>
					<u>\$ -</u>
Less: current portion of stormwater long-term debt				<u>-</u>	
Total stormwater long-term debt				<u>\$ 9,003</u>	

Interest expense of the Stormwater Fund during the year amounted to \$0.

NOTE 12 - NET PENSION LIABILITY

Net pension liability at June 30, 2019, consists of the following:

Beginning balance	\$ 1,383,933
Prior year employer contributions	(350,648)
Pension expense	276,820
Difference in actuarial experience	105,276
Difference in investment earnings	(34,221)
Changes in assumptions	<u>(52,029)</u>
Total	<u>\$ 1,329,131</u>

NOTE 13 - NET OPEB LIABILITY

Net OPEB liability at June 30, 2019 consists of the following:

Beginning balance	\$ 193,358
OPEB plan expense	9,605
Change in deferrals	(110,132)
Prepaid benefit payments	(1,228)
Total	<u>\$ 91,603</u>

NOTE 14 - DEFERRED INFLOWS RELATED TO PENSIONS

Deferred inflows related to pension at June 30, 2019, consists of the following:

Beginning balance	\$ 157,882
Difference in actuarial experience	(33,087)
Difference in investment earnings	(87,049)
Netting investment earnings	<u>121,270</u>
Total	<u>\$ 159,016</u>

NOTE 15 - DEFERRED INFLOWS RELATED TO OPEB

Deferred inflows related to OPEB at June 30, 2019, consists of the following:

Beginning balance	\$ 10,177
Change in deferrals	<u>113,866</u>
Total	<u>\$ 124,043</u>

NOTE 16 - DEFERRED REVENUE - PROPERTY TAXES

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	<u>\$ 64,695</u>	<u>\$ 5,767,978</u>	<u>\$ 5,832,673</u>

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

NOTE 17 - NET POSITION RESTRICTIONS

The Town records restrictions of net position which are maintained for specific purposes. The nature and purpose of the restrictions and designations are explained as follows:

\$17,031 is legally restricted for use in investigations of drug-related violations and drug prevention programs.

\$654,301 is legally restricted for use in the State Street Aid Fund for street expenditures.

NOTE 18 - FUND BALANCES

Fund balances are as follows:

Restricted: \$17,031 is legally restricted for use in investigations of drug-related violations and drug prevention programs. \$654,301 is legally restricted for use in the State Street Aid Fund for street expenditures.

Committed: \$896,768 is committed for the purchase of mobile assets. \$957,569 is committed for building construction.

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 19 - TRANSFERS

Transfers for the current year were as follows:

	Transfers to:			Total
	State Street Aid Fund	Building Construction Fund	Vehicle Replacement Fund	
Transfer from: General Fund	\$ 637,000	\$ 1,027,706	\$ 365,616	\$ 2,030,322

The Town transferred funds from the General Fund to the Vehicle Replacement Fund as part of a vehicle replacement plan that schedules the systematic replacement and funding of modular equipment.

Funds were transferred from the General Fund to the State Street Aid Fund for support of upcoming road projects.

Funds were transferred from the General Fund to the Building Construction Fund for support of upcoming building projects.

NOTE 20 - 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 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 explains that, "long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds". The details of this \$(5,209,486) difference are as follows:

Bonds payable	\$ (4,965,504)
Compensated absences	<u>(243,982)</u>
Net adjustment	<u>\$ (5,209,486)</u>

Another element of that reconciliation states that, "Pension liabilities, 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 \$(477,738) difference are as follows:

Deferred outflows related to pensions	\$ 843,336
Net pension liability	(1,179,551)
Deferred inflows related to pensions	<u>(141,523)</u>
Net adjustment	<u>\$ (477,738)</u>

Another element of that reconciliation states that, "OPEB liabilities, 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 \$(188,436) difference are as follows:

Deferred outflows related to OPEB	\$ 3,490
Net OPEB liability	(81,528)
Deferred inflows related to OPEB	<u>(110,398)</u>
Net adjustment	<u>\$ (188,436)</u>

Explanation of certain differences between the governmental funds 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 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 expense". The details of this \$2,961,045 difference are as follows:

Capital outlay	\$ 3,721,239
Depreciation expense	<u>(760,194)</u>
Net adjustment	<u>\$ 2,961,045</u>

NOTE 20 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation states that, "Repayment of long-term debt is reported as expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position". The details of this \$253,000 difference are as follows:

Bond - Series 2007	\$ 139,000
Bond - Series 2015	<u>114,000</u>
Net adjustment	<u>\$ 253,000</u>

Another element of that reconciliation states that, "Bonds issued are reported as a financial resource in the governmental funds. However, this is reported as an increase in long-term liabilities in the Statement of Net Position." The details of this \$(917,640) difference are as follows:

Bond - Series 2007	\$ (502,213)
Bond - Series 2015	<u>(415,427)</u>
Net adjustment	<u>\$ (917,640)</u>

Another element of that reconciliation states that, "Pension 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 reported in the Statement of Activities." The details of this \$88,426 difference are as follows:

Pension expense	\$ (246,370)
Contributions	<u>334,796</u>
Net adjustment	<u>\$ 88,426</u>

Another element of that reconciliation states that, "OPEB expense for the prior year is not reported in the governmental funds but is reported in the Statement of Activities. Current year OPEB contributions are reported as an expense in the governmental funds but are not reported in the Statement of Activities." The details of this \$(8,382) difference are as follows:

OPEB expense	\$ (8,548)
Contributions	<u>166</u>
Net adjustment	<u>\$ (8,382)</u>

NOTE 21 - LITIGATION AND CLAIMS

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

NOTE 22 - COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

The Town has no material violations of finance related legal and contractual provisions.

NOTE 23 - COMMERCIAL INSURANCE

It is the policy of the Town to purchase commercial insurance for various risks of losses to which it is exposed. These risks include public official and employee dishonesty bonds. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 24 - PENSION PLAN

General Information about the Pension Plan

Plan description

Employees of Signal Mountain 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 publically 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 non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

No cost of living adjustment (COLA) is given after retirement. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	75
Active employees	<u>83</u>
Total employees	<u>197</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. 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, 2019, the employer contributions for Signal Mountain were \$381,374 based on a rate of 10.45 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept 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.

NOTE 24 - PENSION PLAN (Continued)

Net Pension Liability (Asset)

Pension liabilities (assets)

Signal Mountain's net pension liability (asset) was measured as of June 30, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	not applicable

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

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 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 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

NOTE 24 - PENSION PLAN (Continued)**Net Pension Liability (Asset) (Continued)****Discount rate**

The discount rate used to measure the total pension liability was 7.25 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 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)
Balances at 6/30/17	<u>\$ 9,091,390</u>	<u>\$ 7,707,457</u>	<u>\$ 1,383,933</u>
Changes for the year:			
Service cost	254,867	-	254,867
Interest	663,000	-	663,000
Differences between expected and actual experience	183,153	-	183,153
Changes in assumptions	-	-	-
Contributions - employer	-	350,648	(350,648)
Contributions - employees	-	168,278	(168,278)
Net investment income	-	644,276	(644,276)
Benefit payments, including refunds of employee contributions	(402,867)	(402,867)	-
Administrative expense	-	(7,380)	7,380
Other changes	-	-	-
Net changes	<u>698,153</u>	<u>752,955</u>	<u>(54,802)</u>
Balances at 6/30/18	<u>\$ 9,789,543</u>	<u>\$ 8,460,412</u>	<u>\$ 1,329,131</u>

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

The following presents the net pension liability (asset) of Signal Mountain calculated using the discount rate of 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Signal Mountain's net pension liability (asset)	\$ 2,477,190	\$ 1,329,131	\$ 367,716

NOTE 24 - PENSION PLAN (Continued)**Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Pension expense (Negative Pension Expense)**

For the year ended June 30, 2019, Signal Mountain recognized pension expense (negative pension expense) of \$276,820.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2019, Signal Mountain reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 363,280	\$ 121,014
Net difference between projected and actual earnings on pension plan investments	-	38,002
Changes in assumptions	208,115	-
Contributions subsequent to the measurement date of June 30, 2018	<u>381,374</u>	(not applicable)
Total	<u>\$ 952,769</u>	<u>\$ 159,016</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

2020	\$ 181,994
2021	\$ 129,085
2022	\$ 33,840
2023	\$ 36,936
2024	\$ 30,526
Thereafter	\$ -

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

Payable to the Pension Plan

At June 30, 2019, Signal Mountain reported a payable of \$29,550 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

NOTE 25 - RISK MANAGEMENT POOL

The Town is exposed to various risk of loss related to torts, errors and omissions, damages to assets, and injuries to employees. The Town has joined the Public Entity Partners Risk Management Pool (Pool). The membership allows the Town to share liability, motor vehicle, and employee injury risks.

The Pool is a governmental entity organized by Tennessee cities as a not-for-profit corporation to provide liability and workers' compensation coverage to Tennessee cities. Emphasis is on risk management and controlling losses, as all costs are shared by the Pool member cities. An extensive program of loss prevention, employee training and legal counsel supplements experienced claims processing for member cities.

Coverages are as follows:

Property	\$18,629,698 blanket limit
Liability	\$1,000,000 each other loss per occurrence
Workers compensation	\$300,000 each accident \$300,000 each employee \$700,000 policy limit

The responsibilities of the Town are as follows:

To pay all contributions or other sums due to the Pool at such times and in such amounts as shall be established by the Pool.

To allow the Pool and its agents reasonable access to all facilities of the Town and all records, including but not limited to financial records, which relate to the purposes of the Pool during the coverage period and up to (3) three years afterward.

To allow attorneys appointed by the Pool to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town within the scope of loss protection furnished by the Pool.

To assist and cooperate in the defense and settlement of claims against the Town.

To furnish full cooperation to the Pool's attorneys, claims adjusters, and any agent, employee, officer or independent contractor of the Pool relating to the purposes of the Pool.

To follow all loss reduction and prevention procedures established by the Pool where possible.

To furnish to the Pool such operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any conditions issued, all incidents which could result in the Pool being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection in which the Town participates.

To allow the Pool to inspect and appraise any damaged property before its repair or disposition.

The Town must cooperate with the pool in any dispute resolutions with other insurance companies.

NOTE 25 - RISK MANAGEMENT POOL (Continued)

The responsibilities of the Pool are as follows:

The Pool will defend any suit against the Town or covered party seeking damages even if any of the allegations of the suit are groundless, false, or fraudulent.

The Pool's duty to pay on behalf of or to indemnify a covered party other than the Town does not apply to any act, error or omission:

- (1) That constitutes malfeasance in office;
- (2) That constitutes willful and wanton neglect of duty;
- (3) That constitutes dishonesty on the part of a covered party; or
- (4) That constitutes the willful violation of a statute or ordinance by any official, employee, or agent of the municipality.

The Town has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The Town is not aware of any claims which the Town is liable for (in excess of insurance coverage) which were outstanding and unpaid at June 30, 2019. No provision has been made in the financial statements for the year ended June 30, 2019, for any estimate of potential unpaid claims.

NOTE 26 - 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 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.

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 healthsavings 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.

NOTE 26 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

General Information About The OPEB Plan (Continued)

Employees covered by benefit terms

At July 1, 2018, 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 payments	-
Active employees	<u>77</u>
Total	<u>77</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, 2019, the Town of Signal Mountain, Tennessee paid \$186 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions

The total OPEB liability in the June 30, 2018 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 trend rates	6.75% for 2019, decreasing annually over a 32 year period to an ultimate rate of 3.81%.
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, 2017, valuations were the same as those employed in the July 1, 2017 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, 2012 - June 30, 2016. 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 RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. 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.

NOTE 26 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**Total OPEB Liability** (Continued)**Discount rate**

The discount rate used to measure the total OPEB liability was 3.62 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 Fidelity 20-Year Municipal GO AA index.

Changes in the Total OPEB Liability

LGOP

	Total OPEB Liability (a)
Total OPEB liability - beginning balance	\$ 193,358
Changes for the year:	
Service cost	14,327
Interest	7,372
Changes of benefit terms	-
Differences between expected and actual experience	(126,330)
Change in assumptions	4,104
Benefit payments	(1,228)
Net changes	(101,755)
Total OPEB liability - ending balance	\$ 91,603

Changes in assumptions

The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability. It was also decided to change the status of the LGOP from a closed plan to one that is open to all eligible employees regardless of initial hire date. This change in status will increase the OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and slight changes to the near term 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.

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB liability	\$ 101,619	\$ 91,603	\$ 82,595

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 than the current healthcare cost trend rate.

	1% Decrease (5.75% decreasing to 2.81%)	Healthcare Cost Trend Rates (6.75% decreasing to 3.81%)	1% Increase (7.75% decreasing to 4.81%)
Total OPEB liability	\$ 77,481	\$ 91,603	\$ 109,388

NOTE 26 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB****OPEB expense**

For the fiscal year ended June 30, 2019, the Town of Signal Mountain, Tennessee recognized OPEB expense of \$9,605.

Deferred outflows of resources and deferred inflows of resources

For the fiscal year ended June 30, 2019, 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:

LGOP

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	\$ 114,949
Changes of assumptions	3,734	9,094
Employer payments subsequent to the measurement date	<u>186</u>	<u>-</u>
Total	<u>\$ 3,920</u>	<u>\$ 124,043</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.

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

LGOP

For the year ended June 30:

2020	\$ (12,094)
2021	(12,094)
2022	(12,094)
2023	(12,094)
2024	(12,094)
Thereafter	<u>(59,839)</u>
Total	<u>\$ (120,309)</u>

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

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

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 the TCRS
June 30, 2019

Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Total pension liability</u>					
Service cost	\$ 186,105	\$ 185,659	\$ 209,761	\$ 241,722	\$ 254,867
Interest	517,825	543,568	585,726	639,503	663,000
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	(22,661)	183,963	298,664	(175,858)	183,153
Change of assumptions	-	-	-	312,173	-
Benefit payments, including refunds of employee contributions	(320,690)	(354,485)	(395,879)	(422,282)	(402,867)
Net change in total pension liability (asset)	360,579	558,705	698,272	595,258	698,153
Total pension liability (asset) - beginning	6,878,576	7,239,155	7,797,860	8,496,132	9,091,390
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>Plan fiduciary net position</u>					
Contributions - employer	\$ 251,361	\$ 267,550	\$ 315,781	\$ 326,173	\$ 350,648
Contributions - employee	122,475	128,542	150,718	157,112	168,278
Net investment income	906,655	197,493	176,702	781,739	644,276
Benefit payments, including refunds of employee contributions	(320,690)	(354,485)	(395,879)	(422,282)	(402,867)
Administrative expense	(2,524)	(3,330)	(5,286)	(6,253)	(7,380)
Other	-	-	-	-	-
Net change in plan fiduciary net position	957,277	235,770	242,036	836,489	752,955
Plan fiduciary net position - beginning	5,435,885	6,393,162	6,628,932	6,870,968	7,707,457
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>
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>
Plan fiduciary net position as a percentage of total pension liability	88.31%	85.01%	80.87%	84.78%	86.42%
Covered payroll	\$ 2,449,490	\$ 2,569,954	\$ 3,025,668	\$ 3,142,242	\$ 3,365,536
Net pension liability (asset) as a percentage of covered payroll	34.54%	45.48%	53.71%	44.04%	39.49%

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

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
Schedule of Contributions Based on
Participation in the Public Employee Pension Plan of the TCRS
June 30, 2019

Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 251,361	\$ 267,550	\$ 315,781	\$ 326,173	\$ 350,648	\$ 381,374
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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,449,490	\$ 2,569,954	\$ 3,025,668	\$ 3,142,242	\$ 3,365,536	\$ 3,649,821
Contributions as a percentage covered payroll	10.26%	10.41%	10.44%	10.38%	10.42%	10.45%

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
Schedule of Contributions Based on
Participation in the Public Employee Pension Plan of the TCRS (Continued)
June 30, 2019

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017 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	2.50 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	7.25 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 adjustment	not applicable

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Changes in the Town of Signal Mountain, Tennessee's
Total OPEB Liability and Related Ratios
June 30, 2019

Local Government OPEB Plan

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 15,565	\$ 14,327
Interest	5,805	7,372
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(126,330)
Changes of assumptions	(11,260)	4,104
Benefit payments	<u>-</u>	<u>(1,228)</u>
Net change in total OPEB liability	10,110	(101,755)
Total OPEB liability - beginning	<u>183,248</u>	<u>193,358</u>
 Total OPEB liability - ending (a)	 <u>\$ 193,358</u>	 <u>\$ 91,603</u>
 Covered-employee payroll	 \$3,026,441	 \$3,147,765
 Total OPEB liability as a percentage of covered-employee payroll	 6.39%	 2.91%

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.

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.

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.

Capital Project Funds

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Non-major Governmental Fund
Combining Balance Sheet
June 30, 2019

	<u>Special Revenue Drug Fund</u>	<u>Capital Projects Vehicle Replacement Fund</u>	<u>Total Non-major Governmental Funds</u>
ASSETS			
Cash	\$ 17,031	\$ 894,146	\$ 911,177
Investments	-	2,622	2,622
TOTAL ASSETS	<u>\$ 17,031</u>	<u>\$ 896,768</u>	<u>\$ 913,799</u>
FUND BALANCES			
Restricted	\$ 17,031	\$ -	\$ 17,031
Committed	-	896,768	896,768
TOTAL FUND BALANCES	<u>\$ 17,031</u>	<u>\$ 896,768</u>	<u>\$ 913,799</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Non-Major Governmental Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	<u>Special Revenue Drug Fund</u>	<u>Capital Projects Vehicle Replacement Fund</u>	<u>Total Non-major Governmental Funds</u>
REVENUES			
Other revenues	\$ 544	\$ 19,747	\$ 20,291
TOTAL REVENUES	<u>544</u>	<u>19,747</u>	<u>20,291</u>
EXPENDITURES			
Current Expenditures			
Public safety	4,098	-	4,098
Public works	<u>-</u>	<u>1,174</u>	<u>1,174</u>
Total current expenditures	<u>4,098</u>	<u>1,174</u>	<u>5,272</u>
Capital Outlay			
Public safety	-	28,321	28,321
Public works	<u>-</u>	<u>181,030</u>	<u>181,030</u>
Total capital outlay	<u>-</u>	<u>209,351</u>	<u>209,351</u>
TOTAL EXPENDITURES	<u>4,098</u>	<u>210,525</u>	<u>214,623</u>
Excess (deficiency) of revenues over (under) expenditures	(3,554)	(190,778)	(194,332)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>365,616</u>	<u>365,616</u>
Net changes in fund balances	(3,554)	174,838	171,284
Fund balances - beginning	<u>20,585</u>	<u>721,930</u>	<u>742,515</u>
Fund balances - end	<u>\$ 17,031</u>	<u>\$ 896,768</u>	<u>\$ 913,799</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Other revenues				
Miscellaneous	\$ -	\$ -	\$ 544	\$ 544
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>544</u>	<u>544</u>
EXPENDITURES				
Current Expenditures				
Public safety				
Operating supplies	-	4,500	4,098	402
Capital Outlay				
Public safety				
Equipment	4,500	-	-	-
TOTAL EXPENDITURES	<u>4,500</u>	<u>4,500</u>	<u>4,098</u>	<u>402</u>
Excess (deficiency) of revenues over (under) expenditure	(4,500)	(4,500)	(3,554)	946
Fund balances - beginning	<u>20,585</u>	<u>20,585</u>	<u>20,585</u>	<u>-</u>
Fund balances - end	<u>\$ 16,085</u>	<u>\$ 16,085</u>	<u>\$ 17,031</u>	<u>\$ 946</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Vehicle Replacement Fund
Capital Projects
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Other revenues				
Interest earnings	\$ -	\$ -	\$ 20	\$ 20
Sale of assets	-	-	19,727	19,727
TOTAL REVENUES	-	-	19,747	19,747
EXPENDITURES				
Current Expenditures				
Public works				
Miscellaneous	4,000	2,000	1,174	826
Capital Outlay				
Public safety				
Vehicles	29,000	29,000	28,321	679
Public works				
Vehicles	210,000	210,000	181,030	28,970
Total capital outlay	239,000	239,000	209,351	29,649
TOTAL EXPENDITURES	243,000	241,000	210,525	30,475
Excess (deficiency) of revenues over (under) expenditures	(243,000)	(241,000)	(190,778)	50,222
OTHER FINANCING SOURCES (USES)				
Transfers in	365,616	365,616	365,616	-
Net changes in fund balances	122,616	124,616	174,838	50,222
Fund balances - beginning	721,930	721,930	721,930	-
Fund balances - end	\$ 844,546	\$ 846,546	\$ 896,768	\$ 50,222

FINANCIAL SCHEDULES

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

Grantor/Pass-through Agency	CFDA Number	State Grant/Project Number	(Accrued) Deferred Grant Revenues July 1, 2018	Grant Revenues Received	Expenditures	(Accrued) Deferred Grant Revenues June 30, 2019
Federal						
U.S. Department of Transportation						
Transportation Enhancement Section	20.205	STP-M-9215(2)	\$ -	\$ -	\$ 338,937	\$ (338,937)
Transportation Enhancement Section	20.205	STP-M-9215(3)	-	13,204	13,204	-
Aggressive Driver Enforcement	20.600	Z19THS256	-	3,356	5,551	(2,195)
Aggressive Driver Enforcement	20.600	Z18THS283	(6,148)	10,581	4,433	-
Total U.S. Department of Transportation			(6,148)	27,141	362,125	(341,132)
U.S. Department of Homeland Security						
Safer Grant	97.083	EMW-2016-FH-00095	(87,824)	244,837	305,639	(148,626)
Total Federal Awards			(93,972)	271,978	667,764	(489,758)
State						
Tennessee Department of Transportation						
Shoal Creek Bridge	-	33SAB1-S3-002	-	543,428	709,844	(166,416)
Total Federal and State Awards			\$ (93,972)	\$ 815,406	\$ 1,377,608	\$ (656,174)

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - INDIRECT COST RATE

The Town of Signal Mountain, Tennessee has not allocated any indirect cost.

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes	\$ 5,240,302	\$ 5,240,302	\$ 5,346,602	\$ 106,300
Licenses and permits	57,345	57,345	68,724	11,379
Intergovernmental	1,526,348	1,526,348	1,568,297	41,949
Charges for services	278,861	278,861	266,315	(12,546)
Fines and forfeitures	35,000	35,000	23,949	(11,051)
Other revenue	283,756	283,756	337,267	53,511
TOTAL REVENUES	7,421,612	7,421,612	7,611,154	189,542
EXPENDITURES				
Current Expenditures				
General government				
Judicial	57,267	59,267	51,875	7,392
Administration	448,535	430,635	373,832	56,803
Finance	228,695	235,695	219,153	16,542
Building and codes	159,468	161,968	147,605	14,363
Public safety				
Police	1,501,993	1,514,443	1,499,448	14,995
Fire protection and control services	2,370,391	2,375,891	2,143,781	232,110
Highways and streets				
Public works administration	143,825	149,890	125,173	24,717
Highway and street maintenance	450,543	450,443	401,142	49,301
Sanitation				
Solid waste department	531,699	541,699	539,882	1,817
Recycling centers	59,337	59,337	61,013	(1,676)
Public welfare and recreation				
Recreation	640,150	645,030	611,819	33,211
Mountain Arts Community Center	179,261	197,261	160,059	37,202
Library	205,517	205,517	202,549	2,968
Maintenance shop	84,546	89,746	88,155	1,591

(Continued)

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES				
Capital Outlay				
General government				
Judicial	\$ 2,000	\$ -	\$ -	\$ -
Administration	2,500	-	-	-
Finance	7,000	-	2,465	(2,465)
Building and codes	2,500	-	-	-
Public safety				
Police	2,500	17,500	-	17,500
Fire protection and control services	57,500	52,000	-	52,000
Highways and streets				
Public works administration	6,000	-	-	-
Highway and street maintenance	5,000	5,000	5,308	(308)
Sanitation				
Solid waste department	11,000	11,000	-	11,000
Public welfare and recreation				
Recreation	1,387,543	402,014	150,639	251,375
Mountain Arts Community Center	15,500	-	-	-
Debt Service	<u>389,150</u>	<u>389,150</u>	<u>392,568</u>	<u>(3,418)</u>
TOTAL EXPENDITURES	<u>8,949,420</u>	<u>7,993,486</u>	<u>7,176,466</u>	<u>817,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,527,808)</u>	<u>(571,874)</u>	<u>434,688</u>	<u>1,006,562</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	382,496	382,496	-	(382,496)
Transfers out	(456,202)	(2,050,108)	(2,030,322)	19,786
Total other financing sources (uses)	<u>(73,706)</u>	<u>(1,667,612)</u>	<u>(2,030,322)</u>	<u>(362,710)</u>
Net changes in fund balances	(1,601,514)	(2,239,486)	(1,595,634)	643,852
Fund balances - beginning	<u>5,769,707</u>	<u>5,769,707</u>	<u>5,769,707</u>	<u>-</u>
Fund balances - end	<u>\$ 4,168,193</u>	<u>\$ 3,530,221</u>	<u>\$ 4,174,073</u>	<u>\$ 643,852</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Building Construction Fund
Capital Projects
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental				
Grants	\$ 57,000	\$ 57,000	\$ -	\$ (57,000)
TOTAL REVENUES	<u>57,000</u>	<u>57,000</u>	<u>-</u>	<u>(57,000)</u>
EXPENDITURES				
Capital Outlay				
Public safety				
Fire station	1,582,330	941,140	916,141	24,999
Public welfare and recreation				
Mounatin Arts Community Center	-	587,043	511,262	75,781
Facility	95,000	25,000	-	25,000
Total capital outlay	<u>1,677,330</u>	<u>1,553,183</u>	<u>1,427,403</u>	<u>125,780</u>
TOTAL EXPENDITURES	<u>1,677,330</u>	<u>1,553,183</u>	<u>1,427,403</u>	<u>125,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,620,330)</u>	<u>(1,496,183)</u>	<u>(1,427,403)</u>	<u>68,780</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	909,640	909,640	917,640	8,000
Transfers in	1,027,706	1,027,706	1,027,706	-
Total other financing sources (uses)	<u>1,937,346</u>	<u>1,937,346</u>	<u>1,945,346</u>	<u>8,000</u>
Net changes in fund balances	317,016	441,163	517,943	76,780
Fund balances - beginning	<u>439,626</u>	<u>439,626</u>	<u>439,626</u>	<u>-</u>
Fund balances - end	<u>\$ 756,642</u>	<u>\$ 880,789</u>	<u>\$ 957,569</u>	<u>\$ 76,780</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Water Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
OPERATING REVENUES				
Water service charges	\$ 1,344,000	\$ 1,344,000	\$ 1,292,456	\$ (51,544)
Water service penalties	20,000	20,000	19,978	(22)
Other revenue	4,000	4,000	15,078	11,078
Total operating revenues	<u>1,368,000</u>	<u>1,368,000</u>	<u>1,327,512</u>	<u>(40,488)</u>
OPERATING EXPENSES				
Water purchases	<u>550,000</u>	<u>550,000</u>	<u>467,641</u>	<u>82,359</u>
Power and pumping				
Operating supplies and expense	1,500	1,500	987	513
Repairs and maintenance	20,000	31,000	21,481	9,519
Telephone and other communication	1,700	1,700	1,577	123
Utilities	242,000	242,000	202,851	39,149
Total power and pumping	<u>265,200</u>	<u>276,200</u>	<u>226,896</u>	<u>49,304</u>
Treatment and transmission				
Miscellaneous	2,000	2,000	1,872	128
Operating supplies and expense	63,000	74,000	9,481	64,519
Postage and printing	-	-	222	(222)
Professional services	70,000	70,000	17,394	52,606
Repairs and maintenance	107,000	107,000	88,572	18,428
Travel and training	400	400	745	(345)
Vehicle expense	11,000	211,000	9,470	201,530
Water improvements	230,000	25,000	-	25,000
Total treatment and transmission	<u>483,400</u>	<u>489,400</u>	<u>127,756</u>	<u>361,644</u>
Maintenance				
Salaries	212,704	212,704	215,884	(3,180)
Payroll taxes	16,272	16,272	16,969	(697)
Fringe benefits	61,301	61,301	57,908	3,393
Pension expense	18,186	18,186	15,695	2,491
Insurance	9,104	9,104	8,169	935
Miscellaneous	4,100	2,900	-	2,900
Operating supplies and expense	51,500	46,300	13,742	32,558
Other post-employment benefits	-	1,200	672	528
Repairs and maintenance	10,400	10,400	2,320	8,080
Telephone and other communication	1,800	1,800	1,657	143
Travel and training	1,000	1,000	434	566
Utilities	103,050	102,250	12,730	89,520
Vehicle expense	2,000	2,000	1,975	25
Total maintenance	<u>491,417</u>	<u>485,417</u>	<u>348,155</u>	<u>137,262</u>

(Continued)

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Water Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual (Continued)
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
OPERATING EXPENSES (Continued)				
Administration				
Salaries	\$ 59,075	\$ 59,075	\$ 59,307	\$ (232)
Payroll taxes	4,519	4,519	4,259	260
Fringe benefits	18,256	18,256	16,536	1,720
Pension expense	5,051	5,051	3,682	1,369
Contract services	1,000	1,000	568	432
In lieu of taxes	30,000	30,395	30,395	-
Insurance	17,159	16,259	15,073	1,186
Miscellaneous	2,275	3,075	1,958	1,117
Office supplies and expense	2,000	2,000	3,017	(1,017)
Operating supplies and expense	4,175	4,275	4,909	(634)
Postage and printing	7,800	7,405	6,805	600
Professional services	500	500	-	500
Telephone and other communication	2,500	2,500	1,412	1,088
Travel and training	1,500	1,500	988	512
Total administration	<u>155,810</u>	<u>155,810</u>	<u>148,909</u>	<u>6,901</u>
Depreciation	<u>190,000</u>	<u>190,000</u>	<u>140,619</u>	<u>49,381</u>
Total operating expenses	<u>2,135,827</u>	<u>2,146,827</u>	<u>1,459,976</u>	<u>686,851</u>
Operating income (loss)	<u>(767,827)</u>	<u>(778,827)</u>	<u>(132,464)</u>	<u>646,363</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest earnings	10,000	10,000	47,978	37,978
Amortization expense	<u>(2,961)</u>	<u>(2,961)</u>	<u>(2,961)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>7,039</u>	<u>7,039</u>	<u>45,017</u>	<u>37,978</u>
Changes in net position	(760,788)	(771,788)	(87,447)	684,341
Net position - beginning	<u>6,568,179</u>	<u>6,568,179</u>	<u>6,568,179</u>	<u>-</u>
Net position - end	<u>\$ 5,807,391</u>	<u>\$ 5,796,391</u>	<u>\$ 6,480,732</u>	<u>\$ 684,341</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Stormwater Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amount			
	Original	Final	Actual	Variance
OPERATING REVENUES				
Stormwater user fees	\$ 275,644	\$ 275,644	\$ 302,466	\$ 26,822
OPERATING EXPENSES				
Stormwater operations				
Salaries	141,591	141,591	162,080	(20,489)
Payroll taxes	10,832	10,832	11,697	(865)
Fringe benefits	38,840	38,840	37,234	1,606
Pension expense	12,106	12,106	11,073	1,033
Contract services	23,500	14,000	15,400	(1,400)
Drainage improvements	75,000	235,409	119,301	116,108
Insurance	6,557	6,307	5,683	624
Miscellaneous	650	650	-	650
Office supplies and expense	400	400	82	318
Operating supplies and expense	94,007	91,057	2,959	88,098
Other post-employment benefits	-	800	385	415
Permit fee	5,000	4,500	3,460	1,040
Postage and printing	4,350	2,250	1,554	696
Professional services	25,000	15,000	6,850	8,150
Repairs and maintenance	27,000	16,600	13,496	3,104
Telephone and other communication	330	660	676	(16)
Travel and training	4,000	4,000	1,313	2,687
Utilities	2,170	2,170	1,475	695
Vehicle expense	3,400	3,600	2,765	835
Total stormwater operations	474,733	600,772	397,483	203,289
Depreciation	37,000	37,000	34,452	2,548
Total operating expenses	511,733	637,772	431,935	205,837
Operating income (loss)	(236,089)	(362,128)	(129,469)	232,659
NON-OPERATING REVENUES (EXPENSES)				
Interest earnings	240	240	1,054	814
Changes in net position	(235,849)	(361,888)	(128,415)	233,473
Net position - beginning	913,422	913,422	913,422	-
Net position - end	\$ 677,573	\$ 551,534	\$ 785,007	\$ 233,473

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
General Fund
Schedule of Property Taxes Receivable
June 30, 2019

<u>Year of Levy</u>	
2019	\$ 5,767,978
2018	96,203
2017	24,056
2016	10,536
2015	2,997
2014	3,747
2013	26,629
2012	19,801
2011	14,934
2010	<u>13,322</u>
Total property taxes receivable	5,980,203
Less: allowance for uncollectible taxes	<u>(133,464)</u>
Property taxes receivable - net	<u>\$ 5,846,739</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
General Fund
Schedule of Changes in Property Taxes Receivable
June 30, 2019

<u>Year of Levy</u>	<u>Taxes Receivable July 1, 2018</u>	<u>Taxes Levied</u>	<u>Pickups</u>	<u>Discounts and Releases</u>	<u>Collections</u>	<u>Taxes Receivable July 1, 2019</u>
2019	\$ -	\$ 5,767,978	\$ -	\$ -	\$ -	\$ 5,767,978
2018	4,744,560	304,213	(1) 6,295	(702)	(4,958,163)	96,203
2017	71,157	-	-	-	(47,101)	24,056
2016	16,851	-	-	-	(6,315)	10,536
2015	9,273	-	-	-	(6,276)	2,997
2014	4,042	-	-	(255)	(40)	3,747
2013	28,233	-	-	(255)	(1,349)	26,629
2012	21,302	-	-	(270)	(1,231)	19,801
2011	16,165	-	-	-	(1,231)	14,934
2010	13,322	-	-	-	-	13,322
2009	<u>14,270</u>	<u>-</u>	<u>-</u>	<u>(14,270)</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,939,175</u>	<u>\$ 6,072,191</u>	<u>\$ 6,295</u>	<u>\$ (15,752)</u>	<u>\$ (5,021,706)</u>	<u>\$ 5,980,203</u>

(1) 2018 Stormwater fees

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Debt Service Requirements
General Fund
June 30, 2019

TENNESSEE MUNICIPAL BOND, SERIES 2017

Original issue of \$3,000,000 at 2.79% interest

Maturing June 30,	Principal	Interest	Total Requirements
2020	\$ 117,000	\$ 78,887	\$ 195,887
2021	121,000	75,567	196,567
2022	124,000	72,149	196,149
2023	127,000	68,648	195,648
2024	131,000	65,049	196,049
2025	135,000	61,338	196,338
2026	138,000	57,530	195,530
2027	142,000	53,624	195,624
2028	146,000	49,606	195,606
2029	150,000	45,477	195,477
2030	155,000	41,222	196,222
2031	159,000	36,842	195,842
2032	163,000	32,350	195,350
2033	168,000	27,733	195,733
2034	172,000	22,990	194,990
2035	177,000	18,121	195,121
2036	182,000	13,113	195,113
2037	187,000	7,965	194,965
2038	<u>192,000</u>	<u>2,678</u>	<u>194,678</u>
Total	<u>\$ 2,886,000</u>	<u>\$ 830,889</u>	<u>\$ 3,716,889</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07/01/18	Issued During Period	Paid and/or		Outstanding 06/30/19
							Matured During Period	Refunded During Period	
Governmental Activities									
Bonds Payable through General Fund									
Tennessee Municipal Bond - 2015		2.24%	10/01/15		\$ 1,716,291	\$ 502,213	\$ (139,000)	\$ -	\$ 2,079,504
Tennessee Municipal Bond - 2017	\$3,000,000	2.79%	10/13/17	10/01/37	2,584,573	415,427	(114,000)	-	2,886,000
Total Bonds Payable through General Fund					<u>\$4,300,864</u>	<u>\$ 917,640</u>	<u>\$(253,000)</u>	<u>\$ -</u>	<u>\$4,965,504</u>

The Tennessee Municipal Bond - 2015 is currently still in the draw down phase, therefore, the original amount of issue and last maturity date are unknown at year-end.

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Insurance Coverage
June 30, 2019

<u>Coverage</u>	<u>Amount</u>
Property	\$18,629,698
Liability	\$1,000,000 each other loss per occurrence
Workers compensation	\$300,000 each accident \$300,000 each employee \$700,000 policy limit

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Tax Rates and Assessed Valuation
Applicable to the Last Ten Years
June 30, 2019

<u>Year of Levy</u>	<u>Tax Rate</u> <u>Per \$100</u>	<u>Assessed Valuation</u>			<u>Total</u>
		<u>Property</u>	<u>Personalty</u>	<u>Utilities</u>	
2019	\$ 1.8866	\$ 294,727,697	\$ 2,043,069	\$ 8,963,199	\$ 305,733,965
2018	\$ 1.5665	\$ 291,942,942	\$ 2,373,029	\$ 8,560,441	\$ 302,876,412
2017	\$ 1.5665	\$ 289,700,612	\$ 1,910,103	\$ 8,798,746	\$ 300,409,461
2016	\$ 1.5684	\$ 256,749,794	\$ 1,953,030	\$ 8,516,067	\$ 267,218,891
2015	\$ 1.5684	\$ 263,185,609	\$ 2,028,821	\$ 6,554,450	\$ 271,768,880
2014	\$ 1.5684	\$ 257,035,529	\$ 2,756,475	\$ 7,096,404	\$ 266,888,408
2013	\$ 1.5684	\$ 250,046,071	\$ 2,594,349	\$ 6,535,323	\$ 259,175,743
2012	\$ 1.6634	\$ 211,123,969	\$ 2,182,988	\$ 4,629,073	\$ 217,936,030
2011	\$ 1.6634	\$ 210,382,081	\$ 1,962,334	\$ 4,508,837	\$ 216,853,252
2010	\$ 1.513	\$ 210,504,031	\$ 1,817,713	\$ 5,218,705	\$ 217,540,449

NOTE: On July 1, 2018, the Town of Signal Mountain approved the levy for the year ended June 30, 2019. The tax rate adopted for each \$100 of assessed valuation for the 2018 levy was \$1.8866.

On July 1, 2019, the Town of Signal Mountain approved the levy for the year ended June 30, 2020, for the residents on record as of January 1, 2018. The 2018 levy was recorded as a receivable and deferred revenue for the year ended June 30, 2019.

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Property Taxes Levied and Property Tax Collections - Last Ten Years
Years Ended June 30, 2009 to 2018

Year of Levy	Tax Rate Per \$100	Total Tax Levy	Collections of Current Levy		Percent of Current Collections to Levy	Collections of Prior Years Levy		Total Collections During Period	Percent of Total Collections to Current Year Levy	Discounts and Adjustments During Period	Accumulated Delinquent Property Taxes	Percent of Delinquent Property Taxes to Current Year Levy
			During Period	During Period		During Period	During Period					
2018	\$ 1.5665	\$ 5,048,773	\$ 4,958,163	\$ 63,543	98.2%	\$ 63,543	\$ 5,021,706	99.5%	\$ (9,457)	\$ 212,225	4.2%	
2017	\$ 1.5665	\$ 5,010,500	\$ 4,935,513	\$ 83,065	98.5%	\$ 83,065	\$ 5,018,578	100.2%	\$ (4,957)	\$ 194,615	3.9%	
2016	\$ 1.568	\$ 4,476,694	\$ 4,424,205	\$ 73,235	98.8%	\$ 73,235	\$ 4,497,440	100.5%	\$ 22,185	\$ 207,650	4.6%	
2015	\$ 1.568	\$ 4,580,872	\$ 4,387,939	\$ 70,557	95.8%	\$ 70,557	\$ 4,458,496	97.3%	\$ (104,802)	\$ 206,211	4.5%	
2014	\$ 1.568	\$ 4,476,907	\$ 4,399,224	\$ 42,052	98.3%	\$ 42,052	\$ 4,441,276	99.2%	\$ (15,357)	\$ 188,637	4.2%	
2013	\$ 1.568	\$ 4,332,349	\$ 4,263,244	\$ 49,669	98.4%	\$ 49,669	\$ 4,312,913	99.6%	\$ 7,903	\$ 168,363	3.9%	
2012	\$ 1.663	\$ 3,892,170	\$ 3,839,984	\$ 41,599	98.7%	\$ 41,599	\$ 3,881,583	99.7%	\$ 24,728	\$ 141,024	3.6%	
2011	\$ 1.663	\$ 3,868,646	\$ 3,810,546	\$ 68,814	98.5%	\$ 68,814	\$ 3,879,360	100.3%	\$ 8,258	\$ 105,709	2.7%	
2010	\$ 1.513	\$ 3,291,387	\$ 3,217,605	\$ 57,318	97.8%	\$ 57,318	\$ 3,274,923	99.5%	\$ 4,347	\$ 108,165	3.3%	
2009	\$ 1.513	\$ 3,261,519	\$ 3,198,769	\$ 49,776	98.1%	\$ 49,776	\$ 3,248,545	99.6%	\$ 2,260	\$ 87,354	2.7%	

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Unaccounted for Water
June 30, 2019

**AWWA Free Water Audit Software:
Reporting Worksheet**

Water Audit Report for: **Town of Signal Mountain (0000634)**
Reporting Year: **2019** **7/2018 - 6/2019**

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

WATER SUPPLIED	← Enter grading in column 'E' and 'J' →	Master Meter and Supply Error Adjustments
Volume from own sources:	<input type="text" value="9"/> <input type="text" value="291.104"/> MG/Yr	Pont: <input type="text"/> Value: <input type="text"/> MG/Yr
Water imported:	<input type="text"/> <input type="text"/> MG/Yr	<input type="text"/> <input type="text"/> MG/Yr
Water exported:	<input type="text"/> <input type="text"/> MG/Yr	<input type="text"/> <input type="text"/> MG/Yr
WATER SUPPLIED: <input type="text" value="291.104"/> MG/Yr		Enter negative % or value for under-registration Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION		
Billed metered:	<input type="text" value="7"/> <input type="text" value="197.498"/> MG/Yr	
Billed unmetered:	<input type="text"/> <input type="text"/> MG/Yr	
Unbilled metered:	<input type="text" value="5"/> <input type="text" value="0.010"/> MG/Yr	Pont: <input type="text"/> Value: <input type="text"/> MG/Yr
Unbilled unmetered:	<input type="text" value="10"/> <input type="text" value="3.382"/> MG/Yr	<input type="text"/> <input type="text" value="3.382"/> MG/Yr
AUTHORIZED CONSUMPTION: <input type="text" value="200.890"/> MG/Yr		

WATER LOSSES (Water Supplied - Authorized Consumption)	<input type="text" value="90.214"/> MG/Yr	
Apparent Losses		
Unauthorized consumption:	<input type="text" value="7"/> <input type="text" value="0.676"/> MG/Yr	Pont: <input type="text"/> Value: <input type="text" value="0.676"/> MG/Yr
Customer metering inaccuracies:	<input type="text" value="7"/> <input type="text" value="10.395"/> MG/Yr	<input type="text" value="5.00%"/> <input type="text"/> MG/Yr
Systematic data handling errors:	<input type="text" value="10"/> <input type="text" value="0.001"/> MG/Yr	<input type="text"/> <input type="text" value="0.001"/> MG/Yr
Apparent Losses:	<input type="text" value="11.072"/> MG/Yr	

Real Losses (Current Annual Real Losses or CARL)		
Real Losses = Water Losses - Apparent Losses:	<input type="text" value="79.142"/> MG/Yr	
WATER LOSSES:	<input type="text" value="90.214"/> MG/Yr	

NON-REVENUE WATER	NON-REVENUE WATER: <input type="text" value="93.606"/> MG/Yr	
= Water Losses + Unbilled Metered + Unbilled Unmetered		

SYSTEM DATA		
Length of mains:	<input type="text" value="7"/> <input type="text" value="67.0"/> miles	
Number of <u>active</u> AND <u>inactive</u> service connections:	<input type="text" value="7"/> <input type="text" value="3,351"/>	
Service connection density:	<input type="text" value="50"/> conn./mile main	
Are customer meters typically located at the curbside or property line?	<input type="text" value="Yes"/>	
Average length of customer service line: Average length of customer service line has been set to zero and a data grading score of 10 has been applied		
Average operating pressure:	<input type="text" value="7"/> <input type="text" value="150.0"/> psi	

COST DATA		
Total annual cost of operating water system:	<input type="text" value="10"/> <input type="text" value="\$1,463.470"/> \$/Year	
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="9"/> <input type="text" value="\$6.44"/> \$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	<input type="text" value="10"/> <input type="text" value="\$3,220.53"/> \$/Million gallons	

WATER AUDIT DATA VALIDITY SCORE:	*** YOUR SCORE IS: 84 out of 100 ***
---	---

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:	
Based on the information provided, audit accuracy can be improved by addressing the following components:	
1: Unbilled metered	<input type="text"/>
2: Water imported	<input type="text"/>
3: Billed metered	<input type="text"/>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Unaccounted for Water (Continued)
June 30, 2019

AWWA Free Water Audit Software:

WAS v5.0

Water Audit Report for: **Town of Signal Mountain (0000634)**
Reporting Year: **2019** **7/2018 - 6/2019**

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 84 out of 100 ***

System Attributes:

Apparent Losses:		11.072	MG/Yr	
+	Real Losses:	79.142	MG/Yr	
=	Water Losses:	90.214	MG/Yr	
Unavoidable Annual Real Losses (UARL): 47.37 MG/Yr				
Annual cost of Apparent Losses: \$71,305				
Annual cost of Real Losses: \$254,879				

Valued at **Variable Production Cost**
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Non-revenue water as percent by volume of Water Supplied:		32.2%	
Non-revenue water as percent by cost of operating system:		23.0%	Real Losses valued at Variable Production Cost
<div style="display: flex; justify-content: space-between;"> <div style="width: 20%;">Operational</div> <div style="width: 60%;"> Apparent Losses per service connection per day: 9.05 gallons/connection/day </div> <div style="width: 20%;"></div> </div>			
<div style="display: flex; justify-content: space-between;"> <div style="width: 20%;">Real Losses per service connection per day:</div> <div style="width: 60%; text-align: right;">64.71 gallons/connection/day</div> <div style="width: 20%;"></div> </div>			
<div style="display: flex; justify-content: space-between;"> <div style="width: 20%;">Real Losses per length of main per day*:</div> <div style="width: 60%; text-align: right;">N/A</div> <div style="width: 20%;"></div> </div>			
Real Losses per service connection per day per psi pressure: 0.43 gallons/connection/day/psi			
From Above, Real Losses = Current Annual Real Losses (CARL): 79.14 million gallons/year			
Infrastructure Leakage Index (ILI) [CARL/UARL]: 1.67			

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Miscellaneous Supplementary Information
June 30, 2019

Date of incorporation and charter adoption	April 4, 1919
Form of government, effective May 21, 1990	Town Manager-Mayor and Council Members
Area, square miles, approximate	8.39

Moody's Issuer Rating - received August 26, 2014	Aa3
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POPULATION

2018 U.S. Census - Population and Housing Unit Estimates	8,567
2013 State Official Census	8,363
2010 U.S. Census	7,554
2000 U.S. Census	7,429
1980 U.S. Census	5,818
1950 U.S. Census	1,786
1930 U.S. Census	979
1919 Incorporation	Est. 553

BUILDING PERMITS

Number of permits issued	445
Construction Value of Permits issued	\$ 16,077,834

FIRE PROTECTION

Number of stations	2
Number of employees	29.5
Number of trucks	5

POLICE PROTECTION

Number of employees	16.5
Vehicular patrol units	17
Signalized street intersections	1

PUBLIC WORKS

Miles of Town maintained streets	66.36
Number of solid waste customers (households)	3,013
Recycle materials (tons)	746.27

RECREATION

Number of playgrounds	5
Number of parks	37
Number of swimming pools	1

WATER FACILITIES

Number of water taps	3,351
Storage capacity (gallons)	2,000,000

Current water rates are as follows:

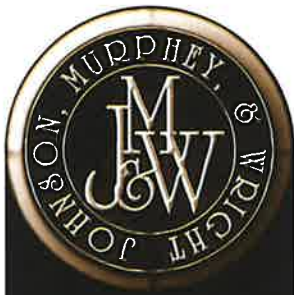
Inside Town Limits

Monthly service fee	\$ 6.00
Per 1,000 gallons used	\$ 5.80

Outside Town Limits

Monthly service fee	\$ 7.20
Per 1,000 gallons used	\$ 6.96

III. INTERNAL CONTROL AND COMPLIANCE SECTION



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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***

To the 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 the aggregate remaining fund information of the Town of Signal Mountain, Tennessee as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Signal Mountain, Tennessee's basic financial statements and have issued our report thereon dated December 5, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Signal Mountain, Tennessee's internal control over financial reporting (internal control) to determine the 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 of Signal Mountain, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Signal Mountain, Tennessee's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on 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.

Johnson, Murphree & Wright, P.C.

Chattanooga, Tennessee
December 5, 2019

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Findings and Responses
June 30, 2019

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 of America.

Internal Control Deficiencies:

None disclosed.

Material Noncompliance:

None disclosed.

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Prior Audit Findings
June 30, 2019

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
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There were no prior findings reported.