



ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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

I. INTRODUCTORY SECTION

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Table of Contents
June 30, 2022

	Page
I. INTRODUCTORY SECTION	
Table of Contents	i-ii
Roster of Board Members and Management	iii
II. FINANCIAL SECTION	
Independent Auditor's Report	1-4
Management Discussion and Analysis	5-16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17-18
Statement of Activities	19-20
Fund Financial Statements	
Governmental Funds	
Balance Sheet	21
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statements of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - General Fund	25-36
Proprietary Funds	
Statement of Net Position	37
Statement of Revenues, Expenses and Changes in Net Position	38
Statement of Cash Flows	39
Notes to Financial Statements	40-67
Required Supplemental Information Other Than MD&A	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	
Based on Participation in the Public Employee Pension Plan of the TCRS	68-69
Schedule of Contributions Based on Participation in the Public Employee	
Pension Plan of the TCRS	70-71
Schedule of Changes in the Town of Signal Mountain, Tennessee's Total	
OPEB Liability and Related Ratios	72
Other Supplementary Information	
Non-Major Governmental Fund	73
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	75
Drug Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual	76
State Street Aid Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual	77

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Table of Contents (Continued)
June 30, 2022

II. FINANCIAL SECTION (Continued)

Other Supplementary Information (Continued)

Financial Schedules

Schedule of Expenditures of Federal and State Awards	78
Notes to the Schedule of Federal and State Awards	79
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	80-81
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Building Construction Fund	82
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Vehicle Replacement Fund	83
Schedule of Revenues, Expenses and Change in Net Position - Budget and Actual - Water Fund	84-85
Schedule of Revenues, Expenses and Change in Net Position - Budget and Actual - Stormwater Fund	86
Schedule of Property Taxes Receivable - General Fund	87
Schedule of Changes in Property Taxes Receivable - General Fund	88
Schedule of Debt Service Requirements	89-90
Schedule of Changes in Long-term Debt by Individual Issue	91
Insurance Coverage	92
Tax Rates and Assessed Valuation Applicable to Last Ten Years	93
Schedule of Property Taxes Levied and Property Tax Collections - Last Ten Years	94
Miscellaneous Supplementary Information	95

III. INTERNAL CONTROL AND COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	96-97
Schedule of Findings and Responses	98
Schedule of Prior Audit Findings	99
Management's Corrective Action Plan	100

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Roster of Board Members and Management
June 30, 2022

Mayor Charles Poss

Vice Mayor.....Susannah Murdock

Councilmember Andrew Gardner

Councilmember Dan Landrum
(July 1, 2021 through August 18, 2021)

Councilmember Vicki Anderson

Councilmember Elizabeth Baker
(September 27, 2021 through June 30, 2022)

Town Judge Gary Humble

Town Manager Boyd Veal
(July 1, 2021 through December 3, 2021)

Elaine Brunelle
(June 10, 2022 through June 30, 2022)

Interim Town Manager..... Mitchell Moore
(December 4, 2021 through March 3, 2022)

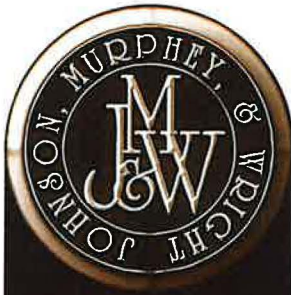
James Smith
(March 4, 2022 through June 9, 2022)

Town Attorney Harry Cash

Finance Director/Town Recorder Carol Thompson-White
(July 1, 2021 through February 10, 2022)

Jennifer Broomfield
(May 2, 2022 through June 30, 2022)

II. FINANCIAL 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

Marianne Greene, CPA

Stuart Johnson, CPA

INDEPENDENT AUDITOR'S REPORT

Mayor and Town Council
Town of Signal Mountain, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Signal Mountain, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Signal Mountain, Tennessee's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Signal Mountain, Tennessee, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Signal Mountain, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Signal Mountain, Tennessee's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Signal Mountain, Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Signal Mountain, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Signal Mountain, Tennessee's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major governmental fund financial statements and financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Management's Corrective Action Plan but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2023, on our consideration of the Town of Signal Mountain, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Signal Mountain, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Signal Mountain, Tennessee's internal control over financial reporting and compliance.


Chattanooga, Tennessee
January 11, 2023

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, 2022. 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, 2022, by \$26,428,320 (net position). Of this amount \$10,845,812 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 \$187,738 for pension expenditures.

In addition to these restricted amounts, the Town has a committed fund balance of \$1,703,599 for the purchase of mobile assets and \$766,373 for building construction.

The Town's governmental activities operated at a surplus of \$1,182,393. The Town's business-type activities operated at a surplus of \$666,748.

As of the close of the current fiscal year, the Town of Signal Mountain, Tennessee's governmental funds reported combined ending fund balances of \$8,197,645.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,716,378, or 68.47%, 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 \$7,868,680. Of that balance \$3,421,759, or 43.49%, is unrestricted, \$17,275 or 0.22% is restricted and the remaining 56.29%, or \$4,429,646 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 17 through 20 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 74.

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 25 of this report. The budgetary comparison statements for the non-major funds can be found beginning on page 76 of this report. The capital projects funds' budgets can be found beginning on page 82.

The basic governmental fund financial statements can be found on pages 21 through 24 of this report.

Proprietary Funds

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water Fund and Stormwater Fund, which are considered to be major funds, of the Town of Signal Mountain, Tennessee.

The basic proprietary fund financial statements can be found on pages 37 through 39 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 40 through 67 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 74 through 77 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 \$26,428,320 at the close of this fiscal year.

58.25 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 0.72%, or \$189,246, of the Town of Signal Mountain, Tennessee's net position represents resources that are subject to external restrictions on how they may be used. 41.03%, or \$10,845,812, in net position are unrestricted and can be used to meet the government's ongoing obligations.

At June 30, 2022, 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Capital assets	\$ 15,514,616	\$ 14,437,044	\$ 4,429,646	\$ 4,513,290	\$ 2,912,881	\$ 18,950,334
Other assets	<u>16,076,082</u>	<u>15,063,951</u>	<u>3,847,336</u>	<u>3,203,412</u>	<u>19,923,418</u>	<u>18,267,363</u>
Total assets	<u>\$ 31,590,698</u>	<u>\$ 29,500,995</u>	<u>\$ 8,276,982</u>	<u>\$ 7,716,702</u>	<u>\$ 39,867,680</u>	<u>\$ 37,217,697</u>
Deferred outflows of resources	<u>\$ 1,301,906</u>	<u>\$ 926,168</u>	<u>\$ 164,679</u>	<u>\$ 119,670</u>	<u>\$ 1,466,585</u>	<u>\$ 1,045,838</u>
Long-term liabilities	\$ 4,668,019	\$ 6,278,171	\$ 199,798	\$ 378,373	\$ 4,867,817	\$ 6,656,544
Other liabilities	<u>1,835,990</u>	<u>559,676</u>	<u>158,376</u>	<u>232,134</u>	<u>1,994,366</u>	<u>791,810</u>
Total liabilities	<u>\$ 6,504,009</u>	<u>\$ 6,837,847</u>	<u>\$ 358,174</u>	<u>\$ 610,507</u>	<u>\$ 6,862,183</u>	<u>\$ 7,448,354</u>
Deferred inflows of resources	<u>\$ 7,828,955</u>	<u>\$ 6,212,069</u>	<u>\$ 214,807</u>	<u>\$ 23,933</u>	<u>\$ 8,043,762</u>	<u>\$ 6,236,002</u>
Net investment in capital assets	\$ 10,963,616	\$ 9,618,044	\$ 4,429,646	\$ 4,513,290	\$ 15,393,262	\$ 14,131,334
Restricted	171,971	228,228	17,275	-	189,246	228,228
Unrestricted	<u>7,424,053</u>	<u>7,530,975</u>	<u>3,421,759</u>	<u>2,688,642</u>	<u>10,845,812</u>	<u>10,219,617</u>
Total net position	<u>\$ 18,559,640</u>	<u>\$ 17,377,247</u>	<u>\$ 7,868,680</u>	<u>\$ 7,201,932</u>	<u>\$ 26,428,320</u>	<u>\$ 24,579,179</u>

Changes in Net Position

Governmental activities increased the Town of Signal Mountain, Tennessee's net position by \$1,182,393.

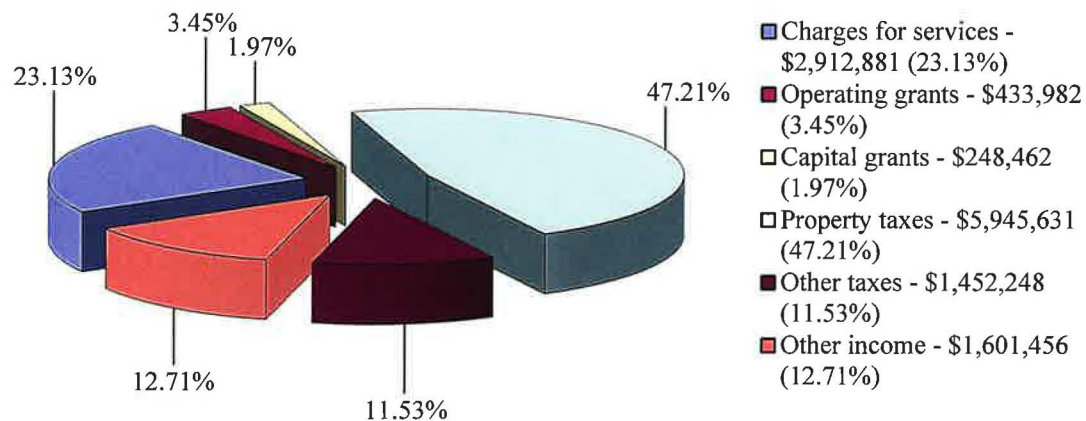
Business-type activities increased the Town of Signal Mountain, Tennessee's net position by \$666,748.

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

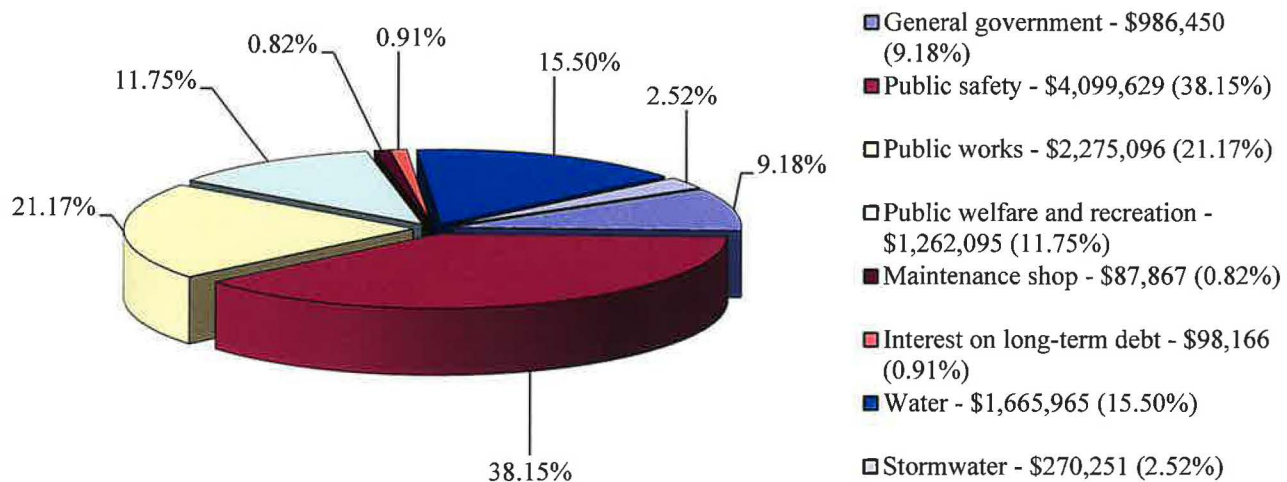
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 333,710	\$ 255,109	\$ 2,579,171	\$ 2,024,536	\$ 2,912,881	\$ 2,279,645
Operating grants and contributions	433,982	822,729	-	-	433,982	822,729
Capital grant and contributions	227,262	447,990	21,200	-	248,462	447,990
General revenues:						
Property taxes	5,945,631	5,653,599	-	-	5,945,631	5,653,599
Other taxes	1,452,248	1,261,776	-	-	1,452,248	1,261,776
Other income	<u>1,598,863</u>	<u>1,905,659</u>	<u>2,593</u>	<u>2,186</u>	<u>1,601,456</u>	<u>1,907,845</u>
Total revenues	<u>9,991,696</u>	<u>10,346,862</u>	<u>2,602,964</u>	<u>2,026,722</u>	<u>12,594,660</u>	<u>12,373,584</u>
Expenses:						
General government	986,450	949,372	-	-	986,450	949,372
Public safety	4,099,629	4,303,947	-	-	4,099,629	4,303,947
Public works	2,275,096	2,134,181	-	-	2,275,096	2,134,181
Public welfare and recreation	1,262,095	955,240	-	-	1,262,095	955,240
Maintenance shop	87,867	91,555	-	-	87,867	91,555
Interest on long-term debt	98,166	101,444	-	-	98,166	101,444
Water	-	-	1,665,965	1,611,592	1,665,965	1,611,592
Stormwater	-	-	<u>270,251</u>	<u>431,878</u>	<u>270,251</u>	<u>431,878</u>
Total expenses	<u>8,809,303</u>	<u>8,535,739</u>	<u>1,936,216</u>	<u>2,043,470</u>	<u>10,745,519</u>	<u>10,579,209</u>
Change in net position	1,182,393	1,811,123	666,748	(16,748)	1,849,141	1,794,375
Net position - beginning	<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>
Net position - end	<u>\$ 18,559,640</u>	<u>\$ 17,377,247</u>	<u>\$ 7,868,680</u>	<u>\$ 7,201,932</u>	<u>\$ 26,428,320</u>	<u>\$ 24,579,179</u>

The graphs below summarize the \$12,594,660 of town-wide revenue by source and the associated \$10,745,519 of expense by program. The graphs combine data from both governmental and business-type activities.

Town-Wide Sources of Revenue



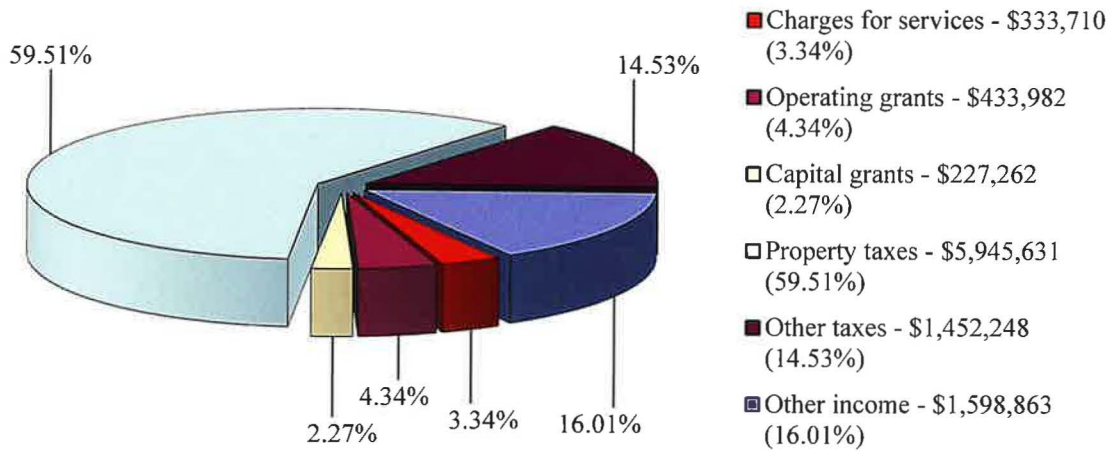
Town-Wide Program Expenses



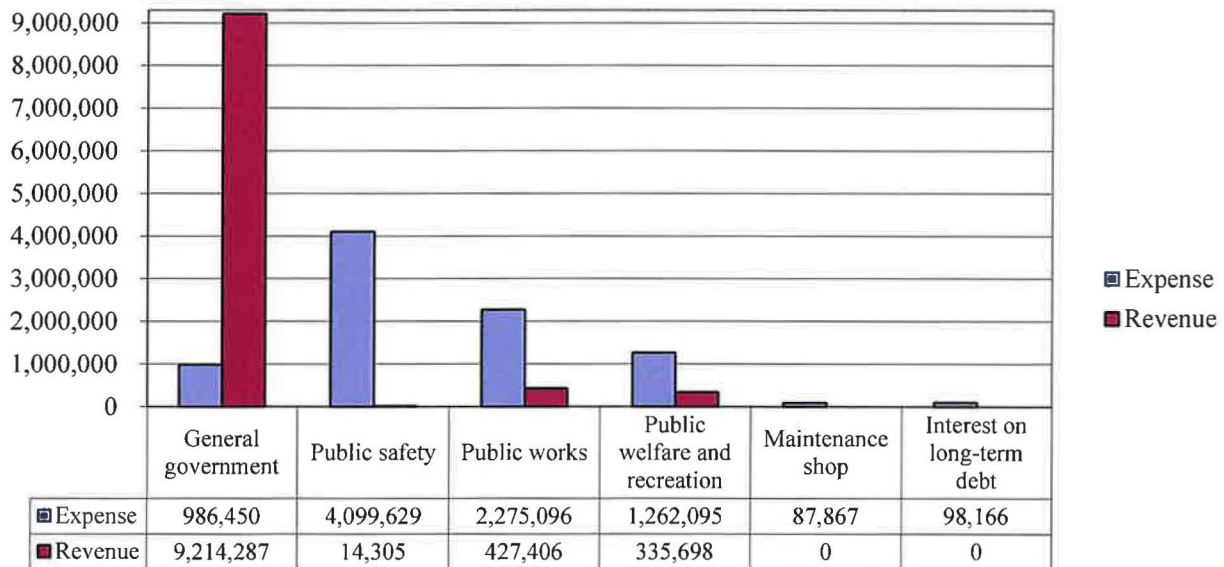
Governmental Activities

Governmental activities accounted for revenues of \$9,991,696. The following graph summarizes revenue by source.

**Revenue by Source -
Governmental Activities**

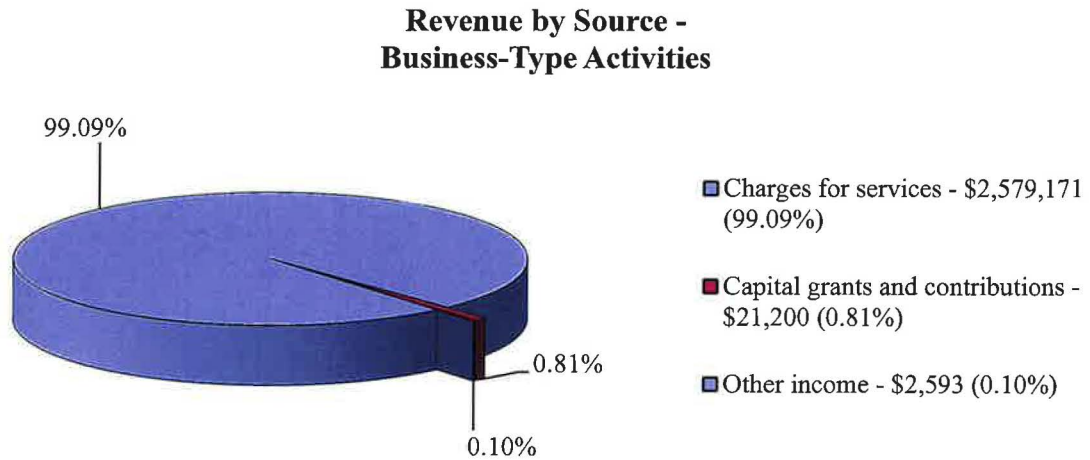


**Expenses and Program Revenues -
Governmental Activities**

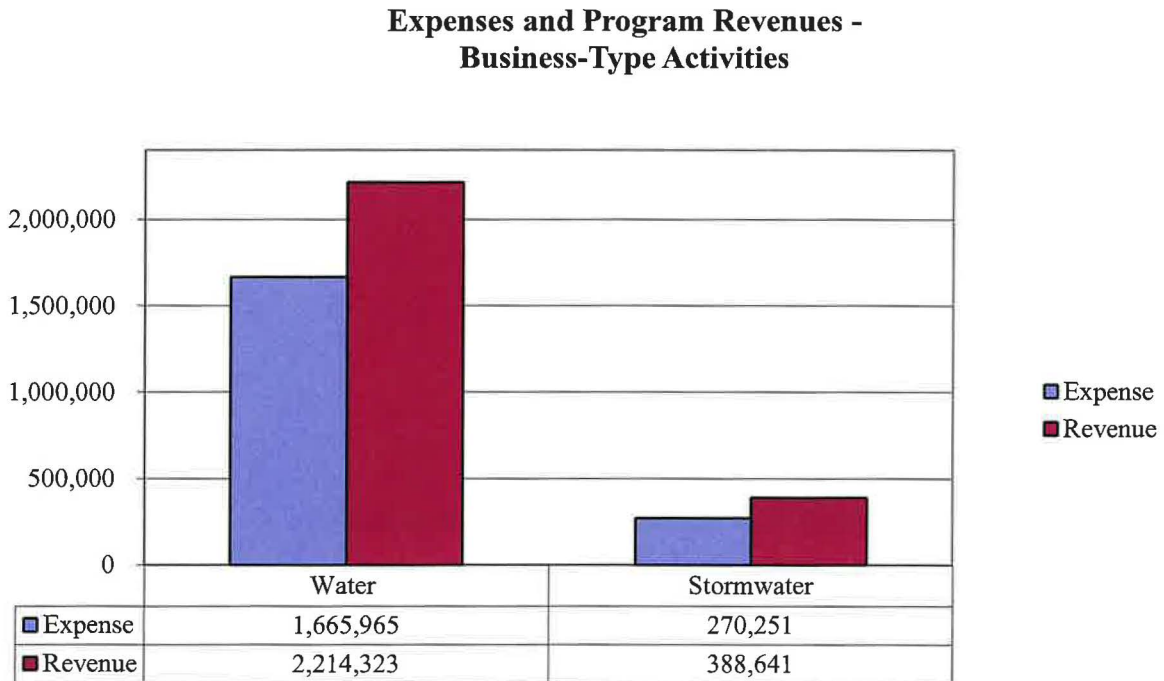


Business-type Activities

Business-type activities accounted for revenues of \$2,602,964. 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 \$8,197,645. Approximately 69.63% of this total amount, or \$5,708,425, constitutes unassigned fund balance. Committed funds consist of \$1,703,599 for the purchase of mobile assets and \$766,373 for building construction. Restricted funds consist of \$1,508 for use in investigations of drug-related violations and drug prevention programs. Nonspendable funds consist of \$17,740 of prepaid expenses.

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 \$5,716,378. 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 68.47% 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 \$3,043,178 for the Water Fund and \$378,581 for the Stormwater Fund.

General Fund Budgetary Highlights

During the year, no supplementary appropriations were deemed necessary.

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)

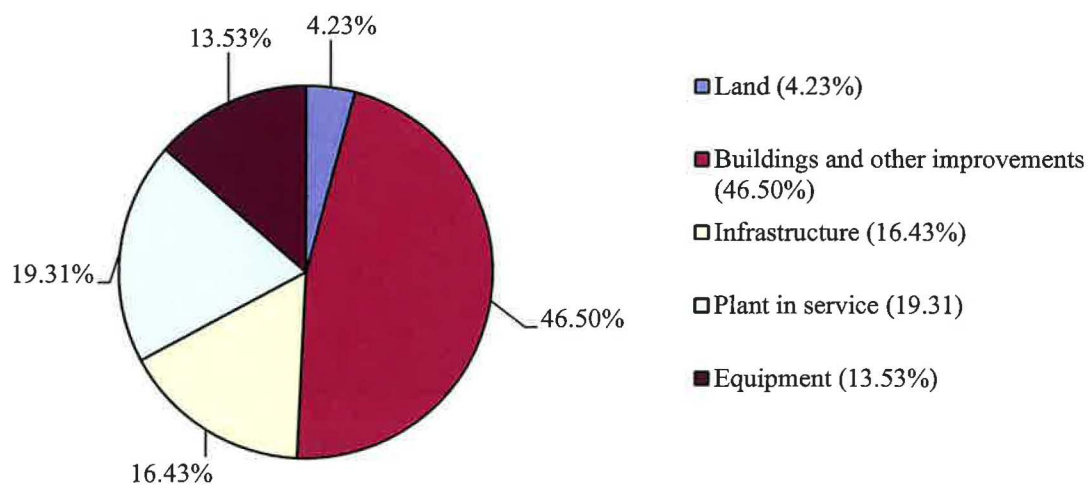
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 844,313	\$ 844,313	\$ -	\$ -	\$ 844,313	\$ 844,313
Buildings and other improvements	9,273,255	8,391,716	-	-	9,273,255	8,391,716
Infrastructure	3,276,154	3,380,078	-	-	3,276,154	3,380,078
Plant in service	-	-	3,850,596	4,039,416	3,850,596	4,039,416
Equipment	2,120,894	1,820,937	579,050	473,874	2,699,944	2,294,811
Total capital assets	\$ 15,514,616	\$ 14,437,044	\$ 4,429,646	\$ 4,513,290	\$ 19,944,262	\$ 18,950,334

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

International garbage truck	\$ 218,938
Ballfield renovations	\$ 398,884
Air burner	\$ 137,795
Pool plaster	\$ 112,590
Three (3) 2022 Ford police trucks	\$ 108,225

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



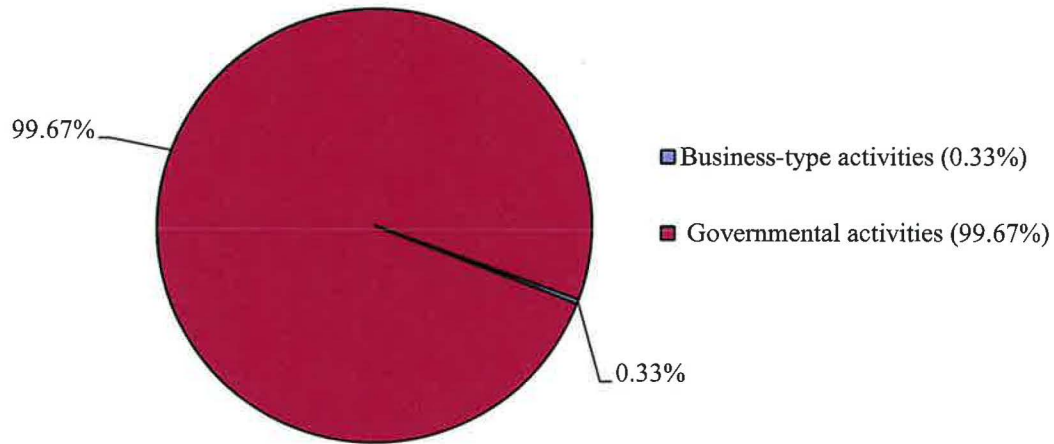
Additional information on the Town of Signal Mountain, Tennessee's capital assets can be found in Note 9 on page 50 and 51 of this report.

Town of Signal Mountain, Tennessee's Outstanding Debt

At the end of the current fiscal year, the Town of Signal Mountain, Tennessee had total long-term debt outstanding of \$4,814,841 of that amount \$272,000 is due in the next fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Bonds	\$ 4,551,000	\$ 4,819,000	\$ -	\$ -	\$ 4,551,000	\$ 4,819,000
Compensated absences	248,024	276,329	15,817	18,235	263,841	294,564
Current portion	(272,000)	(268,000)	-	-	(272,000)	(268,000)
Total long-term debt	<u>\$ 4,527,024</u>	<u>\$ 4,827,329</u>	<u>\$ 15,817</u>	<u>\$ 18,235</u>	<u>\$ 4,542,841</u>	<u>\$ 4,845,564</u>

Long-Term Debt By Activity



Additional information on outstanding debt can be found in Note 13 on pages 52 and 53.

Currently Known Conditions Affecting Future Years

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

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 if desired.

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 year.

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 (MTAS), the Town has undertaken rate studies for both of these operations and has put into effect tiered rate increases for Stormwater that will be completed next year. The Town anticipates that these enterprise funds will be able to fund departmental operations and capital projects without the need for additional long-term debt.

The Town has received \$1,276,758.03 in American Recovery Program (ARP) funding through the State of Tennessee and plans to use the majority of the funding for Water and Stormwater infrastructure improvements. This will eliminate the need for long-term debt and allow enterprise funds to be used for more upgrades and projects.

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, 2022

	Primary Government			Component Unit
	Governmental	Business-type		Public Library
	Activities	Activities	Total	Board
ASSETS				
Current assets				
Cash	\$ 5,110,314	\$ 2,221,678	\$ 7,331,992	\$ 139,003
Investments	4,009,447	1,248,318	5,257,765	29,270
Property taxes - net	6,202,238	-	6,202,238	-
Grants receivable	4,668	-	4,668	-
Receivable - net	47,474	366,665	414,139	-
Prepaid expenses	17,740	-	17,740	-
Due from other governments	444,091	-	444,091	-
Internal balance	69,647	(69,647)	-	-
Inventories	-	63,047	63,047	-
Total current assets	<u>15,905,619</u>	<u>3,830,061</u>	<u>19,735,680</u>	<u>168,273</u>
Non-current assets				
Restricted assets				
Net pension asset	<u>170,463</u>	<u>17,275</u>	<u>187,738</u>	<u>-</u>
Capital assets				
Land	844,313	-	844,313	-
Other capital assets - net of depreciation	<u>14,670,303</u>	<u>4,429,646</u>	<u>19,099,949</u>	<u>-</u>
Total capital assets	<u>15,514,616</u>	<u>4,429,646</u>	<u>19,944,262</u>	<u>-</u>
Total non-current assets	<u>15,685,079</u>	<u>4,446,921</u>	<u>20,132,000</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 31,590,698</u></u>	<u><u>\$ 8,276,982</u></u>	<u><u>\$ 39,867,680</u></u>	<u><u>\$ 168,273</u></u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	\$ 1,236,976	\$ 156,567	\$ 1,393,543	\$ -
Deferred outflows related to OPEB	<u>64,930</u>	<u>8,112</u>	<u>73,042</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 1,301,906</u></u>	<u><u>\$ 164,679</u></u>	<u><u>\$ 1,466,585</u></u>	<u><u>\$ -</u></u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Statement of Net Position (Continued)
June 30, 2022

	Primary Government			Component Unit
	Governmental	Business-type		Public Library
	Activities	Activities	Total	Board
LIABILITIES				
Current liabilities				
Accounts payable	\$ 82,255	\$ 141,845	\$ 224,100	\$ -
Payable to pension	15,151	-	15,151	-
Accrued liabilities	189,826	16,531	206,357	-
Unearned grant revenue	1,276,758	-	1,276,758	-
Bonds payable - due in one year	272,000	-	272,000	-
Total current liabilities	<u>1,835,990</u>	<u>158,376</u>	<u>1,994,366</u>	<u>-</u>
Non-current liabilities				
Customer deposits	-	166,555	166,555	-
Bonds payable	4,279,000	-	4,279,000	-
Compensated absences payable	248,024	15,817	263,841	-
Net OPEB liability	140,995	17,426	158,421	-
Total non-current liabilities	<u>4,668,019</u>	<u>199,798</u>	<u>4,867,817</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 6,504,009</u>	<u>\$ 358,174</u>	<u>\$ 6,862,183</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	\$ 1,575,709	\$ 194,751	\$ 1,770,460	\$ -
Deferred inflows related to OPEB	162,173	20,056	182,229	-
Deferred revenue - property taxes	6,091,073	-	6,091,073	-
Total deferred inflows of resources	<u>\$ 7,828,955</u>	<u>\$ 214,807</u>	<u>\$ 8,043,762</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 10,963,616	\$ 4,429,646	\$ 15,393,262	\$ -
Restricted for drug enforcement program	1,508	-	1,508	-
Restricted for pension	170,463	17,275	187,738	-
Unrestricted	<u>7,424,053</u>	<u>3,421,759</u>	<u>10,845,812</u>	<u>168,273</u>
TOTAL NET POSITION	<u>\$ 18,559,640</u>	<u>\$ 7,868,680</u>	<u>\$ 26,428,320</u>	<u>\$ 168,273</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE

**Statement of Activities
Year Ended June 30, 2022**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government				
Judicial	\$ 512,043	\$ -	\$ -	\$ -
Financial administration	292,278	-	109,157	-
Building inspection	182,129	108,388	-	-
Public safety				
Police department	1,539,119	14,305	-	-
Fire department	2,560,510	-	-	-
Public works				
Public works administration	137,372	-	-	-
Highway and street maintenance	1,380,476	-	324,825	43,931
Solid waste department	694,745	55,741	-	-
Recycle center	62,503	2,909	-	-
Public welfare and recreation				
Recreation	927,542	143,840	-	173,633
Mountain Arts Community Center	76,593	-	-	-
Library	257,960	8,527	-	9,698
Maintenance shop	87,867	-	-	-
Interest on long-term debt	98,166	-	-	-
Total governmental activities	<u>8,809,303</u>	<u>333,710</u>	<u>433,982</u>	<u>227,262</u>
Business-type activities:				
Water	1,665,965	2,211,834	-	-
Stormwater	270,251	367,337	-	21,200
Total business-type activities	<u>1,936,216</u>	<u>2,579,171</u>	<u>-</u>	<u>21,200</u>
Total primary government	<u>\$10,745,519</u>	<u>\$ 2,912,881</u>	<u>\$ 433,982</u>	<u>\$ 248,462</u>
Component Unit				
Library Board	<u>\$ 263,962</u>	<u>\$ 121,365</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, 2022

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- Type Activities	Total	Component Unit
\$ (512,043)	\$ -	\$ (512,043)	\$ -
(183,121)	-	(183,121)	-
(73,741)	-	(73,741)	-
(1,524,814)	-	(1,524,814)	-
(2,560,510)	-	(2,560,510)	-
(137,372)	-	(137,372)	-
(1,011,720)	-	(1,011,720)	-
(639,004)	-	(639,004)	-
(59,594)	-	(59,594)	-
(610,069)	-	(610,069)	-
(76,593)	-	(76,593)	-
(239,735)	-	(239,735)	-
(87,867)	-	(87,867)	-
(98,166)	-	(98,166)	-
<u>(7,814,349)</u>	<u>-</u>	<u>(7,814,349)</u>	<u>-</u>
-	545,869	545,869	-
-	118,286	118,286	-
-	664,155	664,155	-
<u>(7,814,349)</u>	<u>664,155</u>	<u>(7,150,194)</u>	<u>-</u>
-	-	-	<u>(142,597)</u>
5,945,631	-	5,945,631	-
154,848	-	154,848	-
1,022,885	-	1,022,885	-
139,728	-	139,728	-
63,932	-	63,932	-
70,855	-	70,855	-
1,489,585	-	1,489,585	-
7,824	2,593	10,417	-
50,856	-	50,856	-
50,598	-	50,598	-
<u>8,996,742</u>	<u>2,593</u>	<u>8,999,335</u>	<u>-</u>
1,182,393	666,748	1,849,141	(142,597)
17,377,247	7,201,932	24,579,179	310,870
<u>\$ 18,559,640</u>	<u>\$ 7,868,680</u>	<u>\$ 26,428,320</u>	<u>\$168,273</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Governmental Funds
Balance Sheet
June 30, 2022

		Capital Projects			
	General	Building	Vehicle	Other	Total
	Fund	Construction	Replacement	Governmental	Governmental
		Fund	Fund	Funds	Funds
ASSETS					
Cash	\$ 3,062,587	\$ 400,577	\$1,563,745	\$ 83,405	\$ 5,110,314
Investments	3,703,813	-	2,677	302,957	4,009,447
Property taxes - net	6,202,238	-	-	-	6,202,238
Grants receivable	4,668	-	-	-	4,668
Receivable - net	47,474	-	-	-	47,474
Prepaid expenses	17,740	-	-	-	17,740
Due from other funds	700,119	404,262	158,377	-	1,262,758
Due from other governments	390,455	-	-	53,636	444,091
TOTAL ASSETS	<u>\$14,129,094</u>	<u>\$ 804,839</u>	<u>\$1,724,799</u>	<u>\$ 439,998</u>	<u>\$ 17,098,730</u>
LIABILITIES					
Accounts payable	\$ 39,969	\$ 38,466	\$ -	\$ 3,820	\$ 82,255
Payable to pension	15,151	-	-	-	15,151
Accrued liabilities	189,826	-	-	-	189,826
Unearned grant revenue	1,276,758	-	-	-	1,276,758
Due to other funds	729,288	-	21,200	442,623	1,193,111
TOTAL LIABILITIES	<u>\$ 2,250,992</u>	<u>\$ 38,466</u>	<u>\$ 21,200</u>	<u>\$ 446,443</u>	<u>\$ 2,757,101</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	<u>\$ 6,143,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,143,984</u>
FUND BALANCES					
Nonspendable	\$ 17,740	\$ -	\$ -	\$ -	\$ 17,740
Restricted	-	-	-	1,508	1,508
Committed	-	766,373	1,703,599	-	2,469,972
Unassigned	5,716,378	-	-	(7,953)	5,708,425
TOTAL FUND BALANCES	<u>\$ 5,734,118</u>	<u>\$ 766,373</u>	<u>\$1,703,599</u>	<u>\$ (6,445)</u>	<u>\$ 8,197,645</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, 2022

Total fund balances per governmental funds balance sheet	\$ 8,197,645
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,514,616
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.	(4,799,024)
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.	(168,270)
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.	(238,238)
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>52,911</u>
Net position of governmental activities	<u>\$ 18,559,640</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, 2022

		Capital Projects			
	General	Building	Vehicle	Other	Total
	Fund	Construction	Replacement	Governmental	Governmental
		Fund	Fund	Funds	Funds
REVENUES					
Taxes	\$7,280,445	\$ -	\$ -	\$ -	\$ 7,280,445
Licenses and permits	108,388	-	-	-	108,388
Intergovernmental	1,394,329	173,633	-	328,256	1,896,218
Charges for services	266,853	-	-	-	266,853
Fines and forfeitures	6,416	-	-	-	6,416
Other revenues	156,439	259,800	44,598	20	460,857
TOTAL REVENUES	<u>9,212,870</u>	<u>433,433</u>	<u>44,598</u>	<u>328,276</u>	<u>10,019,177</u>
EXPENDITURES					
Current Expenditures					
General government	1,004,530	-	-	-	1,004,530
Public safety	4,002,560	-	-	-	4,002,560
Public works	1,463,719	-	4,960	546,755	2,015,434
Public welfare and recreation	964,935	-	-	-	964,935
Maintenance shop	83,057	-	-	-	83,057
Capital Outlay	464,034	1,108,749	469,327	16,194	2,058,304
Debt Service	366,166	-	-	-	366,166
TOTAL EXPENDITURES	<u>8,349,001</u>	<u>1,108,749</u>	<u>474,287</u>	<u>562,949</u>	<u>10,494,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>863,869</u>	<u>(675,316)</u>	<u>(429,689)</u>	<u>(234,673)</u>	<u>(475,809)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	485,973	-	485,973
Transfers out	(485,973)	-	-	-	(485,973)
Total other financing sources (uses)	<u>(485,973)</u>	<u>-</u>	<u>485,973</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	377,896	(675,316)	56,284	(234,673)	(475,809)
Fund balances - beginning	<u>5,356,222</u>	<u>1,441,689</u>	<u>1,647,315</u>	<u>228,228</u>	<u>8,673,454</u>
Fund balances - end	<u>\$5,734,118</u>	<u>\$ 766,373</u>	<u>\$ 1,703,599</u>	<u>\$ (6,445)</u>	<u>\$ 8,197,645</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, 2022

Net change in fund balances for total governmental funds	\$ (475,809)
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 and loss on disposal in the current period.	1,077,572
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(27,482)
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.	268,000
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.	326,423
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.	(14,616)
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>28,305</u>
Change in net position of governmental activities	<u>\$ 1,182,393</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property taxes	\$ 5,861,380	\$ 5,861,380	\$ 5,946,673	\$ 85,293
Interest and penalties	15,000	15,000	26,441	11,441
Public utilities	112,000	112,000	122,848	10,848
In lieu - water fund	33,000	33,000	32,000	(1,000)
Local option sales taxes	475,000	475,000	1,017,696	542,696
Wholesale beer tax	75,000	75,000	70,855	(4,145)
Minimum business taxes	5,300	5,300	7,720	2,420
Gross receipts tax	37,000	37,000	56,212	19,212
Total taxes	6,613,680	6,613,680	7,280,445	666,765
License and permits				
Beer and liquor license	2,000	2,000	1,550	(450)
Building permits	55,350	55,350	106,778	51,428
Other permits	250	250	60	(190)
Total license and permits	57,600	57,600	108,388	50,788
Intergovernmental				
Federal and state grants	1,278,031	1,278,031	143,097	(1,134,934)
TVA replacement	100,000	100,000	91,908	(8,092)
Fire and police supplemental	31,800	31,800	30,400	(1,400)
State sales tax	878,200	878,200	1,010,768	132,568
Telecommunication tax	3,000	3,000	149	(2,851)
State income tax and excise tax	15,000	15,000	50,722	35,722
State beer tax	4,000	4,000	4,043	43
Sportsbetting tax	5,000	5,000	8,902	3,902
Mixed drink tax	24,000	24,000	38,082	14,082
Streets and transportation	17,000	17,000	16,258	(742)
Total intergovernmental	2,356,031	2,356,031	1,394,329	(961,702)
Charges for services				
Sanitation charges for service	45,000	45,000	55,741	10,741
Police special services	10,000	10,000	7,865	(2,135)
Fingerprint fees	3,500	3,500	24	(3,476)
Library charges	8,336	8,336	8,527	191
Recreation activities	113,050	113,050	143,840	30,790
Rent	50,878	50,878	50,856	(22)
Total charges for services	230,764	230,764	266,853	36,089
Fines and forfeitures				
City court revenues	35,000	35,000	6,416	(28,584)

(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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES (Continued)				
Other revenue				
Interest earnings	\$ 30,000	\$ 30,000	\$ 7,798	\$ (22,202)
Insurance recovery	-	-	5,880	5,880
CATV franchise	152,000	152,000	139,728	(12,272)
Sale of materials and supplies	7,000	7,000	1,553	(5,447)
Miscellaneous	63,960	63,960	-	(63,960)
Contributions and donations	11,500	11,500	1,480	(10,020)
Total other revenue	<u>264,460</u>	<u>264,460</u>	<u>156,439</u>	<u>(108,021)</u>
TOTAL REVENUES	<u>9,557,535</u>	<u>9,557,535</u>	<u>9,212,870</u>	<u>(344,665)</u>
EXPENDITURES				
Current Expenditures				
General government				
Judicial				
Salaries	39,379	39,379	29,729	9,650
Payroll taxes	3,012	3,012	2,246	766
Fringe benefits	4,901	4,901	1,537	3,364
Pension expense	1,933	1,933	1,149	784
Insurance	1,732	1,732	1,432	300
Miscellaneous	175	175	734	(559)
Office supplies	750	750	282	468
Operating supplies	5,856	5,856	5,357	499
Postage and printing	275	275	17	258
Professional and contract services	1,600	1,600	294	1,306
Repairs and maintenance	150	150	-	150
Telephone and other communications	650	650	793	(143)
Travel and training	700	700	255	445
Utilities	50	50	-	50
Total judicial	<u>61,163</u>	<u>61,163</u>	<u>43,825</u>	<u>17,338</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
General government (Continued)				
Administration				
Salaries	\$ 222,558	\$ 222,558	\$ 212,109	\$ 10,449
Payroll taxes	17,439	17,439	17,855	(416)
Fringe benefits	46,244	46,244	78,363	(32,119)
Pension expense	18,077	18,077	12,116	5,961
Insurance	2,950	2,950	3,101	(151)
Miscellaneous	25,150	25,150	6,249	18,901
Office supplies	2,000	2,000	2,158	(158)
Operating supplies	6,132	6,132	3,773	2,359
Postage and printing	9,200	9,200	7,579	1,621
Professional and contract services	116,875	116,875	116,585	290
Repairs and maintenance	1,550	1,550	838	712
Telephone and other communications	2,000	2,000	3,385	(1,385)
Travel and training	7,000	7,000	12,104	(5,104)
Utilities	6,750	6,750	5,210	1,540
Vehicle expense	1,000	1,000	220	780
Total administration	<u>484,925</u>	<u>484,925</u>	<u>481,645</u>	<u>3,280</u>
Finance				
Salaries	113,882	113,882	125,883	(12,001)
Payroll taxes	8,758	8,758	8,877	(119)
Fringe benefits	25,843	25,843	21,528	4,315
Pension expense	9,031	9,031	8,134	897
Insurance	1,665	1,665	15,200	(13,535)
Miscellaneous	3,250	3,250	17,712	(14,462)
Office supplies	3,500	3,500	3,327	173
Operating supplies	37,128	37,128	37,508	(380)
Postage and printing	14,250	14,250	7,042	7,208
Professional and contract services	28,210	28,210	29,279	(1,069)
Repairs and maintenance	500	500	93	407
Telephone and other communications	3,000	3,000	2,389	611
Travel and training	2,500	2,500	135	2,365
Utilities	6,000	6,000	5,463	537
Total finance	<u>257,517</u>	<u>257,517</u>	<u>282,570</u>	<u>(25,053)</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
General government (Continued)				
Building and codes				
Salaries	\$ 100,446	\$ 100,446	\$ 122,726	\$ (22,280)
Payroll taxes	7,684	7,684	8,323	(639)
Fringe benefits	23,859	23,859	30,664	(6,805)
Pension expense	9,950	9,950	9,281	669
Insurance	5,724	5,724	5,528	196
Office supplies	1,000	1,000	717	283
Operating supplies	7,949	7,949	7,694	255
Postage and printing	3,900	3,900	584	3,316
Professional and contract services	8,026	8,026	4,896	3,130
Repairs and maintenance	2,620	2,620	222	2,398
Telephone and other communications	3,500	3,500	2,572	928
Travel and training	3,000	3,000	1,160	1,840
Vehicle expense	1,500	1,500	2,123	(623)
Total building and codes	179,158	179,158	196,490	(17,332)
Total general government	982,763	982,763	1,004,530	(21,767)
Public safety				
Police				
Salaries	895,890	895,890	899,948	(4,058)
Payroll taxes	68,536	68,536	66,170	2,366
Fringe benefits	213,423	213,423	202,821	10,602
Pension expense	101,737	101,737	66,641	35,096
Animal control	10,000	10,000	9,900	100
Donations	-	-	100	(100)
Insurance	60,402	60,402	65,041	(4,639)
Office supplies	3,500	3,500	2,270	1,230
Operating supplies	50,899	50,899	41,096	9,803
Postage and printing	4,300	4,300	3,954	346
Professional and contract services	110,300	110,300	88,367	21,933
Repairs and maintenance	19,800	19,800	22,882	(3,082)
Telephone and other communications	18,000	18,000	10,751	7,249
Travel and training	9,000	9,000	5,782	3,218
Utilities	6,200	6,200	6,227	(27)
Vehicle expense	40,000	40,000	58,698	(18,698)
Total police	1,611,987	1,611,987	1,550,648	61,339

(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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public safety (Continued)				
Fire protection and control services				
Salaries	\$ 1,425,702	\$ 1,425,702	\$ 1,446,919	\$ (21,217)
Payroll taxes	109,066	109,066	102,964	6,102
Fringe benefits	408,382	408,382	422,143	(13,761)
Pension expense	162,272	162,272	127,330	34,942
Insurance	75,618	75,618	74,122	1,496
Miscellaneous	19,500	19,500	4,532	14,968
Office supplies	1,900	1,900	1,459	441
Operating supplies	96,869	96,869	79,209	17,660
Postage and printing	3,650	3,650	2,760	890
Professional and contract services	58,300	58,300	62,066	(3,766)
Repairs and maintenance	30,400	30,400	38,817	(8,417)
Telephone and other communications	12,300	12,300	12,873	(573)
Travel and training	40,000	40,000	30,256	9,744
Utilities	26,400	26,400	22,838	3,562
Vehicle expense	20,000	20,000	23,612	(3,612)
Total fire protection and control services	<u>2,490,359</u>	<u>2,490,359</u>	<u>2,451,900</u>	<u>38,459</u>
Fire station grants				
Fringe benefits	<u>-</u>	<u>-</u>	<u>12</u>	<u>(12)</u>
Total public safety	<u>4,102,346</u>	<u>4,102,346</u>	<u>4,002,560</u>	<u>99,786</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public works				
Public works administration				
Salaries	\$ 95,025	\$ 95,025	\$ 96,228	\$ (1,203)
Payroll taxes	7,269	7,269	6,699	570
Fringe benefits	28,404	28,404	19,793	8,611
Pension expense	7,535	7,535	7,390	145
Insurance	1,549	1,549	1,749	(200)
Miscellaneous	500	500	947	(447)
Office supplies	800	800	1,073	(273)
Operating supplies	4,995	4,995	4,845	150
Postage and printing	1,400	1,400	928	472
Professional and contract services	3,600	3,600	3,099	501
Repairs and maintenance	600	600	84	516
Telephone and other communications	400	400	825	(425)
Travel and training	2,200	2,200	2,153	47
Utilities	2,080	2,080	2,116	(36)
Vehicle expense	600	600	1,293	(693)
Total public works administration	<u>156,957</u>	<u>156,957</u>	<u>149,222</u>	<u>7,735</u>
Highway and street maintenance				
Salaries	227,539	227,539	276,785	(49,246)
Payroll taxes	17,407	17,407	18,758	(1,351)
Fringe benefits	141,068	141,068	123,743	17,325
Pension expense	18,044	18,044	20,886	(2,842)
Insurance	27,530	27,530	29,430	(1,900)
Miscellaneous	1,200	1,200	529	671
Office supplies	200	200	172	28
Operating supplies	21,506	21,506	17,050	4,456
Paving and road repair	25,400	25,400	26,349	(949)
Postage and printing	450	450	110	340
Professional and contract services	1,870	1,870	541	1,329
Repairs and maintenance	37,500	37,500	62,894	(25,394)
Telephone and other communications	1,000	1,000	1,057	(57)
Travel and training	2,000	2,000	958	1,042
Utilities	2,170	2,170	2,367	(197)
Vehicle expense	24,800	24,800	33,710	(8,910)
Total highway and street maintenance	<u>549,684</u>	<u>549,684</u>	<u>615,339</u>	<u>(65,655)</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public works (Continued)				
Solid waste department				
Salaries	\$ 227,375	\$ 227,375	\$ 197,686	\$ 29,689
Payroll taxes	17,394	17,394	13,715	3,679
Fringe benefits	27,421	27,421	4,427	22,994
Pension expense	14,555	14,555	15,145	(590)
Insurance	18,544	18,544	18,459	85
Landfill - hauling services	110,000	110,000	107,293	2,707
Landfill services	120,000	120,000	117,574	2,426
Miscellaneous	6,850	6,850	1,807	5,043
Office supplies	300	300	42	258
Operating supplies	12,361	12,361	21,749	(9,388)
Postage and printing	1,450	1,450	1,042	408
Professional and contract services	-	-	21,797	(21,797)
Repair and maintenance	29,500	29,500	70,325	(40,825)
Telephone and other communications	480	480	142	338
Travel and training	800	800	-	800
Utilities	2,170	2,170	2,182	(12)
Vehicle expense	37,300	37,300	42,620	(5,320)
Total solid waste department	<u>626,500</u>	<u>626,500</u>	<u>636,005</u>	<u>(9,505)</u>
Recycling centers				
Salaries	9,496	9,496	8,352	1,144
Payroll taxes	726	726	586	140
Fringe benefits	2,553	2,553	1,463	1,090
Pension expense	753	753	650	103
Insurance	692	692	652	40
Operating supplies	1,030	1,030	651	379
Professional and contract services	54,712	54,712	47,931	6,781
Repair and maintenance	2,500	2,500	1,131	1,369
Telephone and other communications	600	600	514	86
Utilities	1,150	1,150	1,223	(73)
Total recycling centers	<u>74,212</u>	<u>74,212</u>	<u>63,153</u>	<u>11,059</u>
Total public works	<u>1,407,353</u>	<u>1,407,353</u>	<u>1,463,719</u>	<u>(56,366)</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation				
Mountain Arts Community Center				
Insurance	\$ 5,162	\$ 5,162	\$ 6,015	\$ (853)
Postage and printing	-	-	104	(104)
Professional and contract services	1,600	1,600	-	1,600
Repairs and maintenance	8,500	8,500	4,889	3,611
Telephone and other communications	1,500	1,500	1,871	(371)
Utilities	24,000	24,000	17,828	6,172
Total Mountain Arts Community Center	40,762	40,762	30,707	10,055
Recreation administration				
Salaries	71,491	71,491	72,316	(825)
Payroll taxes	5,469	5,469	4,839	630
Fringe benefits	19,488	19,488	18,747	741
Pension expense	5,669	5,669	5,509	160
Insurance	1,143	1,143	1,258	(115)
Office supplies	500	500	-	500
Operating supplies	1,000	1,000	-	1,000
Postage and printing	3,950	3,950	649	3,301
Professional and contract services	100	100	-	100
Repairs and maintenance	277	277	3,507	(3,230)
Telephone and other communications	2,000	2,000	1,654	346
Travel and training	1,500	1,500	79	1,421
Utilities	-	-	78	(78)
Total recreation administration	112,587	112,587	108,636	3,951

(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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Pool				
Salaries	\$ 60,665	\$ 60,665	\$ 57,260	\$ 3,405
Payroll tax	4,641	4,641	3,501	1,140
Pension expense	-	-	34	(34)
Insurance	2,115	2,115	3,751	(1,636)
Miscellaneous	1,500	1,500	2,001	(501)
Office supplies	800	800	373	427
Operating supplies	18,889	18,889	16,265	2,624
Postage and printing	2,350	2,350	550	1,800
Repairs and maintenance	12,500	12,500	10,598	1,902
Telephone and other communications	400	400	404	(4)
Utilities	35,000	35,000	37,109	(2,109)
Total pool	<u>138,860</u>	<u>138,860</u>	<u>131,846</u>	<u>7,014</u>
Concessions				
Salaries	10,750	10,750	11,005	(255)
Payroll tax	822	822	645	177
Insurance	613	613	598	15
Operating supplies	6,000	6,000	10,428	(4,428)
Total concessions	<u>18,185</u>	<u>18,185</u>	<u>22,676</u>	<u>(4,491)</u>
Parks and recreation maintenance				
Salaries	134,092	134,092	132,099	1,993
Payroll taxes	10,258	10,258	9,055	1,203
Fringe benefits	38,815	38,815	37,350	1,465
Pension expense	8,862	8,862	8,350	512
Insurance	6,028	6,028	5,954	74
Operating supplies	8,400	8,400	4,017	4,383
Professional and contract services	1,000	1,000	718	282
Repairs and maintenance	23,000	23,000	23,091	(91)
Telephone and other communications	500	500	-	500
Utilities	4,800	4,800	5,219	(419)
Vehicle expense	8,000	8,000	9,864	(1,864)
Total parks and recreation maintenance	<u>243,755</u>	<u>243,755</u>	<u>235,717</u>	<u>8,038</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Tennis courts				
Insurance	\$ 2,530	\$ 2,530	\$ 3,070	\$ (540)
Operating supplies	1,700	1,700	604	1,096
Repairs and maintenance	21,000	21,000	4,914	16,086
Utilities	1,000	1,000	597	403
Total tennis courts	<u>26,230</u>	<u>26,230</u>	<u>9,185</u>	<u>17,045</u>
Ballfield				
Insurance	2,103	2,103	2,139	(36)
Operating supplies	14,600	14,600	6,274	8,326
Repairs and maintenance	19,000	19,000	17,145	1,855
Utilities	10,000	10,000	13,241	(3,241)
Total ballfield	<u>45,703</u>	<u>45,703</u>	<u>38,799</u>	<u>6,904</u>
Gym				
Salaries	33,246	33,246	16,798	16,448
Payroll taxes	2,543	2,543	1,210	1,333
Insurance	2,936	2,936	3,238	(302)
Miscellaneous	100	100	70	30
Operating supplies	2,500	2,500	2,674	(174)
Repairs and maintenance	3,500	3,500	6,415	(2,915)
Utilities	12,500	12,500	12,113	387
Total gym	<u>57,325</u>	<u>57,325</u>	<u>42,518</u>	<u>14,807</u>
Facilities maintenance				
Fringe benefits	-	-	22	(22)
Insurance	603	603	497	106
Office supplies	350	350	-	350
Operating supplies	12,000	12,000	7,300	4,700
Postage and printing	300	300	-	300
Professional and contract services	39,150	39,150	24,459	14,691
Repairs and maintenance	74,000	74,000	56,052	17,948
Telephone	1,500	1,500	3,852	(2,352)
Total facilities maintenance	<u>127,903</u>	<u>127,903</u>	<u>92,182</u>	<u>35,721</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current Expenditures (Continued)				
Public welfare and recreation (Continued)				
Library				
Salaries	\$ 137,235	\$ 137,235	\$ 141,546	\$ (4,311)
Payroll taxes	10,498	10,498	10,241	257
Fringe benefits	16,439	16,439	15,995	444
Pension expense	7,656	7,656	7,578	78
Insurance	2,917	2,917	3,224	(307)
Miscellaneous	70	70	10	60
Office supplies	5,500	5,500	-	5,500
Operating supplies	37,446	37,446	39,636	(2,190)
Postage and printing	2,500	2,500	2,111	389
Professional and contract services	8,600	8,600	6,509	2,091
Repairs and maintenance	8,000	8,000	7,733	267
Telephone and other communications	1,000	1,000	1,043	(43)
Travel and training	400	400	5,790	(5,390)
Utilities	12,250	12,250	11,253	997
Total library	<u>250,511</u>	<u>250,511</u>	<u>252,669</u>	<u>(2,158)</u>
 Total public welfare and recreation	 <u>1,061,821</u>	 <u>1,061,821</u>	 <u>964,935</u>	 <u>96,886</u>
 Maintenance shop				
Salaries	44,702	44,702	30,997	13,705
Payroll taxes	3,420	3,420	2,000	1,420
Fringe benefits	19,282	19,282	-	19,282
Pension expense	3,545	3,545	2,342	1,203
Insurance	3,656	3,656	3,737	(81)
Miscellaneous	100	100	-	100
Office supplies	100	100	107	(7)
Operating supplies	7,852	7,852	7,808	44
Professional and contract services	1,700	1,700	1,921	(221)
Repairs and maintenance	4,600	4,600	7,485	(2,885)
Telephone and other communications	1,980	1,980	1,367	613
Travel and training	700	700	138	562
Utilities	19,555	19,555	20,790	(1,235)
Vehicle expense	4,500	4,500	4,365	135
Total maintenance shop	<u>115,692</u>	<u>115,692</u>	<u>83,057</u>	<u>32,635</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Capital Outlay				
General government	\$ 20,000	\$ 20,000	\$ 4,850	\$ 15,150
Public safety	23,000	23,000	52,045	(29,045)
Public works	1,341,000	1,341,000	137,795	1,203,205
Public welfare and recreation	318,000	318,000	269,344	48,656
Total capital outlay	<u>1,702,000</u>	<u>1,702,000</u>	<u>464,034</u>	<u>1,237,966</u>
Debt Service				
Principal paid	268,000	268,000	268,000	-
Interest	128,485	128,485	98,166	30,319
Total debt service	<u>396,485</u>	<u>396,485</u>	<u>366,166</u>	<u>30,319</u>
TOTAL EXPENDITURES	<u>9,768,460</u>	<u>9,768,460</u>	<u>8,349,001</u>	<u>1,419,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(210,925)</u>	<u>(210,925)</u>	<u>863,869</u>	<u>1,074,794</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	-	(300,000)
Transfers out	<u>(485,973)</u>	<u>(485,973)</u>	<u>(485,973)</u>	<u>-</u>
Total other financing sources (uses)	<u>(185,973)</u>	<u>(185,973)</u>	<u>(485,973)</u>	<u>(300,000)</u>
Net changes in fund balances	(396,898)	(396,898)	377,896	774,794
Fund balances - beginning	<u>5,356,222</u>	<u>5,356,222</u>	<u>5,356,222</u>	<u>-</u>
Fund balances - end	<u>\$ 4,959,324</u>	<u>\$ 4,959,324</u>	<u>\$ 5,734,118</u>	<u>\$ 774,794</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Proprietary Funds
Statement of Net Position
June 30, 2022

	Enterprise Funds		
	Water Fund	Stormwater Fund	Totals
ASSETS			
Current assets			
Cash	\$ 2,041,929	\$ 179,749	\$ 2,221,678
Investments	1,204,062	44,256	1,248,318
Receivable - net	366,665	-	366,665
Due from other funds	-	187,849	187,849
Inventories	63,047	-	63,047
Total current assets	<u>3,675,703</u>	<u>411,854</u>	<u>4,087,557</u>
Non-current assets			
Restricted assets			
Net pension asset	<u>12,058</u>	<u>5,217</u>	<u>17,275</u>
Capital assets			
Other capital assets - net of accumulated depreciation	<u>4,166,398</u>	<u>263,248</u>	<u>4,429,646</u>
Total non-current assets	<u>4,178,456</u>	<u>268,465</u>	<u>4,446,921</u>
TOTAL ASSETS	<u>\$ 7,854,159</u>	<u>\$ 680,319</u>	<u>\$ 8,534,478</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	\$ 97,771	\$ 58,796	\$ 156,567
Deferred outflows related to OPEB	<u>5,162</u>	<u>2,950</u>	<u>8,112</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 102,933</u>	<u>\$ 61,746</u>	<u>\$ 164,679</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 136,590	\$ 5,255	\$ 141,845
Accrued liabilities	11,929	4,602	16,531
Due to other funds	<u>257,496</u>	<u>-</u>	<u>257,496</u>
Total current liabilities	<u>406,015</u>	<u>9,857</u>	<u>415,872</u>
Non-current liabilities			
Customer deposits	166,555	-	166,555
Compensated absences payable	15,105	712	15,817
Net OPEB liability	<u>11,089</u>	<u>6,337</u>	<u>17,426</u>
Total non-current liabilities	<u>192,749</u>	<u>7,049</u>	<u>199,798</u>
TOTAL LIABILITIES	<u>\$ 598,764</u>	<u>\$ 16,906</u>	<u>\$ 615,670</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 123,931	\$ 70,820	\$ 194,751
Deferred inflows related to OPEB	<u>12,763</u>	<u>7,293</u>	<u>20,056</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 136,694</u>	<u>\$ 78,113</u>	<u>\$ 214,807</u>
NET POSITION			
Investment in capital assets	\$ 4,166,398	\$ 263,248	\$ 4,429,646
Restricted for pension	12,058	5,217	17,275
Unrestricted	<u>3,043,178</u>	<u>378,581</u>	<u>3,421,759</u>
TOTAL NET POSITION	<u>\$ 7,221,634</u>	<u>\$ 647,046</u>	<u>\$ 7,868,680</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

	Enterprise Funds		
	Water Fund	Stormwater Fund	Total
OPERATING REVENUES			
Water sales	\$ 2,146,059	\$ -	\$ 2,146,059
Stormwater user fees	-	367,337	367,337
Water service fees	29,681	-	29,681
Other revenue	36,094	-	36,094
Total operating revenues	<u>2,211,834</u>	<u>367,337</u>	<u>2,579,171</u>
OPERATING EXPENSES			
Water purchases	433,473	-	433,473
Power and pumping	219,321	-	219,321
Treatment and transmission	211,546	-	211,546
Maintenance	295,637	-	295,637
Stormwater operations	-	244,115	244,115
Administration	262,843	-	262,843
Depreciation	243,145	26,136	269,281
Total operating expenses	<u>1,665,965</u>	<u>270,251</u>	<u>1,936,216</u>
Operating income	<u>545,869</u>	<u>97,086</u>	<u>642,955</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest earnings	<u>2,489</u>	<u>104</u>	<u>2,593</u>
Change in net position before capital contributions	548,358	97,190	645,548
Capital contributions	<u>-</u>	<u>21,200</u>	<u>21,200</u>
Changes in net position	548,358	118,390	666,748
Net position - beginning	<u>6,673,276</u>	<u>528,656</u>	<u>7,201,932</u>
Net position - end	<u>\$ 7,221,634</u>	<u>\$ 647,046</u>	<u>\$ 7,868,680</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Proprietary Funds
Statement of Cash Flows
June 30, 2022

	Enterprise Funds		
	Water Fund	Stormwater Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,058,029	\$ 367,337	\$ 2,425,366
Payments to suppliers	(1,240,876)	(99,506)	(1,340,382)
Payments to employees	(307,380)	(148,460)	(455,840)
Net cash provided (used) by operating activities	<u>509,773</u>	<u>119,371</u>	<u>629,144</u>
Cash Flows from Non-capital and Related Financing Activities			
Due to/from other funds	<u>39,696</u>	<u>(315,956)</u>	<u>(276,260)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisitions and construction of capital assets	(74,181)	(111,456)	(185,637)
Capital contributions	-	21,200	21,200
Net cash provided (used) by capital and related financing activities	<u>(74,181)</u>	<u>(90,256)</u>	<u>(164,437)</u>
Cash Flows from Investing Activities			
(Purchase) sale of investments	(2,489)	(91)	(2,580)
Interest revenue received	<u>2,489</u>	<u>104</u>	<u>2,593</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>13</u>	<u>13</u>
Net increase (decrease) in cash	475,288	(286,828)	188,460
Cash - beginning	<u>1,566,641</u>	<u>466,577</u>	<u>2,033,218</u>
Cash - end	<u>\$ 2,041,929</u>	<u>\$ 179,749</u>	<u>\$ 2,221,678</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 545,869	\$ 97,086	\$ 642,955
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	243,145	26,136	269,281
Increase (decrease) in net pension liability	(112,164)	(64,093)	(176,257)
Increase (decrease) in deferred inflows related to pensions	116,852	66,773	183,625
(Increase) decrease in deferred outflows related to pensions	(30,575)	(15,617)	(46,192)
Increase (decrease) in net OPEB liability	(4,263)	(2,437)	(6,700)
Increase (decrease) in deferred inflows related to OPEB	4,613	2,636	7,249
(Increase) decrease in deferred outflows related to OPEB	753	430	1,183
(Increase) decrease in receivable - net	(153,805)	-	(153,805)
(Increase) decrease in inventories	(5,544)	-	(5,544)
Increase (decrease) in accounts payable	(86,799)	4,263	(82,536)
Increase (decrease) in accrued liabilities	4,176	4,602	8,778
Increase (decrease) in compensated absences payable	(2,010)	(408)	(2,418)
Increase (decrease) in customer deposits	<u>(10,475)</u>	<u>-</u>	<u>(10,475)</u>
Total adjustments	<u>(36,096)</u>	<u>22,285</u>	<u>(13,811)</u>
Net cash provided (used) by operating activities	<u>\$ 509,773</u>	<u>\$ 119,371</u>	<u>\$ 629,144</u>

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

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Notes to Financial Statements
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

Discretely Presented Component Unit

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

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

B. Basic Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

Government-wide statements

The Statement of Net Position and Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents both a gross and net cost comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs are included in program expenses reported for individual functions. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The net cost (by function or business-type activity) is normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is designed to view the Town as a complete entity and the change in aggregate financial position resulting from the activities of the fiscal period. Fiduciary funds are not included in the government-wide financial statements.

Fund Financial Statements

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

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

The Town reports the following major governmental funds:

General Fund

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

Building Construction Fund

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

Vehicle Replacement Fund

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

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, no supplementary appropriations were deemed necessary.

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, 2022, the Town had no cash equivalents.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted Assets

Certain resources can be classified as restricted on the Statement of Net Position because their use is limited.

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 allocated between accounting periods and reported as an expenditure of the period in which they relate.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets (Continued)

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.

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 this 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Events Occurring after Reporting Date

The Town has evaluated events and transactions that occurred between June 30, 2022, and January 11, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure the Town's deposits may not be returned to it. The Town does not have a deposit or investment policy for custodial credit risk, however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under TCA Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2022, the carrying amount of the Town's deposits was \$7,333,419, and the bank balance was \$7,911,959. 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	\$ 7,331,992
Investments	5,257,765
Less: Investments in LGIP	(5,255,088)
Petty cash	(1,250)
Total	<u>\$ 7,333,419</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, 2022. The Weighted Average Maturity for the LGIP balances at June 30, 2022 was 44 days.

NOTE 3 - PROPERTY TAXES - NET

Tax rate for the 2022 levy is \$1.7012 per \$100 of assessed valuation and the tax rate for the 2021 levy is \$1.7012 per \$100 of assessed valuation.

Property taxes for the 2022 levy are considered to be owed to the Town as of the lien date on January 1, 2022. Therefore, the entire 2022 levy was recorded as a receivable and deferred revenue as of June 30, 2022.

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

Lien date	January 1, 2022
Levy date	January 1, 2022
Tax bills mailed	October 1, 2021
Payment due date	October 1, 2021
	Through February 28, 2022
Delinquency date	March 1, 2022

NOTE 3 - PROPERTY TAXES - NET (Continued)

Property taxes receivable as of June 30, 2022, are composed of the following:

<u>Year of Levy</u>	
2022	\$ 6,091,073
2021	121,524
2020	29,586
2019	20,730
2018	6,791
2017	4,008
2016	3,782
2015	2,358
2014	3,129
2013	<u>3,826</u>
	6,286,807
Less: allowance for uncollectibles	<u>(84,569)</u>
Property taxes receivable - net	<u>\$ 6,202,238</u>

NOTE 4 - GRANTS RECEIVABLE

At year end, grants receivable consists of \$4,668 due from the U.S. Department of Transportation.

NOTE 5 - RECEIVABLE - NET

Accounts and other receivables at June 30, 2022, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Customer accounts	\$ -	\$ 382,165	\$ 382,165
Wholesale beer tax	10,032	-	10,032
Franchise tax	32,420	-	32,420
Other	<u>5,022</u>	<u>-</u>	<u>5,022</u>
	47,474	382,165	429,639
Less allowance for uncollectible accounts	<u>-</u>	<u>(15,500)</u>	<u>(15,500)</u>
Total	<u>\$ 47,474</u>	<u>\$ 366,665</u>	<u>\$ 414,139</u>

Bad debt expense was \$0 for year ended June 30, 2022.

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Due from other governments as of June 30, 2022, consists of the following receivables from the State of Tennessee:

State street aid revenues	\$ 53,636
City streets and transportation revenues	2,704
Mixed drink tax revenue	6,446
State sales tax revenue	182,796
Local sales tax revenue	174,022
Local income tax	18,693
Business tax revenue	2,642
Telecommunications tax	979
Sportsbetting tax revenue	<u>2,173</u>
Total	<u>\$ 444,091</u>

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

NOTE 7 - INTERNAL BALANCES

Internal balances at June 30, 2022, consist of the following:

Due to:	Due from:				Total
	General Fund	Vehicle Replacement Fund	State Street Aid Fund	Water Fund	
General Fund	\$ -	\$ -	\$442,623	\$ 257,496	\$ 700,119
Building Construction Fund	404,262	-	-	-	404,262
Vehicle Replacement Fund	158,377	-	-	-	158,377
Stormwater Fund	<u>166,649</u>	<u>21,200</u>	<u>-</u>	<u>-</u>	<u>187,849</u>
	<u>\$ 729,288</u>	<u>\$ 21,200</u>	<u>\$442,623</u>	<u>\$ 257,496</u>	<u>\$1,450,607</u>

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

NOTE 8 - NET PENSION ASSET

Net pension asset at June 30, 2022, consists of the following:

Beginning balance	\$ (1,414,599)
Service cost	(281,770)
Interest expense	(813,057)
Plan administrative expenses	(7,280)
Employer contributions	380,242
Employee contributions	193,008
Differences between expected and actual experience	431,536
Net investment income	2,528,405
Changes in assumptions	(828,747)
Total	<u>\$ 187,738</u>

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$ 844,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844,313</u>
Capital assets being depreciated:				
Building and other improvements	12,904,824	1,279,183	(20,583)	14,163,424
Equipment	5,548,861	617,599	(241,146)	5,925,314
Public improvements (infrastructure)	<u>4,687,679</u>	<u>25,138</u>	<u>-</u>	<u>4,712,817</u>
Total capital assets being depreciated	<u>23,141,364</u>	<u>1,921,920</u>	<u>(261,729)</u>	<u>24,801,555</u>
Less accumulated depreciation for:				
Buildings and other improvements	4,513,108	397,190	(20,129)	4,890,169
Equipment	3,727,924	302,759	(226,263)	3,804,420
Public improvements (infrastructure)	<u>1,307,601</u>	<u>129,062</u>	<u>-</u>	<u>1,436,663</u>
Total accumulated depreciation	<u>9,548,633</u>	<u>829,011</u>	<u>(246,392)</u>	<u>10,131,252</u>
Total capital assets being depreciated - net	<u>13,592,731</u>	<u>1,092,909</u>	<u>(15,337)</u>	<u>14,670,303</u>
Governmental activities capital assets - net	<u>\$ 14,437,044</u>	<u>\$ 1,092,909</u>	<u>\$(15,337)</u>	<u>\$ 15,514,616</u>

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

General government	\$ 22,041
Public safety	254,832
Public works	325,145
Public welfare and recreation	219,478
Maintenance shop	<u>7,515</u>
Total	<u>\$ 829,011</u>

NOTE 9 - CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets being depreciated:				
Plant in service	\$ 8,583,890	\$ 23,074	\$(28,025)	\$ 8,578,939
Equipment	<u>1,359,676</u>	<u>162,563</u>	<u>(143,119)</u>	<u>1,379,120</u>
Total capital assets being depreciated	<u>9,943,566</u>	<u>185,637</u>	<u>(171,144)</u>	<u>9,958,059</u>
Less accumulated depreciation for:				
Plant in service	4,544,474	211,894	(28,025)	4,728,343
Equipment	<u>885,802</u>	<u>57,387</u>	<u>(143,119)</u>	<u>800,070</u>
Total capital depreciation	<u>5,430,276</u>	<u>269,281</u>	<u>(171,144)</u>	<u>5,528,413</u>
Total capital assets being depreciated - net	<u>4,513,290</u>	<u>(83,644)</u>	<u>-</u>	<u>4,429,646</u>
Business-type activities capital assets - net	<u>\$ 4,513,290</u>	<u>\$ (83,644)</u>	<u>\$ -</u>	<u>\$ 4,429,646</u>

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

Water	\$ 243,145
Stormwater	<u>26,136</u>
Total	<u>\$ 269,281</u>

NOTE 10 - DEFERRED OUTFLOWS RELATED TO PENSIONS

Deferred outflows related to pensions at June 30, 2022, consists of the following:

Beginning balance	\$ 961,321
Change in assumptions	828,747
Prior year employer contributions	(380,242)
Current year employer contributions	394,062
Amortization of deferrals	(378,258)
Netting investment earnings	<u>(32,087)</u>
Total	<u>\$1,393,543</u>

NOTE 11 - DEFERRED OUTFLOWS RELATED TO OPEB

Deferred outflows related to OPEB at June 30, 2022, consists of the following:

Beginning balance	\$ 84,517
Prior year prepaid benefit payments	(789)
Current year prepaid benefit payments	574
Amortization of deferrals	<u>(11,260)</u>
Total	<u>\$ 73,042</u>

NOTE 12 - UNEARNED GRANT REVENUE

At year end, unearned grant revenue consists of \$1,276,758 from the U.S. Department of Finance and Administration.

NOTE 13 - LONG-TERM DEBT

A. Governmental Debt

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

	<u>Principal Balance</u>
Tennessee Municipal Bond, Series 2015, \$3,000,000 at 3.00%, due 05/25/2035 direct debt	\$ 2,027,000
Tennessee Municipal Bond, Series 2017, \$3,000,000 at 2.79%, due 10/01/2037 direct debt	2,524,000
Compensated absences payable	<u>248,024</u>
	4,799,024
Less: current portion of governmental long-term debt	<u>(272,000)</u>
 Total governmental long-term debt	 <u>\$ 4,527,024</u>

A summary of changes in governmental long-term debt, not including compensated absences, for the year ended June 30, 2022, are as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>	<u>Amount Due Within One Year</u>
<u>Indirect debt:</u>					
Series 2015	\$ 2,171,000	\$ -	\$ (144,000)	\$ 2,027,000	\$ 145,000
Series 2017	<u>2,648,000</u>	<u>-</u>	<u>(124,000)</u>	<u>2,524,000</u>	<u>127,000</u>
Total	<u>4,819,000</u>	<u>-</u>	<u>(268,000)</u>	<u>4,551,000</u>	<u>272,000</u>
 <u>Other debt:</u>					
Compensated absences	<u>276,329</u>	<u>-</u>	<u>(28,305)</u>	<u>248,024</u>	<u>-</u>
	<u>\$ 5,095,329</u>	<u>\$ -</u>	<u>\$ (296,305)</u>	<u>4,799,024</u>	<u>\$ 272,000</u>
 Less current portion of governmental long-term debt				<u>(272,000)</u>	
 Total governmental long-term debt				 <u>\$ 4,527,024</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, 2022, on governmental long-term debt was \$98,166.

NOTE 13 - LONG-TERM DEBT (Continued)**A. Governmental Debt (Continued)**

Government fund debt service requirements to maturity, including interest of \$1,039,736 are as follows:

Year ended June 30	Direct Borrowings		Total
	Principal	Interest	
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	294,000	96,674	390,674
2028-2032	1,561,000	351,177	1,912,177
2033-2037	1,381,000	119,742	1,500,742
2038	192,000	2,678	194,678
Total	<u>\$4,551,000</u>	<u>\$ 1,039,736</u>	<u>\$ 5,590,736</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>\$ 15,105</u>
	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Amount Due Within One Year
Compensated absences	<u>\$ 17,115</u>	<u>\$ -</u>	<u>\$ (2,010)</u>	<u>\$ 15,105</u>	<u>\$ -</u>
Less: current portion of water long-term debt				<u>-</u>	
Total water long-term debt				<u>\$ 15,105</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>\$ 712</u>
	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Amount Due Within One Year
Compensated absences	<u>\$ 1,120</u>	<u>\$ -</u>	<u>\$ (408)</u>	<u>\$ 712</u>	<u>\$ -</u>
Less: current portion of stormwater long-term debt				<u>-</u>	
Total stormwater long-term debt				<u>\$ 712</u>	

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

NOTE 14 - NET OPEB LIABILITY

Net OPEB liability at June 30, 2022 consists of the following:

Beginning balance	\$ 219,351
Service cost	24,436
Interest expense	5,379
Differences between expected and actual experience	(15,252)
Changes of assumptions	(74,704)
Benefit payments	(789)
Total	<u>\$ 158,421</u>

NOTE 15 - DEFERRED INFLOWS RELATED TO PENSIONS

Deferred inflows related to pension at June 30, 2022, consists of the following:

Beginning balance	\$ 101,148
Differences between expected and actual experience	431,536
Differences between projected and actual investment earnings	1,817,818
Amortization of deferrals	(547,955)
Netting investment earnings	(32,087)
Total	<u>\$1,770,460</u>

NOTE 16 - DEFERRED INFLOWS RELATED TO OPEB

Deferred inflows related to OPEB at June 30, 2022, consists of the following:

Beginning balance	\$ 116,426
Differences between expected and actual experience	15,252
Changes of assumptions	74,704
Amortization of deferrals	(24,153)
Total	<u>\$ 182,229</u>

NOTE 17 - 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>\$52,911</u>	<u>\$ 6,091,073</u>	<u>\$6,143,984</u>

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

NOTE 18 - 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.

\$187,738 is legally restricted for future pension expenditures.

NOTE 19 - FUND BALANCES

Fund balances are as follows:

Nonspendable: \$17,740 of prepaid expenses are nonspendable due to its form.

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

Committed: \$1,703,599 is committed for the purchase of mobile assets. \$766,373 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 20 - TRANSFERS

Transfers for the current year were as follows:

	<u>Transfers to:</u>
	Vehicle Replacement
	<u>Fund</u>
<u>Transfer from:</u>	
General Fund	<u>\$ 458,973</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 21 - 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 \$(4,799,024) difference are as follows:

Bonds payable	\$ (4,551,000)
Compensated absences	<u>(248,024)</u>
Net adjustment	<u>\$ (4,799,024)</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 \$(168,270) difference are as follows:

Deferred outflows related to pensions	\$ 1,236,976
Net pension asset	170,463
Deferred inflows related to pensions	<u>(1,575,709)</u>
Net adjustment	<u>\$ (168,270)</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 \$(238,238) difference are as follows:

Deferred outflows related to OPEB	\$ 64,930
Net OPEB liability	(140,995)
Deferred inflows related to OPEB	<u>(162,173)</u>
Net adjustment	<u>\$ (238,238)</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 \$1,077,572 difference are as follows:

Capital outlay	\$ 1,921,920
Depreciation expense	(829,011)
Loss on disposal	<u>(15,337)</u>
Net adjustment	<u>\$ 1,077,572</u>

NOTE 21 - 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 \$268,000 difference are as follows:

Bond - Series 2015	\$ 144,000
Bond - Series 2017	<u>124,000</u>
Net adjustment	<u>\$ 268,000</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 \$326,423 difference are as follows:

Pension expense	\$ (24,292)
Contributions	<u>350,715</u>
Net adjustment	<u>\$ 326,423</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 \$(14,616) difference are as follows:

OPEB expense	\$ (15,127)
Contributions	<u>511</u>
Net adjustment	<u>\$ (14,616)</u>

NOTE 22 - 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 23 - COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

Expenditures in the Building Construction Fund exceeded the amount budgeted by \$309,949.

NOTE 24 - 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 25 - 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	94
Active employees	<u>83</u>
Total employees	<u>223</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, 2022, the employer contributions for Signal Mountain were \$394,062 based on a rate of 9.88 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 25 - PENSION PLAN (Continued)

Net Pension Liability (Asset)

Pension liabilities (assets)

Signal Mountain's net pension liability (asset) was measured as of June 30, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
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, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Change of assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; and modified mortality assumptions.

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

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

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

NOTE 25 - PENSION PLAN (Continued)**Net Pension Liability (Asset) (Continued)****Discount rate**

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Signal Mountain will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/20	<u>\$ 11,208,335</u>	<u>\$ 9,793,736</u>	<u>\$ 1,414,599</u>
Changes for the year:			
Service cost	281,770	-	281,770
Interest	813,057	-	813,057
Differences between expected and actual experience	(431,536)	-	(431,536)
Changes in assumptions	828,747	-	828,747
Contributions - employer	-	380,242	(380,242)
Contributions - employees	-	193,008	(193,008)
Net investment income	-	2,528,405	(2,528,405)
Benefit payments, including refunds of employee contributions	(551,042)	(551,042)	-
Administrative expense	-	(7,280)	7,280
Other changes	-	-	-
Net changes	<u>940,996</u>	<u>2,543,333</u>	<u>(1,602,337)</u>
Balances at 6/30/21	<u>\$ 12,149,331</u>	<u>\$ 12,337,069</u>	<u>\$ (187,738)</u>

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Signal Mountain's net pension liability (asset)	\$ 1,364,751	\$ (187,738)	\$ (1,483,409)

NOTE 25 - 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, 2022, Signal Mountain recognized pension expense (negative pension expense) of \$28,814.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2022, 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	\$ 256,830	\$ 420,818
Net difference between projected and actual earnings on pension plan investments	-	1,349,642
Changes in assumptions	742,651	-
Contributions subsequent to the measurement date of June 30, 2021	<u>394,062</u>	<u>(not applicable)</u>
Total	<u>\$ 1,393,543</u>	<u>\$ 1,770,460</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2021,” 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:

2023	\$ (166,606)
2024	\$ (173,016)
2025	\$ (200,197)
2026	\$ (297,362)
2027	\$ 66,202
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, 2022, Signal Mountain reported a payable of \$15,151 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2022.

NOTE 26 - 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	\$23,539,376 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 26 - 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, 2022. No provision has been made in the financial statements for the year ended June 30, 2022, for any estimate of potential unpaid claims.

NOTE 27 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Local Government OPEB Plan:

General Information About the OPEB Plan

Plan description

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

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 27 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

General Information About The OPEB Plan (Continued)

Employees covered by benefit terms

At July 1, 2021, 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>75</u>
Total	<u>75</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, 2022, the Town of Signal Mountain, Tennessee paid \$574 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates	7.36% for pre-65 in 2021, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 7.32% for post-65 in 2021, decreasing annually over an 8 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.

NOTE 27 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability (Continued)

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

Discount rate

The discount rate used to measure the total OPEB liability was 2.16 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	\$ 219,351
Changes for the year:	
Service cost	24,436
Interest	5,379
Changes of benefit terms	-
Differences between expected and actual experience	(15,252)
Change in assumptions	(74,704)
Benefit payments	(789)
Net changes	(60,930)
Total OPEB liability - ending balance	\$ 158,421

Changes in assumptions

The discount rate was changed from 2.21% as of the beginning of the measurement period to 2.16% as of June 30, 2021. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

NOTE 27 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**Changes in the Total OPEB Liability** (Continued)**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 (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 174,693	\$ 158,421	\$ 143,252

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

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

	1% Decrease (6.36% /6.32% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.36% /7.32% decreasing to 4.5%)	1% Increase (8.36% /8.32% decreasing to 5.50%)
Total OPEB liability	\$ 134,814	\$ 158,421	\$ 187,218

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**OPEB expense**

For the fiscal year ended June 30, 2022, the Town of Signal Mountain, Tennessee recognized OPEB expense of \$16,922.

Deferred outflows of resources and deferred inflows of resources

For the fiscal year ended June 30, 2022, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 45,462	\$ 109,619
Changes of assumptions	27,006	72,610
Employer payments subsequent to the measurement date	574	-
Total	\$ 73,042	\$ 182,229

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

NOTE 27 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

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:

2023	\$ (12,893)
2024	\$ (12,893)
2025	\$ (12,893)
2026	\$ (12,893)
2027	\$ (12,893)
Thereafter	\$ (45,296)

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, 2022

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	<u>6,878,576</u>	<u>7,239,155</u>	<u>7,797,860</u>
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	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	957,277	235,770	242,036
Plan fiduciary net position - beginning	<u>5,435,885</u>	<u>6,393,162</u>	<u>6,628,932</u>
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 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The 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, 2022

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 241,722	\$ 254,867	\$ 283,071	\$ 293,520	\$ 281,770
639,503	663,000	715,422	751,774	813,057
-	-	-	-	-
(175,858)	183,153	(63,796)	326,301	(431,536)
312,173	-	-	-	828,747
<u>(422,282)</u>	<u>(402,867)</u>	<u>(409,437)</u>	<u>(478,063)</u>	<u>(551,042)</u>
595,258	698,153	525,260	893,532	940,996
<u>8,496,132</u>	<u>9,091,390</u>	<u>9,789,543</u>	<u>10,314,803</u>	<u>11,208,335</u>
<u>\$ 9,091,390</u>	<u>\$ 9,789,543</u>	<u>\$10,314,803</u>	<u>\$11,208,335</u>	<u>\$12,149,331</u>
\$ 326,173	\$ 350,648	\$ 381,374	\$ 381,498	\$ 380,242
157,112	168,278	182,492	194,019	193,008
781,739	644,276	635,439	460,694	2,528,405
(422,282)	(402,867)	(409,437)	(478,063)	(551,042)
(6,253)	(7,380)	(7,274)	(7,418)	(7,280)
-	-	-	-	-
<u>836,489</u>	<u>752,955</u>	<u>782,594</u>	<u>550,730</u>	<u>2,543,333</u>
<u>6,870,968</u>	<u>7,707,457</u>	<u>8,460,412</u>	<u>9,243,006</u>	<u>9,793,736</u>
<u>\$ 7,707,457</u>	<u>\$ 8,460,412</u>	<u>\$ 9,243,006</u>	<u>\$ 9,793,736</u>	<u>\$12,337,069</u>
<u>\$ 1,383,933</u>	<u>\$ 1,329,131</u>	<u>\$ 1,071,797</u>	<u>\$ 1,414,599</u>	<u>\$ (187,738)</u>
84.78%	86.42%	89.61%	87.38%	101.55%
\$ 3,142,242	\$ 3,365,536	\$ 3,649,821	\$ 3,880,368	\$ 3,860,138
44.04%	39.49%	29.37%	36.46%	-4.86%

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Contributions Based on
Participation in the Public Employee Pension Plan of the TCRS
June 30, 2022

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 2022 were calculated based on the June 30, 2020 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, 2022

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 350,648	\$ 381,374	\$ 381,498	\$ 380,242	\$ 391,408
<u>350,648</u>	<u>381,374</u>	<u>381,498</u>	<u>380,242</u>	<u>394,062</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(2,654)</u>
\$ 3,365,536	\$ 3,649,821	\$ 3,880,368	\$ 3,860,138	\$ 3,989,892
10.42%	10.45%	9.83%	9.85%	9.88%

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Changes in the Town of Signal Mountain, Tennessee's
Total OPEB Liability and Related Ratios
June 30, 2022

Local Government OPEB Plan

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

Notes to Schedule

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

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

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

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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, 2022

	Special Revenue		Total
	Drug Fund	State Street Aid Fund	Non-major Governmental Funds
ASSETS			
Cash	\$ 1,508	\$ 81,897	\$ 83,405
Investments	-	302,957	302,957
Due from other governments	-	53,636	53,636
TOTAL ASSETS	<u>\$ 1,508</u>	<u>\$ 438,490</u>	<u>\$ 439,998</u>
LIABILITIES			
Accounts payable	\$ -	\$ 3,820	\$ 3,820
Due to other funds	-	442,623	442,623
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 446,443</u>	<u>\$ 446,443</u>
FUND BALANCES			
Restricted	\$ 1,508	\$ -	\$ 1,508
Unassigned	-	(7,953)	(7,953)
TOTAL FUND BALANCES	<u>\$ 1,508</u>	<u>\$ (7,953)</u>	<u>\$ (6,445)</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Non-Major Governmental Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2022

	Special Revenue		Total Non-major Governmental Funds
	Drug Fund	State Street Aid Fund	
REVENUES			
Intergovernmental	\$ -	\$ 328,256	\$ 328,256
Other revenues	-	20	20
TOTAL REVENUES	-	328,276	328,276
EXPENDITURES			
Current Expenditures			
Public works	-	546,755	546,755
Capital Outlay			
Public works	-	16,194	16,194
TOTAL EXPENDITURES	-	562,949	562,949
Excess (deficiency) of revenues over (under) expenditures	-	(234,673)	(234,673)
Fund balances - beginning	1,508	226,720	228,228
Fund balances - end	\$ 1,508	\$ (7,953)	\$ (6,445)

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2022

	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines and forfeitures				
City court revenues	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current Expenditures				
Public safety				
Drug prevention	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditure	-	-	-	-
Fund balances - beginning	1,508	1,508	1,508	-
Fund balances - end	<u>\$ 1,508</u>	<u>\$ 1,508</u>	<u>\$ 1,508</u>	<u>\$ -</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental				
Grants	\$ 600,000	\$ 600,000	\$ 19,689	\$ (580,311)
Streets and transportation	300,000	300,000	308,567	8,567
Total intergovernmental	900,000	900,000	328,256	(571,744)
Other revenues				
Interest earnings	-	-	20	20
Miscellaneous	420,000	420,000	-	(420,000)
Total other revenues	420,000	420,000	20	(419,980)
TOTAL REVENUES	1,320,000	1,320,000	328,276	(991,724)
EXPENDITURES				
Current Expenditures				
Public works				
Highways and street maintenance				
Street lighting (electricity)	25,000	25,000	30,026	(5,026)
Engineering	5,000	5,000	-	5,000
Tree removal	14,000	14,000	18,100	(4,100)
Repairs and maintenance	500,000	500,000	482,802	17,198
Paint and stripping	15,000	15,000	15,827	(827)
Total public works	559,000	559,000	546,755	12,245
Capital Outlay				
Public works				
Highways and street maintenance				
Street infrastructure	-	-	14	(14)
Improvements	750,000	750,000	16,180	733,820
Total public works	750,000	750,000	16,194	733,806
TOTAL EXPENDITURES	1,309,000	1,309,000	562,949	746,051
Excess (deficiency) of revenues				
over (under) expenditures	11,000	11,000	(234,673)	(245,673)
Fund balances - beginning	226,720	226,720	226,720	-
Fund balances - end	\$ 237,720	\$ 237,720	\$ (7,953)	\$ (245,673)

FINANCIAL SCHEDULES

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022

Grantor/Pass-through Agency	Assistance Listing Number	State Grant/Project Number	(Accrued) Deferred Grant Revenues July 1, 2021	Grant Revenues Received	Expenditures	(Accrued) Deferred Grant Revenues June 30, 2022
Federal						
U.S. Department of Transportation						
Transportation Enhancement Section	20.205	STP-M-9215(4)	\$ -	\$ 19,689	\$ 19,689	\$ -
Transportation Enhancement Section	20.205	STP-M-9215(3)	(19,269)	19,269	-	-
Aggressive Driver Enforcement	20.600	Z22THS261	-	6,993	11,661	(4,668)
Traffic Safety Enforcement	20.600	Z21THS271	(12,551)	14,782	2,231	-
Total U.S. Department of Transportation			<u>(31,820)</u>	<u>60,733</u>	<u>33,581</u>	<u>(4,668)</u>
U.S. Department of Finance and Administration						
ARPA NEU Distribution	93.498	-	-	1,276,758	-	1,276,758
U.S. Department of Finance and Administration						
ARPA Library TSLA	45.301	-	-	9,698	9,698	-
U.S. Department of Homeland Security						
Safer Grant	97.083	EMW-2016-FH-00095	-	10,350	10,350	-
Grant through Hamilton County	97.000	-	(7,000)	7,000	-	-
Total U.S. Department of Homeland Security			<u>(7,000)</u>	<u>17,350</u>	<u>10,350</u>	<u>-</u>
Total Federal Awards			<u>(38,820)</u>	<u>1,364,539</u>	<u>53,629</u>	<u>1,272,090</u>
State						
Tennessee Department of Finance and Administration						
Local Government Direct Appropriations Grant	-	-	-	109,157	109,157	-
Tennessee Department of Environment and Conservation						
LPRF Grant - Ballfield Improvements	-	32701-03982	(244,991)	418,624	173,633	-
Total State Awards			<u>(244,991)</u>	<u>527,781</u>	<u>282,790</u>	<u>-</u>
Total Federal and State Awards			<u>\$ (283,811)</u>	<u>\$ 1,892,320</u>	<u>\$ 336,419</u>	<u>\$ 1,272,090</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022

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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes	\$ 6,613,680	\$ 6,613,680	\$ 7,280,445	\$ 666,765
Licenses and permits	57,600	57,600	108,388	50,788
Intergovernmental	2,356,031	2,356,031	1,394,329	(961,702)
Charges for services	230,764	230,764	266,853	36,089
Fines and forfeitures	35,000	35,000	6,416	(28,584)
Other revenue	264,460	264,460	156,439	(108,021)
TOTAL REVENUES	9,557,535	9,557,535	9,212,870	(344,665)
EXPENDITURES				
Current Expenditures				
General government				
Judicial	61,163	61,163	43,825	17,338
Administration	484,925	484,925	481,645	3,280
Finance	257,517	257,517	282,570	(25,053)
Building and codes	179,158	179,158	196,490	(17,332)
Public safety				
Police	1,611,987	1,611,987	1,550,648	61,339
Fire protection and control services	2,490,359	2,490,359	2,451,900	38,459
Fire station grants	-	-	12	(12)
Public works				
Public works administration	156,957	156,957	149,222	7,735
Highway and street maintenance	549,684	549,684	615,339	(65,655)
Solid waste department	626,500	626,500	636,005	(9,505)
Recycling centers	74,212	74,212	63,153	11,059
Public welfare and recreation				
Recreation	770,548	770,548	681,559	88,989
Mountain Arts Community Center	40,762	40,762	30,707	10,055
Library	250,511	250,511	252,669	(2,158)
Maintenance shop	115,692	115,692	83,057	32,635

(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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES				
Capital Outlay				
General government				
Judicial	\$ -	\$ -	\$ 4,850	\$ (4,850)
Administration	15,000	15,000	-	15,000
Finance	5,000	5,000	-	5,000
Public safety				
Fire protection and control services	23,000	23,000	52,045	(29,045)
Public works				
Highway and street maintenance	42,500	42,500	-	42,500
Solid waste department	1,283,500	1,283,500	137,795	1,145,705
Recycling centers	15,000	15,000	-	15,000
Public welfare and recreation				
Recreation	258,000	258,000	224,049	33,951
Mountain Arts Community Center	60,000	60,000	39,253	20,747
Library	-	-	6,042	(6,042)
Debt Service	<u>396,485</u>	<u>396,485</u>	<u>366,166</u>	<u>30,319</u>
TOTAL EXPENDITURES	<u>9,768,460</u>	<u>9,768,460</u>	<u>8,349,001</u>	<u>1,419,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(210,925)</u>	<u>(210,925)</u>	<u>863,869</u>	<u>1,074,794</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	-	(300,000)
Transfers out	<u>(485,973)</u>	<u>(485,973)</u>	<u>(485,973)</u>	<u>-</u>
Total other financing sources (uses)	<u>(185,973)</u>	<u>(185,973)</u>	<u>(485,973)</u>	<u>(300,000)</u>
Net changes in fund balances	(396,898)	(396,898)	377,896	774,794
Fund balances - beginning	<u>5,356,222</u>	<u>5,356,222</u>	<u>5,356,222</u>	<u>-</u>
Fund balances - end	<u>\$ 4,959,324</u>	<u>\$ 4,959,324</u>	<u>\$ 5,734,118</u>	<u>\$ 774,794</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental				
Grants	\$ 290,000	\$ 290,000	\$ 173,633	\$ (116,367)
Other revenues				
Contributions and donations	259,800	259,800	259,800	-
TOTAL REVENUES	<u>549,800</u>	<u>549,800</u>	<u>433,433</u>	<u>(116,367)</u>
EXPENDITURES				
Capital Outlay				
Public welfare and recreation				
Library	659,800	659,800	709,865	(50,065)
Facility	139,000	139,000	398,884	(259,884)
Total capital outlay	<u>798,800</u>	<u>798,800</u>	<u>1,108,749</u>	<u>(309,949)</u>
TOTAL EXPENDITURES	<u>798,800</u>	<u>798,800</u>	<u>1,108,749</u>	<u>(309,949)</u>
Excess (deficiency) of revenues over (under) expenditures	(249,000)	(249,000)	(675,316)	(426,316)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(720,000)</u>	<u>(720,000)</u>	<u>-</u>	<u>720,000</u>
Net changes in fund balances	(969,000)	(969,000)	(675,316)	293,684
Fund balances - beginning	<u>1,441,689</u>	<u>1,441,689</u>	<u>1,441,689</u>	<u>-</u>
Fund balances - end	<u>\$ 472,689</u>	<u>\$ 472,689</u>	<u>\$ 766,373</u>	<u>\$ 293,684</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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Other revenues				
Interest earnings	\$ -	\$ -	\$ 6	\$ 6
Sale of assets	<u>5,000</u>	<u>5,000</u>	<u>44,592</u>	<u>39,592</u>
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>44,598</u>	<u>39,598</u>
EXPENDITURES				
Current Expenditures				
Public works				
Miscellaneous	<u>-</u>	<u>-</u>	<u>4,960</u>	<u>(4,960)</u>
Capital Outlay				
Public safety				
Vehicles	99,000	99,000	110,414	(11,414)
Public works				
Vehicles	<u>464,371</u>	<u>464,371</u>	<u>358,913</u>	<u>105,458</u>
Total capital outlay	<u>563,371</u>	<u>563,371</u>	<u>469,327</u>	<u>94,044</u>
TOTAL EXPENDITURES	<u>563,371</u>	<u>563,371</u>	<u>474,287</u>	<u>89,084</u>
Excess (deficiency) of revenues over (under) expenditures	(558,371)	(558,371)	(429,689)	128,682
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>491,640</u>	<u>491,640</u>	<u>485,973</u>	<u>(5,667)</u>
Net changes in fund balances	(66,731)	(66,731)	56,284	123,015
Fund balances - beginning	<u>1,647,315</u>	<u>1,647,315</u>	<u>1,647,315</u>	<u>-</u>
Fund balances - end	<u>\$ 1,580,584</u>	<u>\$ 1,580,584</u>	<u>\$ 1,703,599</u>	<u>\$ 123,015</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Water Fund
Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

OPERATING REVENUES

Water sales	\$ 2,146,059
Water service fees	29,681
Other revenue	36,094
Total operating revenues	<u>2,211,834</u>

OPERATING EXPENSES

Water purchases	<u>433,473</u>
------------------------	----------------

Power and pumping

Contract services	1,800
Repairs and maintenance	19,742
Telephone and other communication	2,245
Utilities	195,534
Total power and pumping	<u>219,321</u>

Treatment and transmission

Miscellaneous	3,173
Operating supplies and expense	51,257
Professional services	36,346
Repairs and maintenance	109,722
Vehicle expense	11,048
Total treatment and transmission	<u>211,546</u>

Maintenance

Salaries	176,968
Payroll taxes	13,025
Fringe benefits	50,284
Negative pension expense	(2,017)
Contract services	958
Insurance	8,578
Miscellaneous	1,200
Operating supplies and expense	35,250
Other post-employment benefits	1,185
Repairs and maintenance	2,380
Telephone and other communication	1,972
Utilities	5,741
Vehicle expense	113
Total maintenance	<u>295,637</u>

(Continued)

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Water Fund
Schedule of Revenues, Expenses and Changes in Net Position (Continued)
Year Ended June 30, 2022

OPERATING EXPENSES (Continued)

Administration

Salaries	\$ 130,412
Payroll taxes	8,946
Fringe benefits	12,122
Contract services	617
In lieu of taxes	32,000
Insurance	22,018
Miscellaneous	9,655
Office supplies and expense	4,721
Operating supplies and expense	16,319
Postage and printing	14,981
Professional services	4,149
Repairs and maintenance	47
Telephone and other communication	380
Travel and training	3,315
Utilities	<u>3,161</u>
Total administration	<u>262,843</u>

Depreciation

243,145

Total operating expenses

1,665,965

Operating income

545,869

NON-OPERATING REVENUES (EXPENSES)

Interest earnings

2,489

Changes in net position

548,358

Net position - beginning

6,673,276

Net position - end

\$ 7,221,634

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Stormwater Fund
Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

OPERATING REVENUES

Stormwater user fees	\$ 367,337
----------------------	------------

OPERATING EXPENSES

Stormwater operations

Salaries	148,460
Payroll taxes	10,236
Fringe benefits	22,766
Negative pension expense	(1,153)
Contract services	15,472
Drainage improvements	812
Insurance	6,763
Miscellaneous	618
Office supplies and expense	381
Operating supplies and expense	2,372
Other post-employment benefits	677
Permit fee	4,704
Postage and printing	6,027
Professional services	3,929
Repairs and maintenance	15,110
Telephone and other communication	482
Travel and training	2,688
Utilities	2,249
Vehicle expense	1,522
Total stormwater operations	<u>244,115</u>

Depreciation	<u>26,136</u>
--------------	---------------

Total operating expenses	<u>270,251</u>
--------------------------	----------------

Operating income	<u>97,086</u>
------------------	---------------

NON-OPERATING REVENUES (EXPENSES)

Interest earnings	<u>104</u>
-------------------	------------

Change in net position before capital contributions	97,190
---	--------

Capital contributions	<u>21,200</u>
-----------------------	---------------

Changes in net position	118,390
-------------------------	---------

Net position - beginning	<u>528,656</u>
--------------------------	----------------

Net position - end	<u>\$ 647,046</u>
--------------------	-------------------

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
General Fund
Schedule of Property Taxes Receivable
June 30, 2022

<u>Year of Levy</u>	
2022	\$ 6,091,073
2021	121,524
2020	29,586
2019	20,730
2018	6,791
2017	4,008
2016	3,782
2015	2,358
2014	3,129
2013	<u>3,826</u>
Total property taxes receivable	6,286,807
Less: allowance for uncollectible taxes	<u>(84,569)</u>
Property taxes receivable - net	<u>\$ 6,202,238</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
General Fund
Schedule of Changes in Property Taxes Receivable
June 30, 2022

<u>Year of Levy</u>	<u>Taxes Receivable July 1, 2021</u>	<u>Taxes Levied</u>	<u>Pickups</u>	<u>Discounts and Releases</u>	<u>Collections</u>	<u>Taxes Receivable July 1, 2022</u>
2022	\$ -	\$ 6,091,073	\$ -	\$ -	\$ -	\$ 6,091,073
2021	6,018,428	375,787 (1)	-	(2,895)	(6,269,796)	121,524
2020	113,476	-	-	-	(83,890)	29,586
2019	37,676	-	-	-	(16,946)	20,730
2018	13,397	-	-	-	(6,606)	6,791
2017	9,250	-	-	-	(5,242)	4,008
2016	4,000	-	-	-	(218)	3,782
2015	2,950	-	-	-	(592)	2,358
2014	3,742	-	-	-	(613)	3,129
2013	26,624	-	-	-	(22,798)	3,826
2012	<u>19,801</u>	<u>-</u>	<u>-</u>	<u>(3,315)</u>	<u>(16,486)</u>	<u>-</u>
	<u>\$ 6,249,344</u>	<u>\$ 6,466,860</u>	<u>\$ -</u>	<u>\$ (6,210)</u>	<u>\$ (6,423,187)</u>	<u>\$ 6,286,807</u>

(1) 2021 Stormwater fees

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Debt Service Requirements
June 30, 2022

TENNESSEE MUNICIPAL BOND, SERIES 2015

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

Maturing June 30,	Principal	Interest	Total Requirements
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	167,000	5,010	172,010
Total	<u>\$ 2,027,000</u>	<u>\$ 435,450</u>	<u>\$ 2,462,450</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Debt Service Requirements
General Fund
June 30, 2022

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

Maturing June 30,	Principal	Interest	Total Requirements
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	\$ 2,524,000	\$ 604,286	\$ 3,128,286

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2022
Governmental Activities									
Bonds Payable through General Fund									
Tennessee Municipal Bond - 2015	\$3,000,000	3.00%	10/01/15	05/25/35	\$2,171,000	\$ -	\$ (144,000)	\$ -	\$2,027,000
Tennessee Municipal Bond - 2017	\$3,000,000	2.79%	10/13/17	10/01/37	2,648,000	-	(124,000)	-	2,524,000
Total Bonds Payable through General Fund					<u>\$4,819,000</u>	<u>\$ -</u>	<u>\$(268,000)</u>	<u>\$ -</u>	<u>\$4,551,000</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Insurance Coverage
June 30, 2022

<u>Coverage</u>	<u>Amount</u>
Property	\$23,539,376
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, 2022

<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>	
2022	\$ 1.7012	\$ 346,747,962	\$ 2,362,827	\$ 8,934,885	\$ 358,045,674
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

NOTE: On July 1, 2021, the Town of Signal Mountain approved the levy for the year ended June 30, 2022. The tax rate adopted for each \$100 of assessed valuation for the 2021 levy was \$1.7012.

On July 1, 2022, the Town of Signal Mountain approved the levy for the year ended June 30, 2023, for the residents on record as of January 1, 2021. The 2021 levy was recorded as a receivable and deferred revenue for the year ended June 30, 2022.

UNCOLLECTED DELINQUENT ACCOUNTS

Delinquent taxes filed for collection by years are as follows:

<u>Year of Levy</u>	<u>Delinquent Taxes Filed</u>
2021	\$ 121,524
2020	29,586
2019	20,730
2018	6,791
2017	4,008
2016	3,782
2015	2,358
2014	3,129
2013	3,826
	<u>\$ 195,734</u>

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Property Taxes Levied and Property Tax Collections - Last Ten Years
Years Ended June 30, 2012 to 2021

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
2021	\$ 1.7012	\$ 6,394,215	\$ 6,269,796	98.1%	\$ 153,391	\$ 6,423,187	100.5%	\$ (6,210)	\$ 195,734	3.1%
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%

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Miscellaneous Supplementary Information
June 30, 2022

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	472
Construction Value of Permits issued	\$ 19,123,237

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)	705.93

RECREATION

Number of playgrounds	5
Number of parks	37
Number of swimming pools	1
Number of sports fields	6
Number of courts	3

WATER FACILITIES

Number of water taps	3,238
Storage capacity (gallons)	2,000,000

Current water rates are as follows:

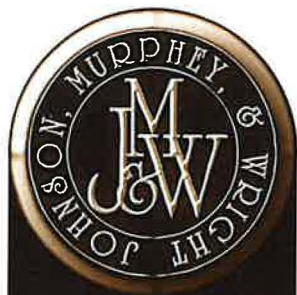
Inside Town Limits

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

Outside Town Limits

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

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

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, 2022, 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 11, 2023.

Report on 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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Signal Mountain, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Responses as item 2022-001.

Town of Signal Mountain, Tennessee's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Chattanooga, Tennessee
January 11, 2023

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Findings and Responses
June 30, 2022

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:

One instance of noncompliance or other matters was disclosed.

FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

COMPLIANCE:

Finding 2022-001 - Expenditures Exceeded Budget

Criteria:

Tennessee Code Annotated (TCA) Section 6-56-203 states that no municipality may expend any moneys regardless of their source...except in accordance with a budget ordinance...

Condition:

Expenditures in the Building Construction Fund exceeded the amount budgeted by \$309,949.

Cause:

The Town's budget was not amended to account for all expenditures.

Effect:

Without following proper procedures, the Town has failed to authorize all expenditures by the end of the fiscal year.

Management's Response:

We concur. We will make every effort in the future to provide for all expenditures in our budget.

TOWN OF SIGNAL MOUNTAIN, TENNESSEE
Schedule of Prior Audit Findings
June 30, 2022

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

There were no prior findings reported.

CHARLES POSS
Mayor

HARRY R. CASH
Town Attorney

ELAINE A. BRUNELLE
Town Manager



SUSANNAH MURDOCK
Vice Mayor

ANDREW GARDNER
Councilmember

VICKI ANDERSON
Councilmember

ELIZABETH BAKER
Councilmember

Town of Signal Mountain

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

Management's Corrective Action Plan June 30, 2022

Management's corrective action plan for our June 30, 2022 audit is as follows:

2022-001 Expenditures Exceeded Budget

We concur. Jennifer Broomfield, Finance Director, will ensure as of the date of this letter that all necessary budget amendments have been made prior to the end of the fiscal year.

Respectfully submitted,

Town of Signal Mountain, Tennessee



Charles Poss, Mayor