

TOWN OF MONTEAGLE, TENNESSEE

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

**OFFICE OF
TOWN RECORDER**

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INTRODUCTORY SECTION

TOWN OF MONTEAGLE, TENNESSEE

Board of Aldermen and Town Officials

June 30, 2024

BOARD OF MAYOR AND ALDERMEN

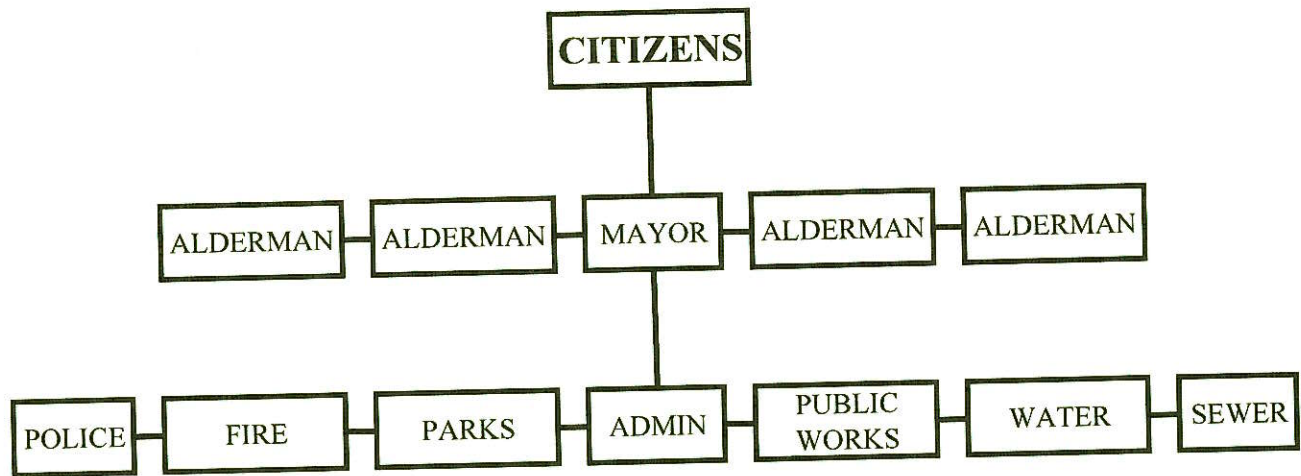
Mayor	Greg Maloof
Alderman	Jessica Favalaro
Alderman	Dan Sargent
Alderman	Dorraine Parmley
Alderman	Nate Wilson

TOWN OFFICIALS

Town Recorder	Debbie Taylor, CMFO
Building Inspector	Travis Lawyer
Police Chief	William Raline
Fire Chief	Travis Lawyer
Street Superintendent	Keith Butner
Utility Systems Supervisor	John Condra

TOWN OF MONTEAGLE, TENNESSEE

ORGANIZATIONAL CHART



FINANCIAL SECTION



JOBE, HASTINGS & ASSOCIATES

Certified Public Accountants

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Andrew J. Nickerson, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
Town of Monteagle, 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, each major fund and the aggregate remaining fund information of the Town of Monteagle, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Monteagle, 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, each major fund and the aggregate remaining fund information of the Town of Monteagle, Tennessee, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective 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 Monteagle, 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 Monteagle, 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 judgment made by a reasonable user based on the financial statements.

Honorable Mayor and Board of Aldermen
Town of Monteagle, Tennessee

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16 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 Monteagle, Tennessee's basic financial statements. The accompanying combining statements and individual fund schedules 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 combining statements and individual fund schedules and financial schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

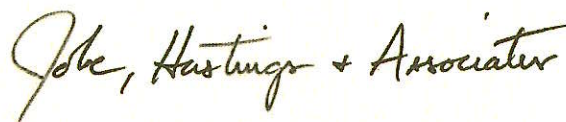
Management is responsible for the other information included in the annual report. The other information comprises the introductory and other information sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not 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.

Honorable Mayor and Board of Aldermen
Town of Monteagle, Tennessee

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2025, on our consideration of the Town of Monteagle, 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 Monteagle, 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 Monteagle, Tennessee's internal control over financial reporting and compliance.



Certified Public Accountants

Murfreesboro, Tennessee
March 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Monteagle, Tennessee, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Monteagle, Tennessee for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

Management believes the Town's financial condition is strong. Performances in most areas exceed expectations. The following are key financial highlights:

- Total assets at year-end of \$18,610,796 exceeded liabilities in the amount of \$16,648,928 (i.e. net position). Of the total net position, \$6,659,985 was unrestricted and was available to support short-term operations. Total net position increased from fiscal year end 2023 for \$707,081.
- The Town's governmental and business-type activities reported a combined positive change in net position of \$707,081.
- As of the close of the current fiscal year, the Town of Monteagle, Tennessee's governmental funds reported combined ending fund balances of \$2,963,488.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,421,473, or 146.82% of General Fund expenditures. The Water and Sewer Fund unrestricted net position was \$3,901,626 or 213.1% of operating expenses.
- As of June 30, 2024, the working capital (current assets less current liabilities) for the Water and Sewer Fund was \$3,721,952.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The Town of Monteagle, 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 Monteagle, 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 Monteagle, Tennessee's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Monteagle, Tennessee is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the 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 for some items that will only result in cash flows in future fiscal periods (e.g., payments on the capital lease).

Both of the government-wide financial statements distinguish functions of the Town of Monteagle, 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 Monteagle, Tennessee include general government, public safety, public works, convenience centers, state street aid and public welfare and recreation. The business-type activity of the Town of Monteagle, Tennessee includes the Water and Sewer Fund.

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 Monteagle, 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 Monteagle, Tennessee can be divided into two categories: governmental funds and a proprietary fund.

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 funds Balance Sheet and governmental funds 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 Monteagle, Tennessee maintains four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, and the Capital Asset Replacement Fund, which are considered to be major funds and the State Street Aid Fund and the Drug Fund which are considered nonmajor funds.

Proprietary Funds

The Town of Monteagle, Tennessee maintains one type of proprietary fund: an 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 Monteagle, Tennessee uses an enterprise fund to account for its water and sewer operations.

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 and Sewer Fund which is considered to be a major fund of the Town of Monteagle, Tennessee.

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 in this report.

Supplemental Information

The budgetary comparison schedule in connection with the Capital Asset Replacement Fund, State Street Aid Fund and Drug Fund as well as other financial schedules is presented immediately following the Notes to the Financial Statements.

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 Monteagle, Tennessee, assets exceeded liabilities by \$16,648,928 at the close of this fiscal year.

The largest portion of the Town of Monteagle, Tennessee's net position (58.01 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town of Monteagle, Tennessee uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town of Monteagle, 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 \$61,935 of the Town of Monteagle, Tennessee's net position represents resources that are subject to external restrictions on how they may be used. 41.61%, or \$6,928,345, in net position may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2024, the Town of Monteagle, 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 following table A-1 provides a summary of the Town's net position broken down by governmental and business-type activities.

Table A-1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 3,291,685	\$ 3,026,341	\$ 3,994,871	\$ 4,027,455	\$ 7,286,556	\$ 7,053,796
Capital assets	2,862,430	2,908,373	8,461,810	8,220,338	11,324,240	11,128,711
Total assets	<u>\$ 6,154,115</u>	<u>\$ 5,934,714</u>	<u>\$ 12,456,681</u>	<u>\$ 12,247,793</u>	<u>\$ 18,610,796</u>	<u>\$ 18,182,507</u>
Current liabilities	\$ 184,283	\$ 200,089	\$ 79,921	\$ 115,577	\$ 264,204	\$ 315,666
Non-current liabilities	163,748	203,350	1,533,916	1,721,644	1,697,664	1,924,994
Total liabilities	<u>\$ 348,031</u>	<u>\$ 403,439</u>	<u>\$ 1,613,837</u>	<u>\$ 1,837,221</u>	<u>\$ 1,961,868</u>	<u>\$ 2,240,660</u>
Net position:						
Net investment in capital assets	\$ 2,717,430	\$ 2,718,373	\$ 6,941,218	\$ 6,507,421	\$ 9,658,648	\$ 9,225,794
Restricted	61,935	59,428	-	-	61,935	59,428
Unrestricted	3,026,719	2,753,474	3,901,626	3,903,151	6,928,345	6,656,625
Total net position	<u>\$ 5,806,084</u>	<u>\$ 5,531,275</u>	<u>\$ 10,842,844</u>	<u>\$ 10,410,572</u>	<u>\$ 16,648,928</u>	<u>\$ 15,941,847</u>

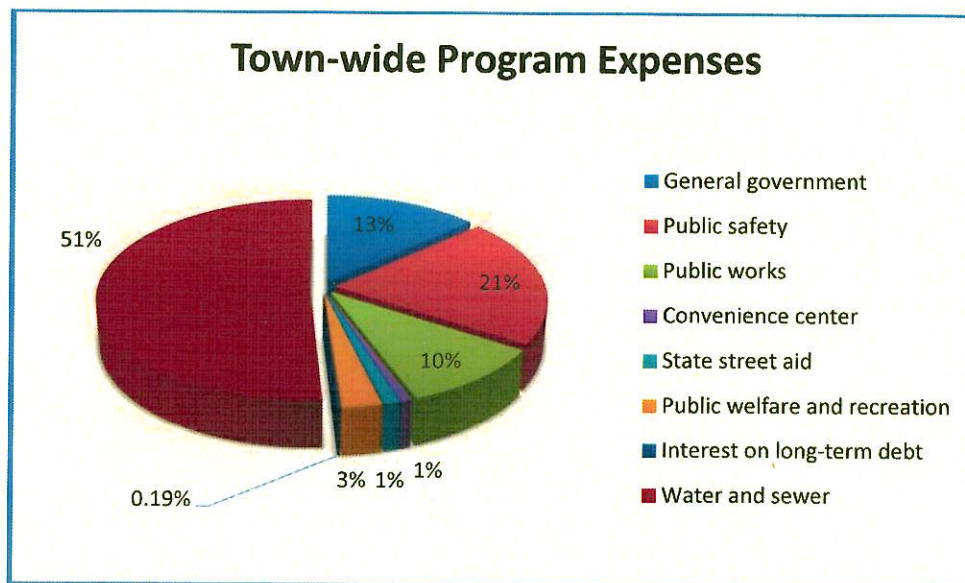
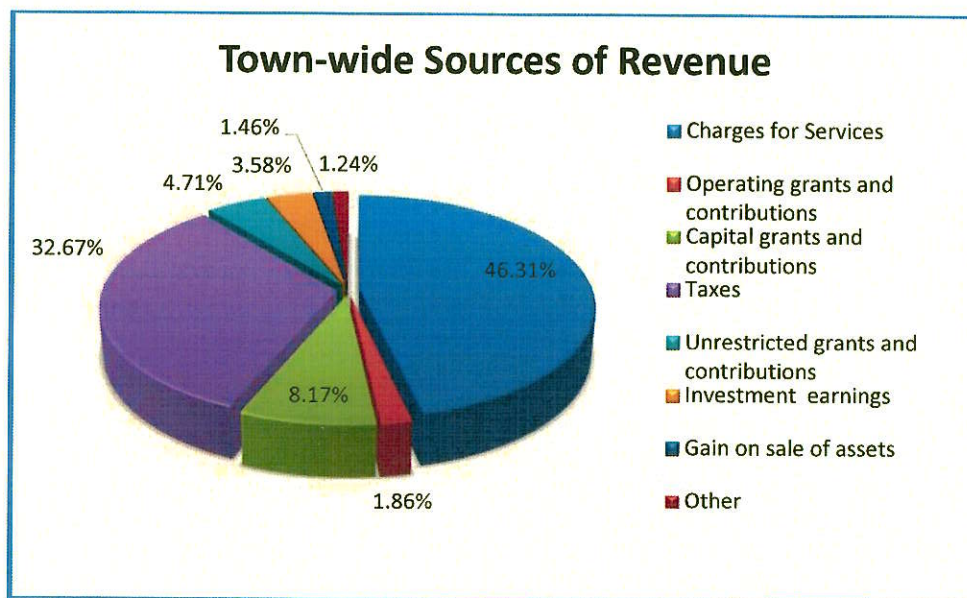
Changes in Net Position

Governmental activities increased the Town of Monteagle, Tennessee's net position by \$274,809. Business-type activities increased the Town of Monteagle, Tennessee's net position by \$432,272. The following table A-2 provides a summary of the Town's net position broken down by governmental and business-type activities.

Table A-2
Condensed Statement of Activities

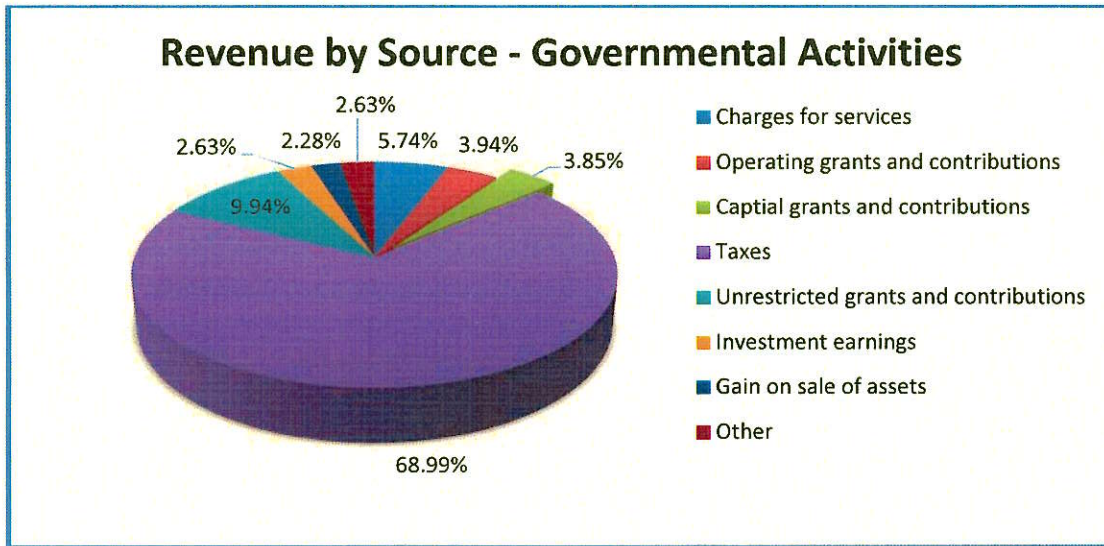
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2024	2023	2024	2023	2024	2023
<u>Revenues</u>						
Program revenues:						
Charges for Services	\$ 118,313	\$ 176,113	\$ 1,898,111	\$ 1,864,447	\$ 2,016,424	\$ 2,040,560
Operating grants and Contributions	81,198	63,152	-	-	81,198	63,152
Capital grants and contributions	79,690	13,790	276,361	330,464	356,051	344,254
General revenues:						
Taxes	1,422,486	1,379,668	-	-	1,422,486	1,379,668
Unrestricted grants and contributions	204,926	201,752	-	-	204,926	201,752
Investment earnings	54,141	38,376	101,798	74,951	155,939	113,327
Gain on sale equipment	46,946	2,025	16,455	6,050	63,401	8,075
Other	54,150	53,033	-	-	54,150	53,033
Total Revenue	\$ 2,061,850	\$ 1,927,909	\$ 2,292,725	\$ 2,275,912	\$ 4,354,575	\$ 4,203,821
<u>Expenses</u>						
General government	\$ 481,896	\$ 436,044	\$ -	\$ -	\$ 481,896	\$ 436,044
Public Safety	757,995	777,994	-	-	757,995	777,994
Public works	372,190	330,410	-	-	372,190	330,410
Convenience centers	30,153	26,234	-	-	30,153	26,234
State street aid	39,177	43,716	-	-	39,177	43,716
Public welfare and Recreation	98,564	84,230	-	-	98,564	84,230
Interest on long-term debt	7,066	9,203	-	-	7,066	9,203
Water and sewer	-	-	1,860,453	1,979,313	1,860,453	1,979,313
Total Expenses	\$ 1,787,041	\$ 1,707,831	\$ 1,860,453	\$ 1,979,313	\$ 3,647,494	\$ 3,687,144
Change in net position	\$ 274,809	\$ 220,078	\$ 432,272	\$ 296,599	\$ 707,081	\$ 516,677
Net position – beginning, as previously reported	5,534,635	5,314,557	10,410,572	10,113,973	15,945,207	15,428,530
Correction of error	(3,360)	-	-	-	(3,360)	-
Net position, beginning, as restated	5,531,275	5,314,557	10,410,572	10,113,973	15,941,847	15,428,530
Net position – ending	\$ 5,806,084	\$ 5,534,635	\$ 10,842,844	\$ 10,410,572	\$ 16,648,928	\$ 15,945,207

The following graphs summarize the \$4,354,575 of town-wide revenue by source and the associated \$3,647,494 of expense by program. The graphs combine data from both governmental and business-type activities.

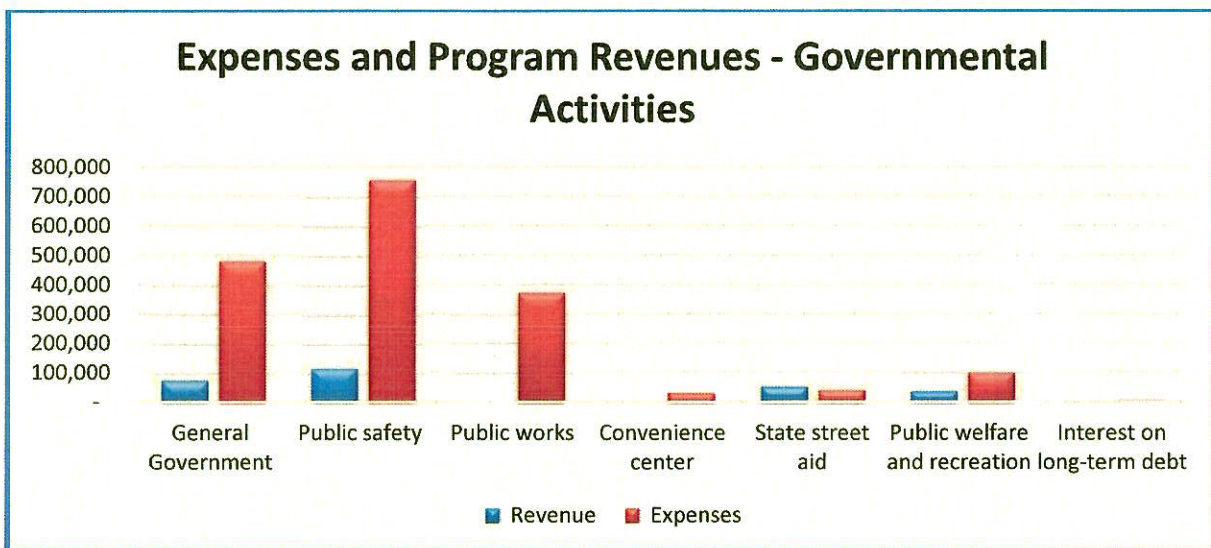


Governmental Activities

Governmental activities accounted for revenues of \$2,061,850. The following graph summarizes revenue by source.

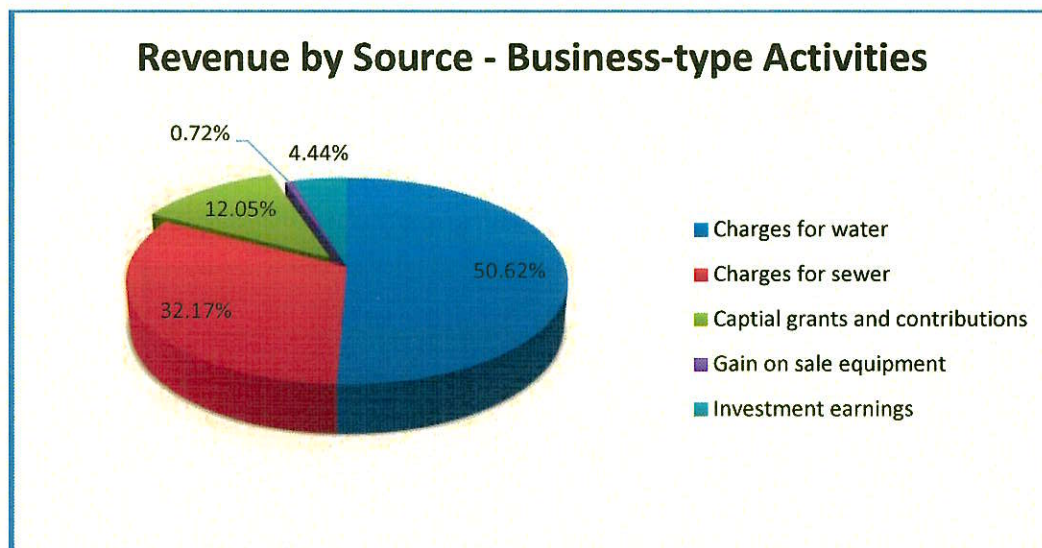


The following graph summarizes the revenue and related expense for each government program of the Town. The difference between expense and revenue is the financial burden placed on the Town for each program.

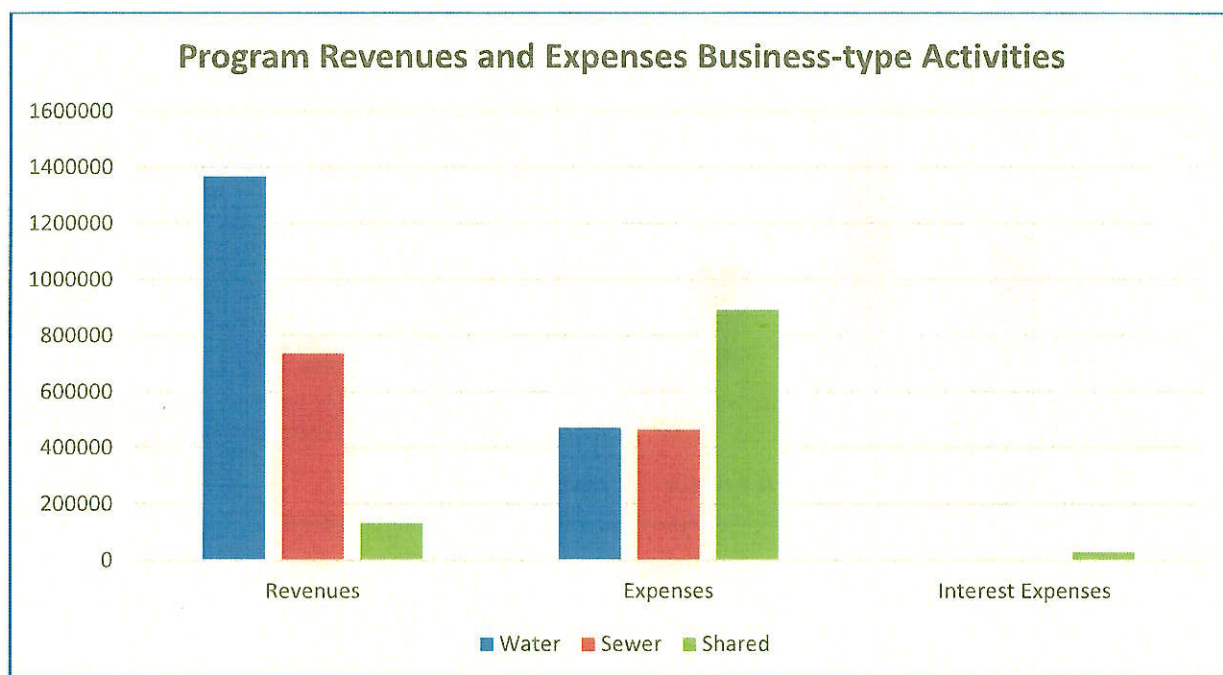


Business-type Activities

Business-type activities accounted for revenues of \$2,279,532. The following graph summarizes the revenue by source.



The following graph summarizes the revenue and related expense of operating the water and sewer system.



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town of Monteagle, 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 Monteagle, 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 Monteagle, Tennessee's governmental funds reported combined ending fund balances of \$2,660,470. Within the governmental funds, \$45,617 is restricted for street improvements in the State Street Aid Fund and \$16,318 is restricted for police activities in the Drug Fund. This amount is restricted due to its special revenue classification and appears as restricted on the governmental Balance Sheet.

The General Fund is the chief operating fund of the Town of Monteagle, Tennessee. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,421,473. 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 146.8% of total fund expenditures.

Proprietary Funds

The Town of Monteagle, 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 \$3,901,626 for the Water and Sewer Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

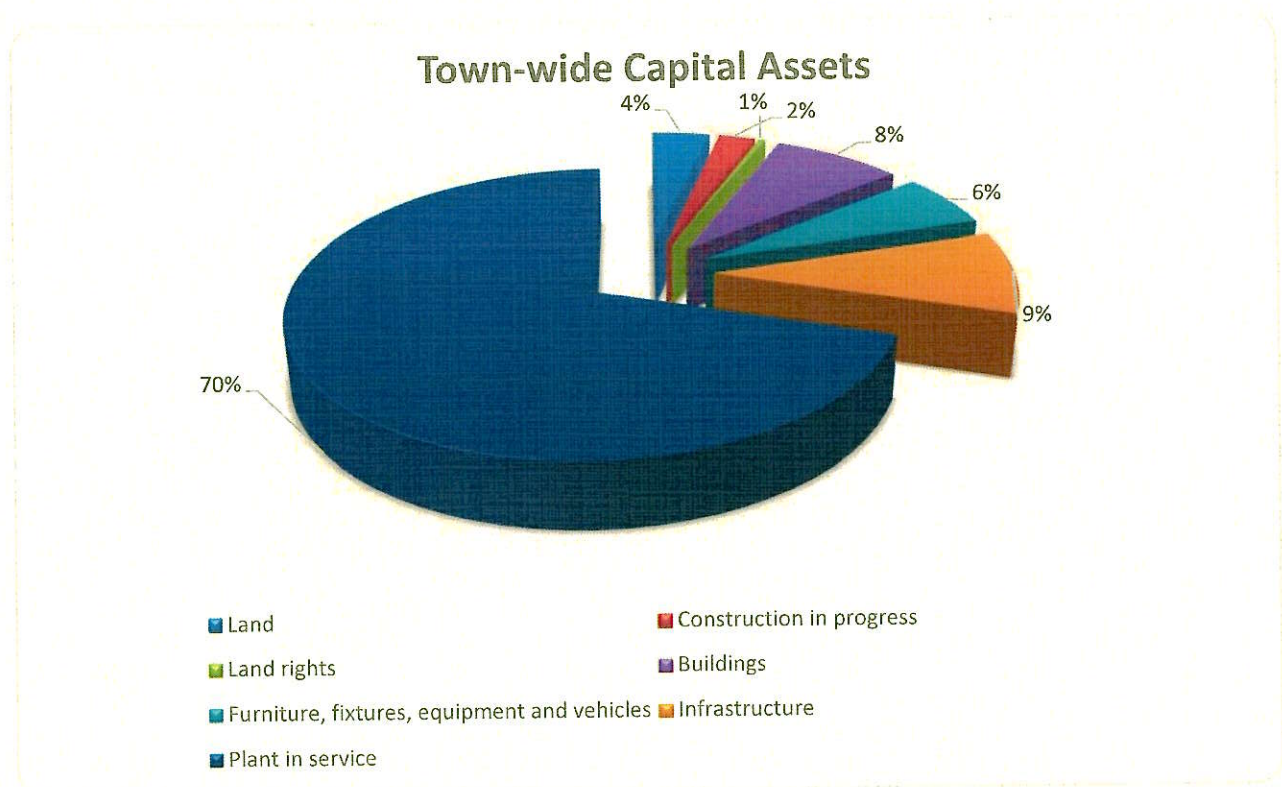
The Town of Monteagle, Tennessee's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounts to \$11,324,240 (net of accumulated depreciation). This investment in capital assets includes land, land rights, buildings, furniture, fixtures, equipment and vehicles, infrastructure and plant in service.

Table A-3 summarizes the Town's investment in capital assets and is broken down by governmental and business-type activities.

Table A-3
Capital Assets (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2024	2023	2024	2023	2024	2023
Land	\$ 407,444	\$ 407,444	\$ -	\$ -	\$ 407,444	\$ 407,444
Construction in Progress	16,620	4,100	239,610	589,651	256,230	593,751
Land rights	-	-	46,224	49,354	46,224	49,354
Buildings	927,925	971,785	-	-	927,925	971,785
Furniture, fixtures, equipment and vehicles	452,343	372,014	244,983	119,533	697,326	491,547
Infrastructure	1,058,098	1,153,030	-	-	1,058,098	1,153,030
Plant in service	-	-	7,930,993	7,461,800	7,930,993	7,461,800
Total Capital Assets	\$ 2,862,430	\$ 2,908,373	\$ 8,461,810	\$ 8,220,338	\$ 11,324,240	\$ 11,128,711

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.



During the period covered by this report the Town purchased new equipment for Public Works; purchased a new fire truck for Fire; purchase playground equipment for Parks and Recreation; made improvements to infrastructure with paving; made improvements to the water and sewer plants. Additional information on the capital assets can be found in Note G of the Notes to the Financial Statements contained in this report.

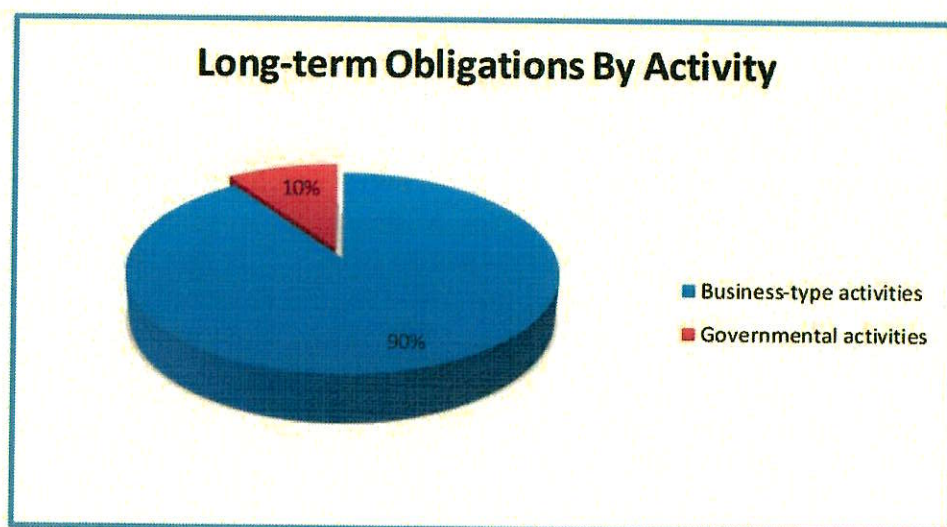
Town of Monteagle, Tennessee's Long-Term Obligations

At the end of the current fiscal year, the Town of Monteagle, Tennessee had total long-term obligations outstanding of \$1,697,664; of that amount \$266,929 is due in the next fiscal year. The table below summarizes outstanding long-term obligations broken down by governmental and business-type activities.

Table A-4
Town of Monteagle Long-Term Obligations

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2024	2023	2024	2023	2024	2023
Bonds Payable	\$ 145,000	\$ 190,000	\$ -	\$ -	\$ 145,000	\$ 190,000
Other Loans payable	-	-	1,520,592	1,712,917	1,520,592	1,712,917
Compensated absences	18,748	13,350	13,324	8,727	32,072	22,077
Total obligations	163,748	203,350	1,533,916	1,721,644	1,697,664	1,924,994
Less current portion	(60,980)	(56,348)	(205,949)	(199,794)	(266,929)	(256,142)
Total long-term obligations	\$ 102,768	\$ 147,002	\$ 1,327,967	\$ 1,521,850	\$ 1,430,735	\$ 1,668,852

The graph below, presents the breakdown between the Town's two types of activities.



Additional information on the outstanding long-term obligations can be found in Note H of this report.

Economic Factors and Next Year's Budget and Rates

The Town continues to monitor the strength of the economy. The effects of economic growth will be considered in preparing the Town's budget for the 2024-2025 fiscal year. Management is actively monitoring its financial condition, liquidity, operations, suppliers, and workforce.

Requests for Information

This financial report is designed to provide a general overview of the Town of Monteagle, Tennessee's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Town of Monteagle, Tennessee, P.O. Box 127, Monteagle, TN 37356.

TOWN OF MONTEAGLE, TENNESSEE

Statement of Net Position

June 30, 2024

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 2,929,502	\$ 1,754,091	\$ 4,683,593
Investments		2,053,448	2,053,448
Receivables, net of allowance for uncollectibles	274,562	156,747	431,309
Prepaid items	4,849	10,964	15,813
Internal balances	(19,621)	19,621	
Contract receivable	102,393		102,393
Capital assets -			
Land and construction in progress	424,064	239,610	663,674
Other capital assets, net of depreciation	2,438,366	8,222,200	10,660,566
Total Assets	\$ <u>6,154,115</u>	\$ <u>12,456,681</u>	\$ <u>18,610,796</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 27,959	\$ 39,276	\$ 67,235
Accrued liabilities	63,920	27,694	91,614
Due to others	87,404		87,404
Unearned revenue	5,000		5,000
Deposits held		12,951	12,951
Long-term obligations -			
Due within one year	60,980	205,949	266,929
Due in more than one year	102,768	1,327,967	1,430,735
Total Liabilities	\$ <u>348,031</u>	\$ <u>1,613,837</u>	\$ <u>1,961,868</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 2,717,430	\$ 6,941,218	\$ 9,658,648
Restricted for -			
Highways and streets	45,617		45,617
Drug enforcement programs	16,318		16,318
Unrestricted	3,026,719	3,901,626	6,928,345
Total Net Position	\$ <u><u>5,806,084</u></u>	\$ <u><u>10,842,844</u></u>	\$ <u><u>16,648,928</u></u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities	Net Business-type Activities	
Governmental activities -							
General government	\$ 481,896	\$ 74,818			\$ (407,078)		\$ (407,078)
Public safety	757,995	43,495	\$ 17,646	\$ 55,718	(641,136)		(641,136)
Public works	372,190				(372,190)		(372,190)
Convenience centers	30,153				(30,153)		(30,153)
State street aid	39,177		51,150		11,973		11,973
Public welfare and recreation	98,564		12,402	23,972	(62,190)		(62,190)
Interest on long-term debt	7,066				(7,066)		(7,066)
Total governmental activities	\$ 1,787,041	\$ 118,313	\$ 81,198	\$ 79,690	\$ (1,507,840)		\$ (1,507,840)
Business-type activities -							
Water and sewer	\$ 1,860,453	\$ 1,898,111		\$ 276,361		\$ 314,019	\$ 314,019
Total business-type activities	\$ 1,860,453	\$ 1,898,111		\$ 276,361		\$ 314,019	\$ 314,019
Total primary government	\$ 3,647,494	\$ 2,016,424	\$ 81,198	\$ 356,051	\$ (1,507,840)	\$ 314,019	\$ (1,193,821)
General Revenues -							
Taxes -							
Sales taxes					\$ 843,070		\$ 843,070
Hotel/motel tax					332,785		332,785
Beer and liquor tax					233,737		233,737
Cable TV franchise tax					12,894		12,894
Grants and contributions not restricted to specific programs					204,926		204,926
Unrestricted investment earnings					54,141	\$ 101,798	155,939
Gain on sale of equipment					46,946	16,455	63,401
Miscellaneous					54,150		54,150
Total general revenues and transfers					\$ 1,782,649	\$ 118,253	\$ 1,900,902
Change in net position					\$ 274,809	\$ 432,272	\$ 707,081
Net position - beginning, as previously stated					\$ 5,534,635	\$ 10,410,572	\$ 15,945,207
Correction of error					(3,360)		(3,360)
Net position - beginning, as restated					\$ 5,531,275	\$ 10,410,572	\$ 15,941,847
Net position - ending					\$ 5,806,084	\$ 10,842,844	\$ 16,648,928

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Balance Sheet
Governmental Funds

June 30, 2024

	<u>General Fund</u>	<u>Capital Asset Replacement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 2,397,037	\$ 475,231	\$ 57,234	\$ 2,929,502
Accounts receivable - net	99,598			99,598
Due from other funds			4,352	4,352
Due from other governments	170,488		4,476	174,964
Prepaid assets	4,849			4,849
Contract receivable	102,393			102,393
Total Assets	<u>\$ 2,774,365</u>	<u>\$ 475,231</u>	<u>\$ 66,062</u>	<u>\$ 3,315,658</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 24,823		\$ 3,136	\$ 27,959
Due to other funds	23,973			23,973
Due to others	87,404			87,404
Accrued liabilities	60,059		991	61,050
Unearned revenues	5,000			5,000
Total Liabilities	<u>\$ 201,259</u>		<u>\$ 4,127</u>	<u>\$ 205,386</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - occupancy tax	\$ 32,497			\$ 32,497
Unavailable revenue - grant revenue	11,894			11,894
Unavailable revenue - contract revenue	102,393			102,393
Total Deferred Inflows of Resources	<u>\$ 146,784</u>			<u>\$ 146,784</u>
<u>FUND BALANCES</u>				
Nonspendable for:				
Prepaid assets	\$ 4,849			\$ 4,849
Restricted for:				
Police activities			\$ 16,318	16,318
Street improvements			45,617	45,617
Committed for:				
Capital improvements		\$ 475,231		475,231
Unassigned	2,421,473			2,421,473
Total Fund Balances	<u>\$ 2,426,322</u>	<u>\$ 475,231</u>	<u>\$ 61,935</u>	<u>\$ 2,963,488</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,774,365</u>	<u>\$ 475,231</u>	<u>\$ 66,062</u>	<u>\$ 3,315,658</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities**

June 30, 2024

Total Governmental Fund Balances	\$ 2,963,488
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,862,430
Other long-term assets are not available to pay for current- period expenditures and, therefore, are deferred in the funds.	102,393
Occupancy tax revenues earned but not received within 60 days of year-end are unavailable for the governmental funds statements, but are recognized as revenue for the government-wide statements.	44,391
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(166,618)
Net Position of Governmental Activities	\$ <u>5,806,084</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2024

	<u>General Fund</u>	<u>Capital Asset Replacement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues -				
Taxes	\$ 1,406,989			\$ 1,406,989
Licenses and permits	41,788			41,788
Intergovernmental	274,429		\$ 51,150	325,579
Fines and forfeitures	40,941		2,374	43,315
Charges for services	180			180
Contract revenue	50,149			50,149
Other	165,647	\$ 51,552	613	217,812
Total Revenues	<u>\$ 1,980,123</u>	<u>\$ 51,552</u>	<u>\$ 54,137</u>	<u>\$ 2,085,812</u>
Expenditures -				
Current expenditures -				
General government	\$ 448,314			\$ 448,314
Public safety	680,696		\$ 536	681,232
Public works	286,951			286,951
Convenience centers	30,153			30,153
State street aid			39,177	39,177
Public welfare and recreation	57,761			57,761
Capital outlay	92,423	\$ 85,270	8,557	186,250
Debt service				
Principal	45,000			45,000
Interest	7,956			7,956
Total Expenditures	<u>\$ 1,649,254</u>	<u>\$ 85,270</u>	<u>\$ 48,270</u>	<u>\$ 1,782,794</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 330,869</u>	<u>\$ (33,718)</u>	<u>\$ 5,867</u>	<u>\$ 303,018</u>
Other Financing Sources and Uses -				
Transfer in		\$ 102,000		\$ 102,000
Transfer out	\$ (102,000)			(102,000)
Total Other Financing Sources and Uses	<u>\$ (102,000)</u>	<u>\$ 102,000</u>		<u>\$ -</u>
Net change in Fund Balances	<u>\$ 228,869</u>	<u>\$ 68,282</u>	<u>\$ 5,867</u>	<u>\$ 303,018</u>
Fund Balances at beginning of year	\$ 2,197,453	\$ 406,949	\$ 59,428	\$ 2,663,830
Correction of error			(3,360)	(3,360)
Fund Balances at beginning of year, as restated	<u>\$ 2,197,453</u>	<u>\$ 406,949</u>	<u>\$ 56,068</u>	<u>\$ 2,660,470</u>
Fund Balances at end of year	<u><u>\$ 2,426,322</u></u>	<u><u>\$ 475,231</u></u>	<u><u>\$ 61,935</u></u>	<u><u>\$ 2,963,488</u></u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 303,018
Amounts reported for governmental activities in the statement of activities are different because:	
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. This is the amount by which depreciation exceeded capital outlays in the current period.	(44,739)
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets) is to decrease net position.	(1,204)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues received in the current year that were accrued in the statement of activities in prior years are reported as revenue in the funds.	27,391
The repayment of principal on a contract receivable is contract revenue in the governmental funds. This transaction, however, has no effect on net position. This is the amount of the repayments.	(50,149)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	45,000
Some expenses 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.	(4,508)
Change in Net Position of Governmental Activities	\$ <u>274,809</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues -				
Taxes -				
Hotel/motel tax	\$ 360,293	\$ 360,293	\$ 317,288	\$ (43,005)
Local sales tax	834,280	834,280	843,070	8,790
Alcoholic beverage tax	119,748	119,748	112,506	(7,242)
Local beer tax	132,332	132,332	121,231	(11,101)
Franchise tax	17,783	17,783	12,894	(4,889)
Total taxes	<u>\$ 1,464,436</u>	<u>\$ 1,464,436</u>	<u>\$ 1,406,989</u>	<u>\$ (57,447)</u>
Licenses and Permits -				
Building licenses and permits	<u>\$ 106,513</u>	<u>\$ 106,513</u>	<u>\$ 41,788</u>	<u>\$ (64,725)</u>
Intergovernmental Revenues -				
State sales tax allocation	\$ 158,896	\$ 158,896	\$ 170,940	\$ 12,044
State and federal grants		152,425	69,503	(82,922)
State mixed drink tax	18,707	18,707	15,874	(2,833)
TVA In lieu of tax	14,409	14,409	17,071	2,662
State sports betting tax	823	823	1,041	218
Total intergovernmental	<u>\$ 192,835</u>	<u>\$ 345,260</u>	<u>\$ 274,429</u>	<u>\$ (70,831)</u>
Fines and Forfeitures -				
Court fines	<u>\$ 6,776</u>	<u>\$ 6,776</u>	<u>\$ 40,941</u>	<u>\$ 34,165</u>
Charges for Services -				
Fees and commissions	<u>\$ 402</u>	<u>\$ 402</u>	<u>\$ 180</u>	<u>\$ (222)</u>
Contract revenue -				
Contract revenue	<u>\$ 50,149</u>	<u>\$ 50,149</u>	<u>\$ 50,149</u>	
Other Revenue -				
Miscellaneous	\$ 30,148	\$ 30,148	\$ 54,151	\$ 24,003
Interest	7,130	7,130	31,275	24,145
Contract interest	9,851	9,851	9,851	
Rental of facilities	36,000	36,000	33,030	(2,970)
Sale of equipment	7,225	7,225	9,000	1,775
Recreation donations	6,990	11,990	2,364	(9,626)
Other donations	8,626	8,626	10,038	1,412
Fire department donations	26,663	26,663	15,938	(10,725)
Total other revenue	<u>\$ 132,633</u>	<u>\$ 137,633</u>	<u>\$ 165,647</u>	<u>\$ 28,014</u>
TOTAL REVENUES	<u>\$ 1,953,744</u>	<u>\$ 2,111,169</u>	<u>\$ 1,980,123</u>	<u>\$ (131,046)</u>

(continued)

TOWN OF MONTEAGLE, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (continued)

Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures -				
General Government -				
Board of mayor and aldermen -				
Salaries	\$ 24,000	\$ 24,000	\$ 24,000	
Travel and training	1,500	1,500		\$ 1,500
Payroll tax	1,836	1,836	1,836	
Professional and contract services	20,000	33,000	34,915	(1,915)
Supplies	4,000	4,000	4,600	(600)
Total board of mayor and aldermen	\$ 51,336	\$ 64,336	\$ 65,351	\$ (1,015)
Office of mayor -				
Salaries	\$ 12,000	\$ 12,000	\$ 12,000	
Travel and training	2,651	2,651	1,797	\$ 854
Payroll tax	918	918	918	
Tourism	13,000	13,000	8,642	4,358
Miscellaneous	11,912	12,184	9,335	2,849
Supplies	2,476	4,476	3,644	832
Total office of mayor	\$ 42,957	\$ 45,229	\$ 36,336	\$ 8,893
City recorder -				
Salaries	\$ 48,577	\$ 49,577	\$ 49,401	\$ 176
Travel and training	4,000	4,000	1,430	2,570
Payroll tax	3,716	3,793	3,686	107
Insurance	21,259	21,259	17,803	3,456
Repairs and maintenance	6,816	21,816	17,434	4,382
Advertising	6,295	6,295	3,851	2,444
Professional and contract services	41,902	48,902	51,184	(2,282)
Miscellaneous	12,048	12,048	9,276	2,772
Supplies	9,141	11,141	11,037	104
Dues and subscriptions	2,268	2,268	1,172	1,096
Total city recorder	\$ 156,022	\$ 181,099	\$ 166,274	\$ 14,825
Planning and zoning -				
Salaries	\$ 26,495	\$ 43,675	\$ 44,411	\$ (736)
Payroll tax	2,027	2,931	7,893	(4,962)
Supplies	250	250	197	53
Planning services	6,625	9,825	10,618	(793)
Vehicle expense	1,200	2,800	2,564	236
Total planning and zoning	\$ 36,597	\$ 59,481	\$ 65,683	\$ (6,202)
Other general government -				
Utilities and telephone	\$ 37,017	\$ 39,717	\$ 37,741	\$ 1,976
Contractual services	18,495	18,495	6,478	12,017
Insurance	46,500	67,500	70,451	(2,951)
Beautification	2,000	2,000		2,000
Total other general government	\$ 104,012	\$ 127,712	\$ 114,670	\$ 13,042
Total general government	\$ 390,924	\$ 477,857	\$ 448,314	\$ 29,543

(continued)

TOWN OF MONTEAGLE, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (continued)

Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety -				
Police Department -				
Salaries	\$ 454,202	\$ 468,242	\$ 373,715	\$ 94,527
Travel and training	4,500	4,500	1,891	2,609
Insurance	83,134	83,134	29,270	53,864
Payroll tax	34,747	35,821	28,197	7,624
Repairs and maintenance	20,000	20,000	18,274	1,726
Vehicle expense	29,000	29,000	25,740	3,260
Miscellaneous	19,170	19,170	9,509	9,661
Uniforms	9,651	9,651	7,708	1,943
Supplies	14,154	14,154	7,570	6,584
Utilities and telephone	10,653	10,653	9,122	1,531
Total police department	\$ 679,211	\$ 694,325	\$ 510,996	\$ 183,329
Communications -				
Utilities and telephone			\$ 44	\$ (44)
Contributions to 911 district	\$ 25,000	\$ 25,000	25,000	
Total communications	\$ 25,000	\$ 25,000	\$ 25,044	\$ (44)
Fire Department -				
Salaries	\$ 44,085	\$ 45,865	\$ 28,787	\$ 17,078
Payroll tax	3,372	3,508	2,253	1,255
Insurance	8,557	8,557	8,455	102
Repairs and maintenance	50,000	50,000	35,536	14,464
Vehicle expense	4,028	4,028	11,384	(7,356)
Miscellaneous	5,239	5,239	476	4,763
Supplies	10,000	10,000	23,783	(13,783)
Clothing and uniforms	15,000	15,000	7,226	7,774
Utilities and telephone	11,200	11,200	7,356	3,844
Contract services	21,000	21,000	19,400	1,600
Total fire department	\$ 172,481	\$ 174,397	\$ 144,656	\$ 29,741
Total public safety	\$ 876,692	\$ 893,722	\$ 680,696	\$ 213,026
Public Works -				
Salaries	\$ 233,636	\$ 239,674	\$ 174,357	\$ 65,317
Insurance	55,117	55,117	56,321	(1,204)
Payroll tax	17,989	18,451	12,745	5,706
Repairs and maintenance	11,938	11,938	31,647	(19,709)
Vehicle expense	12,707	12,707	8,483	4,224
Clothing and uniforms	1,000	1,000	428	572
Miscellaneous	5,977	5,977	2,970	3,007
Total public works	\$ 338,364	\$ 344,864	\$ 286,951	\$ 57,913
Convenience centers -				
Salaries	\$ 35,444	\$ 35,444	\$ 28,010	\$ 7,434
Payroll tax	2,711	2,711	2,143	568
Total convenience centers	\$ 38,155	\$ 38,155	\$ 30,153	\$ 8,002

(continued)

TOWN OF MONTEAGLE, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (continued)

Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Welfare and Recreation -				
Parks and recreation -				
Salaries	\$ 5,000	\$ 5,000		\$ 5,000
Payroll tax	386	386		386
Contract services	6,000	6,000	\$ 20,833	(14,833)
Supplies	6,000	6,000	4,946	1,054
Repairs and maintenance	6,442	6,442	3,970	2,472
Program services	14,000	14,000	7,926	6,074
Total parks and recreation	<u>\$ 37,828</u>	<u>\$ 37,828</u>	<u>\$ 37,675</u>	<u>\$ 153</u>
Libraries -				
Salaries	\$ 18,602	\$ 18,602	\$ 17,852	\$ 750
Payroll tax	1,419	1,419	1,209	210
Professional and contract services	1,000	1,000	1,000	
Total libraries	<u>\$ 21,021</u>	<u>\$ 21,021</u>	<u>\$ 20,061</u>	<u>\$ 960</u>
Community center -				
Supplies		\$ 25	\$ 25	
Total community center		<u>\$ 25</u>	<u>\$ 25</u>	
Total public welfare and recreation	<u>\$ 58,849</u>	<u>\$ 58,874</u>	<u>\$ 57,761</u>	<u>\$ 1,113</u>
Capital outlay -				
Public safety	\$ 7,000	\$ 64,425	\$ 77,183	\$ (12,758)
Public works	3,000	3,000	2,720	280
Parks and recreation		100,000	12,520	87,480
Total capital outlay	<u>\$ 10,000</u>	<u>\$ 167,425</u>	<u>\$ 92,423</u>	<u>\$ 75,002</u>
Debt service -				
Principal paid	\$ 45,000	\$ 45,000	\$ 45,000	
Interest	7,956	7,956	7,956	
Total debt service	<u>\$ 52,956</u>	<u>\$ 52,956</u>	<u>\$ 52,956</u>	
TOTAL EXPENDITURES	<u>\$ 1,765,940</u>	<u>\$ 2,033,853</u>	<u>\$ 1,649,254</u>	<u>\$ 384,599</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>\$ 187,804</u>	<u>\$ 77,316</u>	<u>\$ 330,869</u>	<u>\$ 253,553</u>
Other Financing Sources and (Uses) -				
Transfer out	<u>\$ (102,000)</u>	<u>\$ (102,000)</u>	<u>\$ (102,000)</u>	
Total Other Financing Sources and (Uses)	<u>\$ (102,000)</u>	<u>\$ (102,000)</u>	<u>\$ (102,000)</u>	
Net change in fund balance	<u>\$ 85,804</u>	<u>\$ (24,684)</u>	<u>\$ 228,869</u>	<u>\$ 253,553</u>
Fund Balance at beginning of year			2,197,453	
Fund Balance at end of year			<u>\$ 2,426,322</u>	

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Statement of Net Position
Proprietary Fund

June 30, 2024

	<u>Enterprise Water and Sewer Fund</u>
<u>ASSETS</u>	
Current Assets -	
Cash	\$ 1,754,091
Investments	2,053,448
Accounts receivable - net	156,747
Prepaid expenses	10,964
Due from other funds	19,621
Total Current Assets	<u>\$ 3,994,871</u>
Long-term Assets -	
Capital Assets -	
Construction in progress	\$ 239,610
Other capital assets, net of depreciation	8,222,200
Total Long-term Assets	<u>\$ 8,461,810</u>
Total Assets	<u>\$ 12,456,681</u>
<u>LIABILITIES AND NET POSITION</u>	
Current Liabilities -	
Accounts payable	\$ 39,276
Accrued liabilities	27,694
Compensated absences - current	10,153
Notes from direct borrowings and direct placements - current	195,796
Total Current Liabilities	<u>\$ 272,919</u>
Long-term Liabilities -	
Customer deposits	\$ 12,951
Compensated absences	3,171
Notes from direct borrowings and direct placements	1,324,796
Total Long-term Liabilities	<u>\$ 1,340,918</u>
Total Liabilities	<u>\$ 1,613,837</u>
Net Position -	
Net investment in capital assets	\$ 6,941,218
Unrestricted	3,901,626
Total Net Position	<u>\$ 10,842,844</u>
Total Liabilities and Net Position	<u>\$ 12,456,681</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund

Year Ended June 30, 2024

	<u>Enterprise</u> <u>Water</u> <u>and Sewer</u> <u>Fund</u>
Operating Revenues -	
Water sales and sewer charges	\$ 1,841,411
Connection fees	56,700
Total operating revenue	<u>\$ 1,898,111</u>
Operating Expenses -	
Water transmission and treatment	\$ 345,104
Sewer treatment	340,822
Water maintenance	127,289
Sewer maintenance	125,629
Administration	468,766
Depreciation	423,443
Total operating expenses	<u>\$ 1,831,053</u>
Operating Income (Loss)	<u>\$ 67,058</u>
Non-operating Revenues (Expenses) -	
Interest revenue	\$ 101,798
Grant revenue	276,361
Gain on sale of equipment	16,455
Interest expense	(29,400)
Total non-operating revenues (expenses)	<u>\$ 365,214</u>
Change in Net Position	<u>\$ 432,272</u>
Net Position at beginning of year	10,410,572
Net Position at end of year	<u><u>\$ 10,842,844</u></u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2024

	<u>Enterprise</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
Cash Flows from Operating Activities -	
Receipts from customers	\$ 1,888,734
Payments to suppliers	(963,549)
Payments to employees	(472,723)
Net Cash Provided (Used) by Operating Activities	<u>\$ 452,462</u>
Cash Flows from Capital and Related Financing Activities -	
Proceeds from sale of surplus property	\$ 16,455
Principal paid on notes	(192,325)
Interest paid on notes	(29,089)
Capital grants and contributions	240,681
Acquisition of capital assets	(656,244)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (620,522)</u>
Cash Flows From Investing Activities -	
Interest revenue	\$ 33,484
Net Cash Provided (Used) by Investing Activities	<u>\$ 33,484</u>
Net Increase (Decrease) in cash	\$ (134,576)
Cash at beginning of year	1,888,667
Cash at end of year	<u><u>\$ 1,754,091</u></u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 67,058
Adjustments to reconcile operating income (loss) to net	
cash provided (used) by operating activities	
Depreciation	423,443
Provision for doubtful accounts	1,846
Changes in assets and liabilities -	
(Increase) decrease in accounts receivable	(7,804)
(Increase) decrease in due from other funds	(19,621)
(Increase) decrease in prepaid expenses	(1,113)
Increase (decrease) in accounts payable	(6,127)
Increase (decrease) in due to other funds	(10,840)
Increase (decrease) in accrued liabilities	2,604
Increase (decrease) in compensated absences	4,597
Increase (decrease) in customer deposits	(1,581)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 452,462</u></u>
Non-Cash Capital and Related Financing Activities -	
Reinvested interest on investments	\$ 68,314
	<u><u>\$ 68,314</u></u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements

June 30, 2024

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Monteagle, Tennessee (the "Town") operates under a Mayor and Board of Aldermen form of government. The Town's major operations include the following departments: general government, public safety, public works, state street aid, and public welfare and recreation. In addition, the Town owns and operates a water and sewer system.

The accounting and reporting policies of the Town relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The GASB periodically updates its codification of the existing Governmental Accounting Standards, which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting policies of the Town are described below.

Reporting Entity

The Town, for financial purposes, includes all the funds relevant to the operations of the Town of Monteagle, Tennessee (the primary government). The Town is also required to include in its financial statements those separately administered organizations (component units) with which the Town has significant operational or financial relationships. The criteria for including organizations as component units within the Town's reporting entity include whether the organization is legally separate and whether the Town holds the corporate powers, whether the Town appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the Town. Based on the foregoing criteria, the Town of Monteagle has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sales taxes, franchise taxes, beer and liquor taxes, hotel and motel taxes, state and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

The Town reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Town. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Asset Replacement Fund - The Capital Asset Replacement fund was established to purchase general government capital assets such as buildings, vehicles, equipment and infrastructure.

The Town reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the Town.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. Charges for sales and services are reported net of discounts and allowances of \$1,580. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents - Cash consists of cash-on-hand and on-deposit with financial institutions. 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 is reported on the Statement of Cash Flows as "Cash". At June 30, 2024, the Town had no cash equivalents.

Investments - All investments are stated at fair value for all funds. Investments at June 30, 2024 are comprised solely of certificates of deposit.

Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets and Depreciation - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Depreciation (continued) - Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets received in a service concession arrangement are reported at acquisition value. The Town currently has no service concession arrangements.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	5-40 years
Furniture, fixtures, equipment and vehicles	3-15 years
Infrastructure	5-25 years
Land rights	39 years
Plant in service	5-50 years

Compensated Absences - Town employees are paid for vacation and absence due to sickness by prescribed formulas based on length of service. Vacation and sick leave for employees of governmental funds are recorded as expenditures in the period they are used and considered payable from current financial resources. Sick leave does not vest for Town employees, so no liability exists at year-end. Vacation leave is based on employment date, and up to 160 hours of unused vacation leave can carryover beyond the end of the fiscal year-end. Compensated absences (accrued vacation) are accrued in the government-wide and proprietary fund financial statements.

Long-term Debt and Other Long-Term Obligations - In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond and loan issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Inflows of Resources - In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The outstanding balance of the contract receivable is reported as deferred inflows of resources. Another item arises only under a modified accrual basis of accounting and represents unavailable revenue for occupancy taxes that were not collected within the Town's period of availability.

Fund balance - Governmental funds utilize a fund balance presentation of equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in a spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance includes amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed fund balance classification includes amounts that can be used only for specific purposes imposed by a formal action of the government's highest level of decision-making authority. The Board of Aldermen is the highest level of decision making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance (continued) –

Assigned fund balance is intended to be used by the Town for specific purposes but do not meet the classification as committed. This limitation can be imposed by a designee of the Board of Aldermen. The Board of Aldermen may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Fund Balance Flow Assumption - When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted fund balance first, then unrestricted fund balance. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Town that committed fund balances would be reduced first, followed by assigned amounts, and then unassigned amounts.

Net Investment in Capital Assets - Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Restricted net position is reported as restricted when constraints placed on net position are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - Unrestricted net position consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

Estimates - Management is required to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Implementation of GASB Statement No. 100 - During the fiscal year ended June 30, 2024, the Town implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. The statement clarified the financial accounting and reporting requirements for changes in accounting principles, changes in accounting estimates, error corrections, and changes within the reporting entity. See Note N which reflects the implementation of GASB No 100.

Note B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that, "long-term liabilities, including bonds and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds".

The details of this \$(166,618) difference are as follows:

Long-term debt	\$ (145,000)
Compensated absences	(18,748)
Accrued interest	(2,870)
	<u>\$ (166,618)</u>

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide financial 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. This is the amount by which depreciation exceeded capital outlay in the current period". The details of this \$(44,739) difference are as follows:

Capital outlay	\$ 160,678
Depreciation expense	(205,417)
	<u>\$ (44,739)</u>

Another element of that reconciliation states that, "Some expenses 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." The details of this \$(4,508) difference are as follows:

Change in compensated absences	\$ (5,398)
Change in accrued interest on long-term debt	890
	<u>\$ (4,508)</u>

Note C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting - General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements, which govern the Town's operations.

Each year during April and May, budget requests from departments are submitted to the Town Recorder. Budget items submitted are discussed at these regularly scheduled meetings and in special work session meetings in June.

Subsequently the budget is enacted through vote of the Aldermen with an operative date of July 1. Budgets, as adopted and amended, are adopted for the General Fund, Special Revenue Funds, and Capital Project Fund on a basis consistent with generally accepted accounting principles. These formal budgets are adopted on a departmental basis. The Town Mayor is authorized to transfer budgeted amounts between departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations that are not expended lapse at year end. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Note D - DEPOSITS AND INVESTMENTS

Credit Risk - The Town has adopted a policy to minimize the risk of loss due to the failure of the security issuer or backer by: limiting investments to the safest types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Town of Monteagle will do business; diversifying the investment portfolio so that potential losses on individual securities will be minimized.

Interest rate risk - The Town has adopted a policy to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rate by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools. At June 30, 2024, the Town has elected to invest only in certificates of deposit.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note D - DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk - deposits and investments - This is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town has adopted a deposit and investment policy for custodial credit risk, which allows for deposits and investments to only be held with authorized financial dealers and institutions. All financial institutions who desire to become qualified for investment transactions must supply annual audited financial statements or be an active member of the State Collateral Pool. If the financial institution is not an active member of the State Collateral Pool, the deposits must be covered by either Federal Depository Insurance or collateral securities held by the institution in the Town's name, with collateral whose market value is equal to 105% of the uninsured amount of the deposits. As of June 30, 2024, the carrying amount of the Town's deposits was \$6,731,616 and the bank balance was \$6,849,168. The Town's bank balances were entirely insured or collateralized at June 30, 2024.

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

Cash	\$ 4,683,593
Investments in certificates of deposit	<u>2,053,448</u>
	\$ 6,737,041
Less: cash on hand	<u>(5,425)</u>
Total carrying amount of the Town's deposits	<u>\$ 6,731,616</u>

Investments - The Town's investment policy authorizes the investment of operating funds in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and state pooled investment fund, state bonds if they have a rating of A or higher, nonconvertible debt securities of certain federal government sponsored enterprises which are chartered by the United States Congress provided that such securities are rated in the highest category by at least two nationally recognized rating services. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. The Town's investments are carried at cost, and consist of certificates-of-deposit totaling \$2,053,448. The Town's certificates-of-deposit are listed on the Statement of Net Position as "Investments".

Note E - ACCOUNTS RECEIVABLE-NET

Accounts receivable - net at June 30, 2024, consists of the following:

	General Fund	Water and Sewer Fund
Customer receivables		\$ 189,187
Less: allowance for doubtful accounts		(32,440)
Local alcoholic beverage tax	\$ 7,764	
Local beer tax	9,369	
Local occupancy tax	80,653	
Local franchise tax	1,812	
Total	<u>\$ 99,598</u>	<u>\$ 156,747</u>

Note F - DUE FROM OTHER GOVERNMENTS

Due from other governments, reported on the balance sheet, governmental funds at June 30, 2024, consist of the following:

	General Fund	State Street Aid Fund	Total
Local sales tax	\$ 142,237		\$ 142,237
State sales tax	14,981		14,981
Grant	11,894		11,894
Mixed drink tax	1,376		1,376
State gas and motor fuel tax		\$ 4,476	4,476
Total	<u>\$ 170,488</u>	<u>\$ 4,476</u>	<u>\$ 174,964</u>

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note G - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
<u>Governmental activities -</u>				
Capital assets not being depreciation -				
Land	\$ 407,444			\$ 407,444
Construction in progress	4,100	\$ 12,520		16,620
Subtotal	\$ 411,544	\$ 12,520		\$ 424,064
Capital assets being depreciation -				
Buildings	\$ 1,737,418			\$ 1,737,418
Furniture, fixtures, equipment, and vehicles	1,680,042	\$ 148,158	\$ (61,660)	1,766,540
Infrastructure	1,905,566			1,905,566
Subtotal	\$ 5,323,026	\$ 148,158	\$ (61,660)	\$ 5,409,524
Less accumulated depreciation for:				
Buildings	\$ (765,633)	\$ (43,860)		\$ (809,493)
Furniture, fixtures, equipment, and vehicles	(1,308,028)	(66,625)	\$ 60,456	(1,314,197)
Infrastructure	(752,536)	(94,932)		(847,468)
Subtotal	\$ (2,826,197)	\$ (205,417)	\$ 60,456	\$ (2,971,158)
Capital assets, being depreciated, net	\$ 2,496,829	\$ (57,259)	\$ (1,204)	\$ 2,438,366
Capital assets, net	\$ 2,908,373	\$ (44,739)	\$ (1,204)	\$ 2,862,430

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

General government	\$ 28,184
Public safety	60,412
Public works	76,018
Public welfare and recreation	40,803
Total governmental activities depreciation expense	\$ 205,417

Capital asset activity for the year ended June 30, 2024, was as follows (continued):

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
<u>Business-type activities -</u>				
Capital assets not being depreciation -				
Construction in progress	\$ 589,651	\$ 655,915	\$ (1,005,956)	\$ 239,610
Subtotal	\$ 589,651	\$ 655,915	\$ (1,005,956)	\$ 239,610
Capital assets being depreciation -				
Land rights	\$ 122,082			\$ 122,082
Plant in service	14,672,887	\$ 843,301		15,516,188
Equipment	543,101	171,655	\$ (13,600)	701,156
Subtotal	\$ 15,338,070	\$ 1,014,956	\$ (13,600)	\$ 16,339,426
Less accumulated depreciation for:				
Land rights	\$ (72,728)	\$ (3,130)		\$ (75,858)
Plant in service	(7,211,087)	(374,108)		(7,585,195)
Equipment	(423,568)	(46,205)	\$ 13,600	(456,173)
Subtotal	\$ (7,707,383)	\$ (423,443)	\$ 13,600	\$ (8,117,226)
Capital assets, being depreciated, net	\$ 7,630,687	\$ 591,513	\$ -	\$ 8,222,200
Capital assets, net	\$ 8,220,338	\$ 1,247,428	\$ (1,005,956)	\$ 8,461,810

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note H - LONG-TERM OBLIGATIONS

Governmental Activities

The Series 2011B bonds were issued in the fiscal year ended June 30, 2012 to refund a public improvement bond that was used for the purpose of financing the costs of public works projects, including acquisition of land and the construction and equipping thereon of a public building to be utilized by the United States Postal Service. The initial amount refunded was \$580,000 with an interest rate of 4.75% maturing in the fiscal year ending June 30, 2027. This bond was a direct placement with Regions Bank. The amount outstanding at June 30, 2024 was \$145,000. The bond is secured by the full faith and credit of the Town. Additionally, the bond is secured by a lien on and is payable from payments received from the U.S. Postal Service. The borrowing contains provisions that in the event of default, the registered owners of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Tennessee and of the United States of America for the enforcement of payment of such Bonds and the interest thereon and of the pledge of the revenues and of the covenants of the Town, including all the benefits and rights granted by Tennessee state law.

A summary of changes in governmental long-term obligations for the year ended June 30, 2024, are as follows:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Debt					
General obligation refunding	\$ 190,000		\$ (45,000)	\$ 145,000	\$ 45,000
Total debt	\$ 190,000	\$ -	\$ (45,000)	\$ 145,000	\$ 45,000
Other long-term obligations					
Compensated absences	\$ 13,350	\$ 21,378	\$ (15,980)	\$ 18,748	\$ 15,980
Total other long-term obligations	\$ 13,350	\$ 21,378	\$ (15,980)	\$ 18,748	\$ 15,980
Total governmental long-term obligations	\$ 203,350	\$ 21,378	\$ (60,980)	\$ 163,748	\$ 60,980

For governmental activities, debt and compensated absences are generally liquidated by the general fund.

Interest paid during the year ended June 30, 2024, on governmental long-term debt was \$7,956.

Governmental activities debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2025	\$ 45,000	\$ 5,819	\$ 50,819
2026	50,000	3,562	53,562
2027	50,000	1,187	51,187
	\$ 145,000	\$ 10,568	\$ 155,568

Business-Type Activities

State of Tennessee Public Health Loan - The Water and Sewer Fund has a state revolving fund (SRF) loan (CWA 2009-226) to fund the Wastewater Facilities Project. The total approved amount of the loan was \$6,200,000. This amount was divided into three parts; SRF Loan of \$3,100,000, American Recovery and Reinvestment (ARRA) SRF loan of \$620,000 and ARRA funded debt forgiveness of \$2,480,000. The loan has an interest rate of 1.79%, and matures in fiscal year ending June 30, 2032. The Town began making monthly principal and interest payments of \$18,451 in November 2011. The Town has pledged users' fees and charges and/or ad valorem taxes as needed to pay the monthly installments due. Monteagle covenants to establish and collect such fees and taxes and to make such adjustments to raise funds sufficient to pay such monthly payments and costs but to create only a minimum excess. As further security the Town pledges and assigns its unobligated state-shared taxes in an amount equal to the maximum annual debt service requirements.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note H - LONG-TERM OBLIGATIONS (continued)

A summary of changes in business-type long-term obligations for the year ended June 30, 2024, are as follows:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Debt					
Note SRF CWA 2009-226	\$ 1,712,917	\$	\$ (192,325)	\$ 1,520,592	\$ 195,796
Total debt	\$ 1,712,917	\$ -	\$ (192,325)	\$ 1,520,592	\$ 195,796
Other long-term obligations					
Compensated absences	\$ 8,727	\$ 14,750	\$ (10,153)	\$ 13,324	\$ 10,153
Total other long-term obligations	\$ 8,727	\$ 14,750	\$ (10,153)	\$ 13,324	\$ 10,153
Total business-type activities long-term obligations	\$ 1,721,644	\$ 14,750	\$ (202,478)	\$ 1,533,916	\$ 205,949

Interest incurred and charged to expense during the year ended June 30, 2024, on water and sewer long-term debt was \$29,400.

Business-type debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2025	\$ 195,796	\$ 25,618	\$ 221,414
2026	199,330	22,084	221,414
2027	202,927	18,486	221,413
2028	206,590	14,824	221,414
2029	210,318	11,095	221,413
2030 - 2032	505,631	11,008	516,639
	\$ 1,520,592	\$ 103,115	\$ 1,623,707

Note I - INTERFUND TRANSACTIONS

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) the payments between funds are made.

Interfund receivable and payable balances at June 30, 2024, arising from these transactions were as follows:

	Due From	Due To
General fund -		
State street aid fund		\$ 4,352
Water and sewer fund		19,621
		\$ 23,973
State street aid fund -		
General fund	\$ 4,352	
	\$ 4,352	
Water and sewer fund -		
General fund	\$ 19,621	
	\$ 19,621	
	\$ 23,973	\$ 23,973

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note I - INTERFUND TRANSACTIONS (continued)

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 expenses in the fund that is reimbursed. All other legally authorized transfers are not eliminated but are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

The capital asset replacement fund was created to fund capital improvements of the Town's governmental activities. The general fund transferred \$102,000 to the capital asset replacement fund in the year ended June 30, 2024.

Note J - PENSION PLAN

The Town has established a SIMPLE IRA plan, which is a defined contribution plan covering substantially all employees over 21 years of age with six (6) months of service. Required monthly contributions by the Town are deposited directly into each employee's own individual retirement account, and each account is administered by the employee. The Town matches each eligible employee's contribution dollar for dollar up to 3% of the individual salary. Contributions for the year ended June 30, 2024, were \$31,407, which consisted of \$13,323 from the Town and \$18,084 from the plan members. All accounts are vested immediately and the Town incurs no expense, nor has any residual interest in the plan. The Board of Aldermen has the authority to discontinue or change the provisions of the plan.

Note K - RISK MANAGEMENT

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

Public Entity Partners 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.

The Town has the following policies through the Public Entity Partners (PEP):

Comprehensive Liability Coverage - The policy provides general and automobile liability coverage of \$300,000 per person per injury with a maximum liability of \$700,000 per occurrence. The policy provides general and automobile liability coverage for property damaged of \$100,000 per occurrence. The policy also provides coverage limited to \$1,000,000 per occurrence for errors and omissions.

Property and Crime Coverage - The blanket limit for each occurrence under this policy is \$23,445,305. The policy has a limit of coverage of \$150,000 for employee dishonesty and \$150,000 for forgery or alteration, theft, disappearance or destruction, or computer fraud.

Workers' Compensation Coverage - The policy has liability limits of \$1,000,000 per individual per accident or disease with a \$1,000,000 policy limit. This policy is a retrospectively rated policy and premiums are accrued based on the ultimate cost of the experience to date of a group of entities.

The responsibilities of PEP are as follows:

PEP 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.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note K - RISK MANAGEMENT (continued)

PEP'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 responsibilities of the Town are as follows:

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

To allow PEP 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 PEP during the coverage period and up to (3) three years afterward.

To allow attorneys appointed by PEP 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 PEP.

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

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

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

To furnish to PEP 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 PEP being required to pay a 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 PEP 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.

The Town is not aware of any claims which the Town is liable for (up to the applicable deductible) which were outstanding and unpaid at June 30, 2024. No provision has been made in the financial statements for the year ended June 30, 2024, for any estimate of potential unpaid claims. Settled claims have not exceeded coverage in any of the past three fiscal years.

Note L - COMMITMENTS AND CONTINGENCIES

Construction Commitments - The Water and Sewer fund has a commitment for a construction contract at June 30, 2024 in the amount of \$2,079,588.

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

Note M - CONTRACT REVENUE AND RECEIVABLE

The Town entered into a 25-year agreement, effective May 18, 2001, with the United States Postal Service for use of a Town constructed building. The agreement requires equal monthly payments of \$5,000 and transfers ownership of the property to the United States Postal Service at the end of 25 years. It meets the requirements of a contract that transfers ownership and was thereby treated as a sale of the asset by the Town under GASB Statement No. 87, *Leases*.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2024

Note M - CONTRACT REVENUE AND RECEIVABLE (continued)

Future minimum contract receivable payments to be received are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2025	\$ 54,088	\$ 5,912	\$ 60,000
2026	48,305	1,695	50,000
	<u>\$ 102,393</u>	<u>\$ 7,607</u>	<u>\$ 110,000</u>

Note N - CORRECTION OF ERROR

An adjustment was recorded in the government-wide financial statements and other governmental funds to correct an amount owed to another cooperating government for their share of a drug fund forfeiture awarded to the Town in the prior year but not accrued in the prior year. The effect of the correction is as follows:

	06/30/23 As Previously Reported	Error Correction	06/30/23 As Restated
Government-wide			
Governmental activities	\$ 5,534,635	\$ (3,360)	\$ 5,531,275
Business-type activities	10,410,572		10,410,572
Total primary government	<u>\$ 15,945,207</u>	<u>\$ (3,360)</u>	<u>\$ 15,941,847</u>
Governmental funds			
Major funds:			
General fund	\$ 2,197,453		\$ 2,197,453
Capital replacement fund	406,949		406,949
Nonmajor funds	59,428	\$ (3,360)	56,068
Total governmental funds	<u>\$ 2,663,830</u>	<u>\$ (3,360)</u>	<u>\$ 2,660,470</u>

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for the proceeds of specific revenues that are legally restricted to finance specific functions or activities of government and which, therefore, cannot be diverted to other uses.

Drug Fund is used to account for investigation 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 is used to account for maintenance of all non-State streets in the Town. Revenues are provided from a portion of the State of Tennessee gasoline and motor fuels tax.

TOWN OF MONTEAGLE, TENNESSEE

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Fund</u>	<u>State Street Aid Fund</u>	
<u>ASSETS</u>			
Cash	\$ 17,309	\$ 39,925	\$ 57,234
Due from other funds		4,352	4,352
Due from other governments		4,476	4,476
Total Assets	\$ <u>17,309</u>	\$ <u>48,753</u>	\$ <u>66,062</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable		\$ 3,136	\$ 3,136
Accrued liabilities	\$ 991		991
Total Liabilities	\$ <u>991</u>	\$ <u>3,136</u>	\$ <u>4,127</u>
Fund Balance -			
Restricted for:			
Police activities	\$ 16,318		\$ 16,318
Street improvements		\$ 45,617	45,617
Total Fund Balances	\$ <u>16,318</u>	\$ <u>45,617</u>	\$ <u>61,935</u>
Total Liabilities and Fund Balances	\$ <u>17,309</u>	\$ <u>48,753</u>	\$ <u>66,062</u>

TOWN OF MONTEAGLE, TENNESSEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2024

	Special Revenue		Total Nonmajor Governmental Funds
	Drug Fund	State Street Aid Fund	
Revenues -			
Intergovernmental		\$ 51,150	\$ 51,150
Fines and forfeitures	\$ 2,374		2,374
Other	594	19	613
Total Revenues	<u>\$ 2,968</u>	<u>\$ 51,169</u>	<u>\$ 54,137</u>
Expenditures -			
Current expenditures -			
Public safety	\$ 536		\$ 536
State street aid		\$ 39,177	39,177
Capital outlays	8,557		8,557
Total Expenditures	<u>\$ 9,093</u>	<u>\$ 39,177</u>	<u>\$ 48,270</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ (6,125)</u>	<u>\$ 11,992</u>	<u>\$ 5,867</u>
Fund Balance at beginning of year, as previously stated	\$ 25,803	\$ 33,625	\$ 59,428
Correction of error	(3,360)		(3,360)
Fund Balance at beginning of year, as restated	<u>\$ 22,443</u>	<u>\$ 33,625</u>	<u>\$ 56,068</u>
Fund Balances at end of year	<u><u>\$ 16,318</u></u>	<u><u>\$ 45,617</u></u>	<u><u>\$ 61,935</u></u>

TOWN OF MONTEAGLE, TENNESSEE

Drug Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Fines and forfeitures				
Drug fines		\$ 8,557	\$ 2,374	\$ (6,183)
Other -				
Interest			594	594
Total Revenues		\$ <u>8,557</u>	\$ <u>2,968</u>	\$ <u>(5,589)</u>
Expenditures -				
Current expenditures				
Public safety				
Supplies	\$ 1,800	\$ 1,800	\$ 536	\$ 1,264
Capital outlay		<u>8,557</u>	<u>8,557</u>	
Total Expenditures	\$ <u>1,800</u>	\$ <u>10,357</u>	\$ <u>9,093</u>	\$ <u>1,264</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	\$ <u>(1,800)</u>	\$ <u>(1,800)</u>	\$ <u>(6,125)</u>	\$ <u>(4,325)</u>
Fund Balance at beginning of year, as previously stated			\$ 25,803	
Correction of error			<u>(3,360)</u>	
Fund Balance at beginning of year, as restated			\$ <u>22,443</u>	
Fund Balance at end of year			\$ <u>16,318</u>	

TOWN OF MONTEAGLE, TENNESSEE

State Street Aid Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Intergovernmental -				
State gas and motor fuel tax	\$ 47,806	\$ 47,806	\$ 51,150	\$ 3,344
Other -				
Interest	12	12	19	7
Total Revenues	\$ <u>47,818</u>	\$ <u>47,818</u>	\$ <u>51,169</u>	\$ <u>3,351</u>
Expenditures -				
Current expenditures -				
State street aid				
Electricity - street lights	\$ 45,000	\$ 45,000	\$ 39,177	\$ 5,823
Total Expenditures	\$ <u>45,000</u>	\$ <u>45,000</u>	\$ <u>39,177</u>	\$ <u>5,823</u>
Excess (deficiency) of Revenues over (under) Expenditures	\$ <u>2,818</u>	\$ <u>2,818</u>	\$ 11,992	\$ <u>9,174</u>
Fund Balance at beginning of year			33,625	
Fund Balance at end of year			\$ <u>45,617</u>	

MAJOR CAPITAL PROJECTS FUND

Capital Asset Replacement Fund is used to account for the acquisition or construction of general government capital assets such as buildings, vehicles, equipment and infrastructure.

TOWN OF MONTEAGLE, TENNESSEE

Capital Asset Replacement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Intergovernmental Revenues -				
State and federal grants	\$ 3,500	\$ 3,500		\$ (3,500)
Other -				
Interest			\$ 12,402	12,402
Insurance recoveries		21,650	39,150	17,500
Total Revenues	\$ <u>3,500</u>	\$ <u>25,150</u>	\$ <u>51,552</u>	\$ <u>26,402</u>
Expenditures -				
Capital outlay	\$ <u>102,000</u>	\$ <u>167,750</u>	\$ <u>85,270</u>	\$ <u>82,480</u>
Total Expenditures	\$ <u>102,000</u>	\$ <u>167,750</u>	\$ <u>85,270</u>	\$ <u>82,480</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	\$ <u>(98,500)</u>	\$ <u>(142,600)</u>	\$ <u>(33,718)</u>	\$ <u>108,882</u>
Other Financing Sources and (Uses) -				
Transfer in	\$ <u>102,000</u>	\$ <u>102,000</u>	\$ <u>102,000</u>	
Total Other Financing Sources and (Uses)	\$ <u>102,000</u>	\$ <u>102,000</u>	\$ <u>102,000</u>	
Net change in fund balance	\$ <u><u>3,500</u></u>	\$ <u><u>(40,600)</u></u>	\$ 68,282	\$ <u><u>108,882</u></u>
Fund Balance at beginning of year			406,949	
Fund Balance at end of year			\$ <u><u>475,231</u></u>	

FINANCIAL SCHEDULES

Financial Schedules are presented to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements, and present other information deemed useful.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Debt Service Requirements by Fiscal Year

June 30, 2024

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Issue</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Principal and</u> <u>Interest</u>
<u>General Long-Term Debt -</u>					
<u>Notes from direct borrowings and direct placements</u>					
2025	Refunding Bond, Series 2011B	4.750 %	\$ 45,000	\$ 5,819	\$ 50,819
2026			50,000	3,562	53,562
2027			50,000	1,187	51,187
Total General Long-Term Debt			<u>\$ 145,000</u>	<u>\$ 10,568</u>	<u>\$ 155,568</u>
<u>Water and Sewer Long-Term Debt -</u>					
<u>Notes from direct borrowings and direct placements</u>					
2025	State Revolving Loan CWA 2009-226	1.790 %	\$ 195,796	\$ 25,618	\$ 221,414
2026			199,330	22,084	221,414
2027			202,927	18,486	221,413
2028			206,590	14,824	221,414
2029			210,318	11,095	221,413
2030			214,114	7,300	221,414
2031			217,977	3,436	221,413
2032			73,540	271	73,811
Total Water and Sewer Long-Term Debt			<u>\$ 1,520,592</u>	<u>\$ 103,114</u>	<u>\$ 1,623,706</u>
Total Indebtedness			<u>\$ 1,665,592</u>	<u>\$ 113,682</u>	<u>\$ 1,779,274</u>

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 06/30/2024
<u>GENERAL LONG-TERM DEBT -</u>									
<u>NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS</u>									
Refunding Bond, Series 2011B	\$ 580,000	4.75%	9/28/2011	8/1/2026	\$ 190,000		\$ 45,000		\$ 145,000
<u>WATER AND SEWER LONG-TERM DEBT -</u>									
<u>NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS</u>									
(1) State Revolving Loan - CWA 2009-226	\$ 6,200,000	1.79%	8/10/2009	10/1/2031	\$ 1,712,917		\$ 192,325		\$ 1,520,592

(1) Original amount of issue includes \$2,480,000 which was forgiven.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Expenditures of Federal Awards

June 30, 2024

Federal Agency/Pass-Through Agency or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Expenditures
DEPARTMENT OF THE TREASURY				
Passed through the Tennessee Department of Finance and Administration				
Coronavirus State and Local Fiscal Recovery Funds	21.027			\$ 39,534
Passed through the Tennessee Department of Environment and Conservation				
Coronavirus State and Local Fiscal Recovery Funds	21.027	75541		\$ 150,000
<i>Total FAL 21.027</i>				<u>\$ 189,534</u>
APPALACHIAN REGIONAL COMMISSION				
Passed through the Tennessee Department of Economic and Community Development				
Appalachian Area Development	23.002	TN-20326-2021		\$ 86,827
<i>Total FAL 23.002</i>				<u>\$ 86,827</u>
TOTAL FEDERAL AWARDS				<u><u>\$ 276,361</u></u>

Note 1 - The accompanying schedule of expenditures of federal awards includes the grant activity of the Town of Monteagle, Tennessee. Federal awards represent current period expenses charged to the grant as well as current period revenues recognized from the grant, recorded on the accrual basis of accounting. The Town of Monteagle, Tennessee elected to use the 10% de minimis indirect cost rate.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of State Financial Assistance

June 30, 2024

State Grantor Program	Contract Number	Pass-through to Subrecipients	Expenditures
TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE			
Volunteer Firefighter Equipment and Training Grant	31131		\$ 57,425
TENNESSEE DEPARTMENT OF TRANSPORTATION			
Transportation - Bicycles and Pedestrian Facility	311PLM-S3-014		23,972
Total State Awards		\$	<u>81,397</u>

Note 1 - The accompanying schedule of state financial assistance includes the grant activity of the Town of Monteagle, Tennessee. State awards represent current period expenses charged to the grant as well as current period revenues recognized from the grant, recorded on the accrual basis of accounting.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Municipal Utility Rates and Number of Customers

June 30, 2024

As of June 30, 2024, the Town of Monteagle serves approximately 1,471 water customers and 302 sewer customers.

WATERWORKS

	<u>Residential Inside Town</u>	<u>Residential Outside Town</u>
0 - 2,000 gallons (minimum bill)	\$ 17.79	\$ 22.76
2000 - 100,000 gallons	\$ 10.15 per/1,000	\$ 11.33 per/1,000
Over - 100,000 gallons	\$ 10.30 per/1,000	\$ 12.36 per/1,000

SEWER SYSTEM

	<u>Residential Inside Town</u>	<u>Residential Outside Town</u>
0 - 2,000 gallons (minimum bill)	\$ 22.25	\$ 33.99
2000 - 100,000 gallons	\$ 12.75 per/1,000	\$ 15.24 per/1,000
Over - 100,000 gallons	\$ 12.88 per/1,000	\$ 12.98 per/1,000

**INTERNAL CONTROL
AND COMPLIANCE SECTION**



JOBE, HASTINGS & ASSOCIATES

Certified Public Accountants

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

Honorable Mayor and Board of Aldermen
Town of Monteagle, 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, each major fund, and the aggregate remaining fund information of the Town of Monteagle, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Monteagle, Tennessee's basic financial statements and have issued our report thereon dated March 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Monteagle, 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 Monteagle's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Monteagle'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Monteagle, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

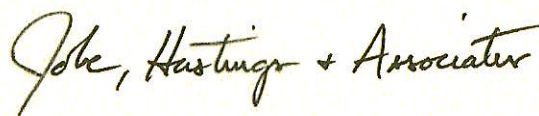
Town of Monteagle, Tennessee's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Monteagle's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Town of Monteagle, 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 the response.

Honorable Mayor and Board of Aldermen
Town of Monteagle, Tennessee

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 the 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.

A handwritten signature in cursive script that reads "Jobe, Hastings + Associates".

Certified Public Accountants

Murfreesboro, Tennessee
March 10, 2025

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Findings and Responses

June 30, 2024

A - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Town of Monteagle, Tennessee were prepared in accordance with GAAP.
2. One material weakness relating to the audit of the financial statements is reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Town of Monteagle, Tennessee, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B - FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT YEAR FINDING

2024-001 Bid and Competitive Bid Procedures (Repeat Prior Year Finding 2023-001; Originally Reported as Finding 2020-002)

Condition: We noted a purchase totaling \$16,170 that was made by the Town without obtaining competitive bids (three written quotes) as required by the Town's purchasing policies.

Criteria: The Town's purchasing policies require sealed bids for purchases and contracts estimated to be in excess of \$25,000, or competitive bidding (three written quotes) for purchases and contracts between \$10,500 to \$25,000, except as otherwise provided within the purchasing policy. The policy's definition of a contract includes an agreement for use of real property.

Cause of Condition: The purchase was made with only one written quote documented.

Effect: Purchases could be made without authorization and inconsistent with the Town's policies. In addition, the Town was not in compliance with TCA §6-56-301 Municipal Purchasing Law.

Recommendation: The Town should ensure that the purchasing policies are followed for all contracts and purchases entered into by the Town. The Town should also train and emphasize to all employees that all purchases require authorization and sealed or competitive bids in accordance with the Town's purchasing policy.

Views of Responsible Officials and Planned Corrective Actions: We will review and revise current purchasing policies for approval by the Mayor and Board of Aldermen. In addition, we will ensure that all purchases requiring Board action are approved and the appropriate documentation is retained.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Prior Year Findings

June 30, 2024

FINDINGS - FINANCIAL STATEMENT AUDIT

2023-001 Bid and Competitive Bid Procedures (Originally Reported as Finding 2020-002)

Condition: We noted a purchase totaling \$36,980 that was made by the Town without obtaining sealed bids or competitive bids as required by the Town's purchasing policies.

Recommendation: The Town should ensure that the purchasing policies are followed for all contracts and purchases entered into by the Town. The Town should also train and emphasize to all employees that all purchases require authorization and sealed or competitive bids in accordance with the Town's purchasing policy.

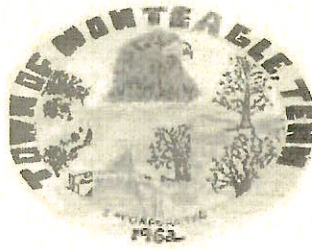
Current Status: The finding was repeated. See finding 2024-001.

2023-002 Timely Deposits

Current Status: Resolved.

2023-003 Material Adjustments

Current Status: Resolved.



**TOWN OF MONTEAGLE
P.O. 127
116 DIXIE AVE.
MONTEAGLE, TN 37356
Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2024**

FINDING 2024-001: Bid and Competitive Bid Procedures

Response and Corrective Action Prepared by: Financial Department, Town of Monteagle

Person Responsible for Implementing the Corrective Action: Debbie Taylor

Anticipation Completion Date of Corrective Action: June 30, 2025

Planned Corrective Action: We will review and revise current purchasing policies for approval by the Mayor and Board of Aldermen. In addition, we will ensure that all purchases requiring Board action are approved and the appropriate documentation is retained.


Debbie Taylor, CMFO Town Recorder Monteagle, Tennessee

