

TOWN OF MONTEAGLE, TENNESSEE

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2015

OFFICE OF
TOWN RECORDER

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INTRODUCTORY SECTION

Mayor
Marilyn Campbell Rodman

Aldermen
Alexander Orr
Delores Knott
Alvin Powell
Russell Leonard

Building / Codes Enforcement
Earl Geary

Town of Monteagle

P.O. Box 127
Monteagle, Tennessee 37356

Phone: 931-924-2265
Fax: 931-924-2264

City Recorder / CMFO
Debbie Taylor

Police Chief
Virgil McNeece

E911 Director
Wanda McDaniel

Street Department
Carl Cantrell

January 26, 2016

To the Honorable Mayor, Members of Board of Mayor and Aldermen and Citizens of Monteagle
Town of Monteagle
Monteagle, Tennessee

The Comprehensive Annual Financial Report of the Town of Monteagle, Tennessee for the year ending June 30, 2015, is hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Town of Monteagle for the fiscal year ended June 30, 2015. This report was prepared by the Town Recorder with the assistance of the auditing firm of Jobe, Hastings & Associates, Certified Public Accountants and the accounting firm of Allen, McGee and Associates, Certified Public Accountants.

This report consists of management's representations concerning the finances of the Town of Monteagle. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the Town of Monteagle has established a comprehensive framework of internal control that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The cost of internal controls should not outweigh their benefits in the Town of Monteagle. The comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Monteagle, for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The financial statements of the Town of Monteagle have been audited by Jobe, Hastings & Associates, Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the financial statement of the Town of Monteagle, for the fiscal year ended June 30, 2015, that are fairly presented in accordance with Generally Accepted Accounting Principles. The independent auditors' report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it. The Town of Monteagle's Management's Discussion and Analysis can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The Town of Monteagle incorporated in 1962 is 8.2 square miles located in Grundy, Marion and Franklin Counties in the Cumberland Plateau region of the southeastern part of the State of Tennessee. The Town of Monteagle was named for eagles that once lived in the area. The town is home to the Monteagle Sunday School Assembly. The Highlander Folk School, long involved in the labor and civil rights movements, was located here from 1932 to 1961.

The Town operates under an Aldermanic form of government. The governing body is the Board of Mayor and Aldermen, which consists of a Mayor and four members who serve four-year terms of office. Non-partisan elections for the Mayor and Aldermen are held in even numbered years on a staggered basis. Aldermen are elected at large. The Board of Mayor and Aldermen are responsible for adopting ordinances, the annual budget, appointing committees and establishing policies.

LOCAL ECONOMY

The Town of Monteagle's local economy is dependent on tourism through the area. The town is located on interstate 24 at the top of Monteagle Mountain. The area's tourism is driven by the beauty of the mountains of the area and the local University of the South located in the nearby Town of Sewanee.

The Town of Monteagle depends on the Local Option Sales Tax and Occupancy tax to provided approximately 18 percent of the FY 2015 revenue. Since the national economy drop of 6.5 percent in 2008 the Town of Monteagle Local Option Sales Tax revenue has had an increase in collections from 2009 to 2015 of \$124,905 with an average annual increase in collection of approximately 5.32 percent per year.

In 2009 the Hotel/Motel occupancy tax revenues were \$159,719 for the year of 2015 this revenue was \$191,813 an increase of \$32,094 or 20.01 percent over the 6-year period. This was an average annual increase of 3.33 percent per year.

LONG TERM FINANCIAL PLANNING

The Town of Monteagle continues to and plans to attract new business and jobs to the area by funding government operation through the use of sales taxes, occupancy taxes and user fees without the levy of property taxes or business taxes within the town. This policy has maintained growth in both a slow or growing economy and has provided continued growth for the town.

During the 2012 fiscal year the Town of Monteagle established a capital asset replacement fund to provided funding for the replacement of capital assets without the reliance on issuance of debt and/or future revenues (new taxes) of the town to maintain the infrastructure and other capital assets. Currently the town has funded \$1,246,756 or 81.51 percent of the General Governments accumulated depreciation on the governmental activities capital assets. This plan should ensure that the Town of Monteagle continues to grow without any additional burden on the taxpayers of the Town of Monteagle.

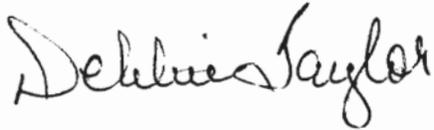
ACCOMPLISHMENTS

During the 2014-2015 fiscal year the town developed and continued its water loss reduction program to minimize the water loss of the Water and Sewer system and during the year replaced the manual read meters with electronic read meters. This program has resulted in a reduction of the unbilled water and is impacting the revenues of the Water and Sewer Fund for the 2014-2015 fiscal year and the system has continued to show improvements during the 2015-2016 fiscal year.

CAPITAL IMPROVEMENTS

During the 2014-2015 fiscal year the town completed construction on the Mountain Goat Trail project. This project is a trail that follows the old Mountain Goat Railroad line from the Town of Monteagle to the Town of Sewanee. Also, during the year the town completed the construction of a corridor to the Town of Monteagle. This project created a new gateway to the town and complement the park that runs through the downtown Monteagle. Both of these projects are designed to complement and enhance the tourism of the town.

Sincerely,

A handwritten signature in black ink that reads "Debbie Taylor". The signature is written in a cursive, flowing style.

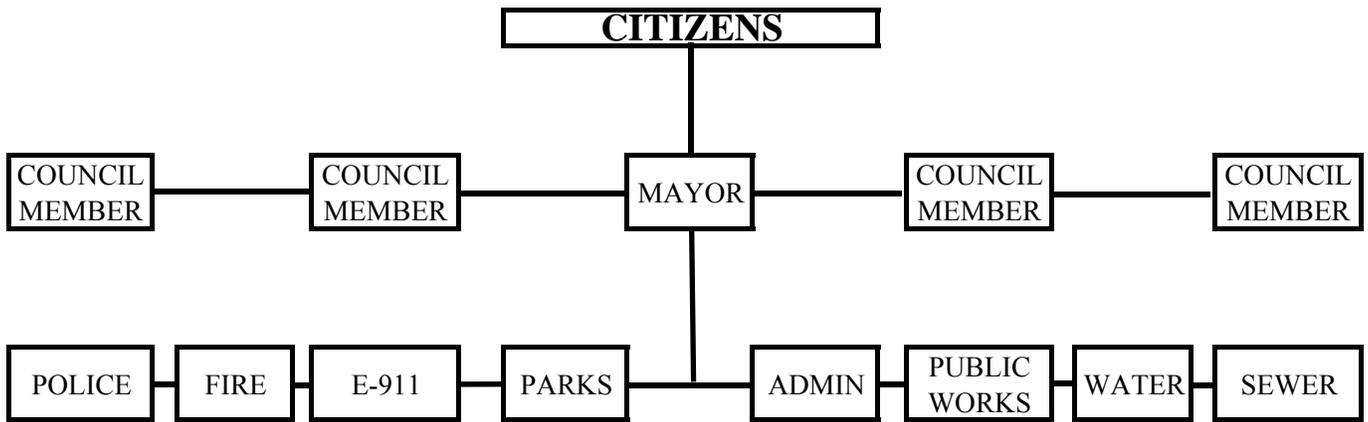
Debbie Taylor
City Recorder/CMFO

TOWN OF MONTEAGLE, TENNESSEE

Board of Aldermen and Town Officials

June 30, 2015

Mayor	Marilyn Campbell Rodman
Vice Mayor	Alexander Orr
Alderman	Russell Leonard
Alderman	Alvin Powell
Alderman	Delores Knott
Town Judge	Mark Rains
Town Recorder	Debbie Taylor



TOWN OF MONTEAGLE, TENNESSEE

ORGANIZATIONAL CHART



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Monteagle
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

FINANCIAL SECTION



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

745 SOUTH CHURCH STREET – BELMONT PARK

P.O. BOX 1175 MURFREESBORO, TN 37133-1175

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Donna K. Hastings, CPA, CSEP

James R. Jobe, CPA

Joel H. Jobe (1944 – 2006)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
Town of Monteagle, Tennessee

Report on the Financial Statements

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, 2015, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Monteagle, Tennessee, as of June 30, 2015, and the respective changes in financial position, budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who

considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing 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.

Other 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 introductory section, combining and individual nonmajor fund financial statements and schedules on pages 43 through 46, the capital projects fund schedule on page 47, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the capital projects fund schedule, the financial schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the capital projects fund schedule, the financial schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2016 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Town of Monteagle, Tennessee's internal control over financial reporting and compliance.

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 26, 2016

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, 2015. 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 were \$18,549,227 and exceeded liabilities in the amount of \$14,464,450 (i.e. net position). Of the total net position, \$5,965,030 was unrestricted and was available to support short term operations. Total net position increased from fiscal year end 2014 in the amount of \$1,023,340.
- The Town's activities including both governmental and business-type operated at a surplus of \$1,023,340.
- As of the close of the current fiscal year, the Town of Monteagle, Tennessee's governmental funds reported combined ending fund balances of \$2,320,094.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,056,066, or 53%, of General Fund expenditures and the Water and Sewer Fund Unrestricted Net Position was \$3,180,060 or 221% of operating expenses.
- As of June 30, 2015 the working capital (current assets less current liabilities) for the Water and Sewer Fund was \$2,985,363.

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 comprises 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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.

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, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Governmental Funds (Cont.)

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

The Town of 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. Data from the other two governmental funds are combined into a single aggregate presentation. Individual fund data for each of the two non-major governmental funds is provided in the form of combining statements later in this report beginning on page 43.

The Town of Monteagle, Tennessee adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major governmental funds, which are the General Fund and the Capital Asset Replacement Fund, to demonstrate compliance with this budget, as well as for non-major funds.

The basic governmental funds financial statements can be found on pages 19 through 27 of this report.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Proprietary Funds (Cont.)

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.

The basic proprietary fund financial statements can be found on pages 28 through 30 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 31 through 42 of this report.

Other Information

The statements referred to earlier in connection with non-major governmental funds, is presented immediately following the Notes to the Financial Statements. Individual fund statements and schedules can be found on pages 45 and 46 of this report.

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 \$14,464,450 at the close of this fiscal year.

The largest portion of the Town of Monteagle, Tennessee's net position (58.64 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Net Position (Cont.)

Approximately 0.119%, or \$17,272, of the Town of Monteagle, Tennessee's net position represents resources that are subject to external restrictions on how they may be used. 41.24%, or \$5,965,030, in net position may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2015, 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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$2,986,756	\$3,056,135	\$ 3,276,607	\$ 3,022,783	\$ 6,263,363	\$ 6,078,918
Capital assets	2,583,993	1,610,244	9,701,871	10,057,531	12,285,864	11,667,775
Total assets	<u>\$5,570,749</u>	<u>\$4,666,379</u>	<u>\$12,978,478</u>	<u>\$13,080,314</u>	<u>\$18,549,227</u>	<u>\$17,746,693</u>
Current Liabilities	\$ 211,795	\$214,699	\$ 291,244	\$ 275,035	\$ 503,039	\$ 489,734
Non-current liabilities	462,719	500,233	3,119,019	3,315,616	3,581,738	3,815,849
Total liabilities	<u>\$ 674,514</u>	<u>\$714,932</u>	<u>\$3,410,263</u>	<u>\$3,590,651</u>	<u>\$ 4,084,777</u>	<u>\$4,305,583</u>
Net position:						
Net investment in capital assets	\$2,093,993	\$1,090,244	\$6,388,155	\$6,550,087	\$ 8,482,148	\$ 7,640,331
Restricted	17,272	20,194	-	-	17,272	20,194
Unrestricted	2,784,970	2,841,009	3,180,060	2,939,576	5,965,030	5,780,585
Total net position	<u>\$4,896,235</u>	<u>\$3,951,447</u>	<u>\$9,568,215</u>	<u>\$9,489,663</u>	<u>\$14,464,450</u>	<u>\$13,441,110</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Changes in Net Position

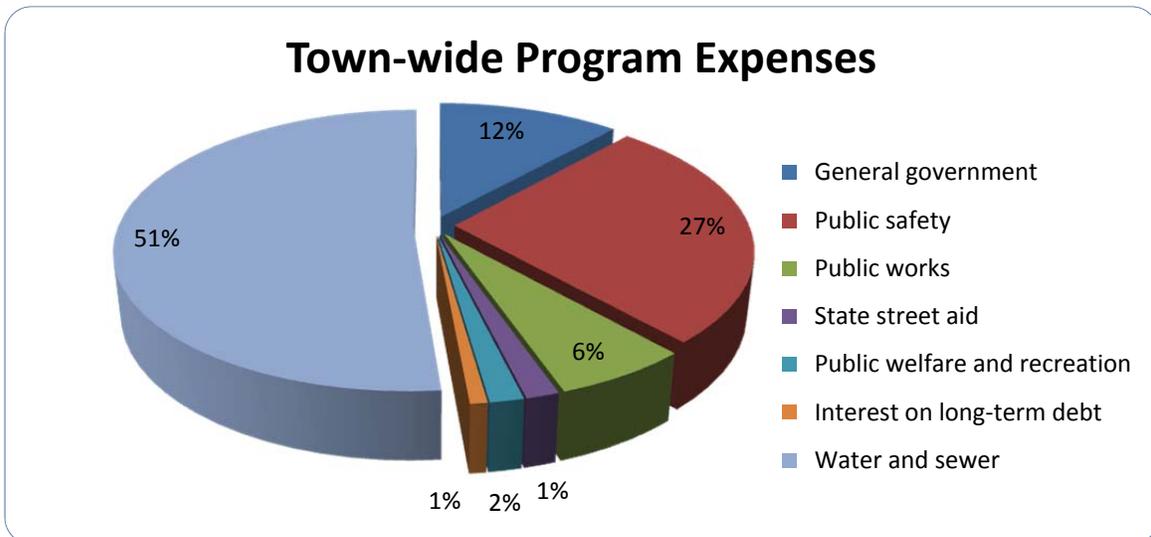
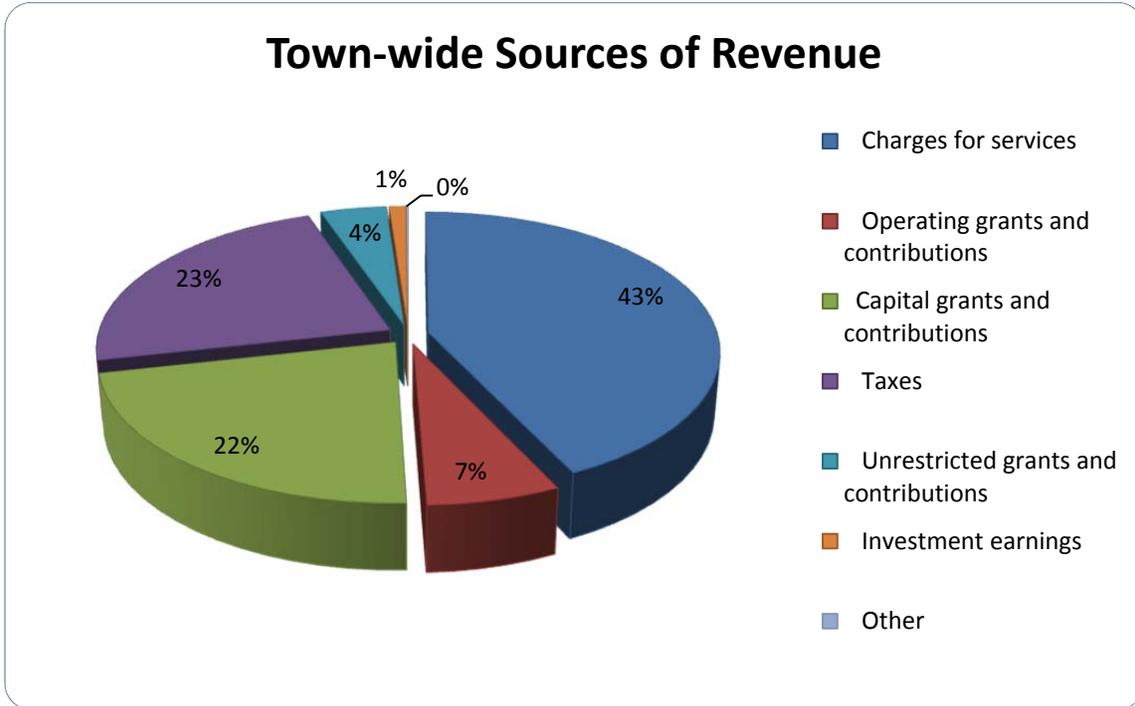
Governmental activities increased the Town of Monteagle, Tennessee's net position by \$944,788. Business-type activities increased the Town of Monteagle, Tennessee's net position by \$78,552. The following table A-2 provides a summary of the Town's net position broken down by governmental and business-type activities.

Table A-2
Condensed Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for Services	\$ 117,253	\$ 109,770	\$ 1,575,926	\$ 1,588,425	\$ 1,693,179	\$1,698,195
Operating grants and Contributions	254,002	240,109	-	-	254,002	240,109
Capital grants and Contributions	871,744	16,903	-	-	871,744	16,903
General revenues:						
Taxes	914,273	912,741	-	-	914,273	912,741
Unrestricted grants and Contributions	163,224	145,349	-	-	163,224	145,349
Investment earnings	38,209	40,554	2,917	2,815	41,126	43,369
Gain on sale of Equipment	-	7,825	-	-	-	7,825
Other	2,648	24,156	1,345	5,535	3,993	29,691
Total Revenue	\$2,361,353	\$1,497,407	\$ 1,580,188	\$1,596,775	\$ 3,941,541	\$3,094,182
Expenses						
General government	\$ 341,778	\$373,110	\$ -	\$ -	\$ 341,778	\$373,110
Public Safety	778,750	767,814	-	-	778,750	767,814
Public works	182,817	166,390	-	-	182,817	166,390
State street aid	44,389	39,890	-	-	44,389	39,890
Public welfare and Recreation	45,512	52,720	-	-	45,512	52,720
Interest on long-term debt	23,319	25,345	-	-	23,319	25,345
Water and sewer	-	-	1,501,636	1,491,884	1,501,636	1,491,884
Total Expenses	\$ 1,416,565	\$1,425,269	1,501,636	\$1,491,884	\$2,918,201	\$2,917,153
Change in net position	\$ 944,788	\$ 72,138	\$ 78,552	\$104,891	\$ 1,023,340	\$ 177,029
Net position – beginning	3,951,447	3,879,309	9,489,663	9,384,772	13,441,110	13,264,081
Net position – ending	\$ 4,896,235	\$3,951,447	\$ 9,568,215	\$ 9,489,663	\$14,464,450	\$13,441,110

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

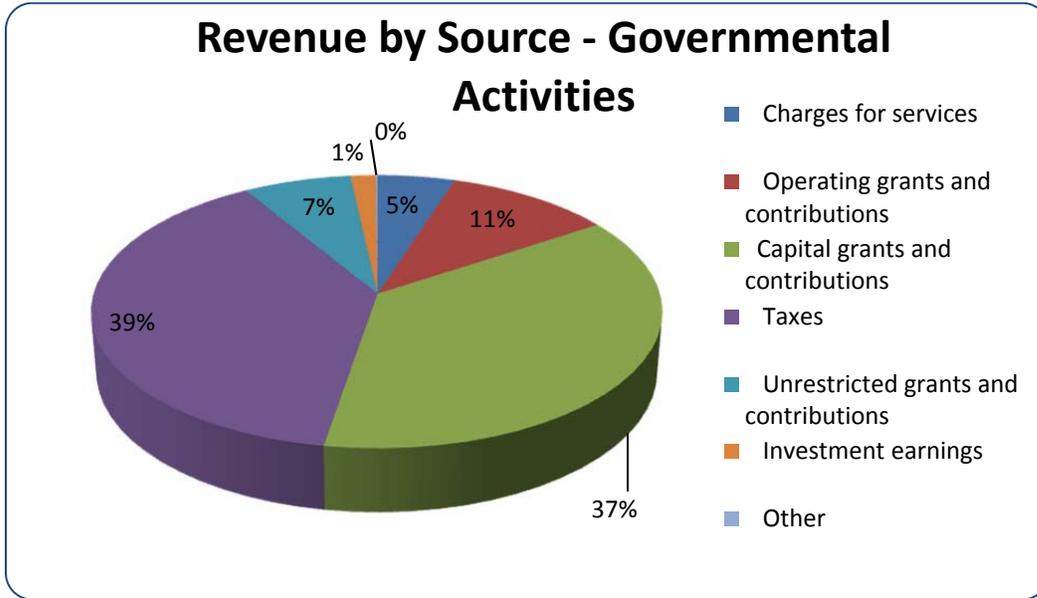
The following graphs summarize the \$3,941,541 of town-wide revenue by source and the associated \$2,918,201 of expense by program. The graphs combine data from both governmental and business-type activities.



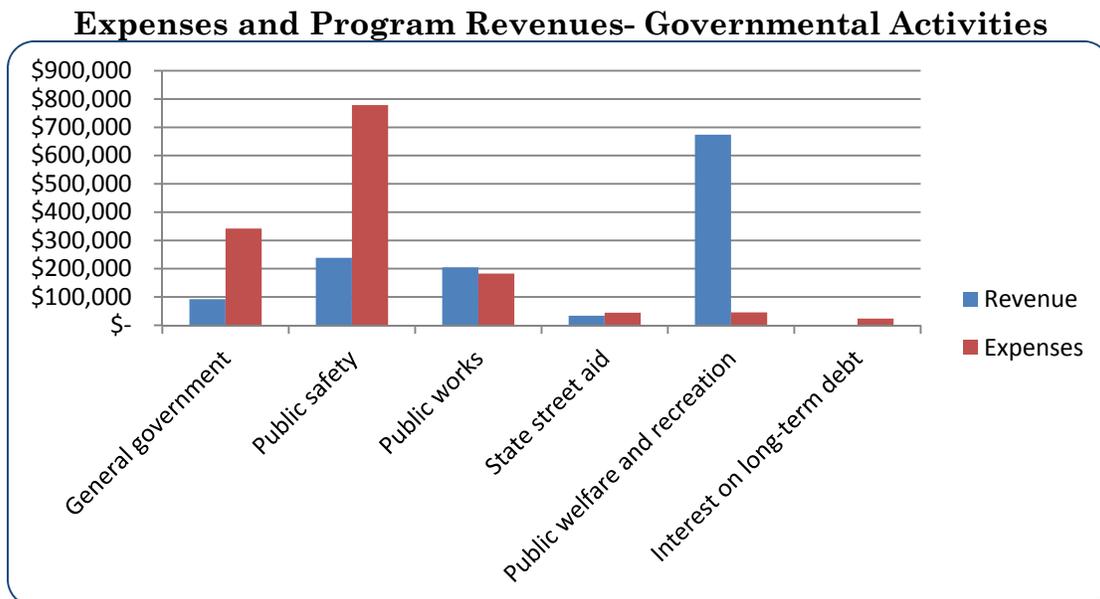
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Governmental Activities

Governmental activities accounted for revenues of \$2,361,353. The following graph summarizes revenue by source.



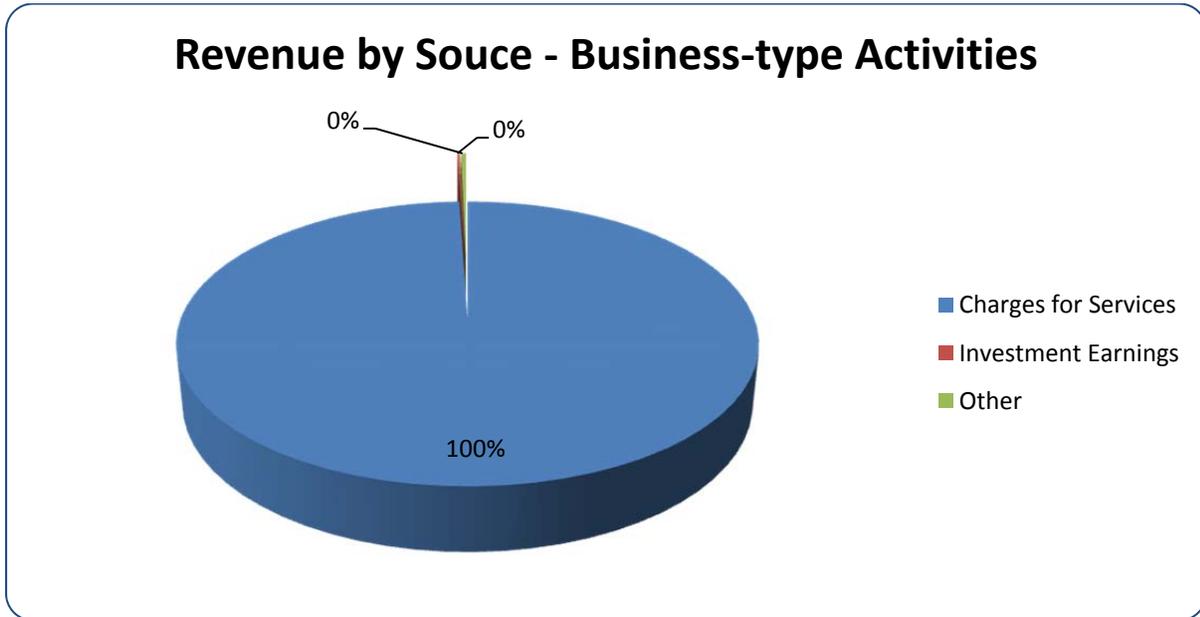
The following graph summarizes the revenue and related expense for each government program of the Town. The difference between expense and revenue is the financial burden placed on the Town for each program.



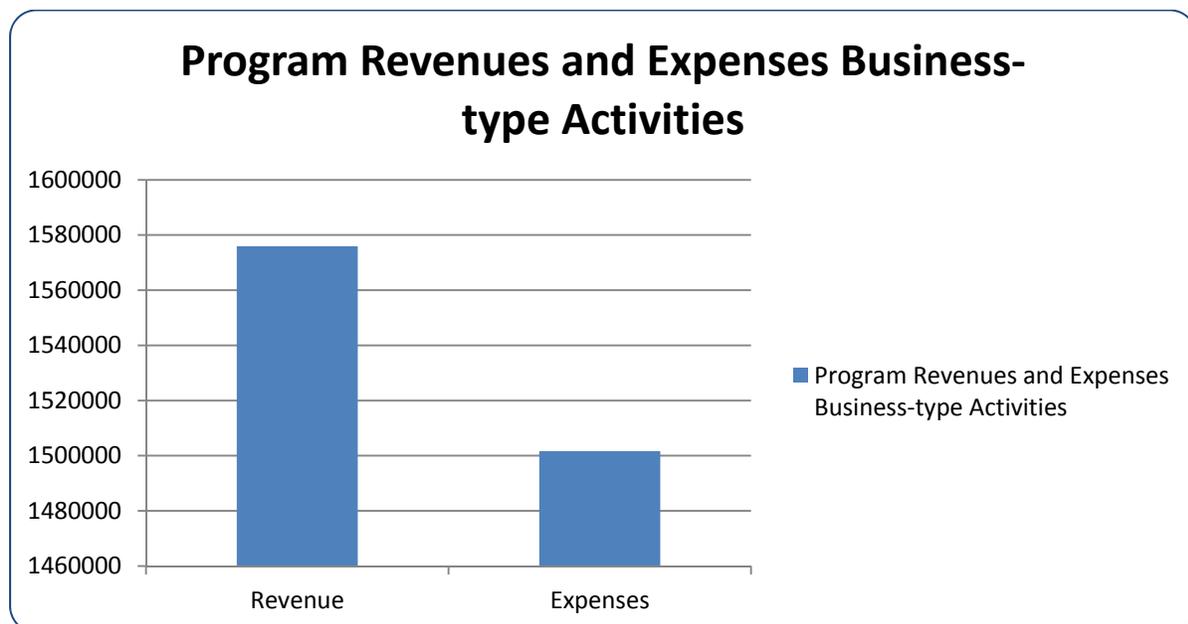
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Business-type Activities

Business-type activities accounted for revenues of \$1,596,775. The following graph summarizes the revenue by source.



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



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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 \$2,320,094. Within the governmental funds, \$9,726 is restricted for police activities in the Drug Fund and \$6,862 is restricted for street improvements in the State Street Aid Fund. The fund balances of the Drug Fund and State Street Aid Fund are restricted due to their special revenue classification, and they appear 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 \$1,056,066. 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 53% 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 \$3,180,060 for the Water and Sewer Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

General Fund Budgetary Highlights

During the fiscal year, the original budget was amended to provide funding for the Mountain Goat Trail, for the purchase of new turn out gear for the fire department, for the purchase of additional vehicles for Police Department, for Purchase of heavy equipment for Street Department and also to provide funding for the Corridor Plan. Amendments were also made to correct and adjust estimation made during the preparation of the budget.

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

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, 2015, amounts to \$8,482,148 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land rights, buildings, furniture, fixtures, equipment and vehicles, infrastructure and plant in service.

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

Governmental activities

Addition to the City Shop	\$ 17,243
Completion of the Mountain Goat Trail	802,224
Completion of the Corridor Plan	346,937

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

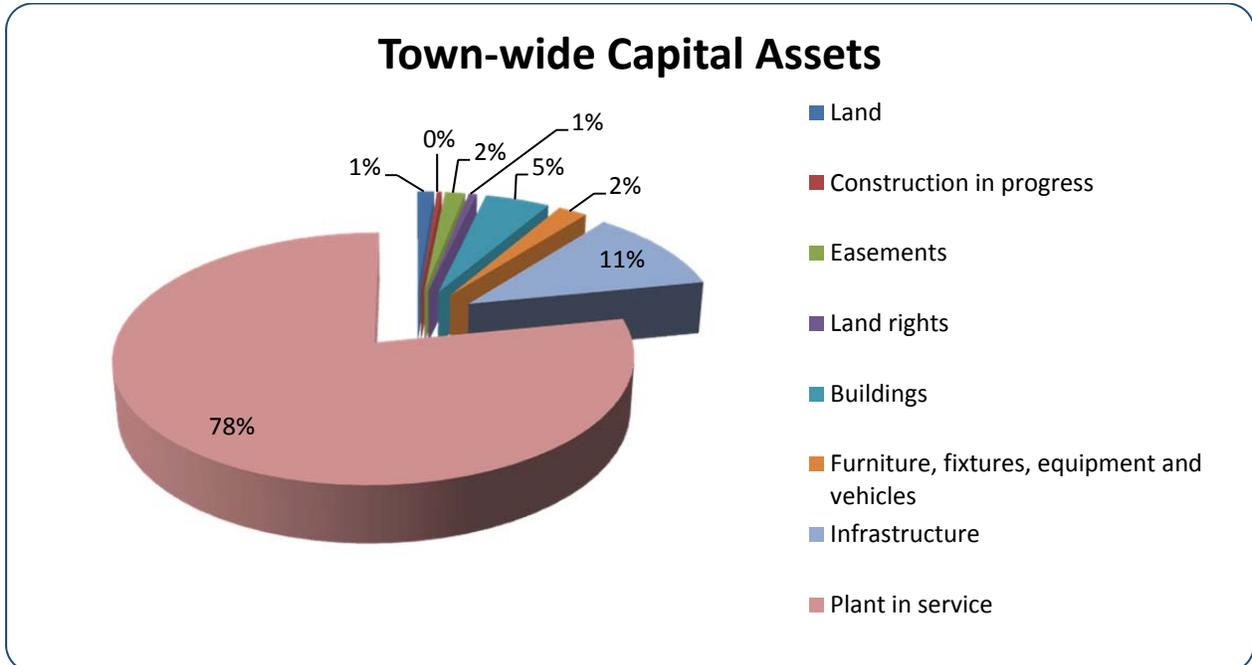
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Capital Assets

**Table A-3
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 148,774	\$148,774	\$ -	\$ -	\$ 148,774	\$148,774
Construction in Progress	35,141	151,074	9,600	-	44,741	151,074
Easements	182,657	182,657			182,657	182,657
Land rights	-	-	74,397	77,527	74,397	77,527
Buildings	584,788	583,834	-	-	584,788	583,834
Furniture, fixtures, equipment and vehicles	247,042	287,569	19,061	20,961	266,103	308,530
Infrastructure	1,385,591	256,336	-	-	1,385,591	256,336
Plant in service	-	-	9,598,813	9,959,043	9,598,813	9,959,043
Total Capital Assets	\$ 2,583,993	\$1,610,244	\$ 9,701,871	\$10,057,531	\$12,285,864	\$11,667,775

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.



Additional information on the capital assets can be found Note G starting on page 37 of this report.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)

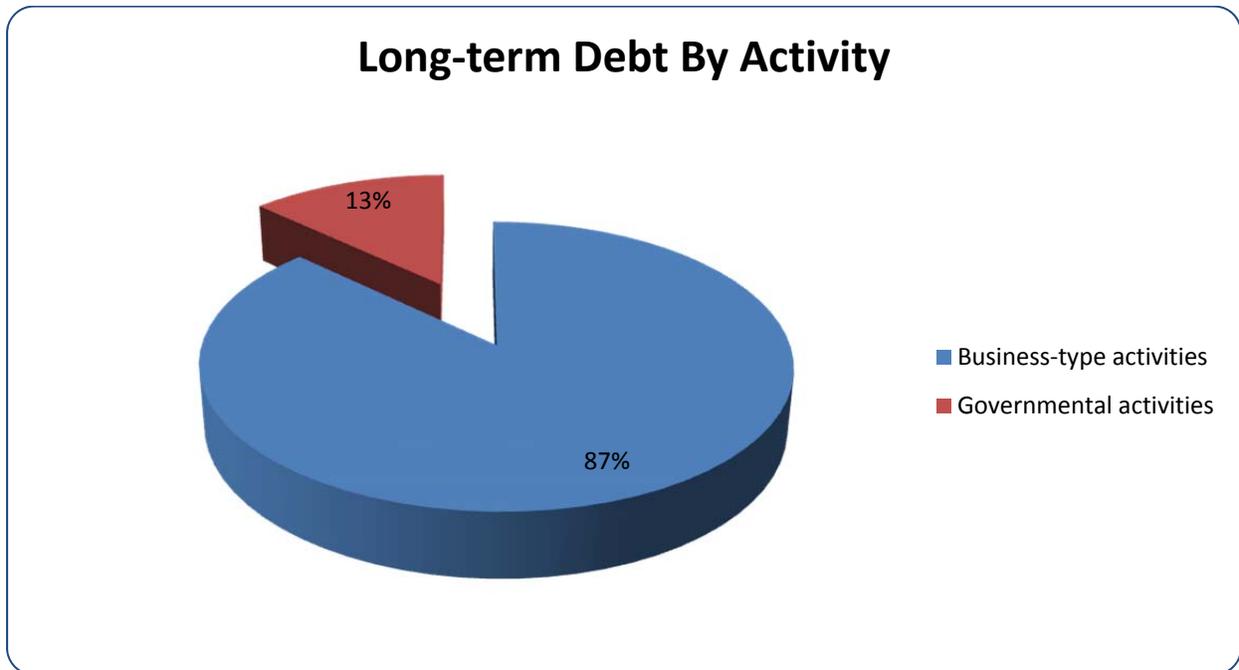
Town of Monteagle, Tennessee's Outstanding Debt

At the end of the current fiscal year, the Town of Monteagle, Tennessee had total long-term debt outstanding of \$3,835,077; of that amount \$253,339 is due in the next fiscal year. The table below summarizes outstanding debt broken down by governmental and business-type activities.

**Table A-4
Town of Monteagle Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2015	2014	2015	2014	2015	2014
Bonds Payable	\$ 490,000	\$ 520,000	\$ 180,000	\$ 210,000	\$ 670,000	\$ 730,000
Other Loans payable	-	-	3,133,716	3,297,444	3,133,716	3,297,444
Compensated absences	18,124	21,356	13,237	13,234	31,361	34,590
Total Debt	508,124	541,356	3,326,953	3,520,678	3,835,077	4,062,034
Less current portion	(45,405)	(41,123)	(207,934)	(205,062)	(253,339)	(246,185)
Total long-term debt	\$ 462,719	\$500,233	\$3,119,019	\$3,315,616	\$ 3,581,738	\$3,815,849

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



Additional information on the outstanding debt can be found Note H starting on page 38 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 2,280,320	\$ 1,861,013	\$ 4,141,333
Investments		1,189,983	1,189,983
Receivables, net of allowance for uncollectibles	349,565	140,152	489,717
Internal balances	(85,459)	85,459	
Net investment in lease	442,330		442,330
Capital assets -			
Land and construction in progress	366,572	9,600	376,172
Other capital assets, net of depreciation	2,217,421	9,692,271	11,909,692
Total Assets	<u>\$ 5,570,749</u>	<u>\$ 12,978,478</u>	<u>\$ 18,549,227</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 20,572	\$ 35,601	\$ 56,173
Accrued liabilities	59,852	24,611	84,463
Due to others	85,966		85,966
Deposits held		23,098	23,098
Long-term liabilities -			
Due within one year	45,405	207,934	253,339
Due in more than one year	462,719	3,119,019	3,581,738
Total Liabilities	<u>\$ 674,514</u>	<u>\$ 3,410,263</u>	<u>\$ 4,084,777</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 2,093,993	\$ 6,388,155	\$ 8,482,148
Restricted for -			
Highways and streets	7,216		7,216
Drug enforcement programs	10,056		10,056
Unrestricted	2,784,970	3,180,060	5,965,030
Total Net Position	<u>\$ 4,896,235</u>	<u>\$ 9,568,215</u>	<u>\$ 14,464,450</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Statement of Activities

Year Ended June 30, 2015

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	\$ 341,778	\$ 92,162			\$ (249,616)		\$ (249,616)
Public safety	778,750	18,467	\$ 220,176		(540,107)		(540,107)
Public works	182,817		60	\$ 204,710	21,953		21,953
State street aid	44,389		33,726		(10,663)		(10,663)
Public welfare and recreation	45,512	6,624	40	667,034	628,186		628,186
Interest on long-term debt	23,319				(23,319)		(23,319)
Total governmental activities	\$ <u>1,416,565</u>	\$ <u>117,253</u>	\$ <u>254,002</u>	\$ <u>871,744</u>	\$ <u>(173,566)</u>		\$ <u>(173,566)</u>
Business-type activities -							
Water and sewer	\$ 1,501,636	\$ 1,575,926				\$ 74,290	\$ 74,290
Total business-type activities	\$ <u>1,501,636</u>	\$ <u>1,575,926</u>				\$ <u>74,290</u>	\$ <u>74,290</u>
Total primary government	\$ <u>2,918,201</u>	\$ <u>1,693,179</u>	\$ <u>254,002</u>	\$ <u>871,744</u>	\$ <u>(173,566)</u>	\$ <u>74,290</u>	\$ <u>(99,276)</u>
General Revenues -							
Taxes -							
Sales taxes					\$ 516,061		\$ 516,061
Hotel/motel tax					191,813		191,813
Beer and liquor tax					192,710		192,710
Cable TV franchise tax					13,689		13,689
Grants and contributions not restricted to specific programs					163,224		163,224
Unrestricted investment earnings					38,209	\$ 2,917	41,126
Miscellaneous					2,648	1,345	3,993
Total general revenues and transfers					\$ <u>1,118,354</u>	\$ <u>4,262</u>	\$ <u>1,122,616</u>
Change in net position							
Net position - beginning					\$ 944,788	\$ 78,552	\$ 1,023,340
Net position - ending					\$ <u>3,951,447</u>	\$ <u>9,489,663</u>	\$ <u>13,441,110</u>
					\$ <u>4,896,235</u>	\$ <u>9,568,215</u>	\$ <u>14,464,450</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Balance Sheet
Governmental Funds

June 30, 2015

	<u>General Fund</u>	<u>Capital Asset Replacement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,474,531	\$ 788,074	\$ 17,715	\$ 2,280,320
Accounts receivable - net	109,425			109,425
Due from other funds		433,004		433,004
Due from other governments	211,629	25,678	2,833	240,140
Lease receivable	442,330			442,330
Total Assets	<u>\$ 2,237,915</u>	<u>\$ 1,246,756</u>	<u>\$ 20,548</u>	<u>\$ 3,505,219</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 17,296		\$ 3,276	\$ 20,572
Due to other funds	518,463			518,463
Due to others	85,966			85,966
Accrued liabilities	50,154			50,154
Unearned revenue	67,640			67,640
Total Liabilities	<u>\$ 739,519</u>		<u>\$ 3,276</u>	<u>\$ 742,795</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - capital lease	\$ 442,330			\$ 442,330
<u>FUND BALANCES</u>				
Restricted for:				
Police activities			\$ 9,726	\$ 9,726
Street improvements			6,862	6,862
Committed for:				
Capital improvements		\$ 1,246,756		1,246,756
Assigned for:				
Special revenue funds			684	684
Unassigned	\$ 1,056,066			1,056,066
Total Fund Balances	<u>\$ 1,056,066</u>	<u>\$ 1,246,756</u>	<u>\$ 17,272</u>	<u>\$ 2,320,094</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,237,915</u>	<u>\$ 1,246,756</u>	<u>\$ 20,548</u>	<u>\$ 3,505,219</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

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

June 30, 2015

Total Governmental Fund Balances	\$ 2,320,094
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.	2,583,993
Other long-term assets are not available to pay for current- period expenditures and, therefore, are deferred in the funds.	442,330
Revenue not received within the government's period of availability is reported as unearned in the funds.	67,640
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.	(517,822)
Net Position of Governmental Activities	<u>\$ 4,896,235</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, 2015

	<u>General Fund</u>	<u>Capital Asset Replacement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues-				
Taxes	\$ 914,273			\$ 914,273
Licenses and permits	10,852			10,852
Intergovernmental	744,474	\$ 204,710	\$ 33,726	982,910
Fines and forfeitures	18,335			18,335
Charges for service	6,756			6,756
Other	391,112	2,525	16	393,653
Total Revenues	\$ <u>2,085,802</u>	\$ <u>207,235</u>	\$ <u>33,742</u>	\$ <u>2,326,779</u>
Expenditures-				
Current expenditures -				
General government	\$ 318,278			\$ 318,278
Public safety	696,219			696,219
Public works	121,228			121,228
Convenience centers	23,353			23,353
State street aid			\$ 44,389	44,389
Public welfare and recreation	41,170			41,170
Capital outlay	730,057	\$ 395,533		1,125,590
Debt service				
Principal	30,000			30,000
Interest	23,913			23,913
Total Expenditures	\$ <u>1,984,218</u>	\$ <u>395,533</u>	\$ <u>44,389</u>	\$ <u>2,424,140</u>
Excess (deficiency) of Revenues over (under) Expenditures	\$ <u>101,584</u>	\$ <u>(188,298)</u>	\$ <u>(10,647)</u>	\$ <u>(97,361)</u>
Other Financing Sources and Uses-				
Transfer in	\$ 27,377	\$ 124,618	\$ 7,725	\$ 159,720
Transfer out	(132,343)	(27,377)		(159,720)
Capital lease receipts	25,393			25,393
Total Other Financing Sources	\$ <u>(79,573)</u>	\$ <u>97,241</u>	\$ <u>7,725</u>	\$ <u>25,393</u>
Net change in Fund Balances	\$ 22,011	\$ (91,057)	\$ (2,922)	\$ (71,968)
Fund Balances at beginning of year	<u>1,034,055</u>	<u>1,337,813</u>	<u>20,194</u>	<u>2,392,062</u>
Fund Balances at end of year	\$ <u><u>1,056,066</u></u>	\$ <u><u>1,246,756</u></u>	\$ <u><u>17,272</u></u>	\$ <u><u>2,320,094</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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (71,968)
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 capital outlay exceeded depreciation in the current period.	973,749
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	34,574
The repayment of principal on lease receivable is an other financing source in the governmental funds. This transaction, however, has no effect on net position. This is the amount of the repayments.	(25,393)
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.	30,000
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.	3,826
Change in Net Position of Governmental Activities	\$ <u>944,788</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

General Fund

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

Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Taxes -				
Hotel/motel tax	\$ 246,000	\$ 226,000	\$ 191,813	\$ (34,187)
Local sales tax	500,000	525,000	516,061	(8,939)
Alcoholic beverage tax	78,000	78,000	70,791	(7,209)
Local beer tax	133,000	133,000	121,919	(11,081)
Franchise tax	15,000	15,000	13,689	(1,311)
Total taxes	<u>\$ 972,000</u>	<u>\$ 977,000</u>	<u>\$ 914,273</u>	<u>\$ (62,727)</u>
Licenses and Permits -				
Building licenses and permits	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 10,852</u>	<u>\$ (148)</u>
Intergovernmental Revenues -				
State sales tax allocation	\$ 86,000	\$ 89,000	\$ 89,750	\$ 750
State and federal grants		600,882	581,190	(19,692)
State mixed drink tax	8,000	8,000	10,448	2,448
State beer tax	650	650	570	(80)
State income tax	12,000	12,000	48,640	36,640
TVA In lieu of tax	13,000	13,000	13,816	816
State city streets and transportation			60	60
Total intergovernmental	<u>\$ 119,650</u>	<u>\$ 723,532</u>	<u>\$ 744,474</u>	<u>\$ 20,942</u>
Fines and Forfeitures -				
Court fines	<u>\$ 18,500</u>	<u>\$ 18,500</u>	<u>\$ 18,335</u>	<u>\$ (165)</u>
Charges for Service -				
Summer league ball	\$ 6,500	\$ 6,500	\$ 6,624	\$ 124
Parks and recreation concessions	2,000	2,000		(2,000)
Fees and commissions	200	200	132	(68)
Total charges for service	<u>\$ 8,700</u>	<u>\$ 8,700</u>	<u>\$ 6,756</u>	<u>\$ (1,944)</u>
Other Revenue -				
E-911 contributions	\$ 254,909	\$ 206,709	\$ 147,500	\$ (59,209)
Miscellaneous	15,000	15,000	35,715	20,715
Interest	500	500	1,060	560
Capital lease interest	34,607	34,607	34,607	
Rent of facilities	77,100	80,800	81,310	510
Recreation donations	2,000	2,000	40	(1,960)
Fire department donations	8,200	8,200	5,036	(3,164)
Mountain goat trail donations			85,844	85,844
Total other revenue	<u>\$ 392,316</u>	<u>\$ 347,816</u>	<u>\$ 391,112</u>	<u>\$ 43,296</u>
TOTAL REVENUES	<u>\$ 1,522,166</u>	<u>\$ 2,086,548</u>	<u>\$ 2,085,802</u>	<u>\$ (746)</u>

(continued)

TOWN OF MONTEAGLE, TENNESSEE

General Fund

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

Year Ended June 30, 2015

	<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	\$ 9,600	\$ 9,800	\$ 9,800	
Travel and training	7,000	7,000	2,733	\$ 4,267
Payroll tax	734	757	750	7
Professional and contract services	18,000	18,000	9,597	8,403
Supplies	13,000	13,000	15,386	(2,386)
Total board of mayor and aldermen	<u>\$ 48,334</u>	<u>\$ 48,557</u>	<u>\$ 38,266</u>	<u>\$ 10,291</u>
Office of mayor -				
Salaries	\$ 6,000	\$ 6,000	\$ 6,000	
Travel and training	8,000	8,000	9,047	\$ (1,047)
Payroll tax	459	459	459	
Tourism	25,000	17,500	13,752	3,748
Miscellaneous	8,000	9,700	4,930	4,770
Supplies	2,000	800	1,439	(639)
Total office of mayor	<u>\$ 49,459</u>	<u>\$ 42,459</u>	<u>\$ 35,627</u>	<u>\$ 6,832</u>
City recorder -				
Salaries	\$ 45,616	\$ 45,616	\$ 46,893	\$ (1,277)
Travel and training	5,600	5,600	1,529	4,071
Payroll tax	3,489	3,489	3,587	(98)
Insurance	13,880	13,880	13,731	149
Repairs and maintenance	3,000	3,750	4,134	(384)
Advertising	1,500	1,500	4,701	(3,201)
Professional and contract services	42,000	42,500	37,199	5,301
Miscellaneous	3,368	4,118	4,114	4
Supplies	15,750	13,750	12,451	1,299
Dues and subscriptions	2,000	2,000	1,935	65
Total city recorder	<u>\$ 136,203</u>	<u>\$ 136,203</u>	<u>\$ 130,274</u>	<u>\$ 5,929</u>
Planning and zoning -				
Salaries	\$ 10,800	\$ 13,200	\$ 13,200	
Travel and training	500	500	393	\$ 107
Payroll tax	881	1,067	1,009	58
Supplies	500	500		500
Planning services	5,250	5,250	7,500	(2,250)
Total planning and zoning	<u>\$ 17,931</u>	<u>\$ 20,517</u>	<u>\$ 22,102</u>	<u>\$ (1,585)</u>
Other general government -				
Utilities and telephone	\$ 48,000	\$ 48,000	\$ 33,329	\$ 14,671
Contractual services	5,300	5,300	5,521	(221)
Vehicle expense	1,500	1,500	1,271	229
Insurance	48,000	48,600	48,515	85
Beautification	5,000	5,000	3,373	1,627
Total other general government	<u>\$ 107,800</u>	<u>\$ 108,400</u>	<u>\$ 92,009</u>	<u>\$ 16,391</u>
Total general government	<u>\$ 359,727</u>	<u>\$ 356,136</u>	<u>\$ 318,278</u>	<u>\$ 37,858</u>

(continued)

TOWN OF MONTEAGLE, TENNESSEE

General Fund

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

Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Public Safety -				
Police Department -				
Salaries	\$ 251,607	\$ 251,607	\$ 224,650	\$ 26,957
Travel and training	4,500	4,500	1,169	3,331
Insurance	41,138	41,138	22,029	19,109
Payroll tax	19,248	19,248	17,142	2,106
Repairs and maintenance	20,000	25,000	24,659	341
Vehicle expense	20,000	20,000	21,227	(1,227)
Contract services	2,500	2,500	3,605	(1,105)
Miscellaneous	1,500	1,500	687	813
Uniforms	1,800	1,800	2,447	(647)
Supplies	13,000	13,000	12,126	874
Utilities and telephone	12,672	12,672	10,525	2,147
Total police department	<u>\$ 387,965</u>	<u>\$ 392,965</u>	<u>\$ 340,266</u>	<u>\$ 52,699</u>
Communications -				
Salaries	\$ 238,888	\$ 238,888	\$ 218,245	\$ 20,643
Travel and training	1,250	1,250	335	915
Payroll tax	18,275	18,275	16,361	1,914
Insurance	31,251	45,551	45,700	(149)
Repairs and maintenance	8,000	8,000	699	7,301
Miscellaneous	1,800	1,800	1,847	(47)
Supplies	4,200	4,200	1,018	3,182
Utilities and telephone	10,450	10,450	10,609	(159)
Total communications	<u>\$ 314,114</u>	<u>\$ 328,414</u>	<u>\$ 294,814</u>	<u>\$ 33,600</u>
Fire Department -				
Salaries	\$ 8,400	\$ 10,400	\$ 9,262	\$ 1,138
Insurance	50	50		50
Payroll tax	643	798	673	125
Repairs and maintenance	15,000	15,000	12,916	2,084
Vehicle expense	4,000	4,000	1,182	2,818
Miscellaneous	5,500	5,500	3,375	2,125
Supplies	7,500	7,500	9,668	(2,168)
Clothing and uniforms		8,765	8,765	
Utilities and telephone	5,800	5,800	6,309	(509)
Contract services	8,600	10,600	8,989	1,611
Total fire department	<u>\$ 55,493</u>	<u>\$ 68,413</u>	<u>\$ 61,139</u>	<u>\$ 7,274</u>
Total public safety	<u>\$ 757,572</u>	<u>\$ 789,792</u>	<u>\$ 696,219</u>	<u>\$ 93,573</u>
Convenience centers -				
Salaries	\$ 22,506	\$ 22,506	\$ 21,698	\$ 808
Payroll tax	1,530	1,530	1,655	(125)
Repairs and maintenance	250	250		250
Total convenience centers	<u>\$ 24,286</u>	<u>\$ 24,286</u>	<u>\$ 23,353</u>	<u>\$ 933</u>

(continued)

TOWN OF MONTEAGLE, TENNESSEE

General Fund

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

Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Works -				
Salaries	\$ 67,367	\$ 72,967	\$ 81,939	\$ (8,972)
Insurance	21,302	21,302	21,088	214
Payroll tax	5,154	5,589	6,057	(468)
Repairs and maintenance	2,500	5,000	5,194	(194)
Small equipment	250	250		250
Vehicle expense	4,000	4,000	5,573	(1,573)
Miscellaneous	1,377	1,377	1,377	
Total public works	<u>\$ 101,950</u>	<u>\$ 110,485</u>	<u>\$ 121,228</u>	<u>\$ (10,743)</u>
Public Welfare and Recreation -				
Parks and recreation -				
Salaries	\$ 17,160	\$ 17,160	\$ 7,577	\$ 9,583
Insurance	4,753	4,753	1,526	3,227
Payroll tax	1,313	1,313	573	740
Contract services	1,000	1,000	2,176	(1,176)
Supplies	1,500	1,500	724	776
Repairs and maintenance	4,000	4,000	1,970	2,030
Program services	19,400	19,400	12,685	6,715
Grants	1,410	1,410		1,410
Miscellaneous	515	515	180	335
Total parks and recreation	<u>\$ 51,051</u>	<u>\$ 51,051</u>	<u>\$ 27,411</u>	<u>\$ 23,640</u>
Libraries -				
Salaries	\$ 12,768	\$ 12,768	\$ 12,781	\$ (13)
Insurance	54	54		54
Payroll tax	977	977	978	(1)
Total libraries	<u>\$ 13,799</u>	<u>\$ 13,799</u>	<u>\$ 13,759</u>	<u>\$ 40</u>
Total public welfare and recreation	<u>\$ 64,850</u>	<u>\$ 64,850</u>	<u>\$ 41,170</u>	<u>\$ 23,680</u>
Capital outlay -				
General government				
Public safety		\$ 10,750	\$ 10,613	\$ 137
Public works			104	(104)
Parks and recreation		584,727	719,340	(134,613)
Total capital outlay		<u>\$ 595,477</u>	<u>\$ 730,057</u>	<u>\$ (134,580)</u>
Debt service -				
Principal paid	\$ 30,000	\$ 30,000	\$ 30,000	
Interest	23,988	23,988	23,913	\$ 75
Total debt service	<u>\$ 53,988</u>	<u>\$ 53,988</u>	<u>\$ 53,913</u>	<u>\$ 75</u>
TOTAL EXPENDITURES	<u>\$ 1,362,373</u>	<u>\$ 1,995,014</u>	<u>\$ 1,984,218</u>	<u>\$ 10,796</u>

(continued)

TOWN OF MONTEAGLE, TENNESSEE

General Fund

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

Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>159,793</u>	\$ <u>91,534</u>	\$ <u>101,584</u>	\$ <u>10,050</u>
Other Financing Sources and Uses -				
Capital lease	\$ 25,394	\$ 25,394	\$ 25,393	\$ (1)
Operating transfer in		27,378	27,377	(1)
Transfer out	<u>(124,618)</u>	<u>(132,343)</u>	<u>(132,343)</u>	
Total Other Financing Sources and Uses	\$ <u>(99,224)</u>	\$ <u>(79,571)</u>	\$ <u>(79,573)</u>	\$ <u>(2)</u>
Net change in fund balance	\$ <u>60,569</u>	\$ <u>11,963</u>	\$ 22,011	\$ <u>10,048</u>
Fund Balance at beginning of year			<u>1,034,055</u>	
Fund Balance at end of year			\$ <u>1,056,066</u>	

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Balance Sheet
Proprietary Fund

June 30, 2015

	Enterprise Water and Sewer Fund
<u>ASSETS</u>	
Current Assets -	
Cash	\$ 1,861,013
Investments	1,189,983
Accounts receivable - net	140,152
Due from other funds	96,707
Total Current Assets	\$ 3,287,855
Long-term Assets -	
Capital Assets -	
Construction in progress	\$ 9,600
Other capital assets, net of depreciation	9,692,271
Total Long-term Assets	\$ 9,701,871
Total Assets	\$ 12,989,726
<u>LIABILITIES AND NET POSITION</u>	
Current Liabilities -	
Accounts payable	\$ 35,601
Due to other funds	11,248
Accrued liabilities	24,611
Compensated absences - current	11,252
Bonds payable - current	30,000
Capital outlay notes payable - current	166,682
Total Current Liabilities	\$ 279,394
Long-term Liabilities -	
Customers deposits	\$ 23,098
Bonds payable	150,000
Capital outlay notes payable	2,967,034
Compensated absences	1,985
Total Long-term Liabilities	\$ 3,142,117
Total Liabilities	\$ 3,421,511
Net Position -	
Net investment in capital assets	\$ 6,388,155
Unrestricted	3,180,060
Total Net Position	\$ 9,568,215
Total Liabilities and Net Position	\$ 12,989,726

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

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

Year Ended June 30, 2015

	<u>Enterprise</u> <u>Water</u> <u>and Sewer</u> <u>Fund</u>
Operating Revenues -	
Water sales and sewer charges	\$ 1,559,527
Connection fees	16,399
Total operating revenue	<u>\$ 1,575,926</u>
Operating Expenses -	
Water transmission and treatment	\$ 182,328
Sewer treatment	276,155
Water maintenance	64,895
Sewer maintenance	101,941
Administration	430,717
Depreciation	383,190
Total operating expenses	<u>\$ 1,439,226</u>
Operating Income (Loss)	<u>\$ 136,700</u>
Non-operating Revenues (Expenses) -	
Interest revenue	\$ 2,917
Miscellaneous revenue	1,345
Interest expense	(62,410)
Total non-operating revenues (expenses)	<u>\$ (58,148)</u>
Change in Net Position	\$ 78,552
Net Position at beginning of year	<u>9,489,663</u>
Net Position at end of year	<u><u>\$ 9,568,215</u></u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2015

	<u>Enterprise</u> <u>Water and</u> <u>and Sewer</u> <u>Fund</u>
Cash Flows from Operating Activities -	
Receipts from customers	\$ 1,635,352
Payments to suppliers	(846,744)
Payments to employees	(295,139)
Other receipts	1,345
Net Cash Provided (Used) by Operating Activities	<u>\$ 494,814</u>
Cash Flows from Capital and Related Financing Activities -	
Principal paid on bonds and notes	\$ (193,728)
Interest paid on bonds and notes	(62,410)
Acquisition and construction of capital assets	(27,530)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (283,668)</u>
Cash Flows From Investing Activities -	
Interest revenue	\$ 2,645
Net Cash Provided (Used) by Investing Activities	<u>\$ 2,645</u>
Net Increase (Decrease) in cash	\$ 213,791
Cash at beginning of year	<u>1,647,222</u>
Cash at end of year	<u><u>\$ 1,861,013</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 138,045
Adjustments to reconcile operating income (loss) to net	
cash provided (used) by operating activities	
Depreciation	383,190
Provision for doubtful accounts	6,534
Changes in assets and liabilities -	
(Increase) decrease in accounts receivable	10,259
(Increase) decrease in due from other funds	(96,707)
(Increase) decrease in due from other governments	38,726
Increase (decrease) in accounts payable	8,947
Increase (decrease) in due to other funds	1,427
Increase (decrease) in accrued liabilities	2,936
Increase (decrease) in customer deposits	1,454
Increase (decrease) in compensated absences	3
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 494,814</u></u>
Non-Cash Capital and Related Financing Activities -	
Interest on investments	\$ 272
	<u>\$ 272</u>

See notes to financial statements.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements

June 30, 2015

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), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). 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.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Sales taxes, franchise taxes, beer and liquor taxes, hotel and motel taxes, state and federal grants, E-911 contributions 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, liabilities, deferred inflows, 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. 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, 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, 2015, the Town had no cash equivalents.

Investments - All investments are stated at fair value for all funds. Investments at June 30, 2015 are comprised solely of certificates of deposit.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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	3-10 years
Infrastructure	20 years
Land rights	39 years
Plant in service	5-40 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.

Long-term Debt - In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt or 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.

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 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, 2015

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 in the General Fund 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. Proprietary fund equity is classified the same as in the government-wide statements.

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.

Restricted Net Position - For the government-wide financial statements, 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.

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.

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

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 \$(517,822) difference are as follows:

Bonds payable	\$ (490,000)
Compensated absences	(18,124)
Accrued interest	<u>(9,698)</u>
	<u>\$ (517,822)</u>

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 \$973,749 difference are as follows:

Capital outlay	\$ 1,114,873
Depreciation expense	<u>(141,124)</u>
	<u>\$ 973,749</u>

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

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

Another element of that reconciliation states that, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$34,574 difference are as follows:

Prior year unavailable revenue	\$ (33,066)
Current year unavailable revenue	67,640
	<u>\$ 34,574</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 \$3,826 difference are as follows:

Change in compensated absences	\$ 3,232
Change in accrued interest on long-term debt	594
	<u>\$ 3,826</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.

Excess of Expenditures over Appropriations - For the year ended June 30, 2015, expenditures exceeded appropriations in the State Street Aid Fund as follows:

	Final Budget	Actual	Variance
State Street Aid Fund	\$ 42,300	\$ 44,389	\$ (2,089)

Note D - DEPOSITS AND INVESTMENTS

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.

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 collateral securities held by the institution in the Town's name or Federal Depository Insurance. As of June 30, 2015, the carrying amount of the Town's deposits was \$5,329,997 and the bank balance was \$5,341,635. At year end, the Town's bank balances were fully collateralized.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

Note D - DEPOSITS AND INVESTMENTS (continued)

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

Cash	\$ 4,141,333
Investments in certificates of deposit	1,189,983
Less: cash on hand	<u>(1,319)</u>
Total	<u>\$ 5,329,997</u>

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 Monteagle will do business; diversifying the investment portfolio so that potential losses on individual securities will be minimized.

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 fair value which is based on quoted market prices, and consist of certificates-of-deposit totaling \$1,189,983. The Town's investments are listed on the Statement of Net Position as "Investments".

Note E - ACCOUNTS RECEIVABLE-NET

Receivables at June 30, 2015, consist of the following:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>
Customer receivables		\$ 158,011
Less: allowance for doubtful accounts		(17,859)
Emergency communications reimbursements	\$ 67,640	
Local alcoholic beverage tax	7,030	
Local beer tax	9,803	
Local occupancy tax	22,780	
Local franchise tax	<u>2,172</u>	
Total	<u>\$ 109,425</u>	<u>\$ 140,152</u>

Note F - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2015, consist of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Local sales tax	\$ 91,120		\$ 91,120
State sales tax	48,640		48,640
Mixed drink tax	2,608		2,608
State income tax	7,929		7,929
Grant reimbursements	61,332		61,332
State gas and motor fuel tax		\$ 2,833	2,833
Total	<u>\$ 211,629</u>	<u>\$ 2,833</u>	<u>\$ 214,462</u>

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

Note G - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Transfers	Balance June 30, 2015
<u>Governmental activities -</u>				
Capital Assets not being depreciated -				
Land	\$ 148,774			\$ 148,774
Easements	182,657			182,657
Construction in progress	151,074	\$ 35,141	\$ (151,074)	35,141
Subtotal	<u>\$ 482,505</u>	<u>\$ 35,141</u>	<u>\$ (151,074)</u>	<u>\$ 366,572</u>
Capital assets being depreciated -				
Buildings	\$ 1,044,374	\$ 25,643		\$ 1,070,017
Furniture, fixtures, equipment, and vehicles	1,169,420	56,002		1,225,422
Infrastructure	302,374	998,087	\$ 151,074	1,451,535
Subtotal	<u>\$ 2,516,168</u>	<u>\$ 1,079,732</u>	<u>\$ 151,074</u>	<u>\$ 3,746,974</u>
Less accumulated depreciation for:				
Buildings	\$ 460,540	\$ 24,689		\$ 485,229
Furniture, fixtures, equipment, and vehicles	881,851	96,529		978,380
Infrastructure	46,038	19,906		65,944
Subtotal	<u>\$ 1,388,429</u>	<u>\$ 141,124</u>		<u>\$ 1,529,553</u>
Capital assets, being depreciated, net	<u>\$ 1,127,739</u>	<u>\$ 938,608</u>	<u>\$ 151,074</u>	<u>\$ 2,217,421</u>
Capital assets, net	<u>\$ 1,610,244</u>	<u>\$ 973,749</u>	<u>\$ -0-</u>	<u>\$ 2,583,993</u>

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

General government	\$ 26,732
Public safety	71,918
Public works	38,132
Public welfare and recreation	4,342
Total governmental activities depreciation expense	<u>\$ 141,124</u>

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
<u>Business-type activities -</u>				
Capital Assets not being depreciated -				
Construction in progress		\$ 9,600		\$ 9,600
Subtotal		<u>\$ 9,600</u>		<u>\$ 9,600</u>
Capital assets being depreciated -				
Land rights	\$ 122,082			\$ 122,082
Plant in service	13,972,518	\$ 12,010		13,984,528
Equipment	221,640	5,920		227,560
Subtotal	<u>\$ 14,316,240</u>	<u>\$ 17,930</u>		<u>\$ 14,334,170</u>
Less accumulated depreciation for:				
Land rights	\$ 44,555	\$ 3,130		\$ 47,685
Plant in service	4,013,475	372,240		4,385,715
Equipment	200,679	7,820		208,499
Subtotal	<u>\$ 4,258,709</u>	<u>\$ 383,190</u>		<u>\$ 4,641,899</u>
Capital assets, being depreciated, net	<u>\$ 10,057,531</u>	<u>\$ (365,260)</u>		<u>\$ 9,692,271</u>
Capital assets, net	<u>\$ 10,057,531</u>	<u>\$ (355,660)</u>		<u>\$ 9,701,871</u>

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

Note H - LONG-TERM LIABILITIES

Governmental Activities

Long-term liabilities, payable by the governmental funds, which consist of a bond payable, a note payable, and compensated absences are summarized as follows:

	<u>Principal Balance at June 30, 2015</u>
Town of Monteagle General Obligation Refunding Bond, Series 2011B, original amount \$580,000, payable in varying amounts at 4.75% interest, maturing 2027	\$ 490,000
Compensated absences	18,124
	<u>\$ 508,124</u>
Less: current portion of governmental long-term liabilities	(45,405)
Total governmental long-term liabilities	<u>\$ 462,719</u>

A summary of changes in governmental long-term debt for the year ended June 30, 2015, are as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
<i>Governmental Activities -</i>					
General obligation refunding bond	\$ 520,000		\$ (30,000)	\$ 490,000	\$ 30,000
Compensated absences	21,356	\$ 6,537	(9,769)	18,124	15,405
Total	<u>\$ 541,356</u>	<u>\$ 6,537</u>	<u>\$ (39,769)</u>	<u>\$ 508,124</u>	<u>\$ 45,405</u>

Interest paid during the year ended June 30, 2015, on governmental long-term liabilities was \$24,507.

Governmental activities debt service requirements to maturity are as follows:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 30,000	\$ 22,562	\$ 52,562
2017	35,000	21,019	56,019
2018	35,000	19,356	54,356
2019	35,000	17,694	52,694
2020	40,000	15,913	55,913
2021-2025	215,000	49,994	264,994
2026-2027	100,000	4,749	104,749
	<u>\$ 490,000</u>	<u>\$ 151,287</u>	<u>\$ 641,287</u>

The Series 2011B bond 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 leased to the United States Postal Service.

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

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

Note H - LONG-TERM LIABILITIES (continued)

Business-Type Activities

Long-term liabilities, payable by the Water and Sewer Fund, which consists of revenue bonds, notes payable and compensated absences are summarized as follows:

	Principal Balance at <u>June 30, 2015</u>
Water and Sewer Bonds	
Water and Sewer General Obligation Refunding Bonds Series 2011A, original amount \$370,000 payable in varying amounts at 2.25% interest, maturing 2021	\$ 180,000
Less: current portion of water and sewer bond debt	<u>(30,000)</u>
Total water and sewer bonds payable, net of current portion	\$ <u>150,000</u>
Water and Sewer Notes	
State of Tennessee Public Health Loan Note SRF CWA 2009-226 - original amount \$3,720,000, payable in monthly installments of \$18,451 at 1.79% interest, maturing 2032	\$ 3,133,716
Less: current portion of water and sewer note debt	<u>(166,682)</u>
Total water and sewer notes payable, net of current portion	\$ <u>2,967,034</u>
Compensated absences	\$ 13,237
Less: current portion compensated absences	<u>(11,252)</u>
Total compensated absences, net of current portion	\$ <u>1,985</u>
Total water and sewer long-term debt, net of current portion	\$ <u><u>3,119,019</u></u>

Interest incurred and charged to expense during the year ended June 30, 2015, on water and sewer long-term debt was \$62,410.

A summary of changes in business-type long-term liabilities for the year ended June 30, 2015, are as follows:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2015</u>	Due Within <u>One Year</u>
<i>Business-Type Activities -</i>					
General obligation refunding	\$ 210,000		\$ (30,000)	\$ 180,000	\$ 30,000
Note SRF CWA 2009-226	3,297,444		(163,728)	3,133,716	166,682
Compensated absences	13,234	\$ 13,489	(13,486)	13,237	11,252
Total	\$ <u>3,520,678</u>	\$ <u>13,489</u>	\$ <u>(207,214)</u>	\$ <u>3,326,953</u>	\$ <u>207,934</u>

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 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.

General Obligation Refunding Bonds - These bonds were issued in the fiscal year ended June 30, 2012 to refund Water and Sewer Revenue and Tax Bonds that were previously issued for the purpose of paying part of the cost of constructing water and sewer improvements.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

Note H - LONG-TERM LIABILITIES (continued)

Water and sewer debt service requirements to maturity are as follows:

Year ended June 30	Principal	Interest	Total Requirements
2016	\$ 196,682	\$ 58,781	\$ 255,463
2017	199,691	55,097	254,788
2018	202,753	51,360	254,113
2019	205,871	47,567	253,438
2020	209,045	43,718	252,763
2021-2025	974,879	162,862	1,137,741
2026-2030	1,033,279	73,789	1,107,068
2031-2032	291,516	3,709	295,225
	<u>\$ 3,313,716</u>	<u>\$ 496,883</u>	<u>\$ 3,810,599</u>

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, 2015, arising from these transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund -		
Capital Asset Replacement fund		\$ 421,756
Water and Sewer fund		96,707
		<u>\$ 518,463</u>
Capital Asset Replacement Fund -		
General fund	\$ 421,756	
Water and Sewer fund	11,248	
	<u>\$ 433,004</u>	
Water and Sewer Fund -		
General fund	\$ 96,707	
Capital Asset Replacement fund		\$ 11,248
	<u>\$ 96,707</u>	<u>\$ 11,248</u>
	<u>\$ 529,711</u>	<u>\$ 529,711</u>

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.

As part of the creation of the capital asset replacement fund, each year the Town makes a transfer from the general fund to the capital asset replacement fund in an amount approximately equal to the depreciation expense of the governmental activities capital assets. The amount transferred for the year ended June 30, 2015 was \$124,618.

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

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, 2015, were \$10,882, which consisted of \$5,072 from the Town and \$5,810 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 Tennessee Municipal League (TML) Risk Management Pool. The membership allows the Town to share liability, motor vehicle, and employee injury risks.

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

The Town has the following policies through the TML Risk Management Pool:

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 \$12,116,117. 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 \$300,000 per individual per accident or disease with a \$700,000 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 the Town are as follows:

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

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

To allow attorneys appointed by TML 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 TML.

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

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

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

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

TOWN OF MONTEAGLE, TENNESSEE

Notes to Financial Statements (continued)

June 30, 2015

Note K - RISK MANAGEMENT (continued)

To report as promptly as possible, and in accordance with any conditions issued, all incidents which could result in TML 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 TML 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 responsibilities of TML are as follows:

TML 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.

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

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

The Town 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, 2015. No provision has been made in the financial statements for the year ended June 30, 2015, 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

Purchases - The Town has entered into an agreement to replace the water system's meters with remote water meters. The amount committed at June 30, 2015 was \$252,907, of which none had been expended.

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 - LEASES

The Town is the lessor in a 25 year lease agreement with the United States Postal Service (lessee) for use of a Town constructed building. The agreement contained a \$10 bargain purchase of the property at the end of the 25 year agreement. The lease requires equal monthly payments of \$5,000. The lease agreement meets the requirements of a capital lease.

Future minimum lease payments to be received are as follows:

Year ended June 30	Principal	Interest	Minimum Future Lease Payments
2016	\$ 27,388	\$ 32,612	\$ 60,000
2017	29,539	30,461	60,000
2018	31,859	28,141	60,000
2019	34,362	25,638	60,000
2020	37,060	22,940	60,000
2021-2025	233,817	66,183	300,000
2026	48,305	1,695	50,000
	<u>\$ 442,330</u>	<u>\$ 207,670</u>	<u>\$ 650,000</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, 2015

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Fund</u>	<u>State Street Aid Fund</u>	
<u>ASSETS</u>			
Cash	\$ 10,056	\$ 7,659	\$ 17,715
Due from other governments		2,833	2,833
Total Assets	\$ <u>10,056</u>	\$ <u>10,492</u>	\$ <u>20,548</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable		\$ <u>3,276</u>	\$ <u>3,276</u>
Total Liabilities		\$ <u>3,276</u>	\$ <u>3,276</u>
Fund Balance -			
Restricted for:			
Police activities	\$ 9,726		\$ 9,726
Street improvements		\$ 6,862	6,862
Assigned	330	354	684
Total Fund Balances	\$ <u>10,056</u>	\$ <u>7,216</u>	\$ <u>17,272</u>
Total Liabilities and Fund Balances	\$ <u>10,056</u>	\$ <u>10,492</u>	\$ <u>20,548</u>

TOWN OF MONTEAGLE, TENNESSEE

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

Year Ended June 30, 2015

	<u>Special Revenue</u>		<u>Total Nonmajor</u>
	<u>Drug</u>	<u>State</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Street</u>	<u>Funds</u>
		<u>Aid Fund</u>	
Revenues -			
Intergovernmental		\$ 33,726	\$ 33,726
Other	\$ 10	6	16
Total Revenues	<u>\$ 10</u>	<u>\$ 33,732</u>	<u>\$ 33,742</u>
Expenditures -			
Current expenditures -			
State street aid		\$ 44,389	\$ 44,389
Total Expenditures		<u>\$ 44,389</u>	<u>\$ 44,389</u>
Excess (deficiency) of Revenues over (under) Expenditures	\$ 10	\$ (10,657)	\$ (10,647)
Other Financing Sources and Uses -			
Transfer in		\$ 7,725	\$ 7,725
Total Other Financing Sources and Uses		<u>\$ 7,725</u>	<u>\$ 7,725</u>
Net change in fund balance	\$ 10	\$ (2,932)	\$ (2,922)
Fund Balances at beginning of year	<u>10,046</u>	<u>10,148</u>	<u>20,194</u>
Fund Balances at end of year	<u>\$ 10,056</u>	<u>\$ 7,216</u>	<u>\$ 17,272</u>

TOWN OF MONTEAGLE, TENNESSEE

Drug Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual

Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Other -				
Interest	\$ 40	\$ 40	\$ 10	\$ (30)
Total Revenues	\$ 40	\$ 40	\$ 10	\$ (30)
Expenditures -				
Capital outlay	\$ 10,199	\$ 10,199		\$ 10,199
Total Expenditures	\$ 10,199	\$ 10,199		\$ 10,199
Excess (deficiency) of Revenues				
Over (Under) Expenditures	\$ (10,159)	\$ (10,159)	\$ 10	\$ 10,169
Fund Balance at beginning of year			10,046	
Fund Balance at end of year			\$ 10,056	

TOWN OF MONTEAGLE, TENNESSEE

State Street Aid Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual

Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Intergovernmental -				
State gas and motor fuel tax	\$ 34,000	\$ 34,000	\$ 33,726	\$ (274)
Other -				
Interest	59	59	6	(53)
Total Revenues	<u>\$ 34,059</u>	<u>\$ 34,059</u>	<u>\$ 33,732</u>	<u>\$ (327)</u>
Expenditures -				
Current expenditures -				
State street aid				
Electricity - street lights	<u>\$ 42,300</u>	<u>\$ 42,300</u>	<u>\$ 44,389</u>	<u>\$ (2,089)</u>
Total Expenditures	<u>\$ 42,300</u>	<u>\$ 42,300</u>	<u>\$ 44,389</u>	<u>\$ (2,089)</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ (8,241)</u>	<u>\$ (8,241)</u>	<u>\$ (10,657)</u>	<u>\$ (2,416)</u>
Other Financing Sources and Uses -				
Transfer in		<u>\$ 7,725</u>	<u>\$ 7,725</u>	
Total Other Financing Sources and Uses		<u>\$ 7,725</u>	<u>\$ 7,725</u>	
Net change in fund balance	<u>\$ (8,241)</u>	<u>\$ (516)</u>	\$ (2,932)	<u>\$ (2,416)</u>
Fund Balance at beginning of year			<u>10,148</u>	
Fund Balance at end of year			<u>\$ 7,216</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 (GAAP Basis) and Actual

Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Intergovernmental Revenues -				
State and federal grants		\$ 389,200	\$ 204,710	\$ (184,490)
Other -				
Interest	\$ 4,500	4,500	2,525	(1,975)
Total Revenues	\$ 4,500	\$ 393,700	\$ 207,235	\$ (186,465)
Expenditures -				
Capital outlay	\$ 298,555	\$ 722,257	\$ 395,533	\$ 326,724
Total Expenditures	\$ 298,555	\$ 722,257	\$ 395,533	\$ 326,724
Excess (deficiency) of Revenues				
Over (Under) Expenditures	\$ (294,055)	\$ (328,557)	\$ (188,298)	\$ 140,259
Other Financing Sources and Uses -				
Transfer in	\$ 124,618	\$ 124,618	\$ 124,618	
Transfer out		(27,378)	(27,377)	\$ 1
Total Other Financing Sources and Uses	\$ 124,618	\$ 97,240	\$ 97,241	\$ 1
Net change in fund balance	\$ (169,437)	\$ (231,317)	\$ (91,057)	\$ 140,260
Fund Balance at beginning of year			1,337,813	
Fund Balance at end of year			\$ 1,246,756	

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, 2015

Fiscal Year Ended June 30,	Issue	Interest Rate	Principal	Interest	Total Principal and Interest		
<u>General Long-Term Debt -</u>							
2016	Refunding Bond, Series 2011B	4.750 %	\$ 30,000	\$ 22,562	\$ 52,562		
2017			35,000	21,019	56,019		
2018			35,000	19,356	54,356		
2019			35,000	17,694	52,694		
2020			40,000	15,913	55,913		
2021			40,000	14,012	54,012		
2022			40,000	12,113	52,113		
2023			45,000	10,094	55,094		
2024			45,000	7,956	52,956		
2025			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>490,000</u>	\$ <u>151,287</u>	\$ <u>641,287</u>		
<u>Water and Sewer Long-Term Debt -</u>							
2016	State Revolving Loan CWA09-226	1.790 %	\$ 166,682	\$ 54,731	\$ 221,413		
2017			169,691	51,722	221,413		
2018			172,753	48,660	221,413		
2019			175,871	45,542	221,413		
2020			179,045	42,368	221,413		
2021			182,276	39,137	221,413		
2022			185,567	35,846	221,413		
2023			188,915	32,498	221,413		
2024			192,325	29,088	221,413		
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			214,114	7,300	221,414		
2031			217,977	3,436	221,413		
2032			73,539	273	73,812		
			\$ <u>3,133,716</u>	\$ <u>482,708</u>	\$ <u>3,616,424</u>		
2016			Refunding Bond, Series 2011A	2.250 %	\$ 30,000	\$ 4,050	\$ 34,050
2017	30,000	3,375			33,375		
2018	30,000	2,700			32,700		
2019	30,000	2,025			32,025		
2020	30,000	1,350			31,350		
2021	30,000	675			30,675		
			\$ <u>180,000</u>	\$ <u>14,175</u>	\$ <u>194,175</u>		
Total Water and Sewer Long-Term Debt			\$ <u>3,313,716</u>	\$ <u>496,883</u>	\$ <u>3,810,599</u>		
Total Indebtedness			\$ <u>3,803,716</u>	\$ <u>648,170</u>	\$ <u>4,451,886</u>		

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

This part of the Town of Monteagle's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	49
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax.</i>	56
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	59
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	64
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	66
Utility Services Information <i>These schedules contain information regarding the utility services provided by the Town including its rate structure.</i>	69

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF MONTEAGLE, TENNESSEE

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 745,678	\$ 751,382	\$ 774,531	\$ 759,653	\$ 838,301	\$ 1,005,564	\$ 1,302,277	\$ 769,708	\$ 1,090,244	\$ 2,093,993
Restricted	97,969	73,571	73,867	64,066	56,345	56,474	35,352	26,407	20,194	17,272
Unrestricted	<u>395,170</u>	<u>624,580</u>	<u>910,076</u>	<u>995,267</u>	<u>1,147,630</u>	<u>1,151,129</u>	<u>2,348,284</u>	<u>2,928,774</u>	<u>2,841,009</u>	<u>2,784,970</u>
Total governmental activities net position	<u>\$ 1,238,817</u>	<u>\$ 1,449,533</u>	<u>\$ 1,758,474</u>	<u>\$ 1,818,986</u>	<u>\$ 2,042,276</u>	<u>\$ 2,213,167</u>	<u>\$ 3,685,913</u>	<u>\$ 3,724,889</u>	<u>\$ 3,951,447</u>	<u>\$ 4,896,235</u>
Business-type activities										
Net investment in capital assets	\$ 2,028,506	\$ 2,102,768	\$ 2,366,772	\$ 2,885,367	\$ 4,177,767	\$ 6,756,911	\$ 6,807,033	\$ 6,730,700	\$ 6,550,087	\$ 6,388,155
Restricted										
Unrestricted	<u>860,921</u>	<u>957,798</u>	<u>1,076,757</u>	<u>2,246,753</u>	<u>2,582,043</u>	<u>2,768,510</u>	<u>2,310,234</u>	<u>2,677,880</u>	<u>2,939,576</u>	<u>3,180,060</u>
Total business-type activities net position	<u>\$ 2,889,427</u>	<u>\$ 3,060,566</u>	<u>\$ 3,443,529</u>	<u>\$ 5,132,120</u>	<u>\$ 6,759,810</u>	<u>\$ 9,525,421</u>	<u>\$ 9,117,267</u>	<u>\$ 9,408,580</u>	<u>\$ 9,489,663</u>	<u>\$ 9,568,215</u>
Primary Government										
Net investment in capital assets	\$ 2,774,184	\$ 2,854,150	\$ 3,141,303	\$ 3,645,020	\$ 5,016,068	\$ 7,762,475	\$ 8,109,310	\$ 7,500,408	\$ 7,640,331	\$ 8,482,148
Restricted	97,969	73,571	73,867	64,066	56,345	56,474	35,352	26,407	20,194	17,272
Unrestricted	<u>1,256,091</u>	<u>1,582,378</u>	<u>1,986,833</u>	<u>3,242,020</u>	<u>3,729,673</u>	<u>3,919,639</u>	<u>4,658,518</u>	<u>5,606,654</u>	<u>5,780,585</u>	<u>5,965,030</u>
Total primary government net position	<u>\$ 4,128,244</u>	<u>\$ 4,510,099</u>	<u>\$ 5,202,003</u>	<u>\$ 6,951,106</u>	<u>\$ 8,802,086</u>	<u>\$ 11,738,588</u>	<u>\$ 12,803,180</u>	<u>\$ 13,133,469</u>	<u>\$ 13,441,110</u>	<u>\$ 14,464,450</u>

Note:

(1) Large increase in Business-type activities net investment in capital assets beginning in 2010 due to the construction of a new sewer plant and replacement of sewer lines.

TOWN OF MONTEAGLE, TENNESSEE

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Governmental activities:										
General government	\$ 407,013	\$ 267,327	\$ 263,762	\$ 351,779	\$ 351,152	\$ 402,505	\$ 343,173	\$ 341,370	\$ 373,110	\$ 341,778
Public safety	430,330	496,420	542,125	566,171	597,794	649,504	707,672	734,702	767,814	778,750
Public works	61,553	66,805	29,841	169,948	117,539	105,604	143,011	121,630	166,390	182,817
State street aid	32,512	33,371	35,067	43,319	37,037	35,174	39,570	42,028	39,890	44,389
Public welfare and recreation	115,455	9,358	10,212	7,331	11,895	989	57,013	77,487	52,720	45,512
Interest on long-term debt	52,773	65,486	55,073	51,725	49,015	45,875	44,322	19,679	25,345	23,319
Total governmental activities expenses	<u>\$ 1,099,636</u>	<u>\$ 938,767</u>	<u>\$ 936,080</u>	<u>\$ 1,190,273</u>	<u>\$ 1,164,432</u>	<u>\$ 1,239,651</u>	<u>\$ 1,334,761</u>	<u>\$ 1,336,896</u>	<u>\$ 1,425,269</u>	<u>\$ 1,416,565</u>
Business-type activities:										
Water and sewer	\$ 2,511,576	\$ 990,788	\$ 1,230,091	\$ 1,016,300	\$ 1,287,319	\$ 1,334,172	\$ 1,266,019	\$ 1,416,725	\$ 1,491,884	\$ 1,501,636
Natural gas	584,735	599,406	552,540	126,113						
Total business-type activities expenses	<u>\$ 3,096,311</u>	<u>\$ 1,590,194</u>	<u>\$ 1,782,631</u>	<u>\$ 1,142,413</u>	<u>\$ 1,287,319</u>	<u>\$ 1,334,172</u>	<u>\$ 1,266,019</u>	<u>\$ 1,416,725</u>	<u>\$ 1,491,884</u>	<u>\$ 1,501,636</u>
Total primary government expenses	<u>\$ 4,195,947</u>	<u>\$ 2,528,961</u>	<u>\$ 2,718,711</u>	<u>\$ 2,332,686</u>	<u>\$ 2,451,751</u>	<u>\$ 2,573,823</u>	<u>\$ 2,600,780</u>	<u>\$ 2,753,621</u>	<u>\$ 2,917,153</u>	<u>\$ 2,918,201</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 143,530	\$ 130,228	\$ 114,235	\$ 147,925	\$ 84,085	\$ 87,483	\$ 76,681	\$ 80,793	\$ 86,333	\$ 92,162
Public safety	14,953	26,097	37,140	17,978	42,491	23,966	23,964	19,083	20,968	18,467
Public welfare and recreation								8,879	2,469	6,624
Operating grants and contributions	319,311	42,736	66,668	40,979	235,179	296,498	271,422	245,778	240,109	254,002
Capital grants and contributions					29,590	30,672	4,323	16,065	16,903	871,744
Total governmental activities program revenues	<u>\$ 477,794</u>	<u>\$ 199,061</u>	<u>\$ 218,043</u>	<u>\$ 206,882</u>	<u>\$ 391,345</u>	<u>\$ 438,619</u>	<u>\$ 376,390</u>	<u>\$ 370,598</u>	<u>\$ 366,782</u>	<u>\$ 1,242,999</u>
Business-type activities:										
Charges for services:										
Water and sewer	\$ 996,172	\$ 1,092,455	\$ 1,388,813	\$ 1,803,240	\$ 1,984,784	\$ 1,919,197	\$ 1,660,616	\$ 1,679,784	\$ 1,588,425	\$ 1,575,926
Natural gas	727,753	652,974	548,912	126,398						
Operating grants and contributions										
Capital grants and contributions			214,408	285,592	830,048	2,147,504	489,948			
Total business-type activities program revenues	<u>\$ 1,723,925</u>	<u>\$ 1,745,429</u>	<u>\$ 2,152,133</u>	<u>\$ 2,215,230</u>	<u>\$ 2,814,832</u>	<u>\$ 4,066,701</u>	<u>\$ 2,150,564</u>	<u>\$ 1,679,784</u>	<u>\$ 1,588,425</u>	<u>\$ 1,575,926</u>
Total primary government program revenues	<u>\$ 2,201,719</u>	<u>\$ 1,944,490</u>	<u>\$ 2,370,176</u>	<u>\$ 2,422,112</u>	<u>\$ 3,206,177</u>	<u>\$ 4,505,320</u>	<u>\$ 2,526,954</u>	<u>\$ 2,050,382</u>	<u>\$ 1,955,207</u>	<u>\$ 2,818,925</u>
Net (expense)/revenue										
Governmental activities	\$ (621,842)	\$ (739,706)	\$ (718,037)	\$ (983,391)	\$ (773,087)	\$ (801,032)	\$ (958,371)	\$ (966,298)	\$ (1,058,487)	\$ (173,566)
Business-type activities	<u>(1,372,386)</u>	<u>155,235</u>	<u>369,502</u>	<u>1,072,817</u>	<u>1,527,513</u>	<u>2,732,529</u>	<u>884,545</u>	<u>263,059</u>	<u>96,541</u>	<u>74,290</u>
Total primary government net expense	<u>\$ (1,994,228)</u>	<u>\$ (584,471)</u>	<u>\$ (348,535)</u>	<u>\$ 89,426</u>	<u>\$ 754,426</u>	<u>\$ 1,931,497</u>	<u>\$ (73,826)</u>	<u>\$ (703,239)</u>	<u>\$ (961,946)</u>	<u>\$ (99,276)</u>

(continued)

TOWN OF MONTEAGLE, TENNESSEE

Changes in Net Position (continued)

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales taxes	\$ 381,775	\$ 359,247	\$ 400,807	\$ 391,156	\$ 389,303	\$ 404,829	\$ 468,486	\$ 493,495	\$ 495,272	\$ 516,061
Hotel/motel tax	130,568	135,442	146,464	159,719	166,799	194,643	215,254	198,075	206,394	191,813
Beer and liquor tax	153,136	164,076	151,167	157,496	169,836	171,467	193,224	209,233	197,691	192,710
Cable TV franchise tax	9,567	6,782	10,748	11,802	10,130	10,835	11,763	12,762	13,384	13,689
Other taxes	128,177	145,876	151,876	141,532						
Grants and contributions not restricted to specific programs					118,918	140,597	151,223	116,670	145,349	163,224
Unrestricted investment earnings	3,829	5,433	7,680	8,311	50,578	44,727	49,828	44,462	40,554	38,209
Miscellaneous	17,161	133,566	158,236	173,887	71,952	4,825	21,031	7,394	24,156	2,648
Gain on sale of assets									7,825	
Transfers							1,320,308			
Total governmental activities	<u>\$ 824,213</u>	<u>\$ 950,422</u>	<u>\$ 1,026,978</u>	<u>\$ 1,043,903</u>	<u>\$ 977,516</u>	<u>\$ 971,923</u>	<u>\$ 2,431,117</u>	<u>\$ 1,082,091</u>	<u>\$ 1,130,625</u>	<u>\$ 1,118,354</u>
Business-type activities:										
Unrestricted investment earnings	\$ 7,596	\$ 8,545	\$ 9,134	\$ 26,091	\$ 23,440	\$ 25,864	\$ 19,654	\$ 4,661	\$ 2,815	\$ 2,917
Miscellaneous	7,057	7,359	4,327	589,683	7,722	7,218	7,955	23,593	5,535	1,345
Insurance recovery					179,331					
Transfers							(1,320,308)			
Total business-type activities	<u>\$ 14,653</u>	<u>\$ 15,904</u>	<u>\$ 13,461</u>	<u>\$ 615,774</u>	<u>\$ 210,493</u>	<u>\$ 33,082</u>	<u>\$ (1,292,699)</u>	<u>\$ 28,254</u>	<u>\$ 8,350</u>	<u>\$ 4,262</u>
Total primary government	<u>\$ 838,866</u>	<u>\$ 966,326</u>	<u>\$ 1,040,439</u>	<u>\$ 1,659,677</u>	<u>\$ 1,188,009</u>	<u>\$ 1,005,005</u>	<u>\$ 1,138,418</u>	<u>\$ 1,110,345</u>	<u>\$ 1,138,975</u>	<u>\$ 1,122,616</u>
Change in Net Position										
Governmental activities	\$ 202,371	\$ 210,716	\$ 308,941	\$ 60,512	\$ 204,429	\$ 170,891	\$ 1,472,746	\$ 115,793	\$ 72,138	\$ 944,788
Business-type activities	(1,357,733)	171,139	382,963	1,688,591	1,738,006	2,765,611	(408,154)	291,313	104,891	78,552
Total primary government	<u>\$ (1,155,362)</u>	<u>\$ 381,855</u>	<u>\$ 691,904</u>	<u>\$ 1,749,103</u>	<u>\$ 1,942,435</u>	<u>\$ 2,936,502</u>	<u>\$ 1,064,592</u>	<u>\$ 407,106</u>	<u>\$ 177,029</u>	<u>\$ 1,023,340</u>

TOWN OF MONTEAGLE, TENNESSEE

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund										
Unreserved	\$ 434,844	\$ 657,895	\$ 936,757	\$ 1,031,190	\$ 1,209,826					
Assigned						\$ 47,224	\$ 31,192			
Unassigned						1,161,624	1,110,404	\$ 1,062,377	\$ 1,034,055	\$ 1,056,066
Total general fund	<u>\$ 434,844</u>	<u>\$ 657,895</u>	<u>\$ 936,757</u>	<u>\$ 1,031,190</u>	<u>\$ 1,209,826</u>	<u>\$ 1,208,848</u>	<u>\$ 1,141,596</u>	<u>\$ 1,062,377</u>	<u>\$ 1,034,055</u>	<u>\$ 1,056,066</u>
All other governmental funds										
Unreserved, reported in:										
Special revenue funds	\$ 97,969	\$ 73,571	\$ 73,867	\$ 64,066	\$ 56,345					
Restricted						\$ 56,176	\$ 34,811	\$ 25,772	\$ 19,526	\$ 16,588
Committed							1,311,258	1,378,451	1,337,813	1,246,756
Assigned						298	541	635	668	684
Total all other governmental funds	<u>\$ 97,969</u>	<u>\$ 73,571</u>	<u>\$ 73,867</u>	<u>\$ 64,066</u>	<u>\$ 56,345</u>	<u>\$ 56,474</u>	<u>\$ 1,346,610</u>	<u>\$ 1,404,858</u>	<u>\$ 1,358,007</u>	<u>\$ 1,264,028</u>

Note: The Town implemented GASB 54 in fiscal year 2011.

TOWN OF MONTEAGLE, TENNESSEE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues -										
Taxes	\$ 675,046	\$ 665,547	\$ 709,186	\$ 720,173	\$ 736,068	\$ 781,774	\$ 888,727	\$ 913,565	\$ 912,741	\$ 914,273
Licenses and permits	29,880	22,328	9,435	27,475	26,735	26,088	12,131	12,308	9,300	10,852
Intergovernmental	392,488	188,612	218,544	182,511	150,310	199,279	196,238	154,660	192,572	982,910
Fines and forfeitures	14,953	26,097	37,140	17,978	42,491	23,966	23,964	19,083	20,808	18,335
Charges for services								8,879	2,629	6,756
Other	189,640	246,900	270,716	302,648	413,257	379,435	366,139	344,194	326,291	393,653
	<u>\$ 1,302,007</u>	<u>\$ 1,149,484</u>	<u>\$ 1,245,021</u>	<u>\$ 1,250,785</u>	<u>\$ 1,368,861</u>	<u>\$ 1,410,542</u>	<u>\$ 1,487,199</u>	<u>\$ 1,452,689</u>	<u>\$ 1,464,341</u>	<u>\$ 2,326,779</u>
Expenditures -										
General government	\$ 356,097	\$ 238,317	\$ 221,482	\$ 295,523	\$ 330,689	\$ 350,065	\$ 318,583	\$ 312,804	\$ 345,980	\$ 318,278
Public safety	385,510	450,776	479,394	496,635	540,918	592,598	654,147	659,672	699,842	696,219
Public works	40,878	49,528	16,112	157,119	106,895	93,471	108,426	97,729	112,635	121,228
Convenience centers	32,512						25,674	20,197	23,773	23,353
State street aid		33,371	35,067	43,319	37,037	35,174	39,570	42,028	39,890	44,389
Public welfare and recreation	2,486	5,000	5,854	2,451	34,126	22,175	47,441	59,629	51,045	41,170
Capital outlay	272,276	40,152	74,170	37,622	32,152	258,508	269,441	75,948	177,901	1,125,590
Debt service										
Principal	73,090	75,625	78,304	81,129	83,998	87,118	89,002	121,209	86,055	30,000
Interest	60,673	58,062	55,480	52,355	49,530	46,429	60,292	29,457	25,938	23,913
Total expenditures	<u>\$ 1,223,522</u>	<u>\$ 950,831</u>	<u>\$ 965,863</u>	<u>\$ 1,166,153</u>	<u>\$ 1,215,345</u>	<u>\$ 1,485,538</u>	<u>\$ 1,612,576</u>	<u>\$ 1,418,673</u>	<u>\$ 1,563,059</u>	<u>\$ 2,424,140</u>
Excess of revenues over (under) expenditures	<u>\$ 78,485</u>	<u>\$ 198,653</u>	<u>\$ 279,158</u>	<u>\$ 84,632</u>	<u>\$ 153,516</u>	<u>\$ (74,996)</u>	<u>\$ (125,377)</u>	<u>\$ 34,016</u>	<u>\$ (98,718)</u>	<u>\$ (97,361)</u>
Other financing sources (uses) -										
Issuance of debt						\$ 57,000				
Refunding bond proceeds							\$ 580,000			
Payment to payoff refunded bonds							(542,200)			
Bond refunding costs							(31,705)			
Capital lease receipts					\$ 17,399	17,147	21,858	\$ 21,830	\$ 23,545	\$ 25,393
Transfers in							2,630,451	109,967	118,762	159,720
Transfers out							(1,310,143)	(109,967)	(118,762)	(159,720)
					<u>\$ 17,399</u>	<u>\$ 74,147</u>	<u>\$ 1,348,261</u>	<u>\$ 21,830</u>	<u>\$ 23,545</u>	<u>\$ 25,393</u>
Net change in fund balances	<u>\$ 78,485</u>	<u>\$ 198,653</u>	<u>\$ 279,158</u>	<u>\$ 84,632</u>	<u>\$ 170,915</u>	<u>\$ (849)</u>	<u>\$ 1,222,884</u>	<u>\$ 55,846</u>	<u>\$ (75,173)</u>	<u>\$ (71,968)</u>
Debt service as a percentage of noncapital expenditures	12.41%	14.52%	14.57%	11.55%	11.47%	10.79%	11.23%	11.16%	8.04%	4.12%

TOWN OF MONTEAGLE, TENNESSEE

General Governmental Tax Revenues by Source

Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Local Sales Tax</u>	<u>Hotel/Motel Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Local Beer Tax</u>	<u>Franchise Tax</u>	<u>Total Tax Revenue</u>
2006	\$ 381,775	\$ 130,568	\$ 42,305	\$ 110,831	\$ 9,567	\$ 675,046
2007	369,950	135,442	45,894	107,479	6,782	665,547
2008	400,807	146,464	39,225	111,942	10,748	709,186
2009	391,156	159,719	58,145	99,351	11,802	720,173
2010	389,303	166,799	55,865	113,971	10,130	736,068
2011	404,829	194,643	52,647	118,820	10,835	781,774
2012	468,486	215,254	60,706	132,518	11,763	888,727
2013	493,495	198,075	67,556	141,677	12,762	913,565
2014	495,272	206,394	74,111	123,580	13,384	912,741
2015	516,061	191,813	70,791	121,919	13,689	914,273

TOWN OF MONTEAGLE, TENNESSEE

Program Revenue by Function/Program

Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function/Program										
Governmental activities										
General government	\$ 372,829	\$ 135,228	\$ 143,489	\$ 153,217	\$ 84,085	\$ 87,483	\$ 76,681	\$ 80,793	\$ 86,333	\$ 92,162
Public safety	69,953	26,097	37,140	17,978	246,278	280,097	259,017	234,931	241,764	238,643
Public works		2,727	2,698	2,660	2,437	2,657				204,770
State street aid	35,012	35,009	34,716	33,027	28,955	35,005	33,205	32,990	33,268	33,726
Public welfare and recreation					29,590	33,377	7,487	21,884	5,417	673,698
Total governmental activities	<u>\$ 477,794</u>	<u>\$ 199,061</u>	<u>\$ 218,043</u>	<u>\$ 206,882</u>	<u>\$ 391,345</u>	<u>\$ 438,619</u>	<u>\$ 376,390</u>	<u>\$ 370,598</u>	<u>\$ 366,782</u>	<u>\$ 1,242,999</u>
Business-type activities										
Water and sewer	\$ 996,172	\$ 1,092,455	\$ 1,603,221	\$ 2,088,832	\$ 2,814,832	\$ 4,066,701	\$ 2,150,564	\$ 1,679,784	\$ 1,588,425	\$ 1,575,926
Natural gas	727,753	652,974	548,912	126,398						
Total business-type activities	<u>\$ 1,723,925</u>	<u>\$ 1,745,429</u>	<u>\$ 2,152,133</u>	<u>\$ 2,215,230</u>	<u>\$ 2,814,832</u>	<u>\$ 4,066,701</u>	<u>\$ 2,150,564</u>	<u>\$ 1,679,784</u>	<u>\$ 1,588,425</u>	<u>\$ 1,575,926</u>

Note:

- (1) Significant increase in water and sewer rates were implemented in 2008 fiscal year
- (2) The Town received capital grants beginning in fiscal year ended June 30, 2008 through June 30, 2012 in the water and sewer activity for the construction of a sewer treatment plant. The largest grant revenue was recorded in fiscal years June 30, 2010 through June 30, 2011.
- (3) The Town sold the Gas System in fiscal year ended June 30, 2009.

TOWN OF MONTEAGLE, TENNESSEE

Local Taxable Sales by Category

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Food stores	\$ 5,458,729	\$ 5,271,053	\$ 5,576,572	\$ 5,493,759	\$ 5,290,879	\$ N/A				
Eating and drinking places	9,205,492	9,322,663	9,174,461	9,635,019	10,429,595	N/A	N/A	N/A	N/A	N/A
MV dealers and service stations	3,194,713	3,219,958	3,051,490	2,661,854	2,439,934	N/A	N/A	N/A	N/A	N/A
Other retail*	8,107,571	7,960,108	8,836,153	9,119,675	8,789,761	N/A	N/A	N/A	N/A	N/A
All other outlets	3,652,987	3,864,831	4,123,462	3,708,409	3,595,564	N/A	N/A	N/A	N/A	N/A
Total taxable sales	<u>\$ 29,619,492</u>	<u>\$ 29,638,613</u>	<u>\$ 30,762,138</u>	<u>\$ 30,618,716</u>	<u>\$ 30,545,733</u>	<u>\$ N/A</u>				
City direct sales tax rate										
Grundy County	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Marion County	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

Source: Tennessee Department of Revenue, Research Division.

*Also includes apparel stores, general merchandise stores, furniture stores, and building materials.

N/A: Not Available. The information from 2011 to 2015 was not made available to protect the information about a taxpayer.

TOWN OF MONTEAGLE, TENNESSEE

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Town of Monteagle, and Grundy County Rate</u>	<u>Town of Monteagle, and Marion County Rate</u>
2006	2.25%	2.75%
2007	2.25%	2.75%
2008	2.25%	2.75%
2009	2.25%	2.75%
2010	2.25%	2.75%
2011	2.25%	2.75%
2012	2.25%	2.75%
2013	2.25%	2.75%
2014	2.25%	2.75%
2015	2.25%	2.75%

Source: Tennessee Department of Revenue

Note: The maximum local sales tax rate allowed by Tennessee State law is 2.75%. A local referendum would be required to increase the local rate.

TOWN OF MONTEAGLE, TENNESSEE

Local Sales Tax Revenue by Industry

June 30, 2015

<u>Employer</u>	<u>2015</u>				<u>2006</u>			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Retail trade	N/A	N/A	N/A	N/A	55	66.26%	596,786	88.60%
Services	N/A	N/A	N/A	N/A	16	19.28%	64,686	9.60%
Manufacturing	N/A	N/A	N/A	N/A	4	4.82%	2,660	0.39%
Wholesale trade	N/A	N/A	N/A	N/A	0	0.00%	0	0.00%
Construction	N/A	N/A	N/A	N/A	0	0.00%	0	0.00%
Finance insurance real estate	N/A	N/A	N/A	N/A	0	0.00%	0	0.00%
Transportation and utilities	N/A	N/A	N/A	N/A	0	0.00%	0	0.00%
Agriculture	N/A	N/A	N/A	N/A	8	9.64%	9,474	1.41%
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83</u>	<u>100.00%</u>	<u>673,606</u>	<u>100.00%</u>

Source: Tennessee Department of Revenue, Research Division.

N/A: Not Available. State of Tennessee would not allow publication of information due to confidentiality of proprietary sales information.

TOWN OF MONTEAGLE, TENNESSEE

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds (1)	Revenue Bonds	Capital Outlay and Other Loans	General Obligation Bonds	Revenue Bonds (1)	State and Other Loans (2)			
2006		\$ 644,000	\$ 503,640		\$ 581,136	\$ 605,253	\$ 2,334,029	8.64%	\$ 1,907
2007		629,800	442,215		515,523	503,185	2,090,723	7.45%	1,708
2008		614,600	379,111		475,727	404,979	1,874,417	6.47%	1,533
2009		598,300	314,282		432,744	290,935	1,636,261	5.68%	1,341
2010		580,900	247,684		392,917	895,464	2,116,965	7.14%	1,776
2011		562,200	236,266		344,312	3,050,551	4,193,329	13.72%	3,539
2012	\$ 580,000		147,264	\$ 315,000		3,616,243	4,658,507	15.36%	3,961
2013	550,000		56,055	255,000		3,458,270	4,319,325	14.25%	3,676
2014	520,000			210,000		3,297,445	4,027,445	12.78%	3,413
2015	490,000			180,000		3,133,716	3,803,716	11.49%	3,237

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

- (1) Presented net of original issue discounts and premiums.
- (2) Business-Type Activities-State and Other Loans includes state revolving loans and utility plant acquisition loans.
- (3) See the Schedule of Demographic and Economic Statistics on page 64 for personal income and population data.

TOWN OF MONTEAGLE, TENNESSEE

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Estimated Population (1)</u>	<u>Total Taxable Sales (2)</u>	<u>General Bonded Debt</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
2006	1,224	\$ 29,619,492	\$ 1,147,640	3.87 %	\$ 937.61
2007	1,224	29,638,613	1,072,015	3.62	875.83
2008	1,223	30,762,138	993,711	3.23	812.52
2009	1,220	30,618,716	912,582	2.98	748.02
2010	1,192	30,545,733	828,584	2.71	695.12
2011	1,185	N/A	798,466	N/A	673.81
2012	1,173	N/A	1,042,264	N/A	888.55
2013	1,175	N/A	861,055	N/A	732.81
2014	1,180	N/A	730,000	N/A	618.64
2015	1,175	N/A	670,000	N/A	570.21

Note:

(1) U.S. Census Bureau, Population Division: Table 4. Annual Estimates of the Resident Population for Incorporated Places in Tennessee: April 1, 2000 to July 1, 2009 and Annual Estimates of the Resident Population for Incorporated Places in Tennessee: April 1, 2010 to July, 2013.

(2) Tennessee Department of Revenue, Research Division.

N/A: Not Available. State of Tennessee would not allow publication of information due to confidentiality of proprietary sales information.

TOWN OF MONTEAGLE, TENNESSEE

Direct and Overlapping Governmental Activities Debt

June 30, 2015

<u>Taxing Jurisdiction</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (4)</u>	<u>Direct and Overlapping Debt</u>
Franklin County (2)	\$ 22,940,005	0.01%	\$ 2,294
Grundy County (2)	9,503,839	5.58%	530,314
Marion County (2)	35,045,640	1.44%	<u>504,657</u>
Subtotal, overlapping debt			1,037,265
Town of Monteagle direct debt			<u>\$ 490,000</u>
Total direct and overlapping debt			<u>\$ 1,527,265</u>
Per capita direct and estimated overlapping debt (3)			<u>\$ 1,294</u>

Note:

(1) As of June 30, 2015.

(2) Source: County Comprehensive Annual Financial Report, June 30, 2015.

(3) Based upon estimated population U.S. Census Bureau, Population Division: Table 4. Annual Estimates of the Resident Population for Incorporated Places in Tennessee: April 1, 2010 to July, 2014.

(4) The percentage of overlapping debt applicable is estimated using the city's population as a percentage of the county's population.

TOWN OF MONTEAGLE, TENNESSEE

Legal Debt Margin Information

Last Ten Fiscal Years

Note: Under Tennessee State law, the Town's outstanding general obligation debt is not limited.

TOWN OF MONTEAGLE, TENNESSEE

Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Gross Revenues (1)	Net Operating Expenses (2)	Net Revenues Available for Debt Service (4)	Debt Service (3)		Times Coverage
				Principal	Interest	
Governmental Activities -						
2006	\$ 60,000		\$ 60,000	\$ 13,300	\$ 46,196	1.01
2007	60,000		60,000	14,200	45,220	1.01
2008	60,000		60,000	15,200	44,176	1.01
2009	60,000		60,000	16,300	43,058	1.01
2010	60,000		60,000	17,400	41,862	1.01
2011	60,000		60,000	18,700	40,580	1.01
2012						
2013						
2014						
2015						
Water and Sewer -						
2006	\$ 1,006,452	\$ 825,564	\$ 180,888	\$ 59,058	\$ 34,511	1.93
2007	1,102,731	697,957	404,774	42,671	31,666	5.45
2008	1,395,980	935,957	460,023	40,634	39,376	5.75
2009	1,828,771	787,431	1,041,340	42,556	27,154	14.94
2010	2,195,277	867,266	1,328,011	46,536	24,824	18.61
2011	1,952,279	927,723	1,024,556	48,578	22,282	14.46
2012						
2013						
2014						
2015						

The Town refunded all revenue bonds outstanding in fiscal year ended June 30, 2012.

Source: Current year and prior years combined financial statements.

Notes:

- (1) Includes operating and nonoperating revenues.
- (2) Includes operating expenses minus depreciation and amortization.
- (3) Includes principal and interest of revenue bonds only.
- (4) Net revenues available for debt service of the governmental activities includes rent income from the lease of the post office.

TOWN OF MONTEAGLE, TENNESSEE

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Personal Income (4)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>Unemployment Rate (2)</u>
2006	1,224	\$ 27,019,800	\$ 22,075	36.6	9.10 %
2007	1,224	28,056,528	22,922	36.6	6.10
2008	1,223	28,965,532	23,684	36.6	9.70
2009	1,220	28,798,100	23,605	36.6	15.90
2010	1,192	29,637,888	24,864	41.4	12.00
2011	1,185	30,558,780	25,788	41.4	13.30
2012	1,176	30,326,688	25,788	41.4	10.40
2013	1,175	30,300,900	25,788	41.4	10.30
2014	1,180	31,504,820	26,699	41.4	9.40
2015	1,175	33,099,750	28,170	41.4	8.50

Notes:

- (1) Source: U.S. Census Bureau, Population Division: Table 4. Annual Estimates of the Resident Population for Incorporated Places in Tennessee: April 1, 2000 to July 1, 2009 and Annual Estimates of the Resident Population for Incorporated Places in Tennessee: April 1, 2010 to July, 2014.
- (2) Source: U.S. Department of Labor: Bureau of Labor Statistics. These figures represent Grundy County, of which Monteagle is a part.
- (3) Source: The Census Bureau determines the median age for local areas each decade. The last determination was during the 2010 census and will be determined again after the 2020 census. These figures represent the Grundy County of which Monteagle is a part.
- (4) Source: Calculated by multiplying the per capita income by the population.

TOWN OF MONTEAGLE, TENNESSEE

Principal Employers

June 30, 2015

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
The Bridge Nursing Home	131	1	2.44 %	125	1	2.33 %
Wilco-Hess	70	2	1.30			-
Town of Monteagle	52	3	0.97	38	3	0.71
McDonalds	47	4	0.88	45	2	0.84
Papa Ron's Restaurant	24	5	0.45	18	7	0.34
Waffle House	22	6	0.41	22	5	0.41
High Point Restaurant	17	7	0.32	21	6	0.39
Pizza Hut	15	8	0.28	15	8	0.28
Monteagle Sunday School Assembly	12	9	0.22	35	4	0.65
Eagles Landing	12	10	0.22	12	9	0.22
			<u>7.49 %</u>			<u>6.17 %</u>

Note: The above information is for Grundy and Marion County of which the Town of Monteagle is a part.

Source: ACS 2006-2010 data

TOWN OF MONTEAGLE, TENNESSEE

Full-time Equivalent Town Government Employees by Function

Last Ten Fiscal Years

Function/Program	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government -										
Administrative and General	3	3	4	4	3	2	2	2	3	3
Public safety -										
Officers	6	6	6	6	6	5	7	8	5	5
Civilians	4	4	4	4	4	5	5	5	5	5
Public works	2	2	2	2	2	2	2	3	2	2
Convenience centers	-	-	-	-	-	-	-	-	-	-
Water and Sewer	8	8	7	8	8	8	8	8	9	9
Total	<u>23</u>	<u>23</u>	<u>23</u>	<u>24</u>	<u>23</u>	<u>22</u>	<u>24</u>	<u>26</u>	<u>24</u>	<u>24</u>

Sources: Various Town departments

TOWN OF MONTEAGLE, TENNESSEE

Operating Indicators by Function

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Planning and Zoning (a) -										
Preliminary plats reviewed	3	6	1	1	-	1	-	1	4	1
Final plats reviewed	9	15	9	10	7	3	2	1	4	3
Site plans reviewed	1	-	3	3	3	2	6	4	3	3
Annexations studied	-	-	-	-	-	1	-	-	-	-
Single family home permits issued	3	2	1	1	1	2	1	1	-	4
Total building permits issued	3	2	2	2	2	3	2	2	10	40
Substandard and property maintenance complaint notices	1	1	1	1	2	1	1	1	-	-
Public Safety										
Police and E911 -										
Arrests	50	72	30	37	43	41	26	47	78	48
911 calls	48,942	50,755	56,253	52,507	45,317	46,827	47,583	50,076	84,522	53,643
Traffic violations	324	336	240	480	300	310	315	305	273	321
Fire Protection -										
Emergency responses (a)	57	10	123	NA	39	120	107	116	110	114
Fire safety inspections (a)	NA	5	NA	NA	NA	5	3	1	3	3
Fire training hours (a)	NA	112	189	4,320	96	162	2,196	6,557	218	156
State Street Aid										
Streets and Signs -										
Street repaving (lane miles)	2	-	-	-	-	5	-	-	-	-
Public Works										
Solid Waste (b) -										
Refuse collected (tons per year)	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496
Public Welfare and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Water and Sewer -										
Water sold annually in 100 cubic feet	NA	NA	12,614,954	13,319,234	12,773,148	12,830,546	10,832,967	12,376,131	14,984,787	12,929,162
Sewer sold annually in 100 cubic feet	NA	NA	7,316,673	7,725,156	7,408,426	7,441,717	6,186,792	7,297,599	6,944,454	7,285,015

Sources: Various Town departments

(a) Calendar year information

(b) Estimated weight based on weight approximations for the containers at the convenience center

NA Information is not available

TOWN OF MONTEAGLE, TENNESSEE

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police -										
Patrol Units	6	6	6	6	6	6	6	8	8	9
Fire Protection -										
Fire engines	3	3	3	3	3	4	4	4	4	4
Rescue vehicles	1	1	1	1	1	1	1	1	1	1
State Street Aid										
Streets and Signs -										
Streets (miles)	107	107	107	107	107	107	107	107	107	107
Traffic signals	1	1	1	1	1	1	1	1	1	1
Street lights	308	308	308	308	308	308	308	308	308	308
Public Welfare and Recreation										
Recreation -										
Park acreage	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Greenway trails (miles)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Water and Sewer -										
Water pipe (miles)	50	50	53	53	53	53	53	53	53	53
Water storage capacity (millions of gallons)	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Water treatment capacity (millions of gallons per day)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sewer pipe (miles)	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Wastewater treatment capacity (millions of gallons per day)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Sewage pumping stations	11	11	11	11	11	11	11	11	11	11
Public fire hydrants	100	100	100	100	100	100	100	100	100	100

Sources: Various city departments

Note: Capital asset statistics are not available for General Government, Convenience Centers, and Public Works Functions.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Municipal Utility Rates and Number of Customers

June 30, 2015

As of June 30, 2015, the Town of Monteagle serves approximately 1,250 water customers and 273 sewer customers.

WATERWORKS

	<u>Residential Inside Town</u>	<u>Residential Outside Town</u>
0 - 2,000 gallons (minimum bill)	\$ 17.10	\$ 22.76
2000 - 100,000 gallons	\$ 9.27 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)	\$ 21.38	\$ 33.99
2000 - 100,000 gallons	\$ 11.59 per/1,000	\$ 15.24 per/1,000
Over - 100,000 gallons	\$ 12.88 per/1,000	\$ 12.98 per/1,000



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
American Water Works Association
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?	Click to access definition
+	Click to add a comment

Water Audit Report for: **Town of Monteagle**
 Reporting Year: **2015** **7/2014 - 6/2015**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

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

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	+	?	8	111.990	MG/Yr
Water imported:	+	?	9	11.828	MG/Yr
Water exported:	+	?	n/a	0.000	MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	+	?	2	-0.25%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr
Value:	+	?	2	-0.25%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr
	+	?			<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr

Enter negative % or value for under-registration
 Enter positive % or value for over-registration

WATER SUPPLIED: **124.128** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	+	?	7	96.717	MG/Yr
Billed unmetered:	+	?	n/a	0.000	MG/Yr
Unbilled metered:	+	?	10	1.454	MG/Yr
Unbilled unmetered:	+	?	7	9.076	MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

AUTHORIZED CONSUMPTION: **107.247** MG/Yr

Click here: ?
for help using option buttons below

Pcnt:	<input type="radio"/>	<input checked="" type="radio"/>	9.076	MG/Yr
-------	-----------------------	----------------------------------	-------	-------

Use buttons to select percentage of water supplied
OR value

Pcnt:	0.25%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr
-------	-------	----------------------------------	-----------------------	--	-------

Value:	2.00%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr
	0.25%	<input checked="" type="radio"/>	<input type="radio"/>		MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

16.881 MG/Yr

Apparent Losses

Unauthorized consumption: **0.310** MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+	?	3	2.003	MG/Yr
Systematic data handling errors:	+	?		0.242	MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: **2.556** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **14.326** MG/Yr

WATER LOSSES: **16.881** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **27.411** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	5	18.0	miles
Number of active AND inactive service connections:	+	?	9	1,480	
Service connection density:	?			82	conn./mile main

Are customer meters typically located at the curbside or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: psi

COST DATA

Total annual cost of operating water system:	+	?	10	\$687,718	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	9	\$11.00	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	7	\$339.53	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 75 out of 100 ***

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

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Customer metering inaccuracies

3: Billed metered



AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.
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Water Audit Report for: Town of Monteagle
 Reporting Year: 2015 7/2014 - 6/2015

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 75 out of 100 ***

System Attributes:

	Apparent Losses:	2.556	MG/Yr
+	Real Losses:	14.326	MG/Yr
=	Water Losses:	16.881	MG/Yr

? Unavoidable Annual Real Losses (UARL): See limits in definition MG/Yr

Annual cost of Apparent Losses: \$28,112

Annual cost of Real Losses: \$4,864 Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	22.1%	
		Non-revenue water as percent by cost of operating system:	5.3%	Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	4.73	gallons/connection/day
		Real Losses per service connection per day:	26.52	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	0.53	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 14.33 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]:

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

**FEDERAL AWARDS, INTERNAL CONTROL
AND COMPLIANCE SECTION**

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Expenditures of Federal Awards

June 30, 2015

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Balance June 30, 2014 (Receivable)/ Deferred Revenue</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2015 (Receivable)/ Deferred Revenue</u>
US DEPARTMENT OF TRANSPORTATION						
Passed through the Tennessee Department of Transportation						
Highway Planning and Construction	20.205	60100		\$ 515,028	\$ 576,360	\$ (61,332)
Highway Planning and Construction	20.205	50078		187,032	204,710	(17,678)
				<u>\$ 702,060</u>	<u>\$ 781,070</u>	<u>\$ (79,010)</u>
State and Community Highway Safety	20.600	42992		\$ 4,830	\$ 4,830	
				<u>\$ 706,890</u>	<u>\$ 785,900</u>	<u>\$ (79,010)</u>

See notes to the schedule of expenditures of federal awards.

TOWN OF MONTEAGLE, TENNESSEE

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Note A - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards include the federal grant activity of the Town of Monteagle, Tennessee.

The receivable balance accrued June 30, 2014, represents grant funds earned during the prior period, but not received prior to the end of that period.

Cash receipts represent the actual cash received from the grantor agency during the current period.

Federal expenditures 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 receivable balance accrued June 30, 2015, represents grant revenue earned which was not received from the grantor agency during the current period.



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Joel H. Jobe (1944 – 2006)

**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, 2015 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 January 26, 2016.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Monteagle's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Monteagle's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [2015-001]

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [2015-002, 2015-003, 2015-004]

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honorable Mayor and Board of Aldermen
Town of Monteagle, Tennessee
Page 2

Town of Monteagle, Tennessee's Response to Findings

Town of Monteagle, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Monteagle, Tennessee's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 26, 2016



JOB, HASTINGS & ASSOCIATES

Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and Board of Aldermen
Town of Monteagle, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the Town of Monteagle, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Monteagle, Tennessee's major federal programs for the year ended June 30, 2015. The Town of Monteagle, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Monteagle, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Monteagle, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Monteagle, Tennessee's compliance.

Opinion on the Major Federal Program

In our opinion, the Town of Monteagle, Tennessee, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Town of Monteagle, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Monteagle, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Monteagle, Tennessee's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-005 and 2015-006 to be material weaknesses.

The Town of Monteagle, Tennessee's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Monteagle, Tennessee's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Jobe, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee
January 26, 2016

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Audit Findings and Questioned Costs

June 30, 2015

A - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Monteagle, Tennessee.
2. Four significant deficiencies relating to the audit of the financial statements are reported in the *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*. One deficiency is reported as material weaknesses.
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.
4. Two significant deficiencies relating to the audit of the major federal award program are reported in the *Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By OMB Circular A-133*. The deficiencies are reported as material weaknesses.
5. The auditor's report on compliance for the major federal award programs for the Town of Monteagle, Tennessee expresses an unmodified opinion on the major federal award program.
6. No audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133 were disclosed during the audit.
7. The program tested as a major program was the Highway Planning and Construction CFDA No. 20.205.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Town of Monteagle, Tennessee did not qualify as a low-risk auditee.

B - FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT YEAR FINDINGS

2015-001 Purchasing Procedures

Condition: Purchase orders were not used consistently to authorize purchases. In addition, some purchases did not have adequate or clear documentation prior to payment.

Criteria: The Town's purchasing policies outline the proper procedures to follow including the use of purchase orders.

Cause of Condition: Proper supporting documentation, including purchase orders, prior to purchase of items was not emphasized as an integral part of the Town's controls over purchases.

Effect: Purchases could be made without authorization and inconsistent with the Town's policies.

Recommendation: Train employees and emphasize to all employees that all purchases require adequate and clearly documented support, including purchases made with credit cards and travel claims. Completed purchase orders consistent with the Town's policies should also be required prior to purchases being initiated.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Audit Findings and Questioned Costs (continued)

June 30, 2015

2015-001 Purchasing Procedures (continued)

Views of Responsible Officials and Planned Corrective Actions: We will continue working with the department heads to improve obtaining purchase orders before the purchase is made.

2015-002 Inter-fund Transactions

Condition: Checks were written from one fund for expenditures of multiple funds without balancing the transaction by fund.

Criteria: Transactions recorded should always balance within a fund.

Cause of Condition: Checks were written from one fund for expenditures of multiple funds and were allowed to be posted in the accounting system without balancing within the fund.

Effect: Accounts within a fund are initially posted out of balance in the accounting system and require additional entries to balance the funds.

Recommendation: Checks and other transactions affecting multiple funds should balance within a fund.

Views of Responsible Officials and Planned Corrective Actions: The accounting software automates the entries to the general ledger from the payroll system for the General Fund and the Water and Sewer Fund. This automated entry is made "Out-of Balance" with in the funds. The funds are then transferred to the General Fund from the Water and Sewer Fund and a "Out of Balance" journal entry is made to receipt these funds in to the General Fund and it must be made "Out of Balance" to bring the funds back into balance. These "Out of Balance" entries are automated internally to the payroll system and the Town does not have access to this coding. We have established compensating controls to ensure that all funds are in balance before the monthly financial reports are prepared. At this time it is not cost effective to correct this weakness and the Management of the Town is willing to accept this deficiency.

2015-003 Leak Adjustments

Condition: The Town does not have a second individual reviewing water and sewer leak adjustments.

Criteria: In order to prevent one person from adjusting a customer's account balance, at least one other person should review the calculation of a leak adjustment prior to posting to the water and sewer system.

Cause of Condition: The Town Recorder has a difficult time getting another individual to consistently sign-off on the leak adjustments in a timely manner.

Effect: The Town Recorder could make erroneous adjustments to customer accounts or inappropriately adjust customers' accounts.

Recommendation: The Town should have another employee or member of the Board of Aldermen perform the review.

Views of Responsible Officials and Planned Corrective Actions: During the current fiscal year we will institute internal controls of having a second individual review and approve water and sewer leak adjustments.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Audit Findings and Questioned Costs (continued)

June 30, 2015

2015-004 Payroll Deductions

Condition: Certain withholdings were made for garnishments and other personal liabilities of employees. However, in some cases payments remitted for these withholdings were recorded as expenditures of the Town. An entry was made to the liability account that these garnishments and deductions were posted in, to zero out the account at year end. In addition, in some cases it appears the Town remitted more than was withheld from employees' paychecks.

Criteria: The Town has a fiduciary responsibility to remit amounts withheld from employees paychecks. In addition, the Town should not be liable and incur expenditures for personal transactions of employees.

Cause of Condition: In addition to wage garnishments, the Town allows employees to pay personal liabilities using their payroll deductions as a convenience to employees. However, the Town does not appear to have any controls in place to monitor and track the payment and deductions of these transactions to ensure that the Town does not pay more than the amounts deducted by withholding employees' wages.

Effect: The Town could remit more or less than what has been withheld from the employees, because there is not a proper reconciliation.

Recommendation: Management should maintain effective controls over accounting for employee withholdings and garnishments. The payroll liability account should be reconciled monthly to records maintained outside of the accounting system.

Views of Responsible Officials and Planned Corrective Actions: Starting in January all checks written for the remittance of payroll deductions will be charged directly to the deduction account and Journal entries at the end of each month will not be required to reclassify the remittances.

C - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

CURRENT YEAR FINDINGS

2015-005 Special Tests and Provisions – Wage Rate Requirements

Condition: The Town or its representatives did not appear to obtain copies of certified payrolls for all contractors on the projects.

Criteria: Non-federal entities are required to obtain copies of certified payrolls for construction projects funded under this federal program.

Cause of Condition: The Town relied on the project engineer to perform this function. However, the engineer had difficulty obtaining the certified payrolls from one of the subcontractors.

Effect: The Town did not comply with the requirements of the grant program. Without obtaining certified payrolls, the Town is unable to verify that prevailing wages were paid for these constructions projects.

Recommendation: The Town should implement procedures to ensure that the certified payrolls are obtained and reviewed in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: On future expenditure of grants we will require that payrolls be submitted on a Monthly basis and we will review these for compliance.

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Audit Findings and Questioned Costs (continued)

June 30, 2015

2015-006 Contractor Overpayment and Effect on Grant Reimbursement

Condition: The construction contractor had an error on their application and certification for payment which understated the amounts previously certified for payment that was not identified by the Town. As a result the Town paid the contractor \$8,000 more than the amount contracted. In addition, the Town used these invoices as support for reimbursement under the associated grant. Once the error was identified, the amount was refunded by the contractor and the grant requests were corrected prior to closure of the grant.

Criteria: The Town should have controls in place to ensure that amounts requested for reimbursement are for actual and allowable costs.

Cause of Condition: The Town's controls did not identify the error on the application and certification for payment. In addition, the Town did not have controls in place to ensure that the total amount paid to the contractor did not exceed the amount per the contract.

Effect: The Town initially paid more than the amount of the contract. The Town was initially reimbursed for more than the allowable costs of the grant.

Recommendation: In the future, the Town should implement procedures to reconcile the application and certification for payments received on construction projects and to ensure that payments to contractors agree with the contracted amount.

Views of Responsible Officials and Planned Corrective Actions: We will monthly reconcile the payments on construction contracts to the original contracts with no reliance placed on the engineering firm overseeing the project(s).

TOWN OF MONTEAGLE, TENNESSEE

Schedule of Prior Audit Findings and Questioned Costs

June 30, 2015

FINDINGS - FINANCIAL STATEMENT AUDIT

2014-1 Purchase Procedures

Current Status: See 2015-001

2014-2 Inter-fund Transactions

Current Status: See 2015-002