



**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2021**

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

## **I. INTRODUCTORY SECTION**



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
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**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Roster of Board Members and Management**  
**June 30, 2021**

Mayor ..... Dan Landrum  
(July 1, 2020 to November 20, 2020)  
  
Charles Poss  
(November 21, 2020 to June 30, 2021)

Vice Mayor.....Amy Speek  
(July 1, 2020 to November 20, 2020)  
  
Susannah Murdock  
(November 21, 2020 to June 30, 2021)

Councilmember ..... Andrew Gardner  
(November 21, 2020 to June 30, 2021)

Councilmember ..... Dan Landrum  
(November 21, 2020 to June 30, 2021)

Councilmember ..... Vicki Anderson  
(November 21, 2020 to June 30, 2021)

Councilmember ..... Bill Lusk  
(July 1, 2020 to November 20, 2020)

Councilmember .....Susannah Murdock  
(July 1, 2020 to November 20, 2020)

Councilmember .....Cheryl Graham  
(July 1, 2020 to November 20, 2020)

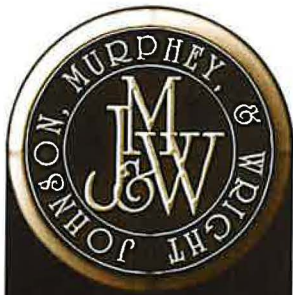
Town Judge .....Gary Humble

Town Manager ..... Boyd Veal

Town Attorney ..... Harry Cash

Finance Director/Town Recorder ..... Carol Thompson-White

## **II. FINANCIAL SECTION**



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Accountants

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Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Karen Hutcherson, CPA

Marianne Greene, CPA

Stuart Johnson, 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, 2021, 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, 2021, and, the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 January 24, 2022, 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  
January 24, 2022



## 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, 2021. 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, 2021, by \$24,579,179 (net position). Of this amount \$10,219,617 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town has restricted \$1,508 for drug enforcement programs and \$226,720 for state street aid expenditures.

In addition to these restricted amounts, the Town has a committed fund balance of \$1,647,315 for the purchase of mobile assets and \$1,441,689 for building construction.

The Town's governmental activities operated at a surplus of \$1,811,123. The Town's business-type activities operated at a deficit of \$(16,748).

As of the close of the current fiscal year, the Town of Signal Mountain, Tennessee's governmental funds reported combined ending fund balances of \$8,673,454.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,356,222, or 69.21%, 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 \$7,201,932. Of that balance \$2,688,642, or 37.33%, is unrestricted. The remaining 62.67%, or \$4,513,290 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, Building Construction 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 72.

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 fund, which is the General Fund to demonstrate compliance with this budget, as well as for non-major funds and capital projects funds. The budgetary comparison statement for the major General 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 74 of this report. The capital projects funds' budgets can be found beginning on page 80.

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 36 through 38 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 39 through 65 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 72 through 75 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 \$24,579,179 at the close of this fiscal year.

57.49 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 0.93%, or \$228,228, of the Town of Signal Mountain, Tennessee's net position represents resources that are subject to external restrictions on how they may be used. 41.58%, or \$10,219,617, in net position are unrestricted and can be used to meet the government's ongoing obligations.

At June 30, 2021, 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Capital assets	\$ 14,437,044	\$ 14,025,423	\$ 4,513,290	\$ 3,924,233	\$ 18,950,334	\$ 17,949,656
Other assets	15,063,951	13,621,055	3,203,412	3,904,324	18,267,363	17,525,379
Total assets	<u>\$ 29,500,995</u>	<u>\$ 27,646,478</u>	<u>\$ 7,716,702</u>	<u>\$ 7,828,557</u>	<u>\$ 37,217,697</u>	<u>\$ 35,475,035</u>
Deferred outflows of resources	<u>\$ 926,168</u>	<u>\$ 763,382</u>	<u>\$ 119,670</u>	<u>\$ 99,550</u>	<u>\$ 1,045,838</u>	<u>\$ 862,932</u>
Long-term liabilities	\$ 6,278,171	\$ 6,206,809	\$ 378,373	\$ 367,121	\$ 6,656,544	\$ 6,573,930
Other liabilities	559,676	527,317	232,134	303,130	791,810	830,447
Total liabilities	<u>\$ 6,837,847</u>	<u>\$ 6,734,126</u>	<u>\$ 610,507</u>	<u>\$ 670,251</u>	<u>\$ 7,448,354</u>	<u>\$ 7,404,377</u>
Deferred inflows of resources	<u>\$ 6,212,069</u>	<u>\$ 6,109,610</u>	<u>\$ 23,933</u>	<u>\$ 39,176</u>	<u>\$ 6,236,002</u>	<u>\$ 6,148,786</u>
Net investment in capital assets	\$ 9,618,044	\$ 8,943,423	\$ 4,513,290	\$ 3,924,233	\$ 14,131,334	\$ 12,867,656
Restricted	228,228	376,052	-	-	228,228	376,052
Unrestricted	7,530,975	6,246,649	2,688,642	3,294,447	10,219,617	9,541,096
Total net position	<u>\$ 17,377,247</u>	<u>\$ 15,566,124</u>	<u>\$ 7,201,932</u>	<u>\$ 7,218,680</u>	<u>\$ 24,579,179</u>	<u>\$ 22,784,804</u>

### Changes in Net Position

Governmental activities increased the Town of Signal Mountain, Tennessee's net position by \$1,811,123.

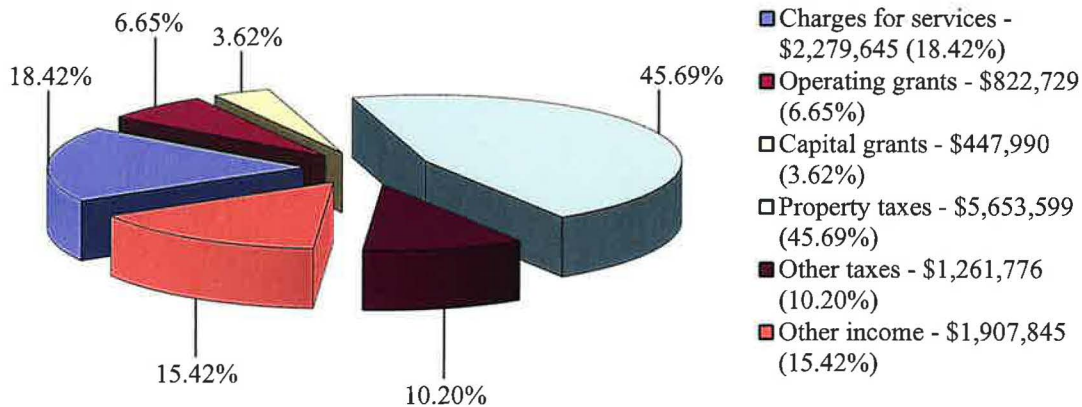
Business-type activities decreased the Town of Signal Mountain, Tennessee's net position by \$(16,748).

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

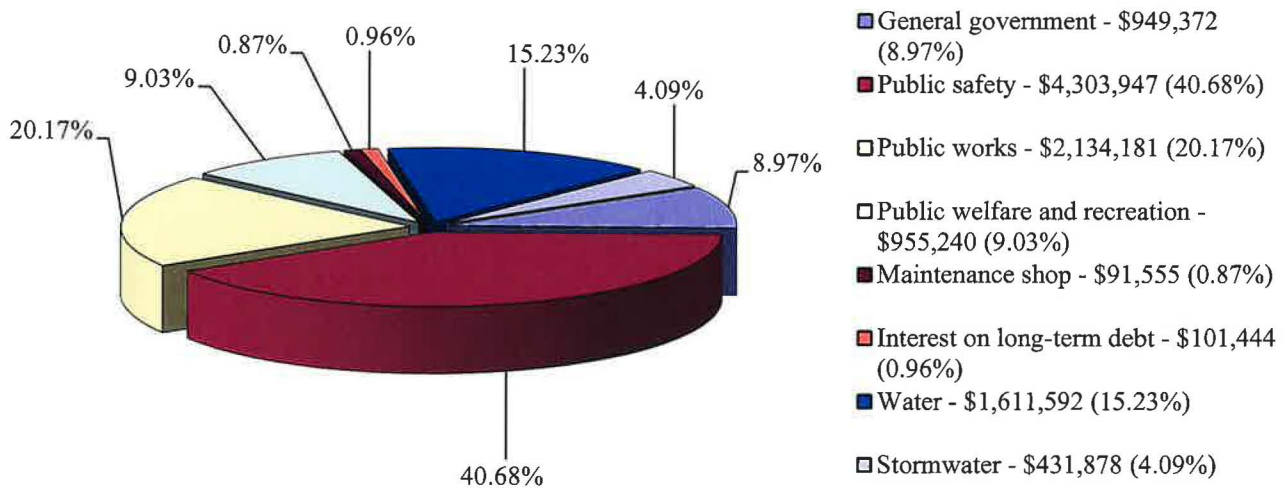
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 255,109	\$ 218,926	\$ 2,024,536	\$ 1,909,766	\$ 2,279,645	\$ 2,128,692
Operating grants and contributions	822,729	481,615	-	-	822,729	481,615
Capital grant and contributions	447,990	288,534	-	-	447,990	288,534
General revenues:						
Property taxes	5,653,599	5,580,356	-	-	5,653,599	5,580,356
Other taxes	1,261,776	1,034,036	-	-	1,261,776	1,034,036
Other income	1,905,659	1,399,505	2,186	35,036	1,907,845	1,434,541
Total revenues	<u>10,346,862</u>	<u>9,002,972</u>	<u>2,026,722</u>	<u>1,944,802</u>	<u>12,373,584</u>	<u>10,947,774</u>
Expenses:						
General government	949,372	889,402	-	-	949,372	889,402
Public safety	4,303,947	4,036,261	-	-	4,303,947	4,036,261
Public works	2,134,181	2,278,603	-	-	2,134,181	2,278,603
Public welfare and recreation	955,240	1,099,210	-	-	955,240	1,099,210
Maintenance shop	91,555	88,055	-	-	91,555	88,055
Interest on long-term debt	101,444	133,284	-	-	101,444	133,284
Water	-	-	1,611,592	1,567,870	1,611,592	1,567,870
Stormwater	-	-	431,878	423,991	431,878	423,991
Total expenses	<u>8,535,739</u>	<u>8,524,815</u>	<u>2,043,470</u>	<u>1,991,861</u>	<u>10,579,209</u>	<u>10,516,676</u>
Change in net position	1,811,123	478,157	( 16,748)	(47,059)	1,794,375	431,098
Net position - beginning	<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>
Net position - end	<u>\$ 17,377,247</u>	<u>\$ 15,566,124</u>	<u>\$ 7,201,932</u>	<u>\$ 7,218,680</u>	<u>\$ 24,579,179</u>	<u>\$ 22,784,804</u>

The graphs below summarize the \$12,373,584 of town-wide revenue by source and the associated \$10,579,209 of expense by program. The graphs combine data from both governmental and business-type activities.

### Town-Wide Sources of Revenue



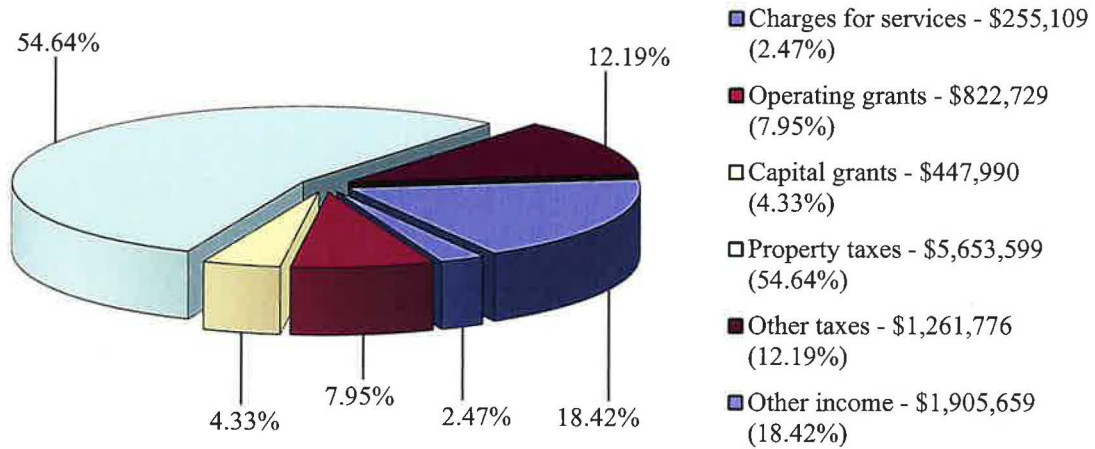
### Town-Wide Program Expenses



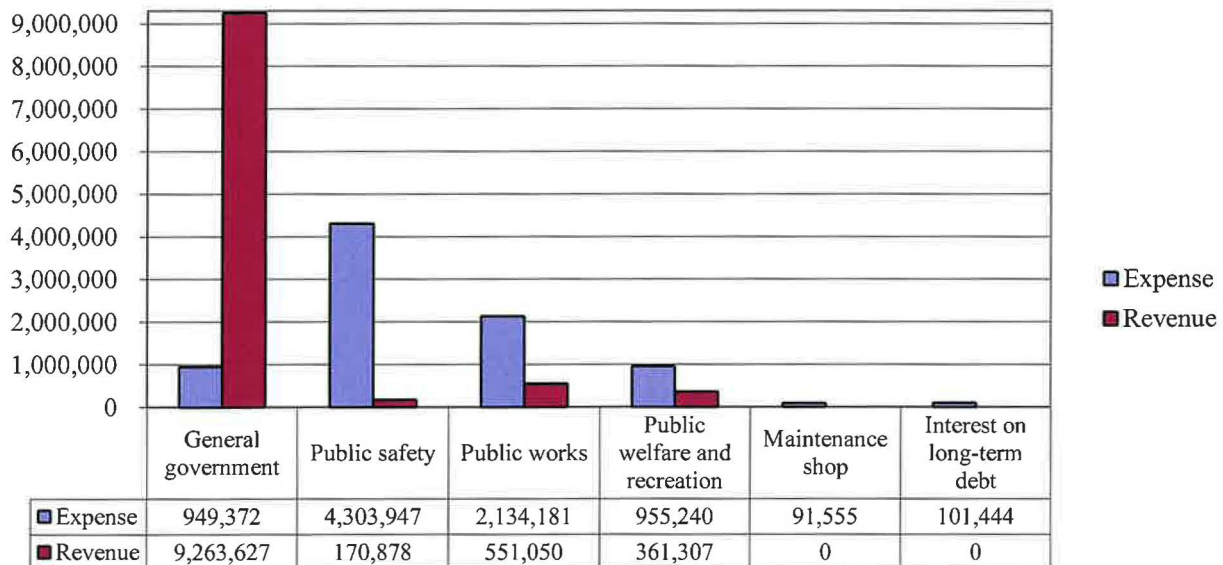
## Governmental Activities

Governmental activities accounted for revenues of \$10,346,862. The following graph summarizes revenue by source.

**Revenue by Source -  
Governmental Activities**



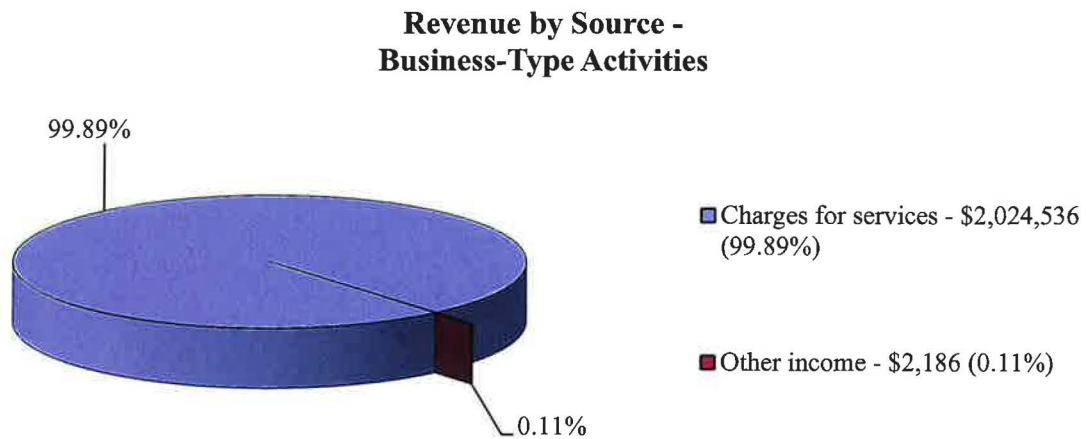
**Expenses and Program Revenues -  
Governmental Activities**



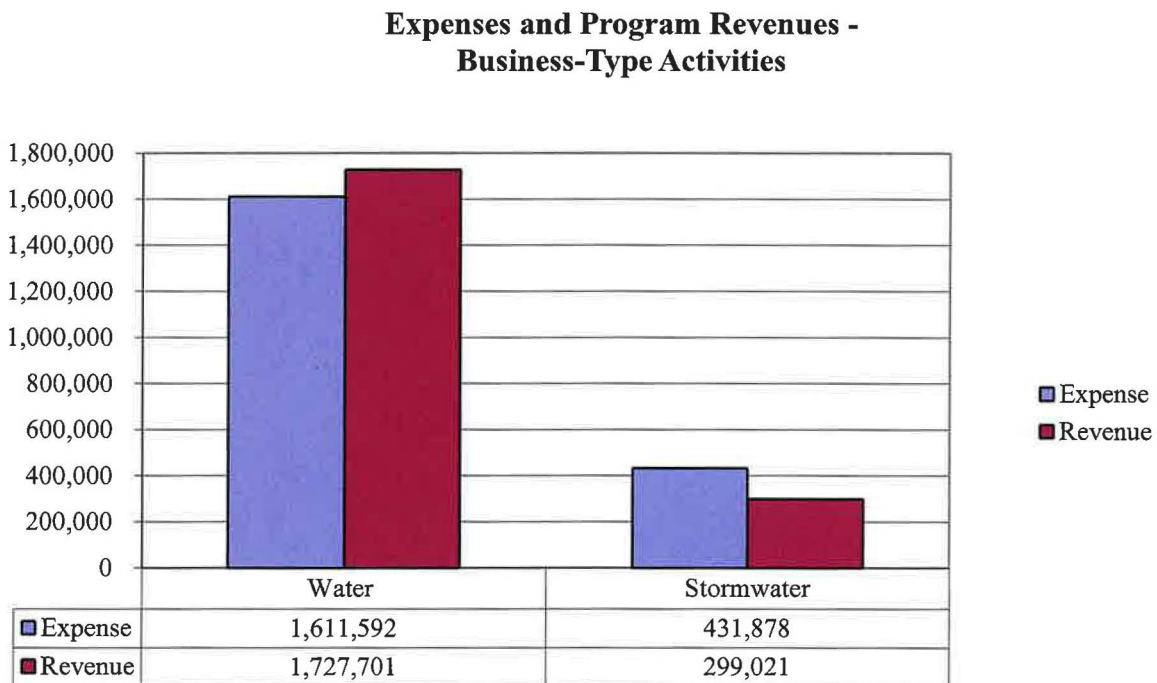


### Business-type Activities

Business-type activities accounted for revenues of \$2,026,722. 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 \$8,673,454. Approximately 61.75% of this total amount, or \$5,356,222, constitutes unassigned fund balance. Committed funds consist of \$1,647,315 for the purchase of mobile assets and \$1,441,689 for building construction. Restricted funds consist of \$226,720 for the use of street expenditures and \$1,508 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 \$5,356,222. 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 69.21% 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 \$2,337,914 for the Water Fund and \$350,728 for the Stormwater Fund.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were approximately \$225,000, and are listed below:

General Fund budgeted expenditures decreased \$300,000.

General Fund budgeted transfers out increased by \$75,000.

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)

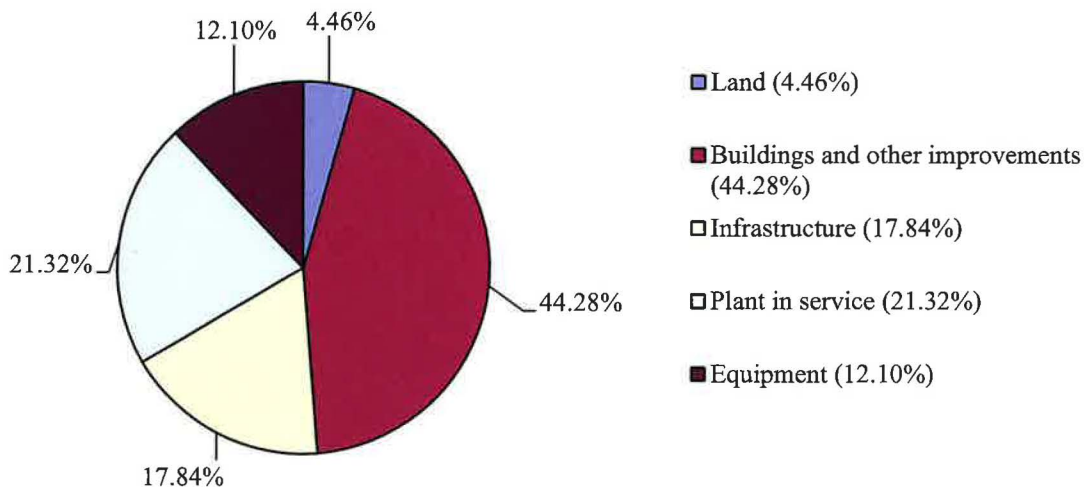
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 844,313	\$ 844,313	\$ -	\$ -	\$ 844,313	\$ 844,313
Buildings and other improvements	8,391,716	7,814,908	-	-	8,391,716	7,814,908
Infrastructure	3,380,078	3,459,795	-	-	3,380,078	3,459,795
Plant in service	-	-	4,039,416	3,446,552	4,039,416	3,446,552
Equipment	1,820,937	1,906,407	473,874	477,681	2,294,811	2,384,088
<b>Total capital assets</b>	<b>\$ 14,437,044</b>	<b>\$ 14,025,423</b>	<b>\$ 4,513,290</b>	<b>\$ 3,924,233</b>	<b>\$ 18,950,334</b>	<b>\$ 17,949,656</b>

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

Radio read meters	\$ 765,376
Marion and Driver Field	\$ 535,017
Library renovation	\$ 100,416
John Deere backhoe	\$ 98,350
Pool deck	\$ 68,798

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



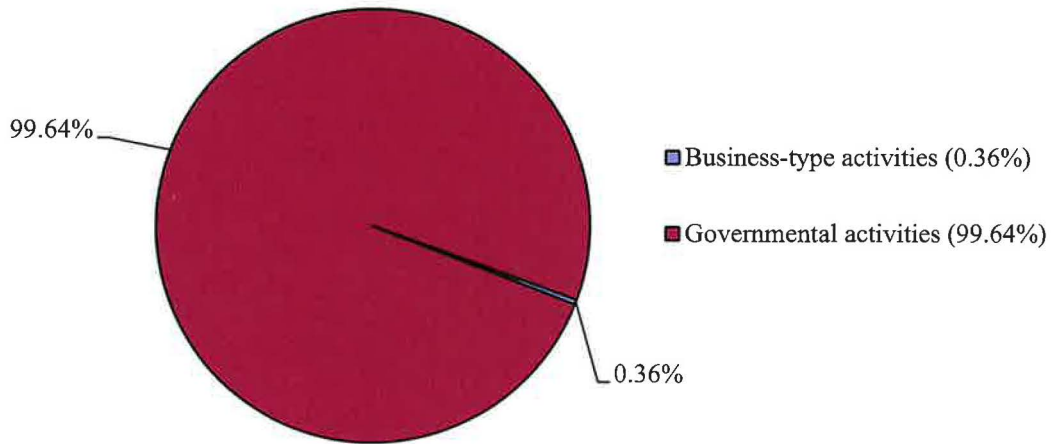
Additional information on the Town of Signal Mountain, Tennessee's capital assets can be found in Note 8 on page 49 and 50 of this report.

### 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 \$5,113,564 of that amount \$268,000 is due in the next fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Bonds	\$ 4,819,000	\$ 5,082,000	\$ -	\$ -	\$ 4,819,000	\$ 5,082,000
Compensated absences	276,329	268,682	18,235	27,700	294,564	296,382
Current portion	( 268,000)	( 263,000)	-	-	( 268,000)	( 263,000)
Total long-term debt	<u>\$ 4,827,329</u>	<u>\$ 5,087,682</u>	<u>\$ 18,235</u>	<u>\$ 27,700</u>	<u>\$ 4,845,564</u>	<u>\$ 5,115,382</u>

**Long-Term Debt By Activity**



Additional information on outstanding debt can be found in Note 11 on pages 51 and 52.

### **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, 2021**

	Primary Government			Component Unit
	Governmental	Business-type		Public Library
	Activities	Activities	Total	Board
<b>ASSETS</b>				
Current assets				
Cash	\$ 5,130,964	\$ 2,033,218	\$ 7,164,182	\$ 26,523
Investments	2,619,179	1,245,738	3,864,917	284,347
Property taxes - net	6,113,198	-	6,113,198	-
Grants receivable	283,811	-	283,811	-
Receivable - net	43,042	212,860	255,902	-
Due from other governments	527,850	-	527,850	-
Internal balance	345,907	(345,907)	-	-
Inventories	-	57,503	57,503	-
Total current assets	<u>15,063,951</u>	<u>3,203,412</u>	<u>18,267,363</u>	<u>310,870</u>
Non-current assets				
Capital assets				
Land	844,313	-	844,313	-
Other capital assets - net of depreciation	<u>13,592,731</u>	<u>4,513,290</u>	<u>18,106,021</u>	<u>-</u>
Total capital assets	<u>14,437,044</u>	<u>4,513,290</u>	<u>18,950,334</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 29,500,995</u>	<u>\$ 7,716,702</u>	<u>\$ 37,217,697</u>	<u>\$ 310,870</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	\$ 850,946	\$ 110,375	\$ 961,321	\$ -
Deferred outflows related to OPEB	<u>75,222</u>	<u>9,295</u>	<u>84,517</u>	<u>-</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 926,168</u>	<u>\$ 119,670</u>	<u>\$ 1,045,838</u>	<u>\$ -</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Statement of Net Position (Continued)**  
**June 30, 2021**

	Primary Government			Component Unit
	Governmental	Business-type	Total	Public Library
	Activities	Activities		Board
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 103,269	\$ 224,381	\$ 327,650	\$ -
Payable to pension	29,407	-	29,407	-
Accrued liabilities	159,000	7,753	166,753	-
Bonds payable - due in one year	268,000	-	268,000	-
Total current liabilities	<u>559,676</u>	<u>232,134</u>	<u>791,810</u>	<u>-</u>
Non-current liabilities				
Customer deposits	-	177,030	177,030	-
Bonds payable	4,551,000	-	4,551,000	-
Compensated absences payable	276,329	18,235	294,564	-
Net pension liability	1,255,617	158,982	1,414,599	-
Net OPEB liability	195,225	24,126	219,351	-
Total non-current liabilities	<u>6,278,171</u>	<u>378,373</u>	<u>6,656,544</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 6,837,847</u>	<u>\$ 610,507</u>	<u>\$ 7,448,354</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	\$ 90,022	\$ 11,126	\$ 101,148	\$ -
Deferred inflows related to OPEB	103,619	12,807	116,426	-
Deferred revenue - property taxes	6,018,428	-	6,018,428	-
Total deferred inflows of resources	<u>\$ 6,212,069</u>	<u>\$ 23,933</u>	<u>\$ 6,236,002</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 9,618,044	\$ 4,513,290	\$ 14,131,334	\$ -
Restricted for drug enforcement program	1,508	-	1,508	-
Restricted for state street aid	226,720	-	226,720	-
Unrestricted	7,530,975	2,688,642	10,219,617	310,870
<b>TOTAL NET POSITION</b>	<u>\$ 17,377,247</u>	<u>\$ 7,201,932</u>	<u>\$ 24,579,179</u>	<u>\$ 310,870</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**

**Statement of Activities  
Year Ended June 30, 2021**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government				
Judicial	\$ 523,603	\$ -	\$ -	\$ -
Financial administration	263,756	-	347,565	-
Building inspection	162,013	95,028	-	-
Public safety				
Police department	1,641,819	15,548	155,330	-
Fire department	2,662,128	-	-	-
Public works				
Highways and streets	3,259	-	-	-
Public works administration	135,558	-	-	-
Highway and street maintenance	1,280,677	-	319,254	181,624
Solid waste department	651,621	46,514	-	-
Recycle center	63,066	3,658	-	-
Public welfare and recreation				
Recreation	613,221	90,493	-	266,366
Mountain Arts Community Center	114,761	-	-	-
Library	227,258	3,868	580	-
Maintenance shop	91,555	-	-	-
Interest on long-term debt	101,444	-	-	-
Total governmental activities	<u>8,535,739</u>	<u>255,109</u>	<u>822,729</u>	<u>447,990</u>
Business-type activities:				
Water	1,611,592	1,725,646	-	-
Stormwater	431,878	298,890	-	-
Total business-type activities	<u>2,043,470</u>	<u>2,024,536</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$10,579,209</u>	<u>\$ 2,279,645</u>	<u>\$ 822,729</u>	<u>\$ 447,990</u>
<b>Component Unit</b>				
Library Board	<u>\$ 546,625</u>	<u>\$ 623,010</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 (Continued)**  
**Year Ended June 30, 2021**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (523,603)	\$ -	\$ (523,603)	\$ -
83,809	-	83,809	-
(66,985)	-	(66,985)	-
(1,470,941)	-	(1,470,941)	-
(2,662,128)	-	(2,662,128)	-
(3,259)	-	(3,259)	-
(135,558)	-	(135,558)	-
(779,799)	-	(779,799)	-
(605,107)	-	(605,107)	-
(59,408)	-	(59,408)	-
(256,362)	-	(256,362)	-
(114,761)	-	(114,761)	-
(222,810)	-	(222,810)	-
(91,555)	-	(91,555)	-
(101,444)	-	(101,444)	-
(7,009,911)	-	(7,009,911)	-
-	114,054	114,054	-
-	(132,988)	(132,988)	-
-	(18,934)	(18,934)	-
(7,009,911)	(18,934)	(7,028,845)	-
-	-	-	76,385
5,653,599	-	5,653,599	-
158,164	-	158,164	-
844,162	-	844,162	-
143,343	-	143,343	-
47,533	-	47,533	-
68,574	-	68,574	-
1,778,654	-	1,778,654	-
3,133	2,186	5,319	-
50,856	-	50,856	-
73,016	-	73,016	-
8,821,034	2,186	8,823,220	-
1,811,123	(16,748)	1,794,375	76,385
15,566,124	7,218,680	22,784,804	234,485
<u>\$ 17,377,247</u>	<u>\$ 7,201,932</u>	<u>\$ 24,579,179</u>	<u>\$310,870</u>

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



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2021**

		<b>Capital Projects</b>			
	<b>General</b>	<b>Building</b>	<b>Vehicle</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Construction</b>	<b>Replacement</b>	<b>Governmental</b>	<b>Governmental</b>
		<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>ASSETS</b>					
Cash	\$ 2,406,327	\$1,236,862	\$1,486,267	\$ 1,508	\$ 5,130,964
Investments	2,374,234	-	2,671	242,274	2,619,179
Property taxes - net	6,113,198	-	-	-	6,113,198
Grants receivable	19,551	244,991	-	19,269	283,811
Receivable - net	43,042	-	-	-	43,042
Due from other funds	441,850	-	158,377	-	600,227
Due from other governments	472,119	-	-	55,731	527,850
<b>TOTAL ASSETS</b>	<u>\$11,870,321</u>	<u>\$1,481,853</u>	<u>\$1,647,315</u>	<u>\$ 318,782</u>	<u>\$ 15,318,271</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 68,494	\$ 25,801	\$ -	\$ 8,974	\$ 103,269
Payable to pension	29,407	-	-	-	29,407
Accrued liabilities	159,000	-	-	-	159,000
Due to other funds	158,377	14,363	-	81,580	254,320
<b>TOTAL LIABILITIES</b>	<u>\$ 415,278</u>	<u>\$ 40,164</u>	<u>\$ -</u>	<u>\$ 90,554</u>	<u>\$ 545,996</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue - property taxes	<u>\$ 6,098,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,098,821</u>
<b>FUND BALANCES</b>					
Restricted	\$ -	\$ -	\$ -	\$ 228,228	\$ 228,228
Committed	-	1,441,689	1,647,315	-	3,089,004
Unassigned	5,356,222	-	-	-	5,356,222
<b>TOTAL FUND BALANCES</b>	<u>\$ 5,356,222</u>	<u>\$1,441,689</u>	<u>\$1,647,315</u>	<u>\$ 228,228</u>	<u>\$ 8,673,454</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, 2021**

Total fund balances per governmental funds balance sheet	\$ 8,673,454
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,437,044
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.	(5,095,329)
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.	(494,693)
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.	(223,622)
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>80,393</u>
Net position of governmental activities	<u>\$ 17,377,247</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, 2021**

		<b>Capital Projects</b>			
	<b>General</b>	<b>Building</b>	<b>Vehicle</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Construction</b>	<b>Replacement</b>	<b>Governmental</b>	<b>Governmental</b>
		<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>REVENUES</b>					
Taxes	\$6,778,158	\$ -	\$ -	\$ -	\$ 6,778,158
Licenses and permits	95,028	-	-	-	95,028
Intergovernmental	1,782,820	266,366	-	464,293	2,513,479
Charges for services	194,668	-	-	-	194,668
Fines and forfeitures	12,481	-	-	47	12,528
Other revenues	<u>204,451</u>	<u>540,569</u>	<u>19,090</u>	<u>274</u>	<u>764,384</u>
<b>TOTAL REVENUES</b>	<u>9,067,606</u>	<u>806,935</u>	<u>19,090</u>	<u>464,614</u>	<u>10,358,245</u>
<b>EXPENDITURES</b>					
<b>Current Expenditures</b>					
General government	881,302	-	-	-	881,302
Public safety	3,985,269	-	-	7,465	3,992,734
Public works	1,255,683	-	1,431	557,445	1,814,559
Public welfare and recreation	862,653	-	-	-	862,653
Maintenance shop	86,247	-	-	-	86,247
<b>Capital Outlay</b>	304,000	635,433	168,209	47,528	1,155,170
<b>Debt Service</b>	<u>364,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,444</u>
<b>TOTAL EXPENDITURES</b>	<u>7,739,598</u>	<u>635,433</u>	<u>169,640</u>	<u>612,438</u>	<u>9,157,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,328,008</u>	<u>171,502</u>	<u>(150,550)</u>	<u>(147,824)</u>	<u>1,201,136</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	475,130	-	475,130
Transfers out	<u>(475,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(475,130)</u>
Total other financing sources (uses)	<u>(475,130)</u>	<u>-</u>	<u>475,130</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	852,878	171,502	324,580	(147,824)	1,201,136
<b>Fund balances - beginning</b>	<u>4,503,344</u>	<u>1,270,187</u>	<u>1,322,735</u>	<u>376,052</u>	<u>7,472,318</u>
<b>Fund balances - end</b>	<u>\$5,356,222</u>	<u>\$ 1,441,689</u>	<u>\$ 1,647,315</u>	<u>\$ 228,228</u>	<u>\$ 8,673,454</u>

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, 2021**

Net change in fund balances for total governmental funds	\$ 1,201,136
Governmental funds report capital outlay as expenditures, however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.	411,621
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(11,381)
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.	263,000
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.	(25,922)
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.	(19,684)
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>(7,647)</u>
Change in net position of governmental activities	<u>\$ 1,811,123</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, 2021**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property taxes	\$ 5,682,959	\$ 5,682,959	\$ 5,640,275	\$ (42,684)
Interest and penalties	12,500	12,500	24,705	12,205
Public utilities	110,000	110,000	124,104	14,104
In lieu - water fund	33,000	33,000	34,060	1,060
Local option sales taxes	375,000	375,000	838,907	463,907
Wholesale beer tax	75,000	75,000	68,574	(6,426)
Minimum business taxes	5,300	5,300	6,461	1,161
Gross receipts tax	37,000	37,000	41,072	4,072
Total taxes	6,330,759	6,330,759	6,778,158	447,399
License and permits				
Beer and liquor license	1,920	1,920	1,620	(300)
Building permits	60,350	60,350	93,058	32,708
Other permits	275	275	350	75
Total license and permits	62,545	62,545	95,028	32,483
Intergovernmental				
Federal and state grants	363,310	363,310	522,877	159,567
TVA replacement	98,000	98,000	95,594	(2,406)
Fire and police supplemental	31,800	31,800	32,800	1,000
State sales tax	705,200	705,200	892,540	187,340
Telecommunication tax	3,000	3,000	151	(2,849)
State income tax and excise tax	15,000	15,000	172,435	157,435
State beer tax	4,000	4,000	3,959	(41)
Sportsbetting	-	-	4,843	4,843
Mixed drink tax	24,000	24,000	41,018	17,018
Streets and transportation	16,500	16,500	16,603	103
Total intergovernmental	1,260,810	1,260,810	1,782,820	522,010
Charges for services				
Sanitation charges for service	45,000	45,000	46,514	1,514
Police special services	10,000	10,000	3,020	(6,980)
Fingerprint fees	3,500	3,500	-	(3,500)
Library charges	8,336	8,336	3,785	(4,551)
Recreation activities	113,050	113,050	90,493	(22,557)
Rent	50,878	50,878	50,856	(22)
Total charges for services	230,764	230,764	194,668	(36,096)
Fines and forfeitures				
City court revenues	35,000	35,000	12,481	(22,519)

(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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES (Continued)</b>				
Other revenue				
Interest earnings	\$ 30,000	\$ 30,000	\$ 3,105	\$ (26,895)
Insurance recovery	-	-	1,342	1,342
CATV franchise	155,000	155,000	143,343	(11,657)
Sale of materials and supplies	15,000	15,000	4,781	(10,219)
Miscellaneous	42,960	42,960	43,960	1,000
Contributions and donations	11,500	11,500	7,920	(3,580)
Total other revenue	<u>254,460</u>	<u>254,460</u>	<u>204,451</u>	<u>(50,009)</u>
<b>TOTAL REVENUES</b>	<u>8,174,338</u>	<u>8,174,338</u>	<u>9,067,606</u>	<u>893,268</u>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
<b>General government</b>				
Judicial				
Salaries	38,284	38,284	38,272	12
Payroll taxes	2,929	2,929	2,879	50
Fringe benefits	4,693	4,693	2,998	1,695
Pension expense	1,844	1,844	1,825	19
Insurance	2,097	2,097	1,577	520
Miscellaneous	225	225	-	225
Office supplies	750	750	518	232
Operating supplies	7,361	7,361	7,249	112
Postage and printing	275	275	201	74
Professional and contract services	1,600	1,600	475	1,125
Repairs and maintenance	-	-	100	(100)
Telephone and other communications	350	350	672	(322)
Travel and training	700	700	243	457
Utilities	50	50	-	50
Total judicial	<u>61,158</u>	<u>61,158</u>	<u>57,009</u>	<u>4,149</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, 2021**

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
General government (Continued)				
Administration				
Salaries	\$ 221,785	\$ 221,785	\$ 226,254	\$ (4,469)
Payroll taxes	16,595	16,595	15,969	626
Fringe benefits	46,531	46,531	85,379	(38,848)
Pension expense	17,181	17,181	16,582	599
Insurance	2,509	2,509	2,545	(36)
Miscellaneous	18,650	18,650	4,876	13,774
Office supplies	2,000	2,000	1,079	921
Operating supplies	5,577	5,577	3,320	2,257
Postage and printing	9,200	9,200	5,435	3,765
Professional and contract services	76,075	76,075	61,554	14,521
Repairs and maintenance	1,550	1,550	1,207	343
Telephone and other communications	2,000	2,000	1,656	344
Travel and training	7,000	7,000	1,904	5,096
Utilities	6,750	6,750	5,266	1,484
Vehicle expense	1,000	1,000	33	967
Total administration	434,403	434,403	433,059	1,344
Finance				
Salaries	110,964	110,964	111,376	(412)
Payroll taxes	8,535	8,535	8,661	(126)
Fringe benefits	17,624	17,624	18,223	(599)
Pension expense	8,836	8,836	8,278	558
Insurance	1,566	1,566	1,524	42
Miscellaneous	3,750	3,750	3,507	243
Office supplies	3,500	3,500	2,158	1,342
Operating supplies	34,674	34,674	36,258	(1,584)
Postage and printing	14,050	14,050	12,534	1,516
Professional and contract services	27,213	27,213	24,034	3,179
Repairs and maintenance	250	250	561	(311)
Telephone and other communications	2,500	2,500	2,741	(241)
Travel and training	2,500	2,500	76	2,424
Utilities	6,500	6,500	4,878	1,622
Total finance	242,462	242,462	234,809	7,653

(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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures (Continued)</b>				
<b>General government (Continued)</b>				
Building and codes				
Salaries	\$ 96,547	\$ 96,547	\$ 96,498	\$ 49
Payroll taxes	7,386	7,386	6,911	475
Fringe benefits	22,854	22,854	25,744	(2,890)
Pension expense	9,567	9,567	7,555	2,012
Insurance	5,715	5,715	4,875	840
Office supplies	1,000	1,000	1,166	(166)
Operating supplies	4,911	4,911	2,980	1,931
Postage and printing	3,900	3,900	2,036	1,864
Professional and contract services	6,726	6,726	954	5,772
Repairs and maintenance	3,020	3,020	1,311	1,709
Telephone and other communications	3,500	3,500	3,040	460
Travel and training	3,000	3,000	2,204	796
Vehicle expense	1,500	1,500	1,151	349
Total building and codes	<u>169,626</u>	<u>169,626</u>	<u>156,425</u>	<u>13,201</u>
Total general government	<u>907,649</u>	<u>907,649</u>	<u>881,302</u>	<u>26,347</u>
<b>Public safety</b>				
Police				
Salaries	854,011	854,011	920,294	(66,283)
Payroll taxes	65,155	65,155	62,705	2,450
Fringe benefits	204,640	204,640	170,737	33,903
Pension expense	96,621	96,621	95,316	1,305
Animal control	10,000	10,000	9,900	100
Insurance	56,131	56,131	48,092	8,039
Miscellaneous	-	-	1,384	(1,384)
Office supplies	3,500	3,500	3,267	233
Operating supplies	36,903	36,903	61,030	(24,127)
Postage and printing	4,300	4,300	3,013	1,287
Professional and contract services	114,020	114,020	102,241	11,779
Repairs and maintenance	17,800	17,800	17,591	209
Telephone and other communications	18,000	18,000	11,607	6,393
Travel and training	9,000	9,000	8,072	928
Utilities	6,200	6,200	6,781	(581)
Vehicle expense	40,000	40,000	33,391	6,609
Total police	<u>1,536,281</u>	<u>1,536,281</u>	<u>1,555,421</u>	<u>(19,140)</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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures (Continued)</b>				
<b>Public safety (Continued)</b>				
Fire protection and control services				
Salaries	\$ 995,710	\$ 995,710	\$ 1,042,407	\$ (46,697)
Payroll taxes	76,030	76,030	69,811	6,219
Fringe benefits	295,752	295,752	361,478	(65,726)
Pension expense	112,835	112,835	105,728	7,107
Insurance	60,451	60,451	62,314	(1,863)
Miscellaneous	17,500	17,500	20,044	(2,544)
Office supplies	1,900	1,900	1,973	(73)
Operating supplies	65,383	65,383	71,650	(6,267)
Postage and printing	3,650	3,650	3,092	558
Professional and contract services	62,020	62,020	60,365	1,655
Repairs and maintenance	30,400	30,400	30,671	(271)
Telephone and other communications	7,300	7,300	13,272	(5,972)
Travel and training	30,000	30,000	31,138	(1,138)
Utilities	26,400	26,400	21,096	5,304
Vehicle expense	20,000	20,000	18,787	1,213
Total fire protection and control services	<u>1,805,331</u>	<u>1,805,331</u>	<u>1,913,826</u>	<u>(108,495)</u>
Fire station grants				
Salaries	398,920	398,920	395,617	3,303
Payroll taxes	28,553	28,553	29,343	(790)
Fringe benefits	63,506	63,506	46,693	16,813
Pension expense	42,625	42,625	44,144	(1,519)
Insurance	12,131	12,131	225	11,906
Total fire station grants	<u>545,735</u>	<u>545,735</u>	<u>516,022</u>	<u>29,713</u>
Total public safety	<u>3,887,347</u>	<u>3,887,347</u>	<u>3,985,269</u>	<u>(97,922)</u>
<b>Public works</b>				
Highways and streets				
Salaries	-	-	3,027	(3,027)
Payroll taxes	-	-	223	(223)
Pension expense	-	-	240	(240)
Insurance	-	-	9	(9)
Total highways and streets	<u>-</u>	<u>-</u>	<u>3,499</u>	<u>(3,499)</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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures (Continued)</b>				
<b>Public works (Continued)</b>				
Public works administration				
Salaries	\$ 89,796	\$ 89,796	\$ 86,378	\$ 3,418
Payroll taxes	6,869	6,869	6,207	662
Fringe benefits	27,206	27,206	16,644	10,562
Pension expense	7,112	7,112	6,752	360
Insurance	1,370	1,370	1,380	(10)
Miscellaneous	500	500	211	289
Office supplies	800	800	706	94
Operating supplies	2,857	2,857	2,281	576
Postage and printing	1,450	1,450	1,152	298
Professional and contract services	3,400	3,400	2,791	609
Repairs and maintenance	600	600	130	470
Telephone and other communications	400	400	370	30
Travel and training	2,500	2,500	500	2,000
Utilities	2,170	2,170	1,456	714
Vehicle expense	600	600	159	441
Total public works administration	<u>147,630</u>	<u>147,630</u>	<u>127,117</u>	<u>20,513</u>
Highway and street maintenance				
Salaries	221,183	221,183	195,236	25,947
Payroll taxes	16,921	16,921	13,657	3,264
Fringe benefits	120,958	120,958	124,990	(4,032)
Pension expense	17,518	17,518	15,297	2,221
Insurance	25,445	25,445	23,400	2,045
Miscellaneous	1,200	1,200	865	335
Office supplies	200	200	73	127
Operating supplies	14,689	14,689	18,644	(3,955)
Paving and road repair	27,900	27,900	25,067	2,833
Postage and printing	450	450	107	343
Professional and contract services	1,870	1,870	547	1,323
Repairs and maintenance	34,500	34,500	35,671	(1,171)
Telephone and other communications	1,000	1,000	816	184
Travel and training	2,000	2,000	375	1,625
Utilities	2,170	2,170	1,458	712
Vehicle expense	24,800	24,800	21,250	3,550
Total highway and street maintenance	<u>512,804</u>	<u>512,804</u>	<u>477,453</u>	<u>35,351</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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures (Continued)</b>				
<b>Public works (Continued)</b>				
Solid waste department				
Salaries	\$ 216,102	\$ 216,102	\$ 172,752	\$ 43,350
Payroll taxes	16,532	16,532	12,048	4,484
Fringe benefits	26,291	26,291	16,543	9,748
Pension expense	14,216	14,216	13,681	535
Insurance	17,881	17,881	15,584	2,297
Landfill - hauling services	110,000	110,000	131,761	(21,761)
Landfill services	120,000	120,000	121,243	(1,243)
Miscellaneous	2,850	2,850	1,552	1,298
Office supplies	300	300	240	60
Operating supplies	9,261	9,261	10,849	(1,588)
Postage and printing	1,250	1,250	1,085	165
Professional and contract services	45,000	45,000	25,198	19,802
Repair and maintenance	24,000	24,000	33,358	(9,358)
Telephone and other communications	480	480	142	338
Travel and training	800	800	426	374
Utilities	2,170	2,170	1,226	944
Vehicle expense	33,300	33,300	25,653	7,647
Total solid waste department	<u>640,433</u>	<u>640,433</u>	<u>583,341</u>	<u>57,092</u>
Recycling centers				
Salaries	8,945	8,945	8,705	240
Payroll taxes	684	684	624	60
Fringe benefits	2,445	2,445	2,076	369
Pension expense	708	708	689	19
Insurance	616	616	593	23
Operating supplies	1,030	1,030	459	571
Professional and contract services	54,712	54,712	48,293	6,419
Repair and maintenance	2,500	2,500	1,121	1,379
Telephone and other communications	600	600	512	88
Utilities	1,150	1,150	1,201	(51)
Total recycling centers	<u>73,390</u>	<u>73,390</u>	<u>64,273</u>	<u>9,117</u>
Total public works	<u>1,374,257</u>	<u>1,374,257</u>	<u>1,255,683</u>	<u>118,574</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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures (Continued)</b>				
<b>Public welfare and recreation</b>				
Mountain Arts Community Center				
Insurance	\$ 5,309	\$ 5,309	\$ 4,693	\$ 616
Office supplies	-	-	251	(251)
Operating supplies	-	-	3,303	(3,303)
Postage and printing	50	50	1,263	(1,213)
Professional and contract services	1,500	1,500	9,573	(8,073)
Repairs and maintenance	8,500	8,500	5,735	2,765
Telephone and other communications	1,500	1,500	1,860	(360)
Utilities	30,000	30,000	15,610	14,390
Total Mountain Arts Community Center	46,859	46,859	42,288	4,571
Recreation administration				
Salaries	59,534	59,534	59,507	27
Payroll taxes	4,554	4,554	4,109	445
Fringe benefits	18,607	18,607	17,847	760
Pension expense	4,715	4,715	4,695	20
Insurance	1,000	1,000	974	26
Miscellaneous	-	-	74	(74)
Office supplies	500	500	150	350
Operating supplies	1,000	1,000	2,895	(1,895)
Postage and printing	3,800	3,800	317	3,483
Repairs and maintenance	100	100	230	(130)
Telephone and other communications	2,000	2,000	1,804	196
Travel and training	1,500	1,500	122	1,378
Utilities	1,200	1,200	-	1,200
Total recreation administration	98,510	98,510	92,724	5,786

(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, 2021**

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Pool				
Salaries	\$ 45,270	\$ 45,270	\$ 30,963	\$ 14,307
Payroll tax	3,463	3,463	2,330	1,133
Pension expense	-	-	365	(365)
Insurance	2,956	2,956	2,611	345
Miscellaneous	1,500	1,500	1,358	142
Office supplies	600	600	756	(156)
Operating supplies	30,700	30,700	26,287	4,413
Repairs and maintenance	20,500	20,500	18,366	2,134
Telephone and other communications	400	400	-	400
Utilities	32,000	32,000	44,489	(12,489)
Total pool	137,389	137,389	127,525	9,864
Concessions				
Salaries	8,000	8,000	1,523	6,477
Payroll tax	612	612	117	495
Insurance	584	584	408	176
Operating supplies	6,000	6,000	6,173	(173)
Total concessions	15,196	15,196	8,221	6,975
Parks and recreation maintenance				
Salaries	110,997	110,997	119,371	(8,374)
Payroll taxes	8,491	8,491	8,546	(55)
Fringe benefits	37,137	37,137	35,123	2,014
Pension expense	7,393	7,393	6,953	440
Insurance	5,205	5,205	4,605	600
Miscellaneous	2,000	2,000	-	2,000
Operating supplies	7,400	7,400	10,214	(2,814)
Professional and contract services	1,000	1,000	958	42
Repairs and maintenance	20,500	20,500	24,830	(4,330)
Telephone and other communications	500	500	-	500
Utilities	4,800	4,800	2,342	2,458
Vehicle expense	8,500	8,500	6,808	1,692
Total parks and recreation maintenance	213,923	213,923	219,750	(5,827)

(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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures (Continued)</b>				
<b>Public welfare and recreation (Continued)</b>				
Tennis courts				
Insurance	\$ 2,335	\$ 2,335	\$ 2,300	\$ 35
Operating supplies	1,700	1,700	1,240	460
Repairs and maintenance	12,000	12,000	23,184	(11,184)
Utilities	1,000	1,000	531	469
Total tennis courts	17,035	17,035	27,255	(10,220)
Ballfield				
Insurance	1,941	1,941	1,912	29
Operating supplies	5,600	5,600	2,557	3,043
Professional and contract services	-	-	193	(193)
Repairs and maintenance	19,000	19,000	14,594	4,406
Utilities	10,000	10,000	9,228	772
Total ballfield	36,541	36,541	28,484	8,057
Gym				
Salaries	27,505	27,505	849	26,656
Payroll taxes	2,104	2,104	65	2,039
Insurance	2,503	2,503	2,315	188
Miscellaneous	100	100	-	100
Operating supplies	2,500	2,500	301	2,199
Repairs and maintenance	3,500	3,500	3,563	(63)
Utilities	12,500	12,500	10,458	2,042
Total gym	50,712	50,712	17,551	33,161
Facilities maintenance				
Salaries	-	-	243	(243)
Payroll taxes	-	-	18	(18)
Pension expense	-	-	19	(19)
Insurance	623	623	548	75
Office supplies	350	350	-	350
Operating supplies	12,200	12,200	2,331	9,869
Postage and printing	300	300	58	242
Professional and contract services	34,150	34,150	23,347	10,803
Repairs and maintenance	74,366	74,366	57,508	16,858
Telephone	1,500	1,500	583	917
Total facilities maintenance	123,489	123,489	84,655	38,834

(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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES (Continued)</b>				
<b>Current Expenditures (Continued)</b>				
<b>Public welfare and recreation (Continued)</b>				
Library				
Salaries	\$ 127,548	\$ 127,548	\$ 123,564	\$ 3,984
Payroll taxes	9,757	9,757	9,457	300
Fringe benefits	15,715	15,715	14,901	814
Pension expense	6,974	6,974	7,605	(631)
Insurance	2,972	2,972	2,583	389
Miscellaneous	70	70	62	8
Office supplies	5,500	5,500	4,832	668
Operating supplies	24,763	24,763	27,447	(2,684)
Postage and printing	2,250	2,250	2,561	(311)
Professional and contract services	7,400	7,400	6,845	555
Repairs and maintenance	8,000	8,000	6,716	1,284
Telephone and other communications	1,000	1,000	1,032	(32)
Travel and training	400	400	-	400
Utilities	11,250	11,250	6,595	4,655
Total library	223,599	223,599	214,200	9,399
Total public welfare and recreation	963,253	963,253	862,653	100,600
<b>Maintenance shop</b>				
Salaries	43,162	43,162	34,040	9,122
Payroll taxes	3,302	3,302	2,276	1,026
Fringe benefits	18,481	18,481	-	18,481
Pension expense	3,418	3,418	2,691	727
Insurance	4,125	4,125	3,170	955
Miscellaneous	100	100	-	100
Office supplies	50	50	81	(31)
Operating supplies	9,776	9,776	12,910	(3,134)
Professional and contract services	1,400	1,400	2,846	(1,446)
Repairs and maintenance	4,600	4,600	5,990	(1,390)
Telephone and other communications	1,980	1,980	1,637	343
Travel and training	700	700	125	575
Utilities	19,555	19,555	16,869	2,686
Vehicle expense	4,200	4,200	3,612	588
Total maintenance shop	114,849	114,849	86,247	28,602

(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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES (Continued)</b>				
<b>Capital Outlay</b>				
General government	\$ 15,800	\$ 15,800	\$ 40,681	\$ (24,881)
Public safety	46,000	46,000	81,890	(35,890)
Public works	8,000	8,000	2,395	5,605
Public welfare and recreation	567,500	267,500	179,034	88,466
Total capital outlay	637,300	337,300	304,000	33,300
<b>Debt Service</b>				
Principal paid	263,000	263,000	263,000	-
Interest	144,957	144,957	101,444	43,513
Total debt service	407,957	407,957	364,444	43,513
<b>TOTAL EXPENDITURES</b>	<b>8,292,612</b>	<b>7,992,612</b>	<b>7,739,598</b>	<b>253,014</b>
Excess (deficiency) of revenues over (under) expenditures	(118,274)	181,726	1,328,008	1,146,282
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	503,061	503,061	-	(503,061)
Transfers out	(628,191)	(703,191)	(475,130)	228,061
Total other financing sources (uses)	(125,130)	(200,130)	(475,130)	(275,000)
Net changes in fund balances	(243,404)	(18,404)	852,878	871,282
<b>Fund balances - beginning</b>	<b>4,503,344</b>	<b>4,503,344</b>	<b>4,503,344</b>	<b>-</b>
<b>Fund balances - end</b>	<b>\$ 4,259,940</b>	<b>\$ 4,484,940</b>	<b>\$ 5,356,222</b>	<b>\$ 871,282</b>

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



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Stormwater Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets			
Cash	\$ 1,566,641	\$ 466,577	\$ 2,033,218
Investments	1,201,573	44,165	1,245,738
Receivable - net	212,860	-	212,860
Inventories	57,503	-	57,503
Total current assets	<u>3,038,577</u>	<u>510,742</u>	<u>3,549,319</u>
Non-current assets			
Capital assets			
Other capital assets - net of accumulated depreciation	4,335,362	177,928	4,513,290
<b>TOTAL ASSETS</b>	<u>\$ 7,373,939</u>	<u>\$ 688,670</u>	<u>\$ 8,062,609</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	\$ 67,196	\$ 43,179	\$ 110,375
Deferred outflows related to OPEB	5,915	3,380	9,295
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 73,111</u>	<u>\$ 46,559</u>	<u>\$ 119,670</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 223,389	\$ 992	\$ 224,381
Accrued liabilities	7,753	-	7,753
Due to other funds	217,800	128,107	345,907
Total current liabilities	<u>448,942</u>	<u>129,099</u>	<u>578,041</u>
Non-current liabilities			
Customer deposits	177,030	-	177,030
Compensated absences payable	17,115	1,120	18,235
Net pension liability	100,106	58,876	158,982
Net OPEB liability	15,352	8,774	24,126
Total non-current liabilities	<u>309,603</u>	<u>68,770</u>	<u>378,373</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 758,545</u>	<u>\$ 197,869</u>	<u>\$ 956,414</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	\$ 7,079	\$ 4,047	\$ 11,126
Deferred inflows related to OPEB	8,150	4,657	12,807
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 15,229</u>	<u>\$ 8,704</u>	<u>\$ 23,933</u>
<b>NET POSITION</b>			
Investment in capital assets	\$ 4,335,362	\$ 177,928	\$ 4,513,290
Unrestricted	2,337,914	350,728	2,688,642
<b>TOTAL NET POSITION</b>	<u>\$ 6,673,276</u>	<u>\$ 528,656</u>	<u>\$ 7,201,932</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, 2021**

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Water sales	\$ 1,623,054	\$ -	\$ 1,623,054
Stormwater user fees	-	298,890	298,890
Water service fees	43,644	-	43,644
Other revenue	58,948	-	58,948
Total operating revenues	<u>1,725,646</u>	<u>298,890</u>	<u>2,024,536</u>
<b>OPERATING EXPENSES</b>			
Water purchases	400,994	-	400,994
Power and pumping	182,763	-	182,763
Treatment and transmission	178,758	-	178,758
Maintenance	358,400	-	358,400
Stormwater operations	-	410,000	410,000
Administration	291,321	-	291,321
Depreciation	<u>199,356</u>	<u>21,878</u>	<u>221,234</u>
Total operating expenses	<u>1,611,592</u>	<u>431,878</u>	<u>2,043,470</u>
Operating income (loss)	<u>114,054</u>	<u>(132,988)</u>	<u>(18,934)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest earnings	<u>2,055</u>	<u>131</u>	<u>2,186</u>
Changes in net position	116,109	(132,857)	(16,748)
<b>Net position - beginning</b>	<u>6,557,167</u>	<u>661,513</u>	<u>7,218,680</u>
<b>Net position - end</b>	<u>\$ 6,673,276</u>	<u>\$ 528,656</u>	<u>\$ 7,201,932</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, 2021**

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Stormwater Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 1,755,949	\$ 298,890	\$ 2,054,839
Payments to suppliers	(1,108,068)	(297,673)	(1,405,741)
Payments to employees	(332,860)	(153,440)	(486,300)
Net cash provided (used) by operating activities	<u>315,021</u>	<u>(152,223)</u>	<u>162,798</u>
<b>Cash Flows from Non-capital and Related Financing Activities</b>			
Due to/from other funds	<u>206,054</u>	<u>121,577</u>	<u>327,631</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisitions and construction of capital assets	<u>(810,291)</u>	<u>-</u>	<u>(810,291)</u>
<b>Cash Flows from Investing Activities</b>			
(Purchase) sale of investments	997,944	(63)	997,881
Interest revenue received	<u>2,055</u>	<u>131</u>	<u>2,186</u>
Net cash provided (used) by investing activities	<u>999,999</u>	<u>68</u>	<u>1,000,067</u>
Net increase (decrease) in cash	710,783	(30,578)	680,205
<b>Cash - beginning</b>	<u>855,858</u>	<u>497,155</u>	<u>1,353,013</u>
<b>Cash - end</b>	<u>\$ 1,566,641</u>	<u>\$ 466,577</u>	<u>\$ 2,033,218</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 114,054	\$ (132,988)	\$ (18,934)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	199,356	21,878	221,234
Increase (decrease) in net pension liability	23,996	13,712	37,708
Increase (decrease) in deferred inflows related to pensions	(10,039)	(5,737)	(15,776)
(Increase) decrease in deferred outflows related to pensions	(11,919)	(6,811)	(18,730)
Increase (decrease) in net OPEB liability	2,093	1,196	3,289
Increase (decrease) in deferred inflows related to OPEB	339	194	533
(Increase) decrease in deferred outflows related to OPEB	(884)	(506)	(1,390)
(Increase) decrease in receivable - net	30,303	-	30,303
(Increase) decrease in inventories	25,302	-	25,302
Increase (decrease) in accounts payable	(40,833)	(37,916)	(78,749)
Increase (decrease) in accrued liabilities	7,753	-	7,753
Increase (decrease) in compensated absences payable	(4,220)	(5,245)	(9,465)
Increase (decrease) in customer deposits	(20,280)	-	(20,280)
Total adjustments	<u>200,967</u>	<u>(19,235)</u>	<u>181,732</u>
Net cash provided (used) by operating activities	<u>\$ 315,021</u>	<u>\$ (152,223)</u>	<u>\$ 162,798</u>

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

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Notes to Financial Statements**  
**June 30, 2021**

**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)**

The Town reports the following major proprietary funds:

#### **Water Fund**

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

#### **Stormwater Fund**

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

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

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

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

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

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

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

### **C. Measurement Focus, Basis of Accounting (Continued)**

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

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

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

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

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

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

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

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

All appropriations that are not expended lapse at year end.

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

General Fund: Budgeted expenditures decreased by \$300,000. Budgeted transfers out increased by \$75,000.

Building Construction Fund: Budgeted expenditures increased by \$500,000.

Vehicle Replacement Fund: Budgeted expenditures increased by \$40,500.

Stormwater Fund: Budgeted expenses increased \$75,000.

### **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, 2021, 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, 2021, and January 24, 2022, 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, 2021, the carrying amount of the Town's deposits was \$7,165,564, and the bank balance was \$7,285,674. 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	\$ 7,164,182
Investments	3,864,917
Less: Investments in LGIP	( 3,862,245)
Petty cash	( 1,290)
Total	<u>\$ 7,165,564</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, 2021. The Weighted Average Maturity had a range of 1 to 105 days as of June 30, 2021.

### NOTE 3 - PROPERTY TAXES - NET

Tax rate for the 2021 levy is \$1.7012 per \$100 of assessed valuation and the tax rate for the 2020 levy is \$1.8866 per \$100 of assessed valuation.

Property taxes for the 2021 levy are considered to be owed to the Town as of the lien date on January 1, 2021. Therefore, the entire 2021 levy was recorded as a receivable and deferred revenue as of June 30, 2021.

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

Lien date	January 1, 2021
Levy date	January 1, 2021
Tax bills mailed	October 1, 2020
Payment due date	October 1, 2020
	Through February 28, 2021
Delinquency date	March 1, 2021

Property taxes receivable as of June 30, 2021, are composed of the following:

<u>Year of Levy</u>	
2021	\$ 6,018,428
2020	113,476
2019	37,676
2018	13,397
2017	9,250
2016	4,000
2015	2,950
2014	3,742
2013	26,624
2012	<u>19,801</u>
	6,249,344
Less: allowance for uncollectibles	<u>( 136,146)</u>
Property taxes receivable - net	<u>\$ 6,113,198</u>

### NOTE 4 - GRANTS RECEIVABLE

At year end, grants receivable consists of the following:

U.S. Department of Transportation	\$ 31,820
U.S. Department of Homeland Security	7,000
Tennessee Department of Environment and Conservation	<u>244,991</u>
Total	<u>\$ 283,811</u>

**NOTE 5 - RECEIVABLE - NET**

Accounts and other receivables at June 30, 2021, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Customer accounts	\$ -	\$ 218,822	\$ 218,822
Wholesale beer tax	6,819	-	6,819
Franchise tax	34,262	-	34,262
Other	<u>1,961</u>	<u>-</u>	<u>1,961</u>
	43,042	218,822	261,864
Less allowance for uncollectible accounts	<u>-</u>	<u>( 5,962)</u>	<u>( 5,962)</u>
Total	<u>\$ 43,042</u>	<u>\$ 212,860</u>	<u>\$ 255,902</u>

Bad debt expense was \$0 for year ended June 30, 2021.

**NOTE 6 - DUE FROM OTHER GOVERNMENTS**

Due from other governments as of June 30, 2021, consists of the following receivables from the State of Tennessee:

State income tax	\$ 148,465
State street aid revenues	55,731
City streets and transportation revenues	2,767
Mixed drink tax revenue	5,689
State sales tax revenue	164,667
Local sales tax revenue	146,073
Business tax revenue	2,704
Sportsbetting tax revenue	<u>1,754</u>
Total	<u>\$ 527,850</u>

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

**NOTE 7 - INTERNAL BALANCES**

Internal balances at June 30, 2021, consist of the following:

	Due from:					
	General	Building	State	Water	Stormwater	
Due to:	Fund	Construction	Street	Fund	Fund	Total
		Fund	Aid			
General Fund	\$ -	\$ 14,363	\$81,580	\$ 217,800	\$ 128,107	\$441,850
Vehicle Replacement Fund	<u>158,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,377</u>
	<u>\$ 158,377</u>	<u>\$ 14,363</u>	<u>\$81,580</u>	<u>\$ 217,800</u>	<u>\$ 128,107</u>	<u>\$600,227</u>

Amounts paid by the General Fund on behalf of the Building Construction Fund, State Street Aid Fund, Water Fund, and Stormwater Fund are to be reimbursed in the next fiscal year. Amounts paid by the Vehicle Replacement 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, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
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	11,992,286	912,538	-	12,904,824
Equipment	5,464,699	234,591	( 150,429)	5,548,861
Public improvements (infrastructure)	<u>4,640,151</u>	<u>47,528</u>	<u>-</u>	<u>4,687,679</u>
Total capital assets being depreciated	<u>22,097,136</u>	<u>1,194,657</u>	<u>( 150,429)</u>	<u>23,141,364</u>
Less accumulated depreciation for:				
Buildings and other improvements	4,177,378	335,730	-	4,513,108
Equipment	3,558,292	320,061	( 150,429)	3,727,924
Public improvements (infrastructure)	<u>1,180,356</u>	<u>127,245</u>	<u>-</u>	<u>1,307,601</u>
Total accumulated depreciation	<u>8,916,026</u>	<u>783,036</u>	<u>( 150,429)</u>	<u>9,548,633</u>
Total capital assets being depreciated - net	<u>13,181,110</u>	<u>411,621</u>	<u>-</u>	<u>13,592,731</u>
Governmental activities capital assets - net	<u>\$ 14,025,423</u>	<u>\$ 411,621</u>	<u>\$ -</u>	<u>\$ 14,437,044</u>

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

General government	\$ 27,273
Public safety	270,948
Public works	304,021
Public welfare and recreation	176,385
Maintenance shop	<u>4,409</u>
Total	<u>\$ 783,036</u>

**NOTE 8 - CAPITAL ASSETS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Plant in service	\$ 7,820,644	\$ 765,376	\$ ( 2,130)	\$ 8,583,890
Equipment	<u>1,333,686</u>	<u>44,915</u>	<u>( 18,925)</u>	<u>1,359,676</u>
Total capital assets being depreciated	<u>9,154,330</u>	<u>810,291</u>	<u>( 21,055)</u>	<u>9,943,566</u>
Less accumulated depreciation for:				
Plant in service	4,374,092	172,512	( 2,130)	4,544,474
Equipment	<u>856,005</u>	<u>48,722</u>	<u>( 18,925)</u>	<u>885,802</u>
Total capital depreciation	<u>5,230,097</u>	<u>221,234</u>	<u>( 21,055)</u>	<u>5,430,276</u>
Total capital assets being depreciated - net	<u>3,924,233</u>	<u>589,057</u>	<u>-</u>	<u>4,513,290</u>
Business-type activities capital assets - net	<u>\$ 3,924,233</u>	<u>\$ 589,057</u>	<u>\$ -</u>	<u>\$ 4,513,290</u>

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

Water	\$ 199,356
Stormwater	<u>21,878</u>
Total	<u>\$ 221,234</u>

**NOTE 9 - DEFERRED OUTFLOWS RELATED TO PENSIONS**

Deferred outflows related to pensions at June 30, 2021, consists of the following:

Beginning balance	\$ 791,056
Differences between expected and actual experience	326,302
Differences between projected and actual investment earnings	212,688
Prior year employer contributions	( 382,654)
Current year employer contributions	380,242
Amortization of deferrals	( 335,370)
Netting investment earnings	<u>( 30,943)</u>
Total	<u>\$ 961,321</u>

**NOTE 10 - DEFERRED OUTFLOWS RELATED TO OPEB**

Deferred outflows related to OPEB at June 30, 2021, consists of the following:

Beginning balance	\$ 71,876
Prior year prepaid benefit payments	( 1,408)
Current year prepaid benefit payments	789
Changes of assumptions	24,520
Amortization of deferrals	<u>( 11,260)</u>
Total	<u>\$ 84,517</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 direct debt	\$ 2,171,000
Tennessee Municipal Bond, Series 2017, \$3,000,000 at 2.79%, due 10/01/2037 direct debt	2,648,000
Compensated absences payable	<u>276,329</u>
	5,095,329
Less: current portion of governmental long-term debt	<u>( 268,000)</u>
Total governmental long-term debt	<u>\$ 4,827,329</u>

A summary of changes in governmental long-term debt, not including compensated absences, for the year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
<u>Indirect debt:</u>					
Series 2015	\$ 2,313,000	\$ -	\$ ( 142,000)	\$ 2,171,000	\$ 144,000
Series 2017	<u>2,769,000</u>	<u>-</u>	<u>( 121,000)</u>	<u>2,648,000</u>	<u>124,000</u>
Total	<u>5,082,000</u>	<u>-</u>	<u>( 263,000)</u>	<u>4,819,000</u>	<u>268,000</u>
<u>Other debt:</u>					
Compensated absences	<u>268,682</u>	<u>7,647</u>	<u>-</u>	<u>276,329</u>	<u>-</u>
	<u>\$ 5,350,682</u>	<u>\$ 7,647</u>	<u>\$ ( 263,000)</u>	<u>5,095,329</u>	<u>\$ 268,000</u>
Less current portion of governmental long-term debt				<u>( 268,000)</u>	
Total governmental long-term debt				<u>\$ 4,827,329</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, 2021, on governmental long-term debt was \$101,444.

**NOTE 11 - LONG-TERM DEBT (Continued)****A. Governmental Debt (Continued)**

Government fund debt service requirements to maturity, including interest of \$1,177,015 are as follows:

Year ended June 30	Direct Borrowings		Total
	Principal	Interest	
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	289,000	105,110	394,110
2027-2031	1,531,000	395,821	1,926,821
2032-2036	1,518,000	163,807	1,681,807
2037-2038	<u>379,000</u>	<u>10,643</u>	<u>389,643</u>
Total	<u>\$4,819,000</u>	<u>\$ 1,177,015</u>	<u>\$ 5,996,015</u>

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

**B. Business-type Debt****Water Fund**

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

Compensated absences					Principal Balance <u>\$ 17,115</u>
	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
Compensated absences	<u>\$ 21,335</u>	<u>\$ -</u>	<u>\$ ( 4,220)</u>	<u>\$ 17,115</u>	<u>\$ -</u>
Less: current portion of water long-term debt				<u>-</u>	
Total water long-term debt				<u>\$ 17,115</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:

Compensated absences					Principal Balance <u>\$ 1,120</u>
	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
Compensated absences	<u>\$ 6,365</u>	<u>\$ -</u>	<u>\$ ( 5,245)</u>	<u>\$ 1,120</u>	<u>\$ -</u>
Less: current portion of stormwater long-term debt				<u>-</u>	
Total stormwater long-term debt				<u>\$ 1,120</u>	

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



**NOTE 12 - NET PENSION LIABILITY**

Net pension liability at June 30, 2021, consists of the following:

Beginning balance	\$ 1,071,797
Prior year employer contributions	( 381,498)
Pension expense	408,212
Difference in actuarial experience	190,023
Difference in investment earnings	178,095
Changes in assumptions	<u>( 52,030)</u>
Total	<u>\$ 1,414,599</u>

**NOTE 13 - NET OPEB LIABILITY**

Net OPEB liability at June 30, 2021 consists of the following:

Beginning balance	\$ 189,441
Service cost	18,948
Interest expense	7,290
Differences between expected and actual experience	( 19,440)
Changes of assumptions	24,520
Benefit payments	<u>( 1,408)</u>
Total	<u>\$ 219,351</u>

**NOTE 14 - DEFERRED INFLOWS RELATED TO PENSIONS**

Deferred inflows related to pension at June 30, 2021, consists of the following:

Beginning balance	\$ 244,561
Difference in actuarial experience	( 39,943)
Difference in investment earnings	( 72,527)
Netting investment earnings	<u>( 30,943)</u>
Total	<u>\$ 101,148</u>

**NOTE 15 - DEFERRED INFLOWS RELATED TO OPEB**

Deferred inflows related to OPEB at June 30, 2021, consists of the following:

Beginning balance	\$ 111,579
Differences between expected and actual experience	19,440
Amortization of deferrals	<u>( 14,593)</u>
Total	<u>\$ 116,426</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>\$ 80,393</u>	<u>\$ 6,018,428</u>	<u>\$ 6,098,821</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:

\$1,508 is legally restricted for use in investigations of drug-related violations and drug prevention programs.

\$226,720 is legally restricted for use in the State Street Aid Fund for street expenditures.

#### NOTE 18 - FUND BALANCES

Fund balances are as follows:

Restricted: \$1,508 is legally restricted for use in investigations of drug-related violations and drug prevention programs. \$226,720 is legally restricted for use in the State Street Aid Fund for street expenditures.

Committed: \$1,647,315 is committed for the purchase of mobile assets. \$1,441,689 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>Vehicle Replacement</u>
	<u>Fund</u>
<u>Transfer from:</u>	
General Fund	<u>\$ 475,130</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.

## 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 \$(5,095,329) difference are as follows:

Bonds payable	\$ (4,819,000)
Compensated absences	<u>( 276,329)</u>
Net adjustment	<u>\$ ( 5,095,329)</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 \$(494,693) difference are as follows:

Deferred outflows related to pensions	\$ 850,946
Net pension liability	(1,255,617)
Deferred inflows related to pensions	<u>( 90,022)</u>
Net adjustment	<u>\$ ( 494,693)</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 \$(223,622) difference are as follows:

Deferred outflows related to OPEB	\$ 75,222
Net OPEB liability	( 195,225)
Deferred inflows related to OPEB	<u>( 103,619)</u>
Net adjustment	<u>\$ ( 223,622)</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 \$411,621 difference are as follows:

Capital outlay	\$ 1,194,657
Depreciation expense	<u>( 783,036)</u>
Net adjustment	<u>\$ 411,621</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 \$263,000 difference are as follows:

Bond - Series 2015	\$ 142,000
Bond - Series 2017	<u>121,000</u>
Net adjustment	<u>\$ 263,000</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 \$(25,922) difference are as follows:

Pension expense	\$ ( 364,338)
Contributions	<u>338,416</u>
Net adjustment	<u>\$ ( 25,922)</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 \$(19,684) difference are as follows:

OPEB expense	\$ ( 20,386)
Contributions	<u>702</u>
Net adjustment	<u>\$ ( 19,684)</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 publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

#### **Benefits provided**

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

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	84
Active employees	<u>82</u>
Total employees	<u>214</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, 2021, the employer contributions for Signal Mountain were \$380,242 based on a rate of 9.79 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, 2020, 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, 2020 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, 2020 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	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 6/30/19	\$ 10,314,803	\$ 9,243,006	\$ 1,071,797
Changes for the year:			
Service cost	293,520	-	293,520
Interest	751,774	-	751,774
Differences between expected and actual experience	326,301	-	326,301
Changes in assumptions	-	-	-
Contributions - employer	-	381,498	( 381,498)
Contributions - employees	-	194,019	( 194,019)
Net investment income	-	460,694	( 460,694)
Benefit payments, including refunds of employee contributions	( 478,063)	( 478,063)	-
Administrative expense	-	( 7,418)	7,418
Other changes	-	-	-
Net changes	893,532	550,730	342,802
Balances at 6/30/20	\$ 11,208,335	\$ 9,793,736	\$ 1,414,599

**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)	\$ 2,709,680	\$ 1,414,599	\$ 329,555

**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, 2021, Signal Mountain recognized pension expense (negative pension expense) of \$408,212.

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

For the year ended June 30, 2021, 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	\$ 402,395	\$ 101,148
Net difference between projected and actual earnings on pension plan investments	74,625	-
Changes in assumptions	104,059	-
Contributions subsequent to the measurement date of June 30, 2020	<u>380,242</u>	<u>(not applicable)</u>
Total	<u>\$ 961,321</u>	<u>\$ 101,148</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2020,” 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:**

2022	\$ 127,660
2023	\$ 130,756
2024	\$ 124,346
2025	\$ 97,165
2026	\$ -
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, 2021, Signal Mountain reported a payable of \$29,407 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2021.



## **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	\$22,697,177 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, 2021. No provision has been made in the financial statements for the year ended June 30, 2021, 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, 2020, 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>78</u>
Total	<u>78</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, 2021, the Town of Signal Mountain, Tennessee paid \$789 to the LGOP for OPEB benefits as they came due.

### Total OPEB Liability

#### **Actuarial assumptions**

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates	9.02% for pre-65 in 2020, decreasing annually over a 10 year period to an ultimate rate of 4.50%. 7.56% for post-65 in 2020, 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, 2020, valuations were the same as those employed in the July 1, 2019 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 2.21 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**

	Total OPEB Liability (a)
Total OPEB liability - beginning balance	<u>\$ 189,441</u>
Changes for the year:	
Service cost	18,948
Interest	7,290
Changes of benefit terms	-
Differences between expected and actual experience	( 19,440)
Change in assumptions	24,520
Benefit payments	<u>( 1,408)</u>
Net changes	<u>29,910</u>
Total OPEB liability - ending balance	<u>\$ 219,351</u>

**Changes in assumptions**

The discount rate was changed from 3.51% as of the beginning of the measurement period to 2.21% as of June 30, 2020. 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 (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 242,925</u>	<u>\$ 219,351</u>	<u>\$ 197,497</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 (8.02% /6.56%) decreasing to 3.50%	Healthcare Cost Trend Rates (9.02% /7.56%) decreasing to 4.5%	1% Increase (10.02% /8.56%) decreasing to 5.50%
Total OPEB liability	<u>\$ 185,664</u>	<u>\$ 219,351</u>	<u>\$ 260,759</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, 2021, the Town of Signal Mountain, Tennessee recognized OPEB expense of \$22,905.

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

For the fiscal year ended June 30, 2021, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 52,819	\$ 109,498
Changes of assumptions	30,909	6,928
Employer payments subsequent to the measurement date	<u>789</u>	<u>-</u>
Total	<u>\$ 84,517</u>	<u>\$ 116,426</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:

For the year ended June 30:

2022	\$ ( 3,333)
2023	\$ ( 3,333)
2024	\$ ( 3,333)
2025	\$ ( 3,333)
2026	\$ ( 3,333)
Thereafter	\$ ( 16,033)

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, 2021**

**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, 2021**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 241,722	\$ 254,867	\$ 283,071	\$ 293,520
639,503	663,000	715,422	751,774
-	-	-	-
(175,858)	183,153	(63,796)	326,301
312,173	-	-	-
<u>(422,282)</u>	<u>(402,867)</u>	<u>(409,437)</u>	<u>(478,063)</u>
595,258	698,153	525,260	893,532
<u>8,496,132</u>	<u>9,091,390</u>	<u>9,789,543</u>	<u>10,314,803</u>
<u>\$ 9,091,390</u>	<u>\$ 9,789,543</u>	<u>\$10,314,803</u>	<u>\$11,208,335</u>
\$ 326,173	\$ 350,648	\$ 381,374	\$ 381,498
157,112	168,278	182,492	194,019
781,739	644,276	635,439	460,694
(422,282)	(402,867)	(409,437)	(478,063)
(6,253)	(7,380)	(7,274)	(7,418)
-	-	-	-
836,489	752,955	782,594	550,730
<u>6,870,968</u>	<u>7,707,457</u>	<u>8,460,412</u>	<u>9,243,006</u>
<u>\$ 7,707,457</u>	<u>\$ 8,460,412</u>	<u>\$ 9,243,006</u>	<u>\$ 9,793,736</u>
<u>\$ 1,383,933</u>	<u>\$ 1,329,131</u>	<u>\$ 1,071,797</u>	<u>\$ 1,414,599</u>
84.78%	86.42%	89.61%	87.38%
\$ 3,142,242	\$ 3,365,536	\$ 3,649,821	\$ 3,880,368
44.04%	39.49%	29.37%	36.46%



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Contributions Based on**  
**Participation in the Public Employee Pension Plan of the TCRS**  
**June 30, 2021**

**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 2021 were calculated based on the June 30, 2019 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 (Continued)**  
**June 30, 2021**

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 350,648	\$ 381,374	\$ 381,498	\$ 380,242
<u>350,648</u>	<u>381,374</u>	<u>381,498</u>	<u>380,242</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,365,536	\$ 3,649,821	\$ 3,880,368	\$ 3,884,091
10.42%	10.45%	9.83%	9.79%

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Changes in the Town of Signal Mountain, Tennessee's**  
**Total OPEB Liability and Related Ratios**  
**June 30, 2021**

**Local Government OPEB Plan**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 15,565	\$ 14,327	\$ 18,725	\$ 18,948
Interest	5,805	7,372	3,991	7,290
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(126,330)	67,533	(19,440)
Changes of assumptions	(11,260)	4,104	7,775	24,520
Benefit payments	-	(1,228)	(186)	(1,408)
Net change in total OPEB liability	10,110	(101,755)	97,838	29,910
Total OPEB liability - beginning	<u>183,248</u>	<u>193,358</u>	<u>91,603</u>	<u>189,441</u>
 Total OPEB liability - ending (a)	 <u>\$ 193,358</u>	 <u>\$ 91,603</u>	 <u>\$ 189,441</u>	 <u>\$ 219,351</u>
 Covered-employee payroll	 \$3,026,441	 \$3,147,765	 \$3,186,792	 \$3,071,326
 Total OPEB liability as a percentage of covered-employee payroll	 6.39%	 2.91%	 5.94%	 7.14%

**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**

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## **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.

**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.

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Non-major Governmental Fund**  
**Combining Balance Sheet**  
**June 30, 2021**

	<b>Special Revenue</b>		<b>Total</b>
	<b>Drug Fund</b>	<b>State Street Aid Fund</b>	<b>Non-major Governmental Funds</b>
<b>ASSETS</b>			
Cash	\$ 1,508	\$ -	\$ 1,508
Investments	-	242,274	242,274
Grant receivable	-	19,269	19,269
Due from other governments	-	55,731	55,731
<b>TOTAL ASSETS</b>	<u>\$ 1,508</u>	<u>\$ 317,274</u>	<u>\$ 318,782</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 8,974	\$ 8,974
Due to other funds	-	81,580	81,580
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ 90,554</u>	<u>\$ 90,554</u>
<b>FUND BALANCES</b>			
Restricted	<u>\$ 1,508</u>	<u>\$ 226,720</u>	<u>\$ 228,228</u>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Non-Major Governmental Fund**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2021**

	<b>Special Revenue</b>		<b>Total Non-major Governmental Funds</b>
	<b>Drug Fund</b>	<b>State Street Aid Fund</b>	
<b>REVENUES</b>			
Fines and forfeitures	\$ 47	\$ -	\$ 47
Intergovernmental	-	464,293	464,293
Other revenues	<u>260</u>	<u>14</u>	<u>274</u>
<b>TOTAL REVENUES</b>	<u>307</u>	<u>464,307</u>	<u>464,614</u>
<b>EXPENDITURES</b>			
<b>Current Expenditures</b>			
Public safety	7,465	-	7,465
Public works	<u>-</u>	<u>557,445</u>	<u>557,445</u>
Total current expenditures	<u>7,465</u>	<u>557,445</u>	<u>564,910</u>
<b>Capital Outlay</b>			
Public works	<u>-</u>	<u>47,528</u>	<u>47,528</u>
<b>TOTAL EXPENDITURES</b>	<u>7,465</u>	<u>604,973</u>	<u>612,438</u>
Excess (deficiency) of revenues over (under) expenditures	(7,158)	(140,666)	(147,824)
<b>Fund balances - beginning</b>	<u>8,666</u>	<u>367,386</u>	<u>376,052</u>
<b>Fund balances - end</b>	<u>\$ 1,508</u>	<u>\$ 226,720</u>	<u>\$ 228,228</u>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Drug Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>			
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>REVENUES</b>				
Fines and forfeitures				
City court revenues	\$ -	\$ -	\$ 47	\$ 47
Other revenues				
Miscellaneous	2,500	2,500	260	(2,240)
<b>TOTAL REVENUES</b>	<u>2,500</u>	<u>2,500</u>	<u>307</u>	<u>(2,193)</u>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
Public safety				
Operating supplies	10,000	10,000	7,465	2,535
<b>TOTAL EXPENDITURES</b>	<u>10,000</u>	<u>10,000</u>	<u>7,465</u>	<u>2,535</u>
Excess (deficiency) of revenues over (under) expenditure	(7,500)	(7,500)	(7,158)	342
<b>Fund balances - beginning</b>	<u>8,666</u>	<u>8,666</u>	<u>8,666</u>	<u>-</u>
<b>Fund balances - end</b>	<u>\$ 1,166</u>	<u>\$ 1,166</u>	<u>\$ 1,508</u>	<u>\$ 342</u>



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**State Street Aid Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Intergovernmental				
Grants	\$ 399,999	\$ 399,999	\$ 161,641	\$ (238,358)
Streets and transportation	275,001	275,001	302,652	27,651
Total intergovernmental	675,000	675,000	464,293	(210,707)
Other revenues				
Interest earnings	100	100	14	(86)
<b>TOTAL REVENUES</b>	675,100	675,100	464,307	(210,793)
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
Public works				
Highways and street maintenance				
Street lighting (electricity)	25,000	25,000	22,846	2,154
Engineering	5,000	5,000	-	5,000
Tree removal	14,000	14,000	13,050	950
Repairs and maintenance	400,000	400,000	508,561	(108,561)
Paint and stripping	15,000	15,000	12,988	2,012
Total public works	459,000	459,000	557,445	(98,445)
<b>Capital Outlay</b>				
Public works				
Highways and street maintenance				
Street infrastructure	-	-	1,424	(1,424)
Improvements	500,000	500,000	46,104	453,896
Total public works	500,000	500,000	47,528	452,472
<b>TOTAL EXPENDITURES</b>	959,000	959,000	604,973	354,027
Excess (deficiency) of revenues over (under) expenditures	(283,900)	(283,900)	(140,666)	143,234
<b>OTHER FINANCING SOURCE (USES)</b>				
Transfers out	(300,000)	(300,000)	-	300,000
Net changes in fund balances	(583,900)	(583,900)	(140,666)	443,234
<b>Fund balances - beginning</b>	367,386	367,386	367,386	-
<b>Fund balances - end</b>	\$ (216,514)	\$ (216,514)	\$ 226,720	\$ 443,234

## **FINANCIAL SCHEDULES**

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2021**

Grantor/Pass-through Agency	Assistance Listing Number	State Grant/Project Number	(Accrued) Deferred Grant Revenues July 1, 2020	Grant Revenues Received	Expenditures	(Accrued) Deferred Grant Revenues June 30, 2021
<b>Federal</b>						
U.S. Department of Transportation						
Transportation Enhancement Section	20.205	STP-M-9215(2)	\$ -	\$ 131,737	\$ 131,737	\$ -
Transportation Enhancement Section	20.205	STP-M-9215(3)	-	10,636	29,905	(19,269)
Aggressive Driver Enforcement	20.600	Z20THS235	-	7,364	7,364	-
Traffic Safety Enforcement	20.600	Z21THS271	-	67	12,618	(12,551)
Total U.S. Department of Transportation			<u>-</u>	<u>149,804</u>	<u>181,624</u>	<u>(31,820)</u>
 TN Cares Act	 21.019	 -	 <u>-</u>	 <u>128,505</u>	 <u>128,505</u>	 <u>-</u>
U.S. Department of Homeland Security						
Safer Grant	97.083	EMW-2016-FH-00095	-	139,472	139,472	-
Grant through Hamilton County	97.000	-	<u>(7,000)</u>	<u>15,858</u>	<u>15,858</u>	<u>(7,000)</u>
Total U.S. Department of Homeland Security			<u>(7,000)</u>	<u>155,330</u>	<u>155,330</u>	<u>(7,000)</u>
 Total Federal Awards			 <u>(7,000)</u>	 <u>433,639</u>	 <u>465,459</u>	 <u>(38,820)</u>
<b>State</b>						
Local Government DA Grant	-	-	<u>-</u>	<u>219,060</u>	<u>219,060</u>	<u>-</u>
 Tennessee Department of Environment and Conservation						
LPRF Grant - Ballfield Improvements	-	32701-03982	<u>-</u>	<u>21,375</u>	<u>266,366</u>	<u>(244,991)</u>
 Total State Awards			 <u>-</u>	 <u>240,435</u>	 <u>485,426</u>	 <u>(244,991)</u>
 Total Federal and State Awards			 <u>\$ (7,000)</u>	 <u>\$ 674,074</u>	 <u>\$ 950,885</u>	 <u>\$ (283,811)</u>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2021**

**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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Taxes	\$ 6,330,759	\$ 6,330,759	\$ 6,778,158	\$ 447,399
Licenses and permits	62,545	62,545	95,028	32,483
Intergovernmental	1,260,810	1,260,810	1,782,820	522,010
Charges for services	230,764	230,764	194,668	(36,096)
Fines and forfeitures	35,000	35,000	12,481	(22,519)
Other revenue	<u>254,460</u>	<u>254,460</u>	<u>204,451</u>	<u>(50,009)</u>
<b>TOTAL REVENUES</b>	<u>8,174,338</u>	<u>8,174,338</u>	<u>9,067,606</u>	<u>893,268</u>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
General government				
Judicial	61,158	61,158	57,009	4,149
Administration	434,403	434,403	433,059	1,344
Finance	242,462	242,462	234,809	7,653
Building and codes	169,626	169,626	156,425	13,201
Public safety				
Police	1,536,281	1,536,281	1,555,421	(19,140)
Fire protection and control services	1,805,331	1,805,331	1,913,826	(108,495)
Fire station grants	545,735	545,735	516,022	29,713
Public works				
Highways and streets	-	-	3,499	(3,499)
Public works administration	147,630	147,630	127,117	20,513
Highway and street maintenance	512,804	512,804	477,453	35,351
Solid waste department	640,433	640,433	583,341	57,092
Recycling centers	73,390	73,390	64,273	9,117
Public welfare and recreation				
Recreation	692,795	692,795	606,165	86,630
Mountain Arts Community Center	46,859	46,859	42,288	4,571
Library	223,599	223,599	214,200	9,399
Maintenance shop	114,849	114,849	86,247	28,602

(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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>				
General government				
Administration	\$ -	\$ -	\$ 33,566	\$ (33,566)
Finance	15,800	15,800	5,965	9,835
Building and codes	-	-	1,150	(1,150)
Public safety				
Police	25,000	25,000	-	25,000
Fire protection and control services	21,000	21,000	81,890	(60,890)
Public works				
Highway and street maintenance	8,000	8,000	2,395	5,605
Public welfare and recreation				
Recreation	511,500	211,500	123,177	88,323
Mountain Arts Community Center	56,000	56,000	55,857	143
<b>Debt Service</b>	<u>407,957</u>	<u>407,957</u>	<u>364,444</u>	<u>43,513</u>
<b>TOTAL EXPENDITURES</b>	<u>8,292,612</u>	<u>7,992,612</u>	<u>7,739,598</u>	<u>253,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(118,274)</u>	<u>181,726</u>	<u>1,328,008</u>	<u>1,146,282</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	503,061	503,061	-	(503,061)
Transfers out	(628,191)	(703,191)	(475,130)	228,061
Total other financing sources (uses)	<u>(125,130)</u>	<u>(200,130)</u>	<u>(475,130)</u>	<u>(275,000)</u>
Net changes in fund balances	(243,404)	(18,404)	852,878	871,282
<b>Fund balances - beginning</b>	<u>4,503,344</u>	<u>4,503,344</u>	<u>4,503,344</u>	<u>-</u>
<b>Fund balances - end</b>	<u>\$ 4,259,940</u>	<u>\$ 4,484,940</u>	<u>\$ 5,356,222</u>	<u>\$ 871,282</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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Intergovernmental				
Grants	\$ 415,000	\$ 415,000	\$ 266,366	\$ (148,634)
Other revenues				
Contributions and donations	500,000	500,000	540,569	40,569
<b>TOTAL REVENUES</b>	<u>915,000</u>	<u>915,000</u>	<u>806,935</u>	<u>(108,065)</u>
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>				
Public welfare and recreation				
Library	-	500,000	100,416	399,584
Facility	855,000	855,000	535,017	319,983
Total capital outlay	<u>855,000</u>	<u>1,355,000</u>	<u>635,433</u>	<u>719,567</u>
<b>TOTAL EXPENDITURES</b>	<u>855,000</u>	<u>1,355,000</u>	<u>635,433</u>	<u>719,567</u>
Excess (deficiency) of revenues over (under) expenditures	60,000	(440,000)	171,502	611,502
<b>Fund balances - beginning</b>	<u>1,270,187</u>	<u>1,270,187</u>	<u>1,270,187</u>	<u>-</u>
<b>Fund balances - end</b>	<u>\$ 1,330,187</u>	<u>\$ 830,187</u>	<u>\$ 1,441,689</u>	<u>\$ 611,502</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, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Other revenues				
Interest earnings	\$ -	\$ -	\$ 14	\$ 14
Sale of assets	<u>19,000</u>	<u>19,000</u>	<u>19,076</u>	<u>76</u>
<b>TOTAL REVENUES</b>	<u>19,000</u>	<u>19,000</u>	<u>19,090</u>	<u>90</u>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
Public works				
Miscellaneous	<u>-</u>	<u>2,500</u>	<u>1,431</u>	<u>1,069</u>
<b>Capital Outlay</b>				
Public safety				
Vehicles	-	38,000	37,593	407
Public works				
Vehicles	127,000	127,000	130,616	(3,616)
Public welfare and recreation				
Vehicles	<u>31,000</u>	<u>31,000</u>	<u>-</u>	<u>31,000</u>
Total capital outlay	<u>158,000</u>	<u>196,000</u>	<u>168,209</u>	<u>27,791</u>
<b>TOTAL EXPENDITURES</b>	<u>158,000</u>	<u>198,500</u>	<u>169,640</u>	<u>28,860</u>
Excess (deficiency) of revenues over (under) expenditures	(139,000)	(179,500)	(150,550)	28,950
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>475,130</u>	<u>475,130</u>	<u>475,130</u>	<u>-</u>
Net changes in fund balances	336,130	295,630	324,580	28,950
<b>Fund balances - beginning</b>	<u>1,322,735</u>	<u>1,322,735</u>	<u>1,322,735</u>	<u>-</u>
<b>Fund balances - end</b>	<u>\$ 1,658,865</u>	<u>\$ 1,618,365</u>	<u>\$ 1,647,315</u>	<u>\$ 28,950</u>



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Water Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual**  
**Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>OPERATING REVENUES</b>				
Water sales	\$ 1,791,000	\$ 1,791,000	\$ 1,623,054	\$ (167,946)
Water service fees	40,300	40,300	43,644	3,344
Other revenue	9,000	9,000	58,948	49,948
Total operating revenues	<u>1,840,300</u>	<u>1,840,300</u>	<u>1,725,646</u>	<u>(114,654)</u>
<b>OPERATING EXPENSES</b>				
<b>Water purchases</b>	<u>550,000</u>	<u>550,000</u>	<u>400,994</u>	<u>149,006</u>
<b>Power and pumping</b>				
Operating supplies and expense	1,500	1,500	922	578
Repairs and maintenance	30,000	30,000	13,910	16,090
Telephone and other communication	2,000	2,000	2,173	(173)
Utilities	<u>240,000</u>	<u>240,000</u>	<u>165,758</u>	<u>74,242</u>
Total power and pumping	<u>273,500</u>	<u>273,500</u>	<u>182,763</u>	<u>90,737</u>
<b>Treatment and transmission</b>				
Miscellaneous	2,400	2,400	1,968	432
Operating supplies and expense	24,000	24,000	30,666	(6,666)
Professional services	31,000	31,000	16,026	14,974
Repairs and maintenance	114,000	114,000	96,594	17,406
Travel and training	400	400	-	400
Vehicle expense	101,500	101,500	8,202	93,298
Water improvements	<u>635,000</u>	<u>635,000</u>	<u>25,302</u>	<u>609,698</u>
Total treatment and transmission	<u>908,300</u>	<u>908,300</u>	<u>178,758</u>	<u>729,542</u>
<b>Maintenance</b>				
Salaries	236,791	236,791	192,620	44,171
Payroll taxes	18,115	18,115	14,298	3,817
Fringe benefits	64,190	64,190	46,673	17,517
Pension expense	18,754	18,754	28,575	(9,821)
Contract services	960	960	1,125	(165)
Insurance	8,890	8,890	8,049	841
Miscellaneous	1,100	1,100	495	605
Operating supplies and expense	28,700	28,700	50,768	(22,068)
Other post-employment benefits	1,200	1,200	1,603	(403)
Repairs and maintenance	18,500	18,500	6,903	11,597
Telephone and other communication	2,000	2,000	2,544	(544)
Travel and training	4,000	4,000	344	3,656
Utilities	10,300	10,300	4,183	6,117
Vehicle expense	<u>37,000</u>	<u>37,000</u>	<u>220</u>	<u>36,780</u>
Total maintenance	<u>450,500</u>	<u>450,500</u>	<u>358,400</u>	<u>92,100</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING EXPENSES (Continued)</b>				
<b>Administration</b>				
Salaries	\$ 137,352	\$ 137,352	\$ 140,240	\$ (2,888)
Payroll taxes	10,507	10,507	10,034	473
Fringe benefits	37,748	37,748	34,603	3,145
Pension expense	10,878	10,878	-	10,878
Contract services	1,000	1,000	1,305	(305)
In lieu of taxes	32,000	32,000	34,060	(2,060)
Insurance	18,007	18,007	15,847	2,160
Miscellaneous	5,050	5,050	8,879	(3,829)
Office supplies and expense	2,000	2,000	14,728	(12,728)
Operating supplies and expense	106,095	106,095	7,367	98,728
Postage and printing	32,000	32,000	19,362	12,638
Professional services	-	-	97	(97)
Repairs and maintenance	1,000	1,000	508	492
Telephone and other communication	2,000	2,000	514	1,486
Travel and training	2,500	2,500	1,162	1,338
Utilities	2,750	2,750	2,615	135
Vehicle expense	1,000	1,000	-	1,000
Total administration	<u>401,887</u>	<u>401,887</u>	<u>291,321</u>	<u>110,566</u>
<b>Depreciation</b>	<u>190,000</u>	<u>190,000</u>	<u>199,356</u>	<u>(9,356)</u>
Total operating expenses	<u>2,774,187</u>	<u>2,774,187</u>	<u>1,611,592</u>	<u>1,162,595</u>
Operating income (loss)	<u>(933,887)</u>	<u>(933,887)</u>	<u>114,054</u>	<u>1,047,941</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest earnings	10,000	10,000	2,055	(7,945)
Amortization expense	<u>(2,961)</u>	<u>(2,961)</u>	<u>-</u>	<u>2,961</u>
Total non-operating revenues (expenses)	<u>7,039</u>	<u>7,039</u>	<u>2,055</u>	<u>(4,984)</u>
Changes in net position	(926,848)	(926,848)	116,109	1,042,957
Net position - beginning	<u>6,557,167</u>	<u>6,557,167</u>	<u>6,557,167</u>	<u>-</u>
Net position - end	<u>\$ 5,630,319</u>	<u>\$ 5,630,319</u>	<u>\$ 6,673,276</u>	<u>\$ 1,042,957</u>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Stormwater Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual**  
**Year Ended June 30, 2021**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Stormwater user fees	\$ 312,200	\$ 312,200	\$ 298,890	\$ (13,310)
<b>OPERATING EXPENSES</b>				
<b>Stormwater operations</b>				
Salaries	149,459	149,459	153,440	(3,981)
Payroll taxes	11,434	11,434	11,182	252
Fringe benefits	38,532	38,532	32,964	5,568
Pension expense	11,837	11,837	16,328	(4,491)
Contract services	23,500	23,500	13,534	9,966
Drainage improvements	75,000	150,000	-	150,000
Insurance	5,422	5,422	4,667	755
Miscellaneous	550	550	18	532
Office supplies and expense	400	400	241	159
Operating supplies and expense	8,880	8,880	2,832	6,048
Other post-employment benefits	500	500	916	(416)
Permit fee	5,000	5,000	3,960	1,040
Postage and printing	3,550	3,550	1,712	1,838
Professional services	25,000	25,000	-	25,000
Repairs and maintenance	17,000	17,000	162,931	(145,931)
Telephone and other communication	660	660	599	61
Travel and training	5,000	5,000	1,650	3,350
Utilities	2,060	2,060	1,769	291
Vehicle expense	3,700	3,700	1,257	2,443
Total stormwater operations	<u>387,484</u>	<u>462,484</u>	<u>410,000</u>	<u>52,484</u>
<b>Depreciation</b>	<u>37,000</u>	<u>37,000</u>	<u>21,878</u>	<u>15,122</u>
Total operating expenses	<u>424,484</u>	<u>499,484</u>	<u>431,878</u>	<u>67,606</u>
Operating income (loss)	<u>(112,284)</u>	<u>(187,284)</u>	<u>(132,988)</u>	<u>54,296</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest earnings	<u>750</u>	<u>750</u>	<u>131</u>	<u>(619)</u>
Change in net position before transfer	(111,534)	(186,534)	(132,857)	53,677
Transfer in	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Changes in net position	(36,534)	(111,534)	(132,857)	(21,323)
<b>Net position - beginning</b>	<u>661,513</u>	<u>661,513</u>	<u>661,513</u>	<u>-</u>
<b>Net position - end</b>	<u>\$ 624,979</u>	<u>\$ 549,979</u>	<u>\$ 528,656</u>	<u>\$ (21,323)</u>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Schedule of Property Taxes Receivable**  
**June 30, 2021**

<u>Year of Levy</u>	
2021	\$ 6,018,428
2020	113,476
2019	37,676
2018	13,397
2017	9,250
2016	4,000
2015	2,950
2014	3,742
2013	26,624
2012	<u>19,801</u>
Total property taxes receivable	6,249,344
Less: allowance for uncollectible taxes	<u>(136,146)</u>
Property taxes receivable - net	<u>\$ 6,113,198</u>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**General Fund**  
**Schedule of Changes in Property Taxes Receivable**  
**June 30, 2021**

<u>Year of Levy</u>	<u>Taxes Receivable July 1, 2020</u>	<u>Taxes Levied</u>	<u>Pickups</u>	<u>Discounts and Releases</u>	<u>Collections</u>	<u>Taxes Receivable July 1, 2021</u>
2021	\$ -	\$ 6,018,428	\$ -	\$ -	\$ -	\$ 6,018,428
2020	5,792,646	305,711	(1) 661	-	(5,985,542)	113,476
2019	135,336	-	-	-	(97,660)	37,676
2018	24,691	-	-	-	(11,294)	13,397
2017	17,292	-	-	-	(8,042)	9,250
2016	5,997	-	-	-	(1,997)	4,000
2015	2,997	-	-	-	(47)	2,950
2014	3,747	-	-	-	(5)	3,742
2013	26,629	-	-	-	(5)	26,624
2012	19,801	-	-	-	-	19,801
2011	<u>14,934</u>	<u>-</u>	<u>-</u>	<u>(14,934)</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,044,070</u>	<u>\$ 6,324,139</u>	<u>\$ 661</u>	<u>\$ (14,934)</u>	<u>\$ (6,104,592)</u>	<u>\$ 6,249,344</u>

(1) 2020 Stormwater fees

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Debt Service Requirements**  
**June 30, 2021**

**TENNESSEE MUNICIPAL BOND, SERIES 2015**  
Original issue of \$3,000,000 at 3.00% interest

Maturing June 30,	Principal	Interest	Total Requirements
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>\$ 2,171,000</u>	<u>\$ 500,580</u>	<u>\$ 2,671,580</u>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Debt Service Requirements**  
**General Fund**  
**June 30, 2021**

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

Maturing June 30,	Principal	Interest	Total Requirements
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>\$ 2,648,000</u>	<u>\$ 676,435</u>	<u>\$ 3,324,435</u>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Changes in Long-term Debt by Individual Issue**  
**June 30, 2021**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2020	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2021
<b>Governmental Activities</b>									
Bonds Payable through General Fund									
Tennessee Municipal Bond - 2015	\$3,000,000	3.00%	10/01/15	05/25/35	\$2,313,000	\$ -	\$ (142,000)	\$ -	\$2,171,000
Tennessee Municipal Bond - 2017	\$3,000,000	2.79%	10/13/17	10/01/37	<u>2,769,000</u>	<u>-</u>	<u>(121,000)</u>	<u>-</u>	<u>2,648,000</u>
Total Bonds Payable through General Fund					<u>\$5,082,000</u>	<u>\$ -</u>	<u>\$(263,000)</u>	<u>\$ -</u>	<u>\$4,819,000</u>



**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Insurance Coverage**  
**June 30, 2021**

<u>Coverage</u>	<u>Amount</u>
Property	\$22,697,177
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, 2021**

<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>	
2021	\$ 1.7012	\$ 342,583,437	\$ 2,098,412	\$ 9,093,604	\$ 353,775,453
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

NOTE: On July 1, 2020, the Town of Signal Mountain approved the levy for the year ended June 30, 2021. The tax rate adopted for each \$100 of assessed valuation for the 2020 levy was \$1.7012.

On July 1, 2021, the Town of Signal Mountain approved the levy for the year ended June 30, 2022, for the residents on record as of January 1, 2020. The 2020 levy was recorded as a receivable and deferred revenue for the year ended June 30, 2021.

**UNCOLLECTED DELINQUENT ACCOUNTS**

Delinquent taxes filed for collection by years are as follows:

<u>Year of Levy</u>	<u>Delinquent Taxes Filed</u>
2020	\$ 113,476
2019	37,676
2018	13,397
2017	9,250
2016	4,000
2015	2,950
2014	3,742
2013	26,624
2012	19,801
	<u>\$ 230,916</u>

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Property Taxes Levied and Property Tax Collections - Last Ten Years**  
**Years Ended June 30, 2011 to 2020**

Year of Levy	Tax Rate Per \$100	Total Tax Levy	Collections of Current Levy During Period	Percent of Current Collections to Levy	Collections of Prior Years Levy During Period	Total Collections During Period	Percent of Total Collections to Current Year Levy	Discounts and Adjustments During Period	Accumulated Delinquent Property Taxes	Percent of Delinquent Property Taxes to Current Year Levy
2020	\$ 1.8866	\$ 6,098,357	\$ 5,985,542	98.2%	\$ 119,050	\$ 6,104,592	100.1%	\$ (14,273)	\$ 230,916	3.8%
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%

TOWN OF SIGNAL MOUNTAIN, TENNESSEE  
Schedule of Unaccounted for Water  
June 30, 2021

AWWA Free Water Audit Software: Reporting Worksheet																									
Water Audit Report for:		Town of Signal Mountain (0000634)																							
Reporting Year:		2021		7/2020 - 6/2021																					
All volumes to be entered as: MILLION GALLONS (US) PER YEAR																									
<div style="display: flex; justify-content: space-between;"> <div> <p><b>WATER SUPPLIED</b></p> <p>Volume from own sources: <input type="text" value="9"/> <input type="text" value="262.000"/> MG/Yr</p> <p>Water imported: <input type="text" value=""/> MG/Yr</p> <p>Water exported: <input type="text" value=""/> MG/Yr</p> <p><b>WATER SUPPLIED:</b> <input type="text" value="262.000"/> MG/Yr</p> </div> <div> <p>← Enter grading in column 'E' and 'J' →</p> <p>Master Meter and Supply Error Adjustments</p> <table border="1" style="width: 100%;"> <tr> <td>Pcnt:</td> <td>Value:</td> <td>MG/Yr</td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </table> <p>Enter negative % or value for under-registration Enter positive % or value for over-registration</p> </div> </div>										Pcnt:	Value:	MG/Yr	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>				
Pcnt:	Value:	MG/Yr																							
<input type="text"/>	<input type="text"/>	<input type="text"/>																							
<input type="text"/>	<input type="text"/>	<input type="text"/>																							
<input type="text"/>	<input type="text"/>	<input type="text"/>																							
<p><b>AUTHORIZED CONSUMPTION</b></p> <table border="1" style="width: 100%;"> <tr> <td>Billed metered:</td> <td><input type="text" value="7"/></td> <td><input type="text" value="220.000"/></td> <td>MG/Yr</td> </tr> <tr> <td>Billed unmetered:</td> <td><input type="text"/></td> <td><input type="text"/></td> <td>MG/Yr</td> </tr> <tr> <td>Unbilled metered:</td> <td><input type="text" value="5"/></td> <td><input type="text" value="0.300"/></td> <td>MG/Yr</td> </tr> <tr> <td>Unbilled unmetered:</td> <td><input type="text" value="10"/></td> <td><input type="text" value="1.200"/></td> <td>MG/Yr</td> </tr> </table> <p><b>AUTHORIZED CONSUMPTION:</b> <input type="text" value="221.500"/> MG/Yr</p>										Billed metered:	<input type="text" value="7"/>	<input type="text" value="220.000"/>	MG/Yr	Billed unmetered:	<input type="text"/>	<input type="text"/>	MG/Yr	Unbilled metered:	<input type="text" value="5"/>	<input type="text" value="0.300"/>	MG/Yr	Unbilled unmetered:	<input type="text" value="10"/>	<input type="text" value="1.200"/>	MG/Yr
Billed metered:	<input type="text" value="7"/>	<input type="text" value="220.000"/>	MG/Yr																						
Billed unmetered:	<input type="text"/>	<input type="text"/>	MG/Yr																						
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Unbilled unmetered:	<input type="text" value="10"/>	<input type="text" value="1.200"/>	MG/Yr																						
<p><b>WATER LOSSES (Water Supplied - Authorized Consumption)</b> <input type="text" value="40.500"/> MG/Yr</p> <p><u>Apparent Losses</u></p> <p>Unauthorized consumption: <input type="text" value="7"/> <input type="text" value="0.655"/> MG/Yr</p> <p>Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed</p> <table border="1" style="width: 100%;"> <tr> <td>Customer metering inaccuracies:</td> <td><input type="text" value="8"/></td> <td><input type="text" value="4.496"/></td> <td>MG/Yr</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> </tr> </table> <p><b>Apparent Losses:</b> <input type="text" value="5.152"/> MG/Yr</p> <p><u>Real Losses (Current Annual Real Losses or CARL)</u></p> <p>Real Losses = Water Losses - Apparent Losses: <input type="text" value="35.348"/> MG/Yr</p> <p><b>WATER LOSSES:</b> <input type="text" value="40.500"/> MG/Yr</p>										Customer metering inaccuracies:	<input type="text" value="8"/>	<input type="text" value="4.496"/>	MG/Yr	Systematic data handling errors:	<input type="text" value="10"/>	<input type="text" value="0.001"/>	MG/Yr								
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Systematic data handling errors:	<input type="text" value="10"/>	<input type="text" value="0.001"/>	MG/Yr																						
<p><b>NON-REVENUE WATER</b></p> <p><b>NON-REVENUE WATER:</b> <input type="text" value="42.000"/> MG/Yr</p> <p>= Water Losses + Unbilled Metered + Unbilled Unmetered</p>																									
<p><b>SYSTEM DATA</b></p> <p>Length of mains: <input type="text" value="7"/> <input type="text" value="67.0"/> miles</p> <p>Number of <u>active AND inactive</u> service connections: <input type="text" value="9"/> <input type="text" value="3,320"/></p> <p>Service connection density: <input type="text" value="50"/> conn./mile main</p> <p>Are customer meters typically located at the curbstop or property line? <input type="text" value="Yes"/></p> <p>Average length of customer service line: <input type="text" value="7"/> <input type="text" value="100.0"/> psi</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="100.0"/> psi</p>																									
<p><b>COST DATA</b></p> <table border="1" 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="\$2,782,148"/></td> <td>\$/Year</td> </tr> <tr> <td>Customer retail unit cost (applied to Apparent Losses):</td> <td><input type="text" value="10"/></td> <td><input type="text" value="\$6.67"/></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="\$2,782,148"/>	\$/Year	Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="10"/>	<input type="text" value="\$6.67"/>	\$/1000 gallons (US)	Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	<input type="text" value="\$2,597.38"/>	\$/Million gallons				
Total annual cost of operating water system:	<input type="text" value="10"/>	<input type="text" value="\$2,782,148"/>	\$/Year																						
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="10"/>	<input type="text" value="\$6.67"/>	\$/1000 gallons (US)																						
Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	<input type="text" value="\$2,597.38"/>	\$/Million gallons																						
<p><b>WATER AUDIT DATA VALIDITY SCORE:</b></p> <p style="text-align: center;">*** YOUR SCORE IS: 85 out of 100 ***</p> <p>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><b>PRIORITY AREAS FOR ATTENTION:</b></p> <p>Based on the information provided, audit accuracy can be improved by addressing the following components:</p> <table border="1" style="width: 100%;"> <tr> <td>1: Unbilled metered</td> </tr> <tr> <td>2: Water imported</td> </tr> <tr> <td>3: Billed metered</td> </tr> </table>										1: Unbilled metered	2: Water imported	3: Billed metered													
1: Unbilled metered																									
2: Water imported																									
3: Billed metered																									

TOWN OF SIGNAL MOUNTAIN, TENNESSEE  
Schedule of Unaccounted for Water (Continued)  
June 30, 2021

**AWWA Free Water Audit Software:**

WAS v5.0

TOWN OF SIGNAL MOUNTAIN (0000634)

Report Year:

2021

7/2020 - 6/2021

**\*\*\*YOUR WATER AUDIT DATA VALIDITY SCORE IS: 85 out of 100 \*\*\***

**System Attributes:**

Apparent Losses:		5.152	MG/Yr	
+	Real Losses:	35.348	MG/Yr	
=	<b>Water Losses:</b>	40.500	MG/Yr	
Unavoidable Annual Real Losses (UARL):				
		31.41	MG/Yr	
Annual cost of Apparent Losses:				
		\$34,363		
Annual cost of Real Losses:				
		\$235,772		

Valued at **Customer Retail Unit Cost**  
Return to Reporting Worksheet to change this assumption

**Performance Indicators:**

Non-revenue water as percent by volume of Water Supplied:	16.0%	
Non-revenue water as percent by cost of operating system:	10.1%	Real Losses valued at Customer Retail Unit Cost
Operational		
Apparent Losses per service connection per day:	4.25	gallons/connection/day
Real Losses per service connection per day:	29.17	gallons/connection/day
Operational Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per meter (head) pressure:	0.29	gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):		
	35.35	million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:		
	1.13	

\* 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, 2021**

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**

2020 U.S. Census	8,852
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	440
Construction Value of Permits issued	\$ 20,622,142

**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	\$ 7.67
Per 1,000 gallons used	\$ 6.67

**Outside Town Limits**

Monthly service fee	\$ 9.20
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

Stuart Johnson, 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, 2021, 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 January 24, 2022.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town 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  
January 24, 2022

**TOWN OF SIGNAL MOUNTAIN, TENNESSEE**  
**Schedule of Findings and Responses**  
**June 30, 2021**

**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, 2021**

<b>Prior Year</b>		<b>Status/Current Year</b>
<b><u>Finding Number</u></b>	<b><u>Finding Title</u></b>	<b><u>Finding Number</u></b>

There were no prior findings reported.