



ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

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, 2020

Mayor Dan Landrum

Vice Mayor.....Amy Speek

Councilmember Bill Lusk

CouncilmemberSusannah Murdock

Councilmember Dr. Robert Spalding
(July 1, 2019 to July 8, 2019)

Cheryl Graham
(July 8, 2019 to June 30, 2020)

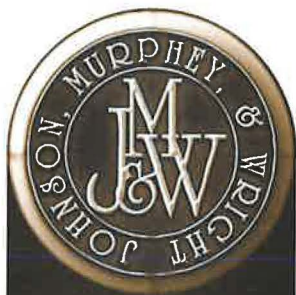
Town JudgeGary Humble

Town Manager Boyd Veal

Town Attorney Harry Cash

Finance Director/Town Recorder Carol Thompson-White

II. FINANCIAL SECTION



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Karen Hutcherson, CPA

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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, 2020, 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, 2020, 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 1, 2020, 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 1, 2020

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, 2020. 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, 2020, by \$22,784,804 (net position). Of this amount \$9,541,096 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town has restricted \$8,666 for drug enforcement programs and \$367,386 for state street aid expenditures.

In addition to these restricted amounts, the Town has a committed fund balance of \$1,322,735 for the purchase of mobile assets and \$1,270,187 for building construction.

The Town's governmental activities operated at a surplus of \$478,157. The Town's business-type activities operated at a deficit of \$(47,059).

As of the close of the current fiscal year, the Town of Signal Mountain, Tennessee's governmental funds reported combined ending fund balances of \$7,472,318.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,503,344, or 60.53%, 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 \$7,218,680. Of that balance \$3,294,447, or 45.64%, is unrestricted. The remaining 54.36%, or \$3,924,233 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 through 19 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 Vehicle Replacement 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 73.

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 24 of this report. The budgetary comparison statements for the non-major funds can be found beginning on page 75 of this report.

The basic governmental fund financial statements can be found on pages 20 through 23 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 37 through 39 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 40 through 66 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 73 through 76 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 \$22,784,804 at the close of this fiscal year.

56.48 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 1.65%, or \$376,052, of the Town of Signal Mountain, Tennessee's net position represents resources that are subject to external restrictions on how they may be used. 41.87%, or \$9,541,096, in net position are unrestricted and can be used to meet the government's ongoing obligations.

At June 30, 2020, 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Capital assets	\$ 14,025,423	\$ 14,199,190	\$ 3,924,233	\$ 3,893,377	\$ 17,949,656	\$ 18,092,567
Other assets	<u>13,621,055</u>	<u>13,256,428</u>	<u>3,904,324</u>	<u>3,873,648</u>	<u>17,525,379</u>	<u>17,130,076</u>
Total assets	<u>\$ 27,646,478</u>	<u>\$ 27,455,618</u>	<u>\$ 7,828,557</u>	<u>\$ 7,767,025</u>	<u>\$ 35,475,035</u>	<u>\$ 35,222,643</u>
Deferred outflows of resources	<u>\$ 763,382</u>	<u>\$ 846,826</u>	<u>\$ 99,550</u>	<u>\$ 109,863</u>	<u>\$ 862,932</u>	<u>\$ 956,689</u>
Long-term liabilities	\$ 6,206,809	\$ 6,353,565	\$ 367,121	\$ 408,017	\$ 6,573,930	\$ 6,761,582
Other liabilities	<u>527,317</u>	<u>841,013</u>	<u>303,130</u>	<u>171,994</u>	<u>830,447</u>	<u>1,013,007</u>
Total liabilities	<u>\$ 6,734,126</u>	<u>\$ 7,194,578</u>	<u>\$ 670,251</u>	<u>\$ 580,011</u>	<u>\$ 7,404,377</u>	<u>\$ 7,774,589</u>
Deferred inflows of resources	<u>\$ 6,109,610</u>	<u>\$ 6,019,899</u>	<u>\$ 39,176</u>	<u>\$ 31,138</u>	<u>\$ 6,148,786</u>	<u>\$ 6,051,037</u>
Net investment in capital assets	\$ 8,943,423	\$ 9,233,686	\$ 3,924,233	\$ 3,893,377	\$ 12,867,656	\$ 13,127,063
Restricted	376,052	671,332	-	-	376,052	671,332
Unrestricted	<u>6,246,649</u>	<u>5,182,949</u>	<u>3,294,447</u>	<u>3,372,362</u>	<u>9,541,096</u>	<u>8,555,311</u>
Total net position	<u>\$ 15,566,124</u>	<u>\$ 15,087,967</u>	<u>\$ 7,218,680</u>	<u>\$ 7,265,739</u>	<u>\$ 22,784,804</u>	<u>\$ 22,353,706</u>

Changes in Net Position

Governmental activities increased the Town of Signal Mountain, Tennessee's net position by \$478,157.

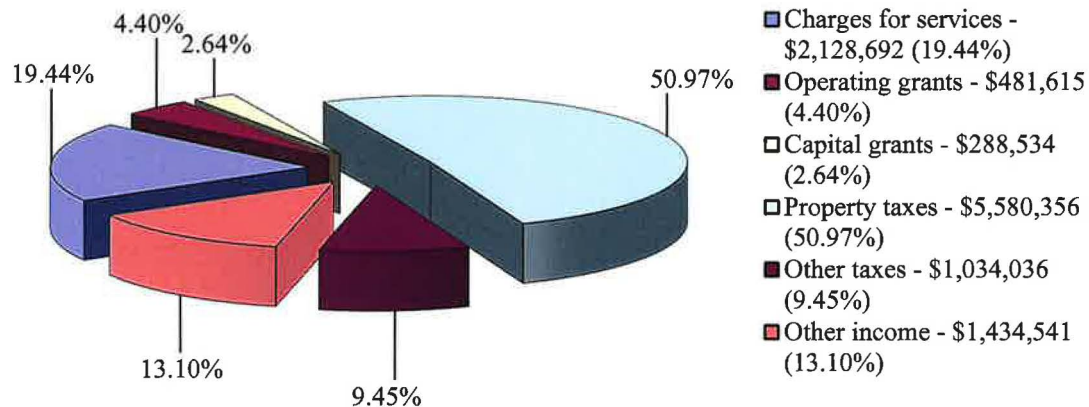
Business-type activities decreased the Town of Signal Mountain, Tennessee's net position by \$(47,059).

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

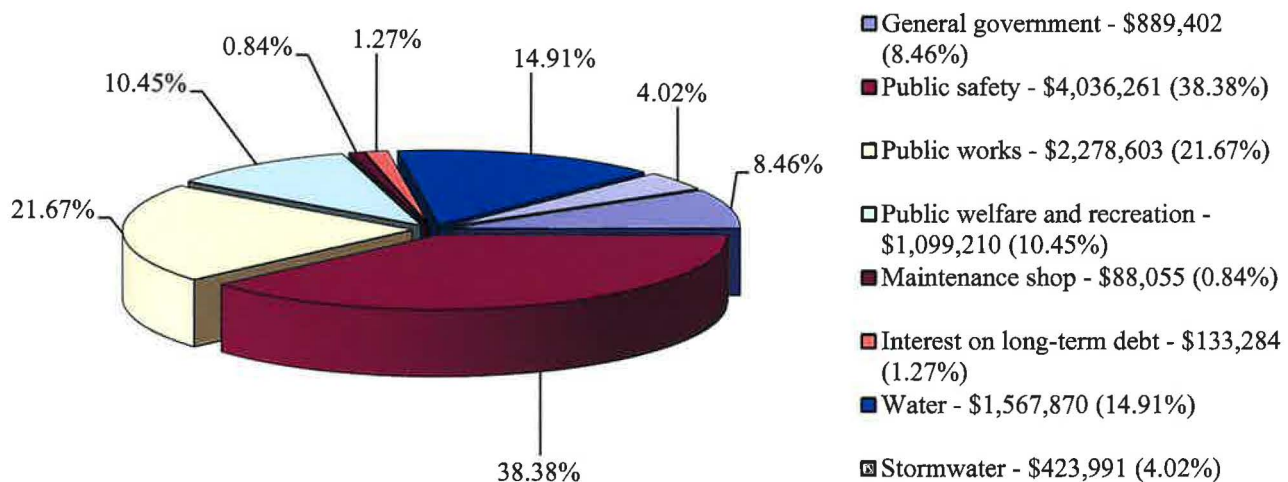
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 218,926	\$ 317,641	\$ 1,909,766	\$ 1,629,978	\$ 2,128,692	\$ 1,947,619
Operating grants and contributions	481,615	637,124	-	-	481,615	637,124
Capital grant and contributions	288,534	1,071,969	-	-	288,534	1,071,969
General revenues:						
Property taxes	5,580,356	4,627,287	-	-	5,580,356	4,627,287
Other taxes	1,034,036	889,093	-	-	1,034,036	889,093
Other income	<u>1,399,505</u>	<u>1,464,157</u>	<u>35,036</u>	<u>49,032</u>	<u>1,434,541</u>	<u>1,513,189</u>
Total revenues	<u>9,002,972</u>	<u>9,007,271</u>	<u>1,944,802</u>	<u>1,679,010</u>	<u>10,947,774</u>	<u>10,686,281</u>
Expenses:						
General government	889,402	825,187	-	-	889,402	825,187
Public safety	4,036,261	3,946,816	-	-	4,036,261	3,946,816
Public works	2,278,603	1,487,832	-	-	2,278,603	1,487,832
Public welfare and recreation	1,099,210	1,079,400	-	-	1,099,210	1,079,400
Maintenance shop	88,055	88,517	-	-	88,055	88,517
Interest on long-term debt	133,284	139,568	-	-	133,284	139,568
Water	-	-	1,567,870	1,462,937	1,567,870	1,462,937
Stormwater	-	-	<u>423,991</u>	<u>431,935</u>	<u>423,991</u>	<u>431,935</u>
Total expenses	<u>8,524,815</u>	<u>7,567,320</u>	<u>1,991,861</u>	<u>1,894,872</u>	<u>10,516,676</u>	<u>9,462,192</u>
Change in net position	478,157	1,439,951	(47,059)	(215,862)	431,098	1,224,089
Net position - beginning	<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>
Net position - end	<u>\$ 15,566,124</u>	<u>\$ 15,087,967</u>	<u>\$ 7,218,680</u>	<u>\$ 7,265,739</u>	<u>\$ 22,784,804</u>	<u>\$ 22,353,706</u>

The graphs below summarize the \$10,947,774 of town-wide revenue by source and the associated \$10,516,676 of expense by program. The graphs combine data from both governmental and business-type activities.

Town-Wide Sources of Revenue



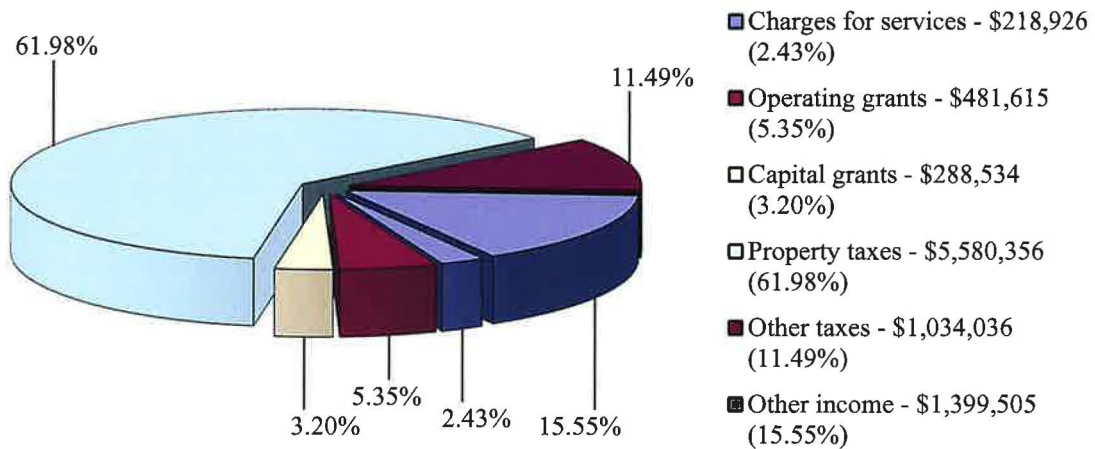
Town-Wide Program Expenses



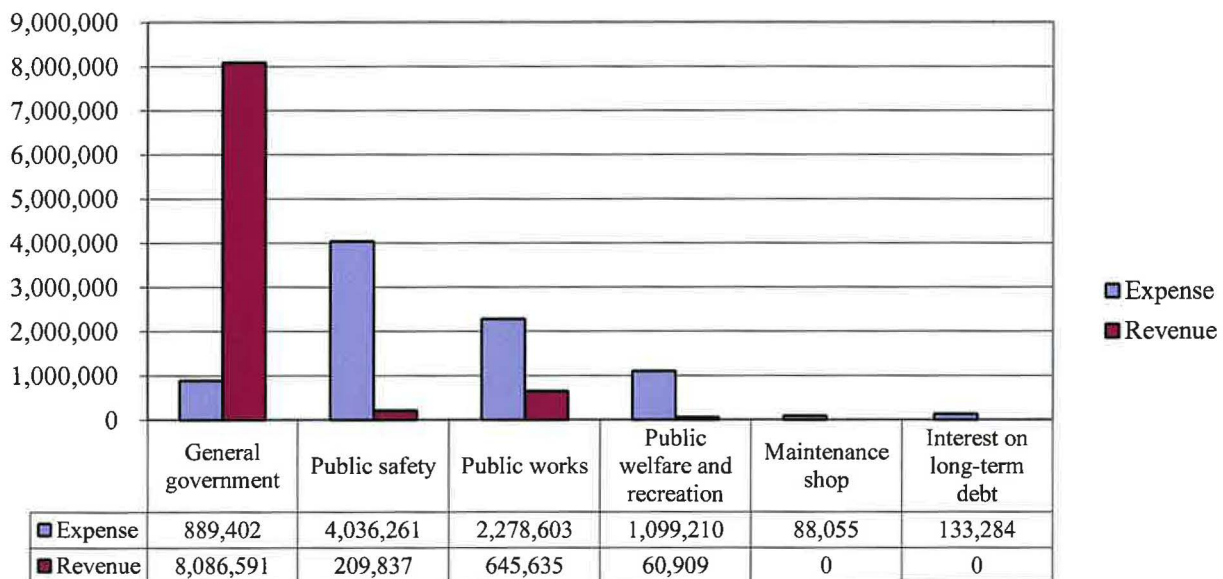
Governmental Activities

Governmental activities accounted for revenues of \$9,002,972. The following graph summarizes revenue by source.

**Revenue by Source -
Governmental Activities**

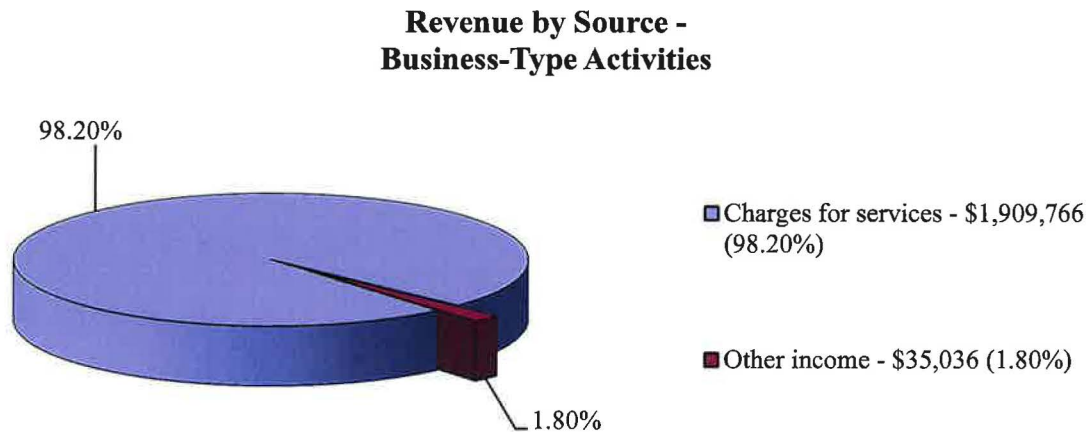


**Expenses and Program Revenues -
Governmental Activities**

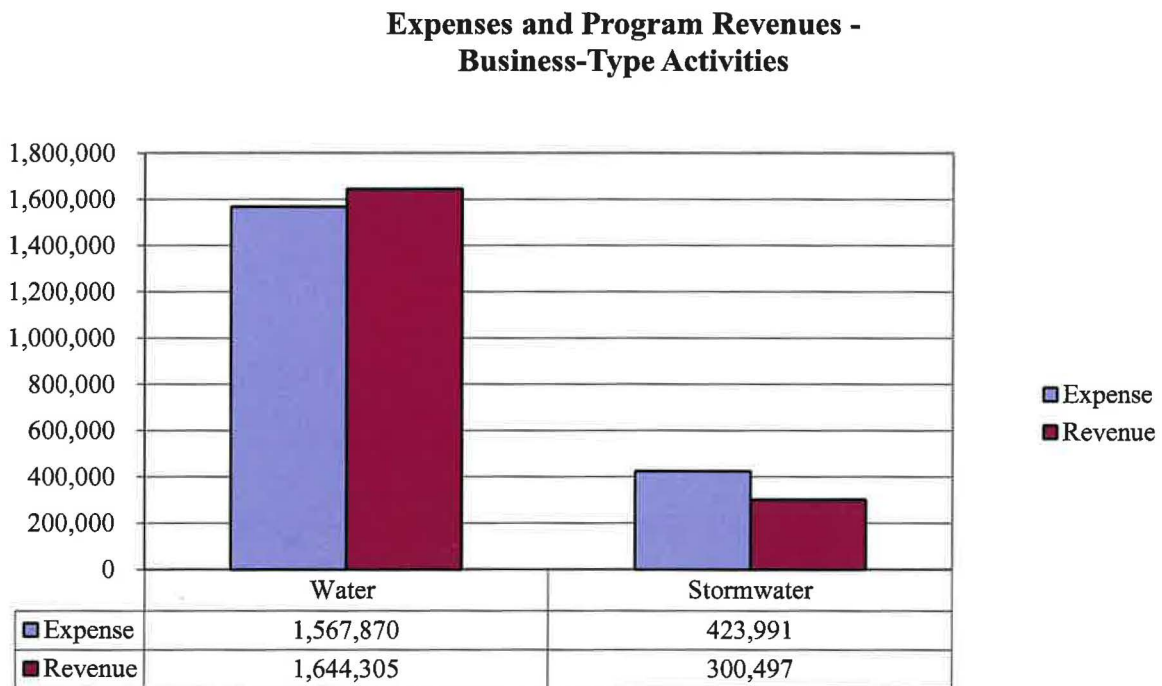


Business-type Activities

Business-type activities accounted for revenues of \$1,944,802. 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 \$7,472,318. Approximately 60.27% of this total amount, or \$4,503,344, constitutes unassigned fund balance. Committed funds consist of \$1,322,735 for the purchase of mobile assets and \$1,270,187 for building construction. Restricted funds consist of \$367,386 for the use of street expenditures and \$8,666 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 \$4,503,344. 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 60.53% 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 \$2,832,740 for the Water Fund and \$461,707 for the Stormwater Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were approximately \$(43,816), and are listed below:

General Fund budgeted expenditures increased \$43,816.

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)

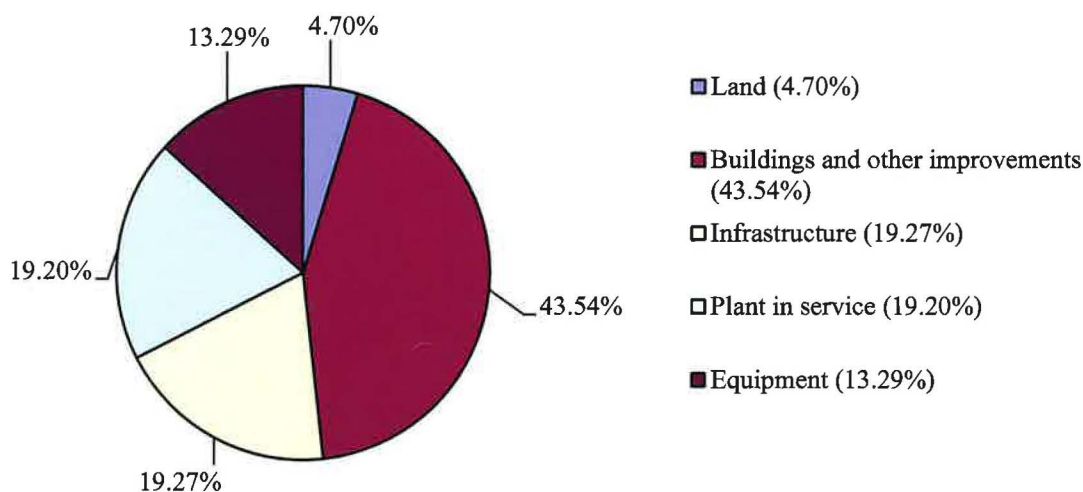
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 844,313	\$ 844,313	\$ -	\$ -	\$ 844,313	\$ 844,313
Buildings and other improvements	7,814,908	7,959,298	-	-	7,814,908	7,959,298
Infrastructure	3,459,795	3,288,981	-	-	3,459,795	3,288,981
Plant in service	-	-	3,446,552	3,580,878	3,446,552	3,580,878
Equipment	<u>1,906,407</u>	<u>2,106,598</u>	<u>477,681</u>	<u>312,499</u>	<u>2,384,088</u>	<u>2,419,097</u>
Total capital assets	<u>\$ 14,025,423</u>	<u>\$ 14,199,190</u>	<u>\$ 3,924,233</u>	<u>\$ 3,893,377</u>	<u>\$ 17,949,656</u>	<u>\$18,092,567</u>

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

James Boulevard infrastructure	\$ 293,205
2020 New Holland backhoe	\$ 95,000
2021 Kenworth dumptruck	\$ 89,947
Sprinkler system	\$ 56,878
2019 Ram 1500	\$ 35,977

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



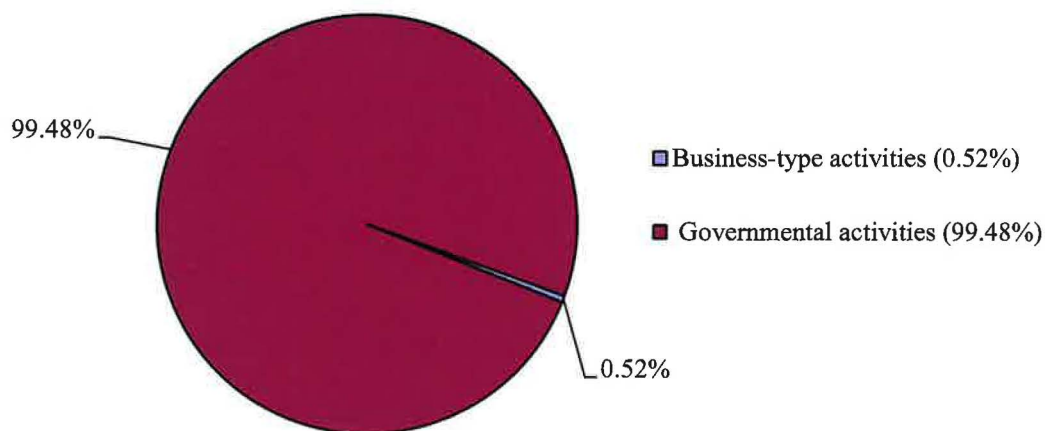
Additional information on the Town of Signal Mountain, Tennessee's capital assets can be found in Note 8 on page 50 and 51 of this report.

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 \$5,378,382 of that amount \$263,000 is due in the next fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Bonds	\$ 5,082,000	\$ 4,965,504	\$ -	\$ -	\$ 5,082,000	\$ 4,965,504
Compensated absences	268,682	243,982	27,700	32,722	296,382	276,704
Current portion	(263,000)	(117,000)	-	-	(263,000)	(117,000)
Total long-term debt	<u>\$ 5,087,682</u>	<u>\$ 5,092,486</u>	<u>\$ 27,700</u>	<u>\$ 32,722</u>	<u>\$ 5,115,382</u>	<u>\$ 5,125,208</u>

Long-Term Debt By Activity



Additional information on outstanding debt can be found in Note 11 on pages 52 and 53.

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 completion of these two projects has met the Town's need for new/additional facilities and no new facility construction is expected in the near future. 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. However, 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.

The Town's Water Department and Stormwater Department have also begun to more consistently and aggressively address operational and infrastructure needs. With the assistance of the Municipal Technical Advisory Service, the Town has undertaken rate studies for both of these operations. The Town anticipates that, given the recommended rate structures, these enterprise funds will be able to fund departmental operations and necessary capital projects without the need for any long term debt.

Requests for Information

The financial report is designed to provide a general overview of the Town of Signal Mountain, Tennessee'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, 2020

	Primary Government			Component Unit
	Governmental	Business-type		Public Library
	Activities	Activities	Total	Board
ASSETS				
Current assets				
Cash	\$ 4,820,351	\$ 1,353,013	\$ 6,173,364	\$ 20,836
Investments	2,249,839	2,243,619	4,493,458	213,649
Property taxes - net	5,907,846	-	5,907,846	-
Grants receivable	7,000	-	7,000	-
Receivable - net	43,668	243,163	286,831	-
Due from other governments	574,075	-	574,075	-
Internal balance	18,276	(18,276)	-	-
Inventories	-	82,805	82,805	-
Total current assets	<u>13,621,055</u>	<u>3,904,324</u>	<u>17,525,379</u>	<u>234,485</u>
Non-current assets				
Capital assets				
Land and construction in progress	844,313	-	844,313	-
Other capital assets - net of depreciation	<u>13,181,110</u>	<u>3,924,233</u>	<u>17,105,343</u>	<u>-</u>
Total non-current assets	<u>14,025,423</u>	<u>3,924,233</u>	<u>17,949,656</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 27,646,478</u></u>	<u><u>\$ 7,828,557</u></u>	<u><u>\$ 35,475,035</u></u>	<u><u>\$ 234,485</u></u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	\$ 699,411	\$ 91,645	\$ 791,056	\$ -
Deferred outflows related to OPEB	<u>63,971</u>	<u>7,905</u>	<u>71,876</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 763,382</u></u>	<u><u>\$ 99,550</u></u>	<u><u>\$ 862,932</u></u>	<u><u>\$ -</u></u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Statement of Net Position
June 30, 2020

	Primary Government			Component Unit
	Governmental	Business-type		Public Library
	Activities	Activities	Total	Board
LIABILITIES				
Current liabilities				
Accounts payable	\$ 184,636	\$ 303,130	\$ 487,766	\$ -
Payable to pension	28,953	-	28,953	-
Accrued liabilities	50,728	-	50,728	-
Bonds payable - due in one year	263,000	-	263,000	-
Total current liabilities	<u>527,317</u>	<u>303,130</u>	<u>830,447</u>	<u>-</u>
Non-current liabilities				
Customer deposits	-	197,310	197,310	-
Bonds payable	4,819,000	-	4,819,000	-
Compensated absences payable	268,682	27,700	296,382	-
Net pension liability	950,523	121,274	1,071,797	-
Net OPEB liability	168,604	20,837	189,441	-
Total non-current liabilities	<u>6,206,809</u>	<u>367,121</u>	<u>6,573,930</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 6,734,126</u>	<u>\$ 670,251</u>	<u>\$ 7,404,377</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	\$ 217,659	\$ 26,902	\$ 244,561	\$ -
Deferred inflows related to OPEB	99,305	12,274	111,579	-
Deferred revenue - property taxes	5,792,646	-	5,792,646	-
Total deferred inflows of resources	<u>\$ 6,109,610</u>	<u>\$ 39,176</u>	<u>\$ 6,148,786</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 8,943,423	\$ 3,924,233	\$ 12,867,656	\$ -
Restricted for drug enforcement program	8,666	-	8,666	-
Restricted for state street aid	367,386	-	367,386	-
Unrestricted	6,246,649	3,294,447	9,541,096	234,485
TOTAL NET POSITION	<u>\$ 15,566,124</u>	<u>\$ 7,218,680</u>	<u>\$ 22,784,804</u>	<u>\$ 234,485</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE

**Statement of Activities
Year Ended June 30, 2020**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government				
Judicial	\$ 482,108	\$ -	\$ -	\$ -
Financial administration	257,885	-	-	-
Building inspection	149,409	72,694	-	-
Public safety				
Police department	1,571,588	45,114	164,723	-
Fire department	2,464,673	-	-	-
Highway and streets				
Public works administration	138,028	-	-	-
Highway and street maintenance	1,401,916	-	312,776	288,534
Sanitation				
Solid waste department	683,997	39,346	-	-
Recycle center	54,662	4,979	-	-
Public welfare and recreation				
Recreation	690,006	23,459	4,000	-
Mountain Arts Community Center	184,853	25,824	116	-
Library	224,351	7,510	-	-
Maintenance shop	88,055	-	-	-
Interest on long-term debt	133,284	-	-	-
Total governmental activities	<u>8,524,815</u>	<u>218,926</u>	<u>481,615</u>	<u>288,534</u>
Business-type activities:				
Water	1,567,870	1,610,037	-	-
Stormwater	423,991	299,729	-	-
Total business-type activities	<u>1,991,861</u>	<u>1,909,766</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$10,516,676</u>	<u>\$ 2,128,692</u>	<u>\$ 481,615</u>	<u>\$ 288,534</u>
Component Unit				
Library Board	<u>\$ 9,108</u>	<u>\$ 167,288</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property taxes, interest and penalty
 Public utilities taxes
 Sales taxes
 Franchise tax
 Business taxes
 Alcoholic beverages taxes
 Grants and contributions not restricted to specific programs
 Investment income
 Rent on land
 Miscellaneous
 Total general revenues
 Change in net position
 Net position - beginning
 Net position - end

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE

Statement of Activities

Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- Type Activities	Total	Component Unit
\$ (482,108)	\$ -	\$ (482,108)	\$ -
(257,885)	-	(257,885)	-
(76,715)	-	(76,715)	-
(1,361,751)	-	(1,361,751)	-
(2,464,673)	-	(2,464,673)	-
(138,028)	-	(138,028)	-
(800,606)	-	(800,606)	-
(644,651)	-	(644,651)	-
(49,683)	-	(49,683)	-
(662,547)	-	(662,547)	-
(158,913)	-	(158,913)	-
(216,841)	-	(216,841)	-
(88,055)	-	(88,055)	-
(133,284)	-	(133,284)	-
<u>(7,535,740)</u>	<u>-</u>	<u>(7,535,740)</u>	<u>-</u>
-	42,167	42,167	-
-	(124,262)	(124,262)	-
-	(82,095)	(82,095)	-
<u>(7,535,740)</u>	<u>(82,095)</u>	<u>(7,617,835)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>158,180</u>
5,580,356	-	5,580,356	-
155,002	-	155,002	-
599,290	-	599,290	-
145,173	-	145,173	-
51,780	-	51,780	-
82,791	-	82,791	-
1,205,464	-	1,205,464	-
34,797	35,036	69,833	-
42,390	-	42,390	-
116,854	-	116,854	-
<u>8,013,897</u>	<u>35,036</u>	<u>8,048,933</u>	<u>-</u>
478,157	(47,059)	431,098	158,180
<u>15,087,967</u>	<u>7,265,739</u>	<u>22,353,706</u>	<u>76,305</u>
<u>\$ 15,566,124</u>	<u>\$ 7,218,680</u>	<u>\$ 22,784,804</u>	<u>\$234,485</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Special Revenue State Street Aid Fund	Capital Projects Vehicle Replacement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 2,133,462	\$ 89,458	\$1,320,077	\$ 1,277,354	\$ 4,820,351
Investments	1,932,875	314,306	2,658	-	2,249,839
Property taxes - net	5,907,846	-	-	-	5,907,846
Grants receivable	7,000	-	-	-	7,000
Receivable - net	43,668	-	-	-	43,668
Due from other funds	18,276	326	-	1,499	20,101
Due from other governments	524,779	49,296	-	-	574,075
TOTAL ASSETS	<u>\$10,567,906</u>	<u>\$ 453,386</u>	<u>\$1,322,735</u>	<u>\$ 1,278,853</u>	<u>\$ 13,622,880</u>
LIABILITIES					
Accounts payable	\$ 98,636	\$ 86,000	\$ -	\$ -	\$ 184,636
Payable to pension	28,953	-	-	-	28,953
Accrued liabilities	50,728	-	-	-	50,728
Due to other funds	1,825	-	-	-	1,825
TOTAL LIABILITIES	<u>\$ 180,142</u>	<u>\$ 86,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,142</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	<u>\$ 5,884,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,884,420</u>
FUND BALANCES					
Restricted	\$ -	\$ 367,386	\$ -	\$ 8,666	\$ 376,052
Committed	-	-	1,322,735	1,270,187	2,592,922
Unassigned	4,503,344	-	-	-	4,503,344
TOTAL FUND BALANCES	<u>\$ 4,503,344</u>	<u>\$ 367,386</u>	<u>\$1,322,735</u>	<u>\$ 1,278,853</u>	<u>\$ 7,472,318</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances per governmental funds balance sheet	\$ 7,472,318
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,025,423
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.	(5,350,682)
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.	(468,771)
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.	(203,938)
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>91,774</u>
Net position of governmental activities	<u>\$ 15,566,124</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, 2020

	General Fund	Special Revenue State Street Aid Fund	Capital Projects Vehicle Replacement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$6,437,470	\$ -	\$ -	\$ -	\$ 6,437,470
Licenses and permits	72,619	-	-	-	72,619
Intergovernmental	1,406,946	569,221	-	-	1,976,167
Charges for services	155,709	-	-	-	155,709
Fines and forfeitures	27,507	-	-	-	27,507
Other revenues	222,028	149	82,743	1,499	306,419
TOTAL REVENUES	8,322,279	569,370	82,743	1,499	8,975,891
EXPENDITURES					
Current Expenditures					
General government	845,346	-	-	-	845,346
Public safety	3,703,131	-	-	9,864	3,712,995
Public works	1,275,327	705,862	6,203	-	1,987,392
Public welfare and recreation	949,766	-	-	-	949,766
Maintenance shop	85,930	-	-	-	85,930
Capital Outlay	189,314	293,862	60,044	61,878	605,098
Debt Service	391,284	-	-	-	391,284
TOTAL EXPENDITURES	7,440,098	999,724	66,247	71,742	8,577,811
Excess (deficiency) of revenues over (under) expenditures	882,181	(430,354)	16,496	(70,243)	398,080
OTHER FINANCING SOURCES (USES)					
Proceeds from debt issuance	-	-	-	374,496	374,496
Transfers in	-	143,439	409,471	-	552,910
Transfers out	(552,910)	-	-	-	(552,910)
Total other financing sources (uses)	(552,910)	143,439	409,471	374,496	374,496
Net changes in fund balances	329,271	(286,915)	425,967	304,253	772,576
Fund balances - beginning	4,174,073	654,301	896,768	974,600	6,699,742
Fund balances - end	\$4,503,344	\$ 367,386	\$1,322,735	\$ 1,278,853	\$ 7,472,318

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, 2020

Net change in fund balances for total governmental funds	\$ 772,576
Governmental funds report capital outlay as expenditures, however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and loss on disposal exceeds capital outlay in the current period.	(173,767)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	27,080
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.	258,000
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.	(374,496)
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.	8,966
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.	(15,502)
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>(24,700)</u>
Change in net position of governmental activities	<u>\$ 478,157</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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property taxes	\$ 5,623,841	\$ 5,623,841	\$ 5,535,816	\$ (88,025)
Interest and penalties	9,000	9,000	17,460	8,460
Public utilities	105,000	105,000	121,511	16,511
In lieu - water fund	30,000	30,000	33,491	3,491
Local option sales taxes	375,000	375,000	594,621	219,621
Wholesale beer tax	70,000	70,000	82,791	12,791
Minimum business taxes	5,300	5,300	6,446	1,146
Gross receipts tax	37,000	37,000	45,334	8,334
Total taxes	<u>6,255,141</u>	<u>6,255,141</u>	<u>6,437,470</u>	<u>182,329</u>
License and permits				
Beer and liquor license	2,220	2,220	1,620	(600)
Building permits	54,950	54,950	70,754	15,804
Other permits	225	225	245	20
Total license and permits	<u>57,395</u>	<u>57,395</u>	<u>72,619</u>	<u>15,224</u>
Intergovernmental				
Federal grants	240,789	240,789	180,210	(60,579)
TVA replacement	97,000	97,000	102,860	5,860
Fire and police supplemental	19,200	19,200	28,800	9,600
State sales tax	713,200	713,200	766,581	53,381
Telecommunication tax	2,500	2,500	223	(2,277)
State income tax and excise tax	105,000	105,000	275,134	170,134
State beer tax	4,000	4,000	3,917	(83)
Mixed drink tax	21,000	21,000	32,618	11,618
Streets and transportation	16,500	16,500	16,603	103
Total intergovernmental	<u>1,219,189</u>	<u>1,219,189</u>	<u>1,406,946</u>	<u>187,757</u>
Charges for services				
Sanitation charges for service	45,000	45,000	38,804	(6,196)
Police special services	8,000	8,000	14,952	6,952
Fingerprint fees	3,500	3,500	2,655	(845)
Library charges	13,461	13,461	7,509	(5,952)
Recreation activities	113,050	113,050	23,459	(89,591)
Mountain Arts Community Center	34,893	34,893	25,940	(8,953)
Rent	50,878	50,878	42,390	(8,488)
Total charges for services	<u>268,782</u>	<u>268,782</u>	<u>155,709</u>	<u>(113,073)</u>
Fines and forfeitures				
City court revenues	<u>35,000</u>	<u>35,000</u>	<u>27,507</u>	<u>(7,493)</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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES (Continued)				
Other revenue				
Interest earnings	\$ -	\$ -	\$ 34,611	\$ 34,611
Insurance recovery	-	-	4,066	4,066
CATV franchise	155,000	155,000	145,173	(9,827)
Sale of materials and supplies	13,000	13,000	7,323	(5,677)
Miscellaneous	44,175	44,175	24,306	(19,869)
Contributions and donations	11,300	11,300	6,549	(4,751)
Total other revenue	<u>223,475</u>	<u>223,475</u>	<u>222,028</u>	<u>(1,447)</u>
TOTAL REVENUES	<u>8,058,982</u>	<u>8,058,982</u>	<u>8,322,279</u>	<u>263,297</u>
EXPENDITURES				
Current Expenditures				
General government				
Judicial				
Salaries	37,929	37,929	37,617	312
Payroll taxes	2,902	2,902	2,834	68
Fringe benefits	4,544	4,544	2,914	1,630
Pension expense	1,816	1,816	1,774	42
Insurance	1,035	1,035	2,055	(1,020)
Miscellaneous	325	325	30	295
Office supplies	700	700	797	(97)
Operating supplies	5,225	5,225	5,180	45
Postage and printing	125	125	215	(90)
Professional and contract services	1,750	1,750	897	853
Telephone and other communications	350	350	668	(318)
Travel and training	150	150	565	(415)
Utilities	50	50	-	50
Total judicial	<u>56,901</u>	<u>56,901</u>	<u>55,546</u>	<u>1,355</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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
General government (Continued)				
Administration				
Salaries	\$ 200,317	\$ 200,317	\$ 199,642	\$ 675
Payroll taxes	15,737	15,737	15,205	532
Fringe benefits	51,169	51,169	63,351	(12,182)
Pension expense	-	-	15,666	(15,666)
Insurance	4,306	4,306	2,376	1,930
Miscellaneous	33,650	33,650	13,618	20,032
Office supplies	2,000	2,000	914	1,086
Operating supplies	3,146	4,646	5,904	(1,258)
Postage and printing	8,300	8,300	3,755	4,545
Professional and contract services	76,075	76,075	59,612	16,463
Repairs and maintenance	1,550	1,550	703	847
Telephone and other communications	1,729	1,729	2,026	(297)
Travel and training	8,000	8,000	2,247	5,753
Utilities	6,050	6,050	31,365	(25,315)
Vehicle expense	200	200	523	(323)
Total administration	<u>412,229</u>	<u>413,729</u>	<u>416,907</u>	<u>(3,178)</u>
Finance				
Salaries	109,311	109,311	105,731	3,580
Payroll taxes	8,408	8,408	7,914	494
Fringe benefits	17,056	17,056	16,619	437
Pension expense	8,705	8,705	8,309	396
Insurance	2,371	2,371	1,462	909
Miscellaneous	6,750	6,750	2,021	4,729
Office supplies	3,800	3,800	1,915	1,885
Operating supplies	31,855	31,855	32,030	(175)
Postage and printing	12,050	12,050	15,323	(3,273)
Professional and contract services	26,700	26,700	23,516	3,184
Repairs and maintenance	500	500	295	205
Telephone and other communications	950	950	2,730	(1,780)
Travel and training	2,500	2,500	2,072	428
Utilities	5,450	5,450	4,877	573
Total finance	<u>236,406</u>	<u>236,406</u>	<u>224,814</u>	<u>11,592</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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
General government (Continued)				
Building and codes				
Salaries	\$ 95,107	\$ 95,107	\$ 93,481	\$ 1,626
Payroll taxes	7,276	7,276	6,857	419
Fringe benefits	19,499	19,499	21,519	(2,020)
Pension expense	9,424	9,424	7,361	2,063
Insurance	6,214	6,214	5,259	955
Office supplies	1,000	1,000	1,422	(422)
Operating supplies	5,002	7,502	1,744	5,758
Postage and printing	3,900	3,900	2,301	1,599
Professional and contract services	5,026	5,026	954	4,072
Repairs and maintenance	3,020	3,020	555	2,465
Telephone and other communications	3,500	3,500	3,168	332
Travel and training	2,500	2,500	2,197	303
Vehicle expense	1,500	1,500	1,261	239
Total building and codes	<u>162,968</u>	<u>165,468</u>	<u>148,079</u>	<u>17,389</u>
Total general government	<u>868,504</u>	<u>872,504</u>	<u>845,346</u>	<u>27,158</u>
Public safety				
Police				
Salaries	857,573	859,573	858,434	1,139
Payroll taxes	65,604	65,604	62,398	3,206
Fringe benefits	188,505	188,505	166,263	22,242
Pension expense	97,302	97,302	94,885	2,417
Animal control	10,000	10,000	10,725	(725)
Donations	1,000	3,500	3,535	(35)
Insurance	69,415	67,915	50,038	17,877
Miscellaneous	-	-	151	(151)
Office supplies	3,000	3,000	2,849	151
Operating supplies	34,407	36,407	37,908	(1,501)
Postage and printing	4,300	4,300	1,579	2,721
Professional and contract services	124,156	124,156	119,323	4,833
Repairs and maintenance	17,180	14,680	17,720	(3,040)
Telephone and other communications	21,551	21,551	-	21,551
Travel and training	8,791	8,791	8,206	585
Utilities	6,200	6,200	5,477	723
Vehicle expense	40,000	40,000	34,564	5,436
Total police	<u>1,548,984</u>	<u>1,551,484</u>	<u>1,474,055</u>	<u>77,429</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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public safety (Continued)				
Fire protection and control services				
Salaries	\$ 984,772	\$ 984,772	\$ 993,807	\$ (9,035)
Payroll taxes	75,335	75,335	71,444	3,891
Fringe benefits	266,156	266,156	262,149	4,007
Pension expense	111,808	111,808	109,789	2,019
Insurance	67,047	67,047	64,486	2,561
Miscellaneous	20,500	20,500	9,683	10,817
Office supplies	1,990	1,990	1,905	85
Operating supplies	70,658	70,658	83,755	(13,097)
Postage and printing	3,650	3,650	2,542	1,108
Professional and contract services	61,918	61,918	60,281	1,637
Repairs and maintenance	30,430	30,430	23,366	7,064
Telephone and other communications	6,800	6,800	11,671	(4,871)
Travel and training	30,000	30,000	31,908	(1,908)
Utilities	26,400	26,400	22,001	4,399
Vehicle expense	18,000	18,000	21,507	(3,507)
Total fire protection and control services	<u>1,775,464</u>	<u>1,775,464</u>	<u>1,770,294</u>	<u>5,170</u>
Fire station grants				
Salaries	395,933	395,933	335,408	60,525
Payroll taxes	28,537	28,537	24,788	3,749
Fringe benefits	99,640	99,640	60,745	38,895
Pension expense	42,600	42,600	37,620	4,980
Insurance	13,895	13,895	221	13,674
Total fire station grants	<u>580,605</u>	<u>580,605</u>	<u>458,782</u>	<u>121,823</u>
Total public safety	<u>3,905,053</u>	<u>3,907,553</u>	<u>3,703,131</u>	<u>204,422</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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public works				
Public works administration				
Salaries	\$ 87,607	\$ 87,607	\$ 81,866	\$ 5,741
Payroll taxes	6,702	6,702	5,705	997
Fringe benefits	26,410	26,410	35,699	(9,289)
Pension expense	6,938	6,938	6,397	541
Insurance	2,057	2,057	1,323	734
Miscellaneous	500	200	-	200
Office supplies	800	700	700	-
Operating supplies	2,573	2,073	2,179	(106)
Postage and printing	1,375	1,375	1,256	119
Professional and contract services	1,400	1,200	2,593	(1,393)
Repairs and maintenance	500	500	481	19
Telephone and other communications	400	400	370	30
Travel and training	2,500	2,100	785	1,315
Utilities	2,170	2,170	1,241	929
Vehicle expense	600	600	472	128
Total public works administration	142,532	141,032	141,067	(35)
Highway and street maintenance				
Salaries	216,078	216,078	179,839	36,239
Payroll taxes	16,530	16,530	12,472	4,058
Fringe benefits	124,421	124,421	114,109	10,312
Pension expense	17,113	17,113	14,015	3,098
Insurance	28,574	28,574	23,331	5,243
Miscellaneous	1,200	1,200	707	493
Office supplies	200	200	86	114
Operating supplies	14,090	15,590	15,570	20
Paving and road repair	27,900	18,900	23,175	(4,275)
Postage and printing	450	450	301	149
Professional and contract services	1,870	1,870	441	1,429
Repairs and maintenance	33,500	20,500	48,131	(27,631)
Telephone and other communications	1,000	1,000	828	172
Travel and training	2,000	1,000	-	1,000
Utilities	2,170	2,170	1,368	802
Vehicle expense	24,800	24,800	26,883	(2,083)
Total highway and street maintenance	511,896	490,396	461,256	29,140

(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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public works (Continued)				
Solid waste department				
Salaries	\$ 215,998	\$ 215,998	\$ 200,773	\$ 15,225
Payroll taxes	16,524	16,524	14,011	2,513
Fringe benefits	25,529	25,529	23,433	2,096
Pension expense	14,136	14,136	18,478	(4,342)
Insurance	20,739	20,739	16,413	4,326
Landfill - hauling services	110,009	110,009	101,685	8,324
Landfill services	120,000	120,000	114,463	5,537
Miscellaneous	2,850	2,850	2,358	492
Office supplies	300	300	120	180
Operating supplies	2,262	2,262	5,249	(2,987)
Postage and printing	1,250	1,250	846	404
Professional and contract services	45,000	45,000	47,369	(2,369)
Repair and maintenance	23,300	23,300	46,574	(23,274)
Telephone and other communications	480	480	141	339
Travel and training	800	800	-	800
Utilities	2,170	2,170	1,180	990
Vehicle expense	38,400	38,400	25,112	13,288
Total solid waste department	639,747	639,747	618,205	21,542
Recycling centers				
Salaries	8,812	8,812	8,264	548
Payroll taxes	674	674	584	90
Fringe benefits	2,371	2,371	2,146	225
Pension expense	698	698	655	43
Insurance	783	783	603	180
Operating supplies	1,030	1,030	418	612
Professional and contract services	41,112	41,112	37,443	3,669
Repair and maintenance	1,750	1,750	3,120	(1,370)
Telephone and other communications	600	600	510	90
Utilities	1,150	1,150	1,056	94
Total recycling centers	58,980	58,980	54,799	4,181
Total public works	1,353,155	1,330,155	1,275,327	54,828

(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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation				
Mountain Arts Community Center				
Salaries	\$ 88,784	\$ 88,784	\$ 61,431	\$ 27,353
Payroll taxes	6,792	6,792	4,599	2,193
Fringe benefits	7,661	7,661	4,911	2,750
Pension expense	4,147	4,147	2,479	1,668
Insurance	5,798	5,798	5,095	703
Miscellaneous	500	500	63	437
Office supplies	1,500	1,500	840	660
Operating supplies	9,829	11,579	8,589	2,990
Postage and printing	8,310	8,310	9,750	(1,440)
Professional and contract services	5,500	5,500	1,751	3,749
Repairs and maintenance	8,800	8,800	15,169	(6,369)
Telephone and other communications	2,000	2,000	2,133	(133)
Travel and training	1,250	1,250	-	1,250
Utilities	26,000	26,000	27,325	(1,325)
Vehicle expense	100	100	51	49
Total Mountain Arts Community Center	<u>176,971</u>	<u>178,721</u>	<u>144,186</u>	<u>34,535</u>
Recreation administration				
Salaries	58,642	58,642	57,771	871
Payroll taxes	4,486	4,486	4,105	381
Fringe benefits	694	694	776	(82)
Pension expense	4,644	4,644	4,637	7
Insurance	1,233	1,233	1,903	(670)
Miscellaneous	100	100	30	70
Office supplies	650	650	68	582
Operating supplies	-	2,500	1,822	678
Postage and printing	3,800	3,800	314	3,486
Repairs and maintenance	150	150	432	(282)
Telephone and other communications	2,180	2,180	1,201	979
Travel and training	1,500	1,500	179	1,321
Utilities	1,200	1,200	198	1,002
Total recreation administration	<u>79,279</u>	<u>81,779</u>	<u>73,436</u>	<u>8,343</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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Pool				
Salaries	\$ 46,694	\$ 49,894	\$ 27,852	\$ 22,042
Payroll tax	4,170	4,170	2,117	2,053
Pension expense	619	619	359	260
Insurance	4,411	4,411	2,597	1,814
Miscellaneous	1,500	1,500	1,129	371
Office supplies	600	600	299	301
Operating supplies	17,400	17,400	10,496	6,904
Repairs and maintenance	23,500	18,000	11,701	6,299
Telephone and other communications	400	900	356	544
Utilities	30,000	35,000	36,344	(1,344)
Total pool	<u>129,294</u>	<u>132,494</u>	<u>93,250</u>	<u>39,244</u>
Concessions				
Salaries	8,400	8,400	2,058	6,342
Payroll tax	643	643	157	486
Insurance	617	617	501	116
Operating supplies	<u>21,000</u>	<u>6,000</u>	<u>1,563</u>	<u>4,437</u>
Total concessions	<u>30,660</u>	<u>15,660</u>	<u>4,279</u>	<u>11,381</u>
Parks and recreation maintenance				
Salaries	111,217	111,217	113,546	(2,329)
Payroll taxes	7,910	7,910	8,173	(263)
Fringe benefits	32,781	32,781	31,049	1,732
Pension expense	6,812	6,812	6,727	85
Donations	-	-	1,800	(1,800)
Insurance	6,777	6,777	4,801	1,976
Miscellaneous	-	-	296	(296)
Operating supplies	8,900	11,000	8,661	2,339
Professional and contract services	-	-	967	(967)
Repairs and maintenance	22,500	27,400	21,039	6,361
Telephone and other communications	1,000	1,000	42	958
Utilities	4,800	4,800	1,352	3,448
Vehicle expense	<u>7,500</u>	<u>7,500</u>	<u>6,764</u>	<u>736</u>
Total parks and recreation maintenance	<u>210,197</u>	<u>217,197</u>	<u>205,217</u>	<u>11,980</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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Tennis courts				
Insurance	\$ 1,473	\$ 1,473	\$ 2,289	\$ (816)
Operating supplies	1,700	1,700	1,382	318
Repairs and maintenance	9,000	9,000	10,211	(1,211)
Telephone and other communications	-	-	89	(89)
Utilities	1,000	1,000	540	460
Total tennis courts	13,173	13,173	14,511	(1,338)
Ballfield				
Insurance	1,429	1,929	1,903	26
Operating supplies	5,600	5,600	1,965	3,635
Repairs and maintenance	19,000	19,000	10,334	8,666
Utilities	10,000	9,500	8,678	822
Total ballfield	36,029	36,029	22,880	13,149
Gym				
Salaries	27,105	27,105	20,413	6,692
Payroll taxes	2,074	2,074	1,559	515
Insurance	3,008	3,008	2,264	744
Miscellaneous	100	100	32	68
Operating supplies	3,500	3,500	1,867	1,633
Repairs and maintenance	3,500	3,500	3,807	(307)
Utilities	12,500	12,500	10,943	1,557
Total gym	51,787	51,787	40,885	10,902
Facilities maintenance				
Salaries	8,572	8,572	8,370	202
Payroll taxes	656	656	623	33
Fringe benefits	1,886	1,886	1,682	204
Pension expense	679	679	663	16
Insurance	1,237	1,237	970	267
Miscellaneous	150	150	-	150
Office supplies	350	350	-	350
Operating supplies	12,500	13,004	11,638	1,366
Postage and printing	300	300	110	190
Professional and contract services	33,150	38,650	27,967	10,683
Repairs and maintenance	75,366	77,166	84,566	(7,400)
Telephone	1,500	3,000	2,833	167
Vehicle expense	700	700	89	611
Total facilities maintenance	137,046	146,350	139,511	6,839

(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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Library				
Salaries	\$ 125,669	\$ 125,669	\$ 121,520	\$ 4,149
Payroll taxes	9,614	9,614	9,335	279
Fringe benefits	15,208	15,208	14,688	520
Pension expense	6,872	6,872	7,653	(781)
Insurance	3,555	3,555	2,843	712
Miscellaneous	70	70	-	70
Office supplies	3,500	3,500	4,552	(1,052)
Operating supplies	24,743	24,743	26,020	(1,277)
Postage and printing	2,250	2,250	2,198	52
Professional and contract services	10,980	10,980	7,188	3,792
Repairs and maintenance	6,000	6,000	7,506	(1,506)
Telephone and other communications	1,000	1,000	1,076	(76)
Travel and training	400	400	125	275
Utilities	11,250	11,250	6,907	4,343
Total library	<u>221,111</u>	<u>221,111</u>	<u>211,611</u>	<u>9,500</u>
Total public welfare and recreation	<u>1,085,547</u>	<u>1,094,301</u>	<u>949,766</u>	<u>144,535</u>
Maintenance shop				
Salaries	44,719	44,719	39,168	5,551
Payroll taxes	3,421	3,421	2,823	598
Fringe benefits	429	429	-	429
Pension expense	3,542	3,542	3,097	445
Insurance	3,517	3,517	3,969	(452)
Miscellaneous	100	100	-	100
Office supplies	50	50	142	(92)
Operating supplies	7,766	7,766	7,533	233
Professional and contract services	1,400	1,400	2,544	(1,144)
Repairs and maintenance	2,600	2,600	2,930	(330)
Telephone and other communications	1,980	1,980	1,667	313
Travel and training	500	500	785	(285)
Utilities	19,555	19,555	17,235	2,320
Vehicle expense	4,200	4,200	4,037	163
Total maintenance shop	<u>93,779</u>	<u>93,779</u>	<u>85,930</u>	<u>7,849</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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Capital Outlay				
General government	\$ 10,000	\$ 6,000	\$ 5,752	\$ 248
Public safety	42,500	88,616	87,644	972
Public works	2,000	25,000	-	25,000
Public welfare and recreation	220,050	206,496	95,918	110,578
Total capital outlay	<u>274,550</u>	<u>326,112</u>	<u>189,314</u>	<u>136,798</u>
Debt Service				
Principal paid	258,000	258,000	258,000	-
Interest	135,255	135,255	133,284	1,971
Total debt service	<u>393,255</u>	<u>393,255</u>	<u>391,284</u>	<u>1,971</u>
TOTAL EXPENDITURES	<u>7,973,843</u>	<u>8,017,659</u>	<u>7,440,098</u>	<u>577,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,139</u>	<u>41,323</u>	<u>882,181</u>	<u>840,858</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(369,910)</u>	<u>(369,910)</u>	<u>(552,910)</u>	<u>(183,000)</u>
Net changes in fund balances	(284,771)	(328,587)	329,271	657,858
Fund balances - beginning	<u>4,174,073</u>	<u>4,174,073</u>	<u>4,174,073</u>	<u>-</u>
Fund balances - end	<u>\$ 3,889,302</u>	<u>\$ 3,845,486</u>	<u>\$ 4,503,344</u>	<u>\$ 657,858</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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental				
Grants	\$ 1,166,596	\$ 1,166,596	\$ 273,047	\$ (893,549)
Streets and transportation	300,000	300,000	296,174	(3,826)
Total intergovernmental	<u>1,466,596</u>	<u>1,466,596</u>	<u>569,221</u>	<u>(897,375)</u>
Other revenues				
Interest earnings	<u>100</u>	<u>100</u>	<u>149</u>	<u>49</u>
TOTAL REVENUES	<u>1,466,696</u>	<u>1,466,696</u>	<u>569,370</u>	<u>(897,326)</u>
EXPENDITURES				
Current Expenditures				
Public works				
Highways and street maintenance				
Street lighting (electricity)	22,000	22,000	23,539	(1,539)
Engineering	5,000	5,000	-	5,000
Tree removal	14,000	14,000	13,700	300
Repairs and maintenance	730,439	730,439	648,603	81,836
Paint and stripping	<u>15,000</u>	<u>15,000</u>	<u>20,020</u>	<u>(5,020)</u>
Total public works	<u>786,439</u>	<u>786,439</u>	<u>705,862</u>	<u>80,577</u>
Capital Outlay				
Public works				
Highways and street maintenance				
Street infrastructure	-	277,055	293,205	(16,150)
Improvements	<u>643,454</u>	<u>43,454</u>	<u>657</u>	<u>42,797</u>
Total public works	<u>643,454</u>	<u>320,509</u>	<u>293,862</u>	<u>26,647</u>
TOTAL EXPENDITURES	<u>1,429,893</u>	<u>1,106,948</u>	<u>999,724</u>	<u>107,224</u>
Excess (deficiency) of revenues over (under) expenditures	36,803	359,748	(430,354)	(790,102)
OTHER FINANCING SOURCE (USES)				
Transfers in	<u>(39,561)</u>	<u>(39,561)</u>	<u>143,439</u>	<u>183,000</u>
Net changes in fund balances	(2,758)	320,187	(286,915)	607,102
Fund balances - beginning	<u>654,301</u>	<u>654,301</u>	<u>654,301</u>	<u>-</u>
Fund balances - end	<u>\$ 651,543</u>	<u>\$ 974,488</u>	<u>\$ 367,386</u>	<u>\$ (607,102)</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Proprietary Funds
Statement of Net Position
June 30, 2020

	Enterprise Funds		
	Water Fund	Stormwater Fund	Totals
ASSETS			
Current assets			
Cash	\$ 855,858	\$ 497,155	\$ 1,353,013
Investments	2,199,517	44,102	2,243,619
Receivable - net	243,163	-	243,163
Inventories	82,805	-	82,805
Total current assets	<u>3,381,343</u>	<u>541,257</u>	<u>3,922,600</u>
Non-current assets			
Capital assets			
Other capital assets - net of accumulated depreciation	3,724,427	199,806	3,924,233
TOTAL ASSETS	<u>\$ 7,105,770</u>	<u>\$ 741,063</u>	<u>\$ 7,846,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	\$ 55,277	\$ 36,368	\$ 91,645
Deferred outflows related to OPEB	5,031	2,874	7,905
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 60,308</u>	<u>\$ 39,242</u>	<u>\$ 99,550</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 264,222	\$ 38,908	\$ 303,130
Due to other funds	11,746	6,530	18,276
Total current liabilities	<u>275,968</u>	<u>45,438</u>	<u>321,406</u>
Non-current liabilities			
Customer deposits	197,310	-	197,310
Compensated absences payable	21,335	6,365	27,700
Net pension liability	76,110	45,164	121,274
Net OPEB liability	13,259	7,578	20,837
Total non-current liabilities	<u>308,014</u>	<u>59,107</u>	<u>367,121</u>
TOTAL LIABILITIES	<u>\$ 583,982</u>	<u>\$ 104,545</u>	<u>\$ 688,527</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 17,118	\$ 9,784	\$ 26,902
Deferred inflows related to OPEB	7,811	4,463	12,274
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 24,929</u>	<u>\$ 14,247</u>	<u>\$ 39,176</u>
NET POSITION			
Investment in capital assets	\$ 3,724,427	\$ 199,806	\$ 3,924,233
Unrestricted	2,832,740	461,707	3,294,447
TOTAL NET POSITION	<u>\$ 6,557,167</u>	<u>\$ 661,513</u>	<u>\$ 7,218,680</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, 2020

	Enterprise Funds		
	Water	Stormwater	
	Fund	Fund	Total
OPERATING REVENUES			
Water sales	\$ 1,527,762	\$ -	\$ 1,527,762
Stormwater user fees	-	299,729	299,729
Water service fees	62,617	-	62,617
Other revenue	19,658	-	19,658
Total operating revenues	<u>1,610,037</u>	<u>299,729</u>	<u>1,909,766</u>
OPERATING EXPENSES			
Water purchases	485,823	-	485,823
Power and pumping	212,208	-	212,208
Treatment and transmission	132,570	-	132,570
Maintenance	375,300	-	375,300
Stormwater operations	-	390,364	390,364
Administration	208,027	-	208,027
Depreciation	<u>151,970</u>	<u>33,627</u>	<u>185,597</u>
Total operating expenses	<u>1,565,898</u>	<u>423,991</u>	<u>1,989,889</u>
Operating income	<u>44,139</u>	<u>(124,262)</u>	<u>(80,123)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest earnings	34,268	768	35,036
Amortization expense	<u>(1,972)</u>	<u>-</u>	<u>(1,972)</u>
Total non-operating revenues (expenses)	<u>32,296</u>	<u>768</u>	<u>33,064</u>
Changes in net position	76,435	(123,494)	(47,059)
Net position - beginning	<u>6,480,732</u>	<u>785,007</u>	<u>7,265,739</u>
Net position - end	<u>\$ 6,557,167</u>	<u>\$ 661,513</u>	<u>\$ 7,218,680</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, 2020

	Enterprise Funds		
	Water Fund	Stormwater Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,771,453	\$ 299,729	\$ 2,071,182
Payments to suppliers	(1,007,152)	(225,489)	(1,232,641)
Payments to employees	(309,620)	(152,497)	(462,117)
Net cash provided (used) by operating activities	<u>454,681</u>	<u>(78,257)</u>	<u>376,424</u>
Cash Flows from Non-capital and Related Financing Activities			
Due to/from other funds	<u>(33,888)</u>	<u>70,139</u>	<u>36,251</u>
Cash Flows from Capital and Related Financing Activities			
Amortization of customer lists	(1,972)	-	(1,972)
Acquisitions and construction of capital assets	(216,453)	-	(216,453)
Net cash provided (used) by capital and related financing activities	<u>(218,425)</u>	<u>-</u>	<u>(218,425)</u>
Cash Flows from Investing Activities			
(Purchase) sale of investments	(34,253)	(687)	(34,940)
Interest revenue received	<u>34,268</u>	<u>768</u>	<u>35,036</u>
Net cash provided (used) by investing activities	<u>15</u>	<u>81</u>	<u>96</u>
Net increase (decrease) in cash	202,383	(8,037)	194,346
Cash - beginning	<u>653,475</u>	<u>505,192</u>	<u>1,158,667</u>
Cash - end	<u>\$ 855,858</u>	<u>\$ 497,155</u>	<u>\$ 1,353,013</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 44,139	\$ (124,262)	\$ (80,123)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	151,970	33,627	185,597
Increase (decrease) in net pension liability	(18,013)	(10,293)	(28,306)
Increase (decrease) in deferred inflows related to pensions	5,987	3,422	9,409
(Increase) decrease in deferred outflows related to pensions	11,320	6,468	17,788
Increase (decrease) in net OPEB liability	6,848	3,914	10,762
Increase (decrease) in deferred inflows related to OPEB	(872)	(499)	(1,371)
(Increase) decrease in deferred outflows related to OPEB	(4,757)	(2,718)	(7,475)
(Increase) decrease in receivable - net	161,416	-	161,416
(Increase) decrease in inventories	(1,029)	-	(1,029)
(Increase) decrease in customer lists	1,972	-	1,972
Increase (decrease) in accounts payable	122,045	19,575	141,620
Increase (decrease) in accrued liabilities	(5,631)	(4,853)	(10,484)
Increase (decrease) in compensated absences payable	(2,384)	(2,638)	(5,022)
Increase (decrease) in customer deposits	(18,330)	-	(18,330)
Total adjustments	<u>410,542</u>	<u>46,005</u>	<u>456,547</u>
Net cash provided (used) by operating activities	<u>\$ 454,681</u>	<u>\$ (78,257)</u>	<u>\$ 376,424</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Notes to Financial Statements
June 30, 2020

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.

Vehicle Replacement Fund

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

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 increased by \$43,816.

State Street Aid Fund: Budgeted expenditures decreased by \$322,945.

Building Construction Fund: Budgeted expenditures increased by \$110,000.

Water Fund: Budgeted expenses decreased by \$565,000.

Stormwater Fund: Budgeted expenses increased \$120,000.

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, 2020, 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:

Asset Class

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, 2020, and December 1, 2020, 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, 2020, the carrying amount of the Town's deposits was \$6,174,627, and the bank balance was \$6,282,403. 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	\$ 6,173,364
Investments	4,493,458
Less: Investments in LGIP	(4,490,800)
Petty cash	(1,395)
Total	<u>\$ 6,174,627</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, 2020. The Weighted Average Maturity had a range of 1 to 105 days as of June 30, 2020.

NOTE 3 - PROPERTY TAXES - NET

Tax rate for the 2020 levy is \$1.8866 per \$100 of assessed valuation and the tax rate for the 2019 levy is \$1.8866 per \$100 of assessed valuation.

Property taxes for the 2020 levy are considered to be owed to the Town as of the lien date on January 1, 2020. Therefore, the entire 2020 levy was recorded as a receivable and deferred revenue as of June 30, 2020.

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

Lien date	January 1, 2020
Levy date	January 1, 2020
Tax bills mailed	October 1, 2019
Payment due date	October 1, 2019
	Through February 28, 2020
Delinquency date	March 1, 2020

Property taxes receivable as of June 30, 2020, are composed of the following:

<u>Year of Levy</u>	
2020	\$ 5,792,646
2019	135,336
2018	24,691
2017	17,292
2016	5,997
2015	2,997
2014	3,747
2013	26,629
2012	19,801
2011	<u>14,934</u>
	6,044,070
Less: allowance for uncollectibles	<u>(136,224)</u>
Property taxes receivable - net	<u>\$ 5,907,846</u>

NOTE 4 - GRANTS RECEIVABLE

At year end, grants receivable consists of the following:

U.S. Department of Homeland Security	<u>\$ 7,000</u>
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NOTE 5 - RECEIVABLE - NET

Accounts and other receivables at June 30, 2020, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Customer accounts	\$ -	\$ 246,095	\$ 246,095
Wholesale beer tax	8,235	-	8,235
Franchise tax	35,425	-	35,425
Other	8	-	8
	<u>43,668</u>	<u>246,095</u>	<u>289,763</u>
Less allowance for uncollectible accounts	<u>-</u>	<u>(2,932)</u>	<u>(2,932)</u>
Total	<u>\$ 43,668</u>	<u>\$ 243,163</u>	<u>\$ 286,831</u>

Bad debt expense was \$0 for year ended June 30, 2020.

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Due from other governments as of June 30, 2020, consists of the following receivables from the State of Tennessee:

State income tax	\$ 251,741
State street aid revenues	49,296
City streets and transportation revenues	2,767
Mixed drink tax revenue	4,065
State sales tax revenue	136,124
Local sales tax revenue	115,208
Business tax revenue	<u>14,874</u>
Total	<u>\$ 574,075</u>

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

NOTE 7 - INTERNAL BALANCES

Internal balances at June 30, 2020, consist of the following:

	Due from:			
Due to:	General Fund	Water Fund	Stormwater Fund	Total
General Fund	\$ -	\$ 11,746	\$ 6,530	\$ 18,276
State Street Aid	326	-	-	326
Drug Fund	<u>1,499</u>	<u>-</u>	<u>-</u>	<u>1,499</u>
	<u>\$ 1,825</u>	<u>\$ 11,746</u>	<u>\$ 6,530</u>	<u>\$ 20,101</u>

Amounts paid by the General Fund on behalf of the Water Fund and Stormwater Fund are to be reimbursed in the next fiscal year. Amounts paid by the State Street Aid Fund and Drug 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, 2020, 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	11,867,065	143,452	(18,231)	11,992,286
Equipment	5,486,358	179,170	(200,829)	5,464,699
Public improvements (infrastructure)	<u>4,346,946</u>	<u>293,205</u>	<u>-</u>	<u>4,640,151</u>
Total capital assets being depreciated	<u>21,700,369</u>	<u>615,827</u>	<u>(219,060)</u>	<u>22,097,136</u>
Less accumulated depreciation for:				
Buildings and other improvements	3,907,767	287,842	(18,231)	4,177,378
Equipment	3,379,760	372,820	(194,288)	3,558,292
Public improvements (infrastructure)	<u>1,057,965</u>	<u>122,391</u>	<u>-</u>	<u>1,180,356</u>
Total accumulated depreciation	<u>8,345,492</u>	<u>783,053</u>	<u>(212,519)</u>	<u>8,916,026</u>
Total capital assets being depreciated - net	<u>13,354,877</u>	<u>(167,226)</u>	<u>(6,541)</u>	<u>13,181,110</u>
Governmental activities capital assets - net	<u>\$ 14,199,190</u>	<u>\$ (167,226)</u>	<u>\$ (6,541)</u>	<u>\$ 14,025,423</u>

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

General government	\$ 28,918
Public safety	298,335
Public works	320,194
Public welfare and recreation	134,303
Maintenance shop	<u>1,303</u>
Total	<u>\$ 783,053</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	\$ 7,820,644	\$ -	\$ -	\$ 7,820,644
Equipment	<u>1,262,148</u>	<u>216,453</u>	<u>(144,915)</u>	<u>1,333,686</u>
Total capital assets being depreciated	<u>9,082,792</u>	<u>216,453</u>	<u>(144,915)</u>	<u>9,154,330</u>
Less accumulated depreciation for:				
Plant in service	4,239,766	134,326	-	4,374,092
Equipment	<u>949,649</u>	<u>51,271</u>	<u>(144,915)</u>	<u>856,005</u>
Total capital depreciation	<u>5,189,415</u>	<u>185,597</u>	<u>(144,915)</u>	<u>5,230,097</u>
Total capital assets being depreciated - net	<u>3,893,377</u>	<u>30,856</u>	<u>-</u>	<u>3,924,233</u>
Business-type activities capital assets - net	<u>\$ 3,893,377</u>	<u>\$ 30,856</u>	<u>\$ -</u>	<u>\$ 3,924,233</u>

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

Water	\$ 151,970
Stormwater	<u>33,627</u>
Total	<u>\$ 185,597</u>

NOTE 9 - DEFERRED OUTFLOWS RELATED TO PENSIONS

Deferred outflows related to pensions at June 30, 2020, consists of the following:

Beginning balance	\$ 952,769
Difference in actuarial experience	(110,964)
Difference in investment earnings	(121,270)
Prior year employer contributions	(381,374)
Current year employer contributions	382,654
Change in assumptions	(52,029)
Netting investment earnings	<u>121,270</u>
Total	<u>\$ 791,056</u>

NOTE 10 - DEFERRED OUTFLOWS RELATED TO OPEB

Deferred outflows related to OPEB at June 30, 2020, consists of the following:

Beginning balance	\$ 3,920
Prior year prepaid benefit payments	(186)
Current year prepaid benefit payments	1,408
Change in deferrals	<u>66,734</u>
Total	<u>\$ 71,876</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, \$3,000,000 at 3.00%, due 05/25/2035	\$ 2,313,000
Tennessee Municipal Bond, Series 2017, \$3,000,000 at 2.79%, due 10/01/2037	2,769,000
Compensated absences payable	<u>268,682</u>
	5,350,682
Less: current portion of governmental long-term debt	<u>(263,000)</u>
Total governmental long-term debt	<u>\$ 5,087,682</u>

A summary of changes in governmental long-term debt, not including compensated absences, for the year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Amount Due Within One Year
Other debt	\$ -	\$ -	\$ -	\$ -	\$ -
Direct borrowings and direct placements	<u>4,965,504</u>	<u>374,496</u>	<u>(258,000)</u>	<u>5,082,000</u>	<u>263,000</u>
Total	<u>\$ 4,965,504</u>	<u>\$ 374,496</u>	<u>\$ (258,000)</u>	<u>\$ 5,082,000</u>	<u>\$ 263,000</u>

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

The Town does not have unused lines of credit.

Interest paid during the year ended June 30, 2020, on governmental long-term debt was \$133,284.

Government fund debt service requirements to maturity, including interest of \$1,321,972 are as follows:

Year ended June 30	Other Debt		Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2021	\$ -	\$ -	\$ 263,000	\$ 144,957	\$ 407,957
2022	-	-	268,000	137,279	405,279
2023	-	-	272,000	129,458	401,458
2024	-	-	278,000	121,509	399,509
2025	-	-	284,000	113,388	397,388
2026-2030	-	-	1,502,000	439,639	1,941,639
2031-2035	-	-	1,654,000	211,986	1,865,986
2036-2038	<u>-</u>	<u>-</u>	<u>561,000</u>	<u>23,756</u>	<u>584,756</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,082,000</u>	<u>\$ 1,321,972</u>	<u>\$ 6,403,972</u>

Note: A debt service requirements schedule is not necessary for compensated absences.

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>\$ 21,335</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	<u>Amount</u>
	<u>July 1, 2019</u>			<u>June 30, 2020</u>	<u>Due Within</u>
Compensated absences	<u>\$ 23,719</u>	<u>\$ -</u>	<u>\$ (2,384)</u>	<u>\$ 21,335</u>	<u>One Year</u>
					<u>\$ -</u>
Less: current portion of water long-term debt				<u>-</u>	
Total water long-term debt				<u>\$ 21,335</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>\$6,365</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	<u>Amount</u>
	<u>July 1, 2019</u>			<u>June 30, 2020</u>	<u>Due Within</u>
Compensated absences	<u>\$ 9,003</u>	<u>\$ -</u>	<u>\$ (2,638)</u>	<u>\$ 6,365</u>	<u>One Year</u>
					<u>\$ -</u>
Less: current portion of stormwater long-term debt				<u>-</u>	
Total stormwater long-term debt				<u>\$ 6,365</u>	

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

NOTE 12 - NET PENSION LIABILITY

Net pension liability at June 30, 2020, consists of the following:

Beginning balance	\$ 1,329,131
Prior year employer contributions	(381,374)
Pension expense	372,578
Difference in actuarial experience	(131,041)
Difference in investment earnings	(65,468)
Changes in assumptions	<u>(52,029)</u>
Total	<u>\$ 1,071,797</u>

NOTE 13 - NET OPEB LIABILITY

Net OPEB liability at June 30, 2020 consists of the following:

Beginning balance	\$ 91,603
OPEB plan expense	18,826
Change in deferrals	79,198
Prepaid benefit payments	<u>(186)</u>
Total	<u>\$ 189,441</u>

NOTE 14 - DEFERRED INFLOWS RELATED TO PENSIONS

Deferred inflows related to pension at June 30, 2020, consists of the following:

Beginning balance	\$ 159,016
Difference in actuarial experience	20,077
Difference in investment earnings	<u>(55,802)</u>
Netting investment earnings	<u>121,270</u>
Total	<u>\$ 244,561</u>

NOTE 15 - DEFERRED INFLOWS RELATED TO OPEB

Deferred inflows related to OPEB at June 30, 2020, consists of the following:

Beginning balance	\$ 124,043
Change in deferrals	<u>(12,464)</u>
Total	<u>\$ 111,579</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>\$91,774</u>	<u>\$ 5,792,646</u>	<u>\$5,884,420</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:

\$8,666 is legally restricted for use in investigations of drug-related violations and drug prevention programs.

\$367,386 is legally restricted for use in the State Street Aid Fund for street expenditures.

NOTE 18 - FUND BALANCES

Fund balances are as follows:

Restricted: \$8,666 is legally restricted for use in investigations of drug-related violations and drug prevention programs. \$367,386 is legally restricted for use in the State Street Aid Fund for street expenditures.

Committed: \$1,322,735 is committed for the purchase of mobile assets. \$1,270,187 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:

	<u>Transfers to:</u>		<u>Total</u>
	<u>State Street Aid Fund</u>	<u>Vehicle Replacement Fund</u>	
<u>Transfer from:</u>			
General Fund	<u>\$ 143,439</u>	<u>\$ 409,471</u>	<u>\$ 552,910</u>

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.

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 \$(5,350,682) difference are as follows:

Bonds payable	\$ (5,082,000)
Compensated absences	<u>(268,682)</u>
Net adjustment	<u>\$ (5,350,682)</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 \$(468,771) difference are as follows:

Deferred outflows related to pensions	\$ 699,411
Net pension liability	(950,523)
Deferred inflows related to pensions	<u>(217,659)</u>
Net adjustment	<u>\$ (468,771)</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 \$(203,938) difference are as follows:

Deferred outflows related to OPEB	\$ 63,971
Net OPEB liability	(168,604)
Deferred inflows related to OPEB	<u>(99,305)</u>
Net adjustment	<u>\$ (203,938)</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 \$(173,767) difference are as follows:

Capital outlay	\$ 615,827
Depreciation expense	(783,053)
Loss on disposal	<u>(6,541)</u>
Net adjustment	<u>\$ (173,767)</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 \$258,000 difference are as follows:

Bond - Series 2015	\$ 141,000
Bond - Series 2017	<u>117,000</u>
Net adjustment	<u>\$ 258,000</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 \$8,966 difference are as follows:

Pension expense	\$ (331,596)
Contributions	<u>340,562</u>
Net adjustment	<u>\$ 8,966</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 \$(15,502) difference are as follows:

OPEB expense	\$ (16,755)
Contributions	<u>1,253</u>
Net adjustment	<u>\$ (15,502)</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 nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	80
Active employees	<u>83</u>
Total employees	<u>206</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, 2020, the employer contributions for Signal Mountain were \$382,654 based on a rate of 9.83 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, 2019, 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 the June 30, 2019 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, 2019 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%
		<u>100%</u>

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 6/30/18	<u>\$ 9,789,543</u>	<u>\$ 8,460,412</u>	<u>\$ 1,329,131</u>
Changes for the year:			
Service cost	283,071	-	283,071
Interest	715,422	-	715,422
Differences between expected and actual experience	(63,796)	-	(63,796)
Changes in assumptions	-	-	-
Contributions - employer	-	381,374	(381,374)
Contributions - employees	-	182,492	(182,492)
Net investment income	-	635,439	(635,439)
Benefit payments, including refunds of employee contributions	(409,437)	(409,437)	-
Administrative expense	-	(7,274)	7,274
Other changes	-	-	-
Net changes	<u>525,260</u>	<u>782,594</u>	<u>(257,334)</u>
Balances at 6/30/19	<u>\$ 10,314,803</u>	<u>\$ 9,243,006</u>	<u>\$ 1,071,797</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)	\$ 2,287,572	\$ 1,071,797	\$ 55,134

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, 2020, Signal Mountain recognized pension expense (negative pension expense) of \$ 372,578.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2020, 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	\$ 252,315	\$ 141,091
Net difference between projected and actual earnings on pension plan investments	-	103,470
Changes in assumptions	156,087	-
Contributions subsequent to the measurement date of June 30, 2019	<u>382,654</u>	<u>(not applicable)</u>
Total	<u>\$ 791,056</u>	<u>\$ 244,561</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2019,” 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:

2021	\$ 115,107
2022	\$ 19,862
2023	\$ 22,958
2024	\$ 16,548
2025	\$ (10,633)
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, 2020, Signal Mountain reported a payable of \$28,953 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

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	\$22,349,321 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, 2020. No provision has been made in the financial statements for the year ended June 30, 2020, 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, 2019, 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>80</u>
Total	<u>80</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, 2020, the Town of Signal Mountain, Tennessee paid \$1,408 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions

The total OPEB liability in the June 30, 2019 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	6.03% for pre-65 in 2019, decreasing annually over a 10 year period to an ultimate rate of 4.50%. 5.20% for post-65 in 2019, decreasing annually over a 4 year period to an ultimate rate of 4.50%.
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, 2019, valuations were the same as those employed in the July 1, 2018 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 3.51 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as show on the Bond Buyer 20-Year Municipal GO AA index.

Changes in the Total OPEB Liability

LGOP

	Total OPEB Liability (a)
Total OPEB liability - beginning balance	<u>\$ 91,603</u>
Changes for the year:	
Service cost	18,725
Interest	3,991
Changes of benefit terms	-
Differences between expected and actual experience	67,533
Change in assumptions	7,775
Benefit payments	<u>(186)</u>
Net changes	<u>97,838</u>
Total OPEB liability - ending balance	<u>\$ 189,441</u>

Changes in assumptions

The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate

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

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability	<u>\$ 209,795</u>	<u>\$ 189,441</u>	<u>\$ 170,844</u>

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 (5.03% /4.20%) decreasing to 3.50%)	Healthcare Cost Trend Rates (6.03% /5.20%) decreasing to 4.5%)	1% Increase (7.03% /6.20%) decreasing to 5.50%)
Total OPEB liability	<u>\$ 162,419</u>	<u>\$ 189,441</u>	<u>\$ 222,515</u>

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, 2020, the Town of Signal Mountain, Tennessee recognized OPEB expense of \$18,826.

Deferred outflows of resources and deferred inflows of resources

For the fiscal year ended June 30, 2020, 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	\$ 60,176	\$ 103,568
Changes of assumptions	10,292	8,011
Employer payments subsequent to the measurement date	<u>1,408</u>	<u>-</u>
Total	<u>\$ 71,876</u>	<u>\$ 111,579</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:

2021	\$ (3,890)
2022	\$ (3,890)
2023	\$ (3,890)
2024	\$ (3,890)
2025	\$ (3,890)
Thereafter	\$ (21,661)

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, 2020

Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Total pension liability</u>			
Service cost	\$ 186,105	\$ 185,659	\$ 209,761
Interest	517,825	543,568	585,726
Changes in benefit terms	-	-	-
Differences between actual and expected experience	(22,661)	183,963	298,664
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(320,690)	(354,485)	(395,879)
Net change in total pension liability (asset)	360,579	558,705	698,272
Total pension liability (asset) - beginning	6,878,576	7,239,155	7,797,860
Total pension liability (asset) - ending (a)	<u>\$ 7,239,155</u>	<u>\$ 7,797,860</u>	<u>\$ 8,496,132</u>
 <u>Plan fiduciary net position</u>			
Contributions - employer	\$ 251,361	\$ 267,550	\$ 315,781
Contributions - employee	122,475	128,542	150,718
Net investment income	906,655	197,493	176,702
Benefit payments, including refunds of employee contributions	(320,690)	(354,485)	(395,879)
Administrative expense	(2,524)	(3,330)	(5,286)
Other	-	-	-
Net change in plan fiduciary net position	957,277	235,770	242,036
Plan fiduciary net position - beginning	5,435,885	6,393,162	6,628,932
Plan fiduciary net position - ending (b)	<u>\$ 6,393,162</u>	<u>\$ 6,628,932</u>	<u>\$ 6,870,968</u>
 Net Pension Liability (asset) - ending (a) - (b)	<u>\$ 845,993</u>	<u>\$ 1,168,928</u>	<u>\$ 1,625,164</u>
 Plan fiduciary net position as a percentage of total pension liability	88.31%	85.01%	80.87%
 Covered payroll	\$ 2,449,490	\$ 2,569,954	\$ 3,025,668
 Net pension liability (asset) as a percentage of covered payroll	34.54%	45.48%	53.71%

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 Changes in Net Pension Liability (Asset) and
Related Ratios Based on Participation in the Public Employee Pension Plan of the TCRS
June 30, 2020

<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 241,722	\$ 254,867	\$ 283,071
639,503	663,000	715,422
-	-	-
(175,858)	183,153	(63,796)
312,173	-	-
(422,282)	(402,867)	(409,437)
595,258	698,153	525,260
8,496,132	9,091,390	9,789,543
<u>\$ 9,091,390</u>	<u>\$ 9,789,543</u>	<u>\$10,314,803</u>
\$ 326,173	\$ 350,648	\$ 381,374
157,112	168,278	182,492
781,739	644,276	635,439
(422,282)	(402,867)	(409,437)
(6,253)	(7,380)	(7,274)
-	-	-
836,489	752,955	782,594
6,870,968	7,707,457	8,460,412
<u>\$ 7,707,457</u>	<u>\$ 8,460,412</u>	<u>\$ 9,243,006</u>
<u>\$ 1,383,933</u>	<u>\$ 1,329,131</u>	<u>\$ 1,071,797</u>
84.78%	86.42%	89.61%
\$ 3,142,242	\$ 3,365,536	\$ 3,649,821
44.04%	39.49%	29.37%

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Contributions Based on
Participation in the Public Employee Pension Plan of the TCRS
June 30, 2020

Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 251,361	\$ 267,550	\$ 315,781	\$ 326,173
Contributions in relation to the actuarially determined contribution	<u>251,361</u>	<u>267,550</u>	<u>315,781</u>	<u>326,173</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,449,490	\$ 2,569,954	\$ 3,025,668	\$ 3,142,242
Contributions as a percentage covered payroll	10.26%	10.41%	10.44%	10.38%

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.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018 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 the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Contributions Based on
Participation in the Public Employee Pension Plan of the TCRS
June 30, 2020

2018	2019	2020
<u>\$ 350,648</u>	<u>\$ 381,374</u>	<u>\$ 382,654</u>
 <u>350,648</u>	 <u>381,374</u>	 <u>382,654</u>
 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
 \$ 3,365,536	 \$ 3,649,821	 \$ 3,890,490
 10.42%	 10.45%	 9.83%

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Changes in the Town of Signal Mountain, Tennessee's
Total OPEB Liability and Related Ratios
June 30, 2020

Local Government OPEB Plan

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 15,565	\$ 14,327	\$ 18,725
Interest	5,805	7,372	3,991
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(126,330)	67,533
Changes of assumptions	(11,260)	4,104	7,775
Benefit payments	<u>-</u>	<u>(1,228)</u>	<u>(186)</u>
Net change in total OPEB liability	10,110	(101,755)	97,838
Total OPEB liability - beginning	<u>183,248</u>	<u>193,358</u>	<u>91,603</u>
 Total OPEB liability - ending (a)	 <u>\$ 193,358</u>	 <u>\$ 91,603</u>	 <u>\$ 189,441</u>
 Covered-employee payroll	 \$3,026,441	 \$3,147,765	 \$3,186,792
 Total OPEB liability as a percentage of covered-employee payroll	 6.39%	 2.91%	 5.94%

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.

Building Construction Fund: This fund is used to account for funds set aside for future building construction projects.

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Non-major Governmental Fund
Combining Balance Sheet
June 30, 2020

	<u>Special Revenue Drug Fund</u>	<u>Capital Projects Building Construction Fund</u>	<u>Total Non-major Governmental Funds</u>
ASSETS			
Cash	\$ 7,167	\$ 1,270,187	\$ 1,277,354
Due from other funds	1,499	-	1,499
TOTAL ASSETS	<u>\$ 8,666</u>	<u>\$ 1,270,187</u>	<u>\$ 1,278,853</u>
FUND BALANCES			
Restricted	\$ 8,666	\$ -	\$ 8,666
Committed	-	1,270,187	1,270,187
TOTAL FUND BALANCES	<u>\$ 8,666</u>	<u>\$ 1,270,187</u>	<u>\$ 1,278,853</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Non-Major Governmental Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2020

	<u>Special Revenue Drug Fund</u>	<u>Capital Projects Building Construction Fund</u>	<u>Total Non-major Governmental Funds</u>
REVENUES			
Other revenues	\$ 1,499	\$ -	\$ 1,499
TOTAL REVENUES	<u>1,499</u>	<u>-</u>	<u>1,499</u>
EXPENDITURES			
Current Expenditures			
Public safety	<u>9,864</u>	<u>-</u>	<u>9,864</u>
Capital Outlay			
Public works	-	5,000	5,000
Public welfare and recreation	<u>-</u>	<u>56,878</u>	<u>56,878</u>
Total capital outlay	<u>-</u>	<u>61,878</u>	<u>61,878</u>
TOTAL EXPENDITURES	<u>9,864</u>	<u>61,878</u>	<u>71,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,365)</u>	<u>(61,878)</u>	<u>(70,243)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from debt issuance	<u>-</u>	<u>374,496</u>	<u>374,496</u>
Net changes in fund balances	(8,365)	312,618	304,253
Fund balances - beginning	<u>17,031</u>	<u>957,569</u>	<u>974,600</u>
Fund balances - end	<u>\$ 8,666</u>	<u>\$ 1,270,187</u>	<u>\$ 1,278,853</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Other revenues				
Miscellaneous	\$ 2,500	\$ 2,500	\$ 1,499	\$ (1,001)
TOTAL REVENUES	<u>2,500</u>	<u>2,500</u>	<u>1,499</u>	<u>(1,001)</u>
EXPENDITURES				
Current Expenditures				
Public safety				
Operating supplies	<u>6,840</u>	<u>6,840</u>	<u>9,864</u>	<u>(3,024)</u>
Capital Outlay				
Public safety				
Equipment	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
TOTAL EXPENDITURES	<u>11,340</u>	<u>11,340</u>	<u>9,864</u>	<u>1,476</u>
Excess (deficiency) of revenues over (under) expenditure	(8,840)	(8,840)	(8,365)	475
Fund balances - beginning	<u>17,031</u>	<u>17,031</u>	<u>17,031</u>	<u>-</u>
Fund balances - end	<u>\$ 8,191</u>	<u>\$ 8,191</u>	<u>\$ 8,666</u>	<u>\$ 475</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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental				
Grants	\$ 525,000	\$ 525,000	\$ -	\$ (525,000)
TOTAL REVENUES	<u>525,000</u>	<u>525,000</u>	<u>-</u>	<u>(525,000)</u>
EXPENDITURES				
Capital Outlay				
Public works				
Facility	-	5,000	5,000	-
Public welfare and recreation				
Mounatin Arts Community Center	-	110,000	56,878	53,122
Facility	855,000	850,000	-	850,000
Total capital outlay	<u>855,000</u>	<u>965,000</u>	<u>61,878</u>	<u>903,122</u>
TOTAL EXPENDITURES	<u>855,000</u>	<u>965,000</u>	<u>61,878</u>	<u>903,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(330,000)</u>	<u>(440,000)</u>	<u>(61,878)</u>	<u>378,122</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	-	-	374,496	374,496
Net changes in fund balances	(330,000)	(440,000)	312,618	752,618
Fund balances - beginning	<u>957,569</u>	<u>957,569</u>	<u>957,569</u>	<u>-</u>
Fund balances - end	<u>\$ 627,569</u>	<u>\$ 517,569</u>	<u>\$ 1,270,187</u>	<u>\$ 752,618</u>

FINANCIAL SCHEDULES

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020

Grantor/Pass-through Agency	CFDA Number	State Grant/Project Number	(Accrued) Deferred Grant Revenues July 1, 2019	Grant Revenues Received	Expenditures	(Accrued) Deferred Grant Revenues June 30, 2020
Federal						
U.S. Department of Transportation						
Transportation Enhancement Section	20.205	STP-M-9215(2)	\$ (338,937)	\$ 339,262	\$ 325	\$ -
Aggressive Driver Enforcement	20.600	Z19THS256	(2,195)	11,529	9,334	-
Aggressive Driver Enforcement	20.600	Z20THS235	-	6,153	6,153	-
Total U.S. Department of Transportation			<u>(341,132)</u>	<u>356,944</u>	<u>15,812</u>	<u>-</u>
U.S. Department of Homeland Security						
Safer Grant	97.083	EMW-2016-FH-00095	(148,626)	296,521	147,895	-
Preparedness Grant thru Hamilton County	97.067	34101-16320	-	-	7,000	(7,000)
Preparedness Grant thru Hamilton County	97.067	34101-12418	-	9,828	9,828	-
Total U.S. Department of Homeland Security			<u>(148,626)</u>	<u>306,349</u>	<u>164,723</u>	<u>(7,000)</u>
Total Federal Awards			<u>(489,758)</u>	<u>663,293</u>	<u>180,535</u>	<u>(7,000)</u>
State						
Tennessee Department of Transportation						
Shoal Creek Bridge	-	33SAB1-S3-002	(166,416)	439,138	272,722	-
Total Federal and State Awards			<u>\$ (656,174)</u>	<u>\$1,102,431</u>	<u>\$ 453,257</u>	<u>\$ (7,000)</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020

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 elected to use the 10-percent de minimis indirect cost rate or to allocate 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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes	\$ 6,255,141	\$ 6,255,141	\$ 6,437,470	\$ 182,329
Licenses and permits	57,395	57,395	72,619	15,224
Intergovernmental	1,219,189	1,219,189	1,406,946	187,757
Charges for services	268,782	268,782	155,709	(113,073)
Fines and forfeitures	35,000	35,000	27,507	(7,493)
Other revenue	<u>223,475</u>	<u>223,475</u>	<u>222,028</u>	<u>(1,447)</u>
TOTAL REVENUES	<u>8,058,982</u>	<u>8,058,982</u>	<u>8,322,279</u>	<u>263,297</u>
EXPENDITURES				
Current Expenditures				
General government				
Judicial	56,901	56,901	55,546	1,355
Administration	412,229	413,729	416,907	(3,178)
Finance	236,406	236,406	224,814	11,592
Building and codes	162,968	165,468	148,079	17,389
Public safety				
Police	1,548,984	1,551,484	1,474,055	77,429
Fire protection and control services	2,356,069	2,356,069	2,229,076	126,993
Highways and streets				
Public works administration	142,532	141,032	141,067	(35)
Highway and street maintenance	511,896	490,396	461,256	29,140
Sanitation				
Solid waste department	639,747	639,747	618,205	21,542
Recycling centers	58,980	58,980	54,799	4,181
Public welfare and recreation				
Recreation	687,465	694,469	593,969	100,500
Mountain Arts Community Center	176,971	178,721	144,186	34,535
Library	221,111	221,111	211,611	9,500
Maintenance shop	93,779	93,779	85,930	7,849

(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, 2020

	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES				
Capital Outlay				
General government				
Judicial	\$ 2,500	\$ -	\$ -	\$ -
Administration	2,500	-	-	-
Finance	2,500	6,000	5,752	248
Building and codes	2,500	-	-	-
Public safety				
Police	2,500	15,858	15,858	-
Fire protection and control services	40,000	72,758	71,786	972
Highways and streets				
Highway and street maintenance	2,000	25,000	-	25,000
Public welfare and recreation				
Recreation	213,300	201,496	86,020	115,476
Mountain Arts Community Center	1,750	-	9,898	(9,898)
Library	5,000	5,000	-	5,000
Debt Service	<u>393,255</u>	<u>393,255</u>	<u>391,284</u>	<u>1,971</u>
TOTAL EXPENDITURES	<u>7,973,843</u>	<u>8,017,659</u>	<u>7,440,098</u>	<u>577,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,139</u>	<u>41,323</u>	<u>882,181</u>	<u>840,858</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(369,910)</u>	<u>(369,910)</u>	<u>(552,910)</u>	<u>(183,000)</u>
Net changes in fund balances	(284,771)	(328,587)	329,271	657,858
Fund balances - beginning	<u>4,174,073</u>	<u>4,174,073</u>	<u>4,174,073</u>	<u>-</u>
Fund balances - end	<u>\$ 3,889,302</u>	<u>\$ 3,845,486</u>	<u>\$ 4,503,344</u>	<u>\$ 657,858</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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Other revenues				
Interest earnings	\$ -	\$ -	\$ 36	\$ 36
Sale of assets	-	-	82,707	82,707
TOTAL REVENUES	-	-	82,743	82,743
EXPENDITURES				
Current Expenditures				
Public works				
Miscellaneous	2,000	2,000	6,203	(4,203)
Capital Outlay				
General government				
Building and codes	32,000	32,000	33,949	(1,949)
Public safety				
Vehicles	33,000	33,000	-	33,000
Public works				
Vehicles	15,000	15,000	-	15,000
Public welfare and recreation				
Vehicles	28,000	28,000	26,095	1,905
Total capital outlay	108,000	108,000	60,044	47,956
TOTAL EXPENDITURES	110,000	110,000	66,247	43,753
Excess (deficiency) of revenues over (under) expenditures	(110,000)	(110,000)	16,496	126,496
OTHER FINANCING SOURCES (USES)				
Transfers in	409,471	409,471	409,471	-
Net changes in fund balances	299,471	299,471	425,967	126,496
Fund balances - beginning	896,768	896,768	896,768	-
Fund balances - end	\$ 1,196,239	\$ 1,196,239	\$ 1,322,735	\$ 126,496

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Water Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
OPERATING REVENUES				
Water sales	\$ 1,535,000	\$ 1,535,000	\$ 1,527,762	\$ (7,238)
Water service fees	33,000	33,000	62,617	29,617
Other revenue	9,000	9,000	19,658	10,658
Total operating revenues	<u>1,577,000</u>	<u>1,577,000</u>	<u>1,610,037</u>	<u>33,037</u>
OPERATING EXPENSES				
Water purchases	<u>550,000</u>	<u>550,000</u>	<u>485,823</u>	<u>64,177</u>
Power and pumping				
Operating supplies and expense	1,500	1,500	211	1,289
Repairs and maintenance	20,000	15,000	4,457	10,543
Telephone and other communication	1,700	1,700	2,057	(357)
Utilities	242,000	242,000	205,483	36,517
Total power and pumping	<u>265,200</u>	<u>260,200</u>	<u>212,208</u>	<u>47,992</u>
Treatment and transmission				
Miscellaneous	2,000	2,000	1,808	192
Operating supplies and expense	143,750	139,750	10,831	128,919
Professional services	70,000	48,500	19,325	29,175
Repairs and maintenance	112,000	112,000	92,060	19,940
Travel and training	400	400	-	400
Vehicle expense	101,000	103,500	8,546	94,954
Water improvements	585,000	25,000	-	25,000
Total treatment and transmission	<u>1,014,150</u>	<u>431,150</u>	<u>132,570</u>	<u>298,580</u>
Maintenance				
Salaries	304,322	304,322	226,355	77,967
Payroll taxes	23,281	23,281	17,022	6,259
Fringe benefits	78,616	78,616	57,763	20,853
Pension expense	24,102	24,102	19,560	4,542
Contract services	-	-	958	(958)
Insurance	13,122	13,122	7,959	5,163
Miscellaneous	4,100	100	27	73
Operating supplies and expense	53,000	150,000	21,369	128,631
Other post-employment benefits	1,200	1,200	1,318	(118)
Repairs and maintenance	9,897	12,897	6,728	6,169
Telephone and other communication	1,800	1,800	2,127	(327)
Travel and training	4,000	4,000	-	4,000
Utilities	13,050	18,050	13,474	4,576
Vehicle expense	2,000	2,000	640	1,360
Total maintenance	<u>532,490</u>	<u>633,490</u>	<u>375,300</u>	<u>258,190</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, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
OPERATING EXPENSES (Continued)				
Administration				
Salaries	\$ 62,203	\$ 62,203	\$ 83,265	\$ (21,062)
Payroll taxes	4,759	4,759	6,139	(1,380)
Fringe benefits	17,973	17,973	18,800	(827)
Pension expense	4,926	4,926	6,520	(1,594)
Contract services	1,000	1,000	1,016	(16)
In lieu of taxes	32,000	32,000	33,491	(1,491)
Insurance	16,584	16,584	14,922	1,662
Miscellaneous	3,150	6,150	4,573	1,577
Office supplies and expense	2,000	2,000	2,737	(737)
Operating supplies and expense	104,971	4,971	10,072	(5,101)
Postage and printing	7,800	22,800	19,591	3,209
Professional services	500	3,500	3,000	500
Telephone and other communication	2,500	2,500	2,176	324
Travel and training	2,500	2,500	325	2,175
Utilities	-	1,000	1,400	(400)
Total administration	<u>262,866</u>	<u>184,866</u>	<u>208,027</u>	<u>(23,161)</u>
Depreciation	<u>190,000</u>	<u>190,000</u>	<u>151,970</u>	<u>38,030</u>
Total operating expenses	<u>2,814,706</u>	<u>2,249,706</u>	<u>1,565,898</u>	<u>683,808</u>
Operating income (loss)	<u>(1,237,706)</u>	<u>(672,706)</u>	<u>44,139</u>	<u>716,845</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest earnings	15,000	15,000	34,268	19,268
Amortization expense	<u>(2,961)</u>	<u>(2,961)</u>	<u>(1,972)</u>	<u>989</u>
Total non-operating revenues (expenses)	<u>12,039</u>	<u>12,039</u>	<u>32,296</u>	<u>20,257</u>
Changes in net position	(1,225,667)	(660,667)	76,435	737,102
Net position - beginning	<u>6,480,732</u>	<u>6,480,732</u>	<u>6,480,732</u>	<u>-</u>
Net position - end	<u>\$ 5,255,065</u>	<u>\$ 5,820,065</u>	<u>\$ 6,557,167</u>	<u>\$ 737,102</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Stormwater Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2020

	Budgeted Amount			
	Original	Final	Actual	Variance
OPERATING REVENUES				
Stormwater user fees	\$ 290,200	\$ 290,200	\$ 299,729	\$ 9,529
OPERATING EXPENSES				
Stormwater operations				
Salaries	147,256	157,256	152,497	4,759
Payroll taxes	11,265	11,265	10,672	593
Fringe benefits	36,536	36,536	35,623	913
Pension expense	11,663	11,663	14,903	(3,240)
Contract services	23,500	23,500	8,014	15,486
Drainage improvements	75,000	195,000	148,606	46,394
Insurance	6,115	6,115	5,383	732
Miscellaneous	550	550	-	550
Office supplies and expense	400	400	25	375
Operating supplies and expense	6,668	6,668	1,738	4,930
Other post-employment benefits	500	500	753	(253)
Permit fee	5,000	5,000	3,460	1,540
Postage and printing	3,350	3,350	565	2,785
Professional services	25,000	15,000	-	15,000
Repairs and maintenance	17,000	17,000	3,382	13,618
Telephone and other communication	660	660	599	61
Travel and training	5,000	5,000	1,746	3,254
Utilities	2,060	2,060	1,242	818
Vehicle expense	3,700	3,700	1,156	2,544
Total stormwater operations	381,223	501,223	390,364	110,859
Depreciation	37,000	37,000	33,627	3,373
Total operating expenses	418,223	538,223	423,991	114,232
Operating income (loss)	(128,023)	(248,023)	(124,262)	123,761
NON-OPERATING REVENUES (EXPENSES)				
Interest earnings	750	750	768	18
Changes in net position	(127,273)	(247,273)	(123,494)	123,779
Net position - beginning	785,007	785,007	785,007	-
Net position - end	\$ 657,734	\$ 537,734	\$ 661,513	\$ 123,779

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
General Fund
Schedule of Property Taxes Receivable
June 30, 2020

<u>Year of Levy</u>	
2020	\$ 5,792,646
2019	135,336
2018	24,691
2017	17,292
2016	5,997
2015	2,997
2014	3,747
2013	26,629
2012	19,801
2011	<u>14,934</u>
Total property taxes receivable	6,044,070
Less: allowance for uncollectible taxes	<u>(136,224)</u>
Property taxes receivable - net	<u>\$ 5,907,846</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
General Fund
Schedule of Changes in Property Taxes Receivable
June 30, 2020

<u>Year of Levy</u>	<u>Taxes Receivable July 1, 2019</u>	<u>Taxes Levied</u>	<u>Pickups</u>	<u>Discounts and Releases</u>	<u>Collections</u>	<u>Taxes Receivable July 1, 2020</u>
2020	\$ -	\$ 5,792,646	\$ -	\$ -	\$ -	\$ 5,792,646
2019	5,767,978	305,280	(1) 1,738	(28,161)	(5,911,499)	135,336
2018	96,203	-	-	-	(71,512)	24,691
2017	24,056	-	-	-	(6,764)	17,292
2016	10,536	-	-	-	(4,539)	5,997
2015	2,997	-	-	-	-	2,997
2014	3,747	-	-	-	-	3,747
2013	26,629	-	-	-	-	26,629
2012	19,801	-	-	-	-	19,801
2011	14,934	-	-	-	-	14,934
2010	<u>13,322</u>	<u>-</u>	<u>-</u>	<u>(13,322)</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,980,203</u>	<u>\$ 6,097,926</u>	<u>\$ 1,738</u>	<u>\$ (41,483)</u>	<u>\$ (5,994,314)</u>	<u>\$ 6,044,070</u>

(1) 2019 Stormwater fees

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Debt Service Requirements
June 30, 2020

TENNESSEE MUNICIPAL BOND, SERIES 2015

Original issue of \$3,000,000 at 3.00% interest

Maturing June 30,	Principal	Interest	Total Requirements
2021	\$ 142,000	\$ 69,390	\$ 211,390
2022	144,000	65,130	209,130
2023	145,000	60,810	205,810
2024	147,000	56,460	203,460
2025	149,000	52,050	201,050
2026	151,000	47,580	198,580
2027	152,000	43,050	195,050
2028	154,000	38,490	192,490
2029	156,000	33,870	189,870
2030	158,000	29,190	187,190
2031	159,000	24,450	183,450
2032	161,000	19,680	180,680
2033	163,000	14,850	177,850
2034	165,000	9,960	174,960
2035	<u>167,000</u>	<u>5,010</u>	<u>172,010</u>
Total	<u>\$ 2,313,000</u>	<u>\$ 569,970</u>	<u>\$ 2,882,970</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Debt Service Requirements
General Fund
June 30, 2020

TENNESSEE MUNICIPAL BOND, SERIES 2017
Original issue of \$3,000,000 at 2.79% interest

Maturing June 30,	Principal	Interest	Total Requirements
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	192,000	2,678	194,678
Total	<u>\$ 2,769,000</u>	<u>\$ 752,002</u>	<u>\$ 3,521,002</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
Governmental Activities									
Bonds Payable through General Fund									
Tennessee Municipal Bond - 2015	\$3,000,000	3.00%	10/01/15	05/25/35	\$2,079,504	\$ 374,496	\$ (141,000)	\$ -	\$2,313,000
Tennessee Municipal Bond - 2017	\$3,000,000	2.79%	10/13/17	10/01/37	<u>2,886,000</u>	<u>-</u>	<u>(117,000)</u>	<u>-</u>	<u>2,769,000</u>
Total Bonds Payable through General Fund					<u>\$4,965,504</u>	<u>\$ 374,496</u>	<u>\$(258,000)</u>	<u>\$ -</u>	<u>\$5,082,000</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Insurance Coverage
June 30, 2020

<u>Coverage</u>	<u>Amount</u>
Property	\$22,349,321
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, 2020

<u>Year of Levy</u>	<u>Tax Rate Per \$100</u>	<u>Assessed Valuation</u>			<u>Total</u>
		<u>Property</u>	<u>Personalty</u>	<u>Utilities</u>	
2020	\$ 1.8866	\$ 297,112,737	\$ 1,750,038	\$ 8,178,728	\$ 307,041,503
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

NOTE: On July 1, 2019, the Town of Signal Mountain approved the levy for the year ended June 30, 2020. The tax rate adopted for each \$100 of assessed valuation for the 2019 levy was \$1.8866.

On July 1, 2020, the Town of Signal Mountain approved the levy for the year ended June 30, 2021, for the residents on record as of January 1, 2019. The 2019 levy was recorded as a receivable and deferred revenue for the year ended June 30, 2020.

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Property Taxes Levied and Property Tax Collections - Last Ten Years
Years Ended June 30, 2010 to 2019

<u>Year of Levy</u>	<u>Tax Rate Per \$100</u>	<u>Total Tax Levy</u>	<u>Collections of Current Levy During Period</u>	<u>Percent of Current Collections to Levy</u>	<u>Collections of Prior Years Levy During Period</u>	<u>Total Collections During Period</u>	<u>Percent of Total Collections to Current Year Levy</u>	<u>Discounts and Adjustments During Period</u>	<u>Accumulated Delinquent Property Taxes</u>	<u>Percent of Delinquent Property Taxes to Current Year Levy</u>
2019	\$ 1.8866	\$ 6,073,258	\$ 5,911,499	97.3%	\$ 82,815	\$ 5,994,314	98.7%	\$ (39,745)	\$ 251,424	4.1%
2018	\$ 1.5665	\$ 5,048,773	\$ 4,958,163	98.2%	\$ 63,543	\$ 5,021,706	99.5%	\$ (9,457)	\$ 212,225	4.2%
2017	\$ 1.5665	\$ 5,010,500	\$ 4,935,513	98.5%	\$ 83,065	\$ 5,018,578	100.2%	\$ (4,957)	\$ 194,615	3.9%
2016	\$ 1.568	\$ 4,476,694	\$ 4,424,205	98.8%	\$ 73,235	\$ 4,497,440	100.5%	\$ 22,185	\$ 207,650	4.6%
2015	\$ 1.568	\$ 4,580,872	\$ 4,387,939	95.8%	\$ 70,557	\$ 4,458,496	97.3%	\$ (104,802)	\$ 206,211	4.5%
2014	\$ 1.568	\$ 4,476,907	\$ 4,399,224	98.3%	\$ 42,052	\$ 4,441,276	99.2%	\$ (15,357)	\$ 188,637	4.2%
2013	\$ 1.568	\$ 4,332,349	\$ 4,263,244	98.4%	\$ 49,669	\$ 4,312,913	99.6%	\$ 7,903	\$ 168,363	3.9%
2012	\$ 1.663	\$ 3,892,170	\$ 3,839,984	98.7%	\$ 41,599	\$ 3,881,583	99.7%	\$ 24,728	\$ 141,024	3.6%
2011	\$ 1.663	\$ 3,868,646	\$ 3,810,546	98.5%	\$ 68,814	\$ 3,879,360	100.3%	\$ 8,258	\$ 105,709	2.7%
2010	\$ 1.513	\$ 3,291,387	\$ 3,217,605	97.8%	\$ 57,318	\$ 3,274,923	99.5%	\$ 4,347	\$ 108,165	3.3%

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Unaccounted for Water
June 30, 2020

AWWA Free Water Audit Software: Reporting Worksheet																													
Water Audit Report for: Town of Signal Mountain (0000634)																													
Reporting Year: 2020 7/2019 - 6/2020																													
All volumes to be entered as: MILLION GALLONS (US) PER YEAR																													
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>WATER SUPPLIED</p> <table style="width: 100%;"> <tr> <td>Volume from own sources:</td> <td><input type="text" value="9"/></td> <td><input type="text" value="311.199"/></td> <td>MG/Yr</td> </tr> <tr> <td>Water imported:</td> <td><input type="text"/></td> <td><input type="text"/></td> <td>MG/Yr</td> </tr> <tr> <td>Water exported:</td> <td><input type="text"/></td> <td><input type="text"/></td> <td>MG/Yr</td> </tr> </table> </div> <div style="width: 50%;"> <p style="text-align: center;">← Enter grading in column 'E' and 'J' →</p> <table style="width: 100%;"> <tr> <td colspan="2">Master Meter and Supply Error Adjustments</td> </tr> <tr> <td>Pcnt:</td> <td>Value:</td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td colspan="2">Enter negative % or value for under-registration Enter positive % or value for over-registration</td> </tr> </table> </div> </div>						Volume from own sources:	<input type="text" value="9"/>	<input type="text" value="311.199"/>	MG/Yr	Water imported:	<input type="text"/>	<input type="text"/>	MG/Yr	Water exported:	<input type="text"/>	<input type="text"/>	MG/Yr	Master Meter and Supply Error Adjustments		Pcnt:	Value:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Enter negative % or value for under-registration Enter positive % or value for over-registration	
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<p>AUTHORIZED CONSUMPTION</p> <table style="width: 100%;"> <tr> <td>Billed metered:</td> <td><input type="text" value="7"/></td> <td><input type="text" value="263.054"/></td> <td>MG/Yr</td> <td></td> <td></td> </tr> <tr> <td>Billed unmetered:</td> <td><input type="text"/></td> <td><input type="text"/></td> <td>MG/Yr</td> <td></td> <td></td> </tr> <tr> <td>Unbilled metered:</td> <td><input type="text" value="5"/></td> <td><input type="text" value="0.010"/></td> <td>MG/Yr</td> <td></td> <td></td> </tr> <tr> <td>Unbilled unmetered:</td> <td><input type="text"/></td> <td><input type="text" value="3.890"/></td> <td>MG/Yr</td> <td></td> <td></td> </tr> </table> <p style="font-size: small;">Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed</p>						Billed metered:	<input type="text" value="7"/>	<input type="text" value="263.054"/>	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			Unbilled unmetered:	<input type="text"/>	<input type="text" value="3.890"/>	MG/Yr		
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<p>WATER LOSSES (Water Supplied - Authorized Consumption)</p> <p>Apparent Losses:</p> <table style="width: 100%;"> <tr> <td>Unauthorized consumption:</td> <td><input type="text" value="7"/></td> <td><input type="text" value="0.676"/></td> <td>MG/Yr</td> <td></td> <td></td> </tr> <tr> <td>Customer metering inaccuracies:</td> <td><input type="text" value="7"/></td> <td><input type="text" value="13.845"/></td> <td>MG/Yr</td> <td></td> <td></td> </tr> <tr> <td>Systematic data handling errors:</td> <td><input type="text" value="10"/></td> <td><input type="text" value="0.001"/></td> <td>MG/Yr</td> <td></td> <td></td> </tr> </table> <p style="text-align: right;">Pcnt: <input type="text" value="1.25%"/> Value: <input type="text"/></p>						Unauthorized consumption:	<input type="text" value="7"/>	<input type="text" value="0.676"/>	MG/Yr			Customer metering inaccuracies:	<input type="text" value="7"/>	<input type="text" value="13.845"/>	MG/Yr			Systematic data handling errors:	<input type="text" value="10"/>	<input type="text" value="0.001"/>	MG/Yr								
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Apparent Losses:		14.522	MG/Yr																										
<p>Real Losses (Current Annual Real Losses or CARL)</p> <p>Real Losses = Water Losses - Apparent Losses:</p> <p>29.723 MG/Yr</p>																													
WATER LOSSES:		44.245	MG/Yr																										
<p>NON-REVENUE WATER</p> <p>NON-REVENUE WATER: 48.145 MG/Yr</p> <p style="font-size: small;">= Water Losses + Unbilled Metered + Unbilled Unmetered</p>																													
<p>SYSTEM DATA</p> <table style="width: 100%;"> <tr> <td>Length of mains:</td> <td><input type="text" value="7"/></td> <td><input type="text" value="67.0"/></td> <td>miles</td> </tr> <tr> <td>Number of <u>active AND inactive</u> service connections:</td> <td><input type="text" value="7"/></td> <td><input type="text" value="3,374"/></td> <td></td> </tr> <tr> <td>Service connection density:</td> <td><input type="text"/></td> <td><input type="text" value="50"/></td> <td>conn./mile main</td> </tr> </table> <p>Are customer meters typically located at the curbstop or property line? Yes</p> <p style="font-size: small;">Average length of customer service line:</p> <p>Average length of customer service line has been set to zero and a data grading score of 10 has been applied</p> <p>Average operating pressure: <input type="text" value="7"/> <input type="text" value="150.0"/> psi</p>						Length of mains:	<input type="text" value="7"/>	<input type="text" value="67.0"/>	miles	Number of <u>active AND inactive</u> service connections:	<input type="text" value="7"/>	<input type="text" value="3,374"/>		Service connection density:	<input type="text"/>	<input type="text" value="50"/>	conn./mile main												
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<p>COST DATA</p> <table style="width: 100%;"> <tr> <td>Total annual cost of operating water system:</td> <td><input type="text" value="10"/></td> <td><input type="text" value="\$1,567,871"/></td> <td>\$/Year</td> </tr> <tr> <td>Customer retail unit cost (applied to Apparent Losses):</td> <td><input type="text" value="9"/></td> <td><input type="text" value="\$5.81"/></td> <td>\$/1000 gallons (US)</td> </tr> <tr> <td>Variable production cost (applied to Real Losses):</td> <td><input type="text" value="10"/></td> <td><input type="text" value="\$2,597.38"/></td> <td>\$/Million gallons</td> </tr> </table>						Total annual cost of operating water system:	<input type="text" value="10"/>	<input type="text" value="\$1,567,871"/>	\$/Year	Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="9"/>	<input type="text" value="\$5.81"/>	\$/1000 gallons (US)	Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	<input type="text" value="\$2,597.38"/>	\$/Million gallons												
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<p>WATER AUDIT DATA VALIDITY SCORE:</p> <div style="border: 2px solid red; padding: 5px; text-align: center; color: red; font-weight: bold;"> *** YOUR SCORE IS: 83 out of 100 *** </div> <p style="font-size: small;">A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score</p>																													
<p>PRIORITY AREAS FOR ATTENTION:</p> <p>Based on the information provided, audit accuracy can be improved by addressing the following components:</p> <div style="border: 1px solid red; padding: 2px; margin-bottom: 2px;">1: Unbilled metered</div> <div style="border: 1px solid red; padding: 2px; margin-bottom: 2px;">2: Water imported</div> <div style="border: 1px solid red; padding: 2px;">3: Billed metered</div>																													

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Unaccounted for Water (Continued)
June 30, 2020

0

AWWA Free Water Audit Software:

WAS v5.0
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Water Audit Report for: Town of Signal Mountain (0000634)

Reporting Year: 2020

7/2019 - 6/2020

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 83 out of 100 ***

System Attributes:

	Apparent Losses:	14,522	MG/Yr
+	Real Losses:	29,723	MG/Yr
=	Water Losses:	44,245	MG/Yr
Unavoidable Annual Real Losses (UARL): 47,555 MG/Yr			
Annual cost of Apparent Losses: \$84,376			
Annual cost of Real Losses: \$77,201			

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:	15.5%	
Non-revenue water as percent by cost of operating system:	11.0%	Real Losses valued at Variable Production Cost
<div style="display: flex; align-items: center;"> <div style="width: 20px; border-left: 1px solid black; margin-right: 5px;"></div> <div> Apparent Losses per service connection per day: 11.79 gallons/connection/day </div> </div>		
<div style="display: flex; align-items: center;"> <div style="width: 20px; border-left: 1px solid black; margin-right: 5px;"></div> <div> Real Losses per service connection per day: 24.14 gallons/connection/day </div> </div>		
<div style="display: flex; align-items: center;"> <div style="width: 20px; border-left: 1px solid black; margin-right: 5px;"></div> <div> Real Losses per length of main per day*: N/A </div> </div>		
<div style="display: flex; align-items: center;"> <div style="width: 20px; border-left: 1px solid black; margin-right: 5px;"></div> <div> Real Losses per service connection per day per psi pressure: 0.16 gallons/connection/day/psi </div> </div>		

From Above, Real Losses = Current Annual Real Losses (CARL): 29.72 million gallons/year

Infrastructure Leakage Index (ILI) (CARL/UARL): 0.63

* 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, 2020

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
--	-----

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	434
Construction Value of Permits issued	\$ 14,460,802

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)	3,038
Recycle materials (tons)	689.75

RECREATION

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

WATER FACILITIES

Number of water taps	3,211
Storage capacity (gallons)	2,000,000

Current water rates are as follows:

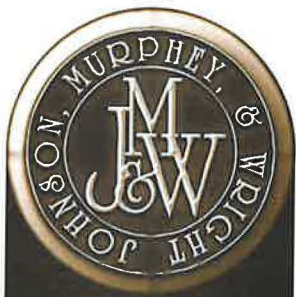
Inside Town Limits

Monthly service fee	\$ 6.00
Per 1,000 gallons used	\$ 6.67

Outside Town Limits

Monthly service fee	\$ 7.20
Per 1,000 gallons used	\$ 8.00

III. INTERNAL CONTROL AND COMPLIANCE SECTION



Certified Public
Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute
of Certified
Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Karen Hutcherson, CPA

Marianne Greene, CPA

Jennifer Waycaster, CPA

**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, 2020, 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 1, 2020.

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, Murphy & Wright, P.C.

Chattanooga, Tennessee
December 1, 2020

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Findings and Responses
June 30, 2020

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, 2020

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