

TOWN OF MOUNT CARMEL, TENNESSEE

FINANCIAL STATEMENTS

JUNE 30, 2020

TOWN OF MOUNT CARMEL, TENNESSEE
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TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF PRINCIPAL OFFICIALS & MANAGEMENT OFFICIALS
June 30, 2020

PRINCIPAL OFFICIALS

Jennifer Williams	Mayor (-16/20)
Pat Stilwell	Vice-Mayor (-16/20)
Jim Gilliam	Alderman (-18/22)
Steven McLain	Alderman (-18/22)
Wanda Davidson	Alderman (-16/20)
Pat Stilwell	Alderman (-18/22)
Tresa Mawk	Alderman (-20)
Garrett White	Alderman (-20)

MANAGEMENT OFFICIALS

Tammy Conner	CMFO
Michael Housewright	City Administrator

DAVID M. ELLIS
Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

*Member, Tennessee Society of
Certified Public Accountants*

The Honorable Mayor and Aldermen
Town of Mount Carmel
Mount Carmel, Tennessee

Report on the Financial Statements

I 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 Mount Carmel, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Mount Carmel, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to in the first paragraph 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 Mount Carmel, Tennessee, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the general fund 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 5 to 10 and the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS and schedule of contributions based on participation in the public employee pension plan of TCRS on pages 46 to 48 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mount Carmel, Tennessee's basic financial statements. The schedule of principal officers and management officials and other supplementary information sections are presented for purposes of additional analysis and are not a required part of basic financial statements.

The information included in the other supplementary information section as listed on pages 49 through 59 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The schedule of principal officers and management officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 12, 2021, on my consideration of the Town of Mount Carmel, Tennessee's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Mount Carmel, Tennessee's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "David M. Ellis".

David M. Ellis, CPA
Greeneville, Tennessee
August 12, 2021

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION & ANALYSIS
(Unaudited-Required Supplementary Information)
For the Year Ended, June 30, 2020

As management of the Town of Mount Carmel, Tennessee (i.e., the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2020. We encourage readers to consider this information in conjunction with the basic financial statements, the notes to the financial statements and other supplementary information which has been provided.

Financial Highlights

Key financial highlights for the year ended June 30, 2020 are as follows:

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,576,833. Of this amount, \$6,672,515 (unrestricted net position) may be used to meet the Town's ongoing obligations.
- The Town's total net position increased \$991,845 during the current year.
- As of June 30, 2020, the Town's General Fund reported a fund balance of \$4,721,136 which was a \$739,487 increase over the prior year.
- The proprietary fund being the Sewer Fund had an increase of \$229,473 in net position for the current year.
- During the current year, the Town had no new debt issues and retired one sewer debt issue.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the basic financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the Town's assets, liabilities, and deferred outflows and inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position serves as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The

governmental activities of the Town include general government, fire, police, streets, state street aid, recreation, library, sanitation, and the drug fund operations. The business-type activity of the Town represents sewer services with revenues being primarily user charges for services rendered.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the Town can be divided into two categories- governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financial requirements.

Because the focus of governmental funds is narrower than that of 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. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and activities.

The Town maintains two governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is always considered to be a major fund. Data for the other remaining fund which is the Drug Fund is presented in a single presentation. Prior to June 30, 2011, the Solid Waste Sanitation Fund was reported separate; however, with the implementation of GASB #54, the Solid Waste Sanitation Fund is now reported in the General Fund. A supplemental schedule of activities for the Solid Waste Sanitation Fund is presented as other supplemental information. Individual fund data for the Drug Fund is provided in the form of combining statements elsewhere in the report. The Town adopts an annual budget for its governmental funds and budgetary comparison information is located in the basic financial statements or in supplementary information.

Proprietary Funds

The Town maintains one proprietary fund being the Sewer Fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. Proprietary or enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund since this is considered to be a major fund of the Town.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required & Other Supplementary Information

In addition to the basic financial statements and accompanying notes, additional supplementary information can be found in sections of this report.

Government-Wide Financial Analysis

The Town presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB34), Basic Financial Statements-and Management's Discussion and Analysis (MD & A) - for state and local governments. As noted earlier, net position changes over time serves as a useful indicator of the Town's financial position. In the case of the Town, its overall net position increased \$991,845 in the current year.

The largest portion of the Town's net position (49%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, sewer system plant, lines, swimming pool and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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 for from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second largest portion net position consists of unrestricted net position (46%) and this may be used to meet the Town's ongoing obligations to citizens and creditors.

An additional portion of the Town's net position (5%) represents resources that are subject to external restriction on how they may be used.

The Town of Mount Carmel's net position and changes in net position are presented on the following pages:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets & Deferred Outflows of Resources						
Current & Other Assets	\$ 6,558,403	\$ 5,787,291	\$ 2,418,631	\$ 2,052,305	\$ 8,977,034	\$ 7,839,596
Capital Assets (net)	1,929,378	1,893,638	5,450,929	5,684,616	7,380,307	7,578,254
Deferred Outflows of Resources	110,678	139,457	32,313	37,392	142,991	176,849
Total Assets & Deferred Outflows of Resources	8,598,459	7,820,386	7,901,873	7,774,313	16,500,332	15,594,699
Liabilities & Deferred Inflows of Resources						
Long-Term Liabilities	22,779	15,522	260,000	416,915	282,779	432,437
Other Liabilities	81,589	76,987	74,547	19,239	156,136	96,226
Deferred Inflows of Resources	1,465,367	1,461,525	19,217	19,523	1,484,584	1,481,048
Total Liabilities & Deferred Inflows of Resources	1,569,735	1,554,034	353,764	455,677	1,923,499	2,009,711
Net Position						
Net Investment in Capital Assets	1,929,378	1,893,638	5,155,929	5,267,701	7,085,307	7,161,339
Restricted	659,666	548,257	159,345	215,815	819,011	764,072
Unrestricted	4,439,680	3,824,457	2,232,835	1,835,120	6,672,515	5,659,577
Total Net Position	\$ 7,028,724	\$ 6,266,352	\$ 7,548,109	\$ 7,318,636	\$ 14,576,833	\$ 13,584,988

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Charges for Services	\$ 135,071	\$ 136,573	\$ 967,693	\$ 971,641	\$ 1,102,764	\$ 1,108,214
Operating Grants/Contributions	223,184	216,905	-	-	223,184	216,905
Capital Grants/Contributions	-	-	-	-	-	-
Property Taxes	1,352,508	1,358,963	-	-	1,352,508	1,358,963
Local Sales Tax	414,611	399,169	-	-	414,611	399,169
Other Taxes	122,180	124,948	-	-	122,180	124,948
Intergovernmental	583,108	568,801	-	-	583,108	568,801
Other	100,661	24,217	2,394	2,099	103,055	26,316
Total Revenue	2,931,323	2,829,576	970,087	973,740	3,901,410	3,803,316
Expenses						
General Government	110,638	134,775	-	-	110,638	134,775
Financial/Administration	399,475	422,798	-	-	399,475	422,798
Public Safety - Police/Fire	692,177	682,540	-	-	692,177	682,540
Drug Fund Operations	3,750	10,900	-	-	3,750	10,900
Animal Control	53,757	55,073	-	-	53,757	55,073
Building Inspection	32,270	38,691	-	-	32,270	38,691
Highways & Streets	530,773	672,409	-	-	530,773	672,409
Solid Waste - Sanitation	239,140	237,742	-	-	239,140	237,742
Recreation	62,858	80,439	-	-	62,858	80,439
Library	44,113	46,663	-	-	44,113	46,663
Senior Citizens	-	-	-	-	-	-
Sewer Operations/Debt Service	-	-	740,614	801,547	740,614	801,547
Total Expenses	2,168,951	2,382,030	740,614	801,547	2,909,565	3,183,577
Change in Net Position	762,372	447,546	229,473	172,193	991,845	619,739
Beginning Net Position	6,266,352	5,818,806	7,318,636	7,146,443	13,584,988	12,965,249
Ending Net Position	\$ 7,028,724	\$ 6,266,352	\$ 7,548,109	\$ 7,318,636	\$ 14,576,833	\$ 13,584,988

Financial Analysis of the Town's Funds

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,724,202. In the governmental funds, revenues and other sources totaled \$3,066,818 while expenditures totaled \$2,330,636 resulting in a \$736,182 increase to fund balance. As of June 30, 2020, 93% of the governmental fund balances were unassigned.

With respect to the General Fund, the overall fund balance increased \$739,487.

Proprietary Funds

The Town maintains one proprietary fund being the Sewer Fund and in the current year, the Sewer Fund had an increase in net position of \$229,473.

General Fund Budgetary Highlights

The Town made revisions to its original budget approved by the Town Council. Overall, these changes resulted in a \$277,000 increase in budgeted revenues and \$321,000 increase in budgeted expenditures. Actual revenues were above final budgeted revenues by \$157,367 and actual expenditures were below final budgeted expenditures by \$779,727.

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$7,380,307 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment, improvements, infrastructure, and sewer plant and lines. A summary of the capital assets are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital Assets						
Land	\$ 352,312	\$ 352,312	\$ 167,190	\$ 167,190	\$ 519,502	\$ 519,502
Construction in Progress	-	-	-	-	-	-
Buildings/Improvements	623,590	623,590	-	-	623,590	623,590
Machinery/Equipment/Vehicles	2,098,362	2,046,295	588,944	588,944	2,687,306	2,635,239
Infrastructure	3,907,153	3,907,153	-	-	3,907,153	3,907,153
Utility Plant & Lines	-	-	11,335,232	11,331,142	11,335,232	11,331,142
Library	115,205	115,205	-	-	115,205	115,205
Total Capital Assets	7,096,622	7,044,555	12,091,366	12,087,276	19,187,988	19,131,831
Less: Accumulated Depreciation	(5,167,244)	(5,150,917)	(6,640,437)	(6,402,660)	(11,807,681)	(11,553,577)
Total Capital Assets (net)	\$ 1,929,378	\$ 1,893,638	\$ 5,450,929	\$ 5,684,616	\$ 7,380,307	\$ 7,578,254

During the current year, the City purchased a new fire truck for \$281,999 as a result of the demolition of a fire truck in an accident covered by insurance. Other major additions included 2 vehicles with a total cost of \$39,170.

Debt Administration

For the year ending June 30, 2020, the Town had no new debt issues with the only outstanding debt related to business-type activities or the Sewer Fund. The TLDA loan outstanding in the prior year was retired in the current year. A summary of the outstanding debt is presented on the following page:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Bonds Payable	\$ -	\$ -	\$ 295,000	\$ 416,915	\$ 295,000	\$ 416,915
Capital Outlay Notes	-	-	-	-	-	-
Total Outstanding Debt	\$ -	\$ -	\$ 295,000	\$ 416,915	\$ 295,000	\$ 416,915

Economic Factors & Next Year's Budgets & Rates

The Town's elected and appointed officials consider many factors when setting the fiscal 2020-2021 budget including tax rates and fees that will be charged for business-type activities. Mount Carmel adjoins the city limits of Kingsport, Tennessee. As a result, a majority of the Towns' residents are employed in the Kingsport area as Mount Carmel has no major industries in its boundaries and sales tax revenues are primarily dependent on one major lumber company. No major changes are anticipated in the 2020-2021 year and the property tax rate remained the same.

Contacting the Town's Financial Management

This report is designed to provide those interested with a general overview of the Town's finances. If you have questions about this report or need additional information, contact the City Recorder at the Town of Mount Carmel, Mount Carmel, Tennessee.

TOWN OF MOUNT CARMEL, TENNESSEE

STATEMENT OF NET POSITION

JUNE 30, 2020

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash & Cash Equivalents	\$ 4,570,354	\$ 2,063,680	\$ 6,634,034
Taxes Receivable	1,432,019	-	1,432,019
Intergovernmental Receivables	192,508	-	192,508
Receivables (net)	21,921	145,154	167,075
Inventory	15,826	50,452	66,278
Restricted Assets			
Cash & Cash Equivalents	-	101,854	101,854
Net Pension Asset	325,775	57,491	383,266
Capital Assets Not Being Depreciated			
Land	352,312	167,190	519,502
Construction in Progress	-	-	-
Capital Assets Net of Depreciation			
Buildings	109,422	-	109,422
Sewer System	-	5,283,739	5,283,739
Equipment and Other	1,467,644	-	1,467,644
Total Assets	8,487,781	7,869,560	16,357,341

DEFERRED OUTFLOWS OF RESOURCES

Pension Contributions Subsequent To Measurement

Date & Pension Changes In Assumptions	110,678	32,313	142,991
Total Deferred Outflows of Resources	110,678	32,313	142,991

LIABILITIES

Current Liabilities

Accounts Payable	41,384	23,190	64,574
Accrued Expenses	40,205	16,067	56,272
Customer Deposits	-	290	290

Noncurrent Liabilities

Due within one year	22,779	35,000	57,779
Due in more than one year	-	260,000	260,000
Total Liabilities	104,368	334,547	438,915

DEFERRED INFLOWS OF RESOURCES

Net Difference Between Projected & Actual

Investment Earnings On Pension Plan Investments

& Pension Changes In Experience	108,887	19,217	128,104
Deferred Current Property Taxes	1,356,480	-	1,356,480

Total Deferred Inflows of Resources	1,465,367	19,217	1,484,584
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NET POSITION

Net Investment in Capital Assets	1,929,378	5,155,929	7,085,307
Restricted	659,666	159,345	819,011
Unrestricted	4,439,680	2,232,835	6,672,515
Total Net Position	\$ 7,028,724	\$ 7,548,109	\$ 14,576,833

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year ended June 30, 2020

Functions/Programs	Expenses	PROGRAM REVENUES			Net (Expense) Revenue	Governmental Activities	Business-Type Activities	Total
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions				
Primary Government								
Governmental Activities:								
General Government	\$ 110,638	\$ 22,539	\$ -	\$ -	\$ (88,099)			
Financial & Administration	399,475	-	-	-	(399,475)			
Public Safety-Police/Fire	692,177	97,156	25,521	-	(569,500)			
Drug Fund Operations	3,750	394	-	-	(3,356)			
Animal Control	53,757	753	-	-	(53,004)			
Building Inspection	32,270	5,195	-	-	(27,075)			
Highways & Streets	530,773	9,034	192,092	-	(329,647)			
Solid Waste/Sanitation	239,140	-	-	-	(239,140)			
Recreation	62,858	-	-	-	(62,858)			
Library	44,113	-	5,571	-	(38,542)			
Maintenance	-	-	-	-	-			
Interest on Long-Term Debt	-	-	-	-	-			
Total Governmental Activities	2,168,951	135,071	223,184	-	(1,810,696)			
Business-Type Activities:								
Sewer	740,614	967,693	-	-	227,079			
Total Business-Type Activities	740,614	967,693	-	-	227,079			
Total Primary Government	\$2,909,565	\$ 1,102,764	\$ 223,184	\$ -	\$ (1,583,617)			
Change in Net Position						\$ (1,810,696)	\$ 227,079	\$ (1,583,617)
General Revenues								
Property Taxes						1,352,508	-	1,352,508
Local Option Sales Tax						414,611	-	414,611
Franchise Taxes						70,889	-	70,889
Beer Taxes						51,291	-	51,291
Intergovernmental						583,108	-	583,108
Gain on Sale of Capital Assets						79,783	-	79,783
Interest Income						4,547	2,394	6,941
Miscellaneous						16,331	-	16,331
Total General Revenues						2,573,068	2,394	2,575,462
Increase (Decrease) in Net Position						762,372	229,473	991,845
Net Position-Beginning						6,266,352	7,318,636	13,584,988
Net Position-Ending						\$ 7,028,724	\$ 7,548,109	\$ 14,576,833

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Other Governmental Fund	Total Governmental Funds
ASSETS			
Cash & Cash Equivalents	\$ 4,567,288	\$ 3,066	\$ 4,570,354
Taxes Receivable	1,432,019	-	1,432,019
Accounts Receivable	21,921	-	21,921
Intergovernmental Receivables	192,508	-	192,508
Inventory	15,826	-	15,826
Total Assets	\$ 6,229,562	\$ 3,066	\$ 6,232,628
LIABILITIES			
Accounts Payable	\$ 41,384	\$ -	\$ 41,384
Accrued Expenses	-	-	-
Accrued Salaries & Benefits	40,205	-	40,205
Total Liabilities	81,589	-	81,589
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	1,356,480	-	1,356,480
Deferred Delinquent Property Taxes	70,357	-	70,357
Total Deferred Inflows of Resources	1,426,837	-	1,426,837
FUND BALANCES			
Non-spendable	15,826	-	15,826
Committed	-	-	-
Assigned	-	-	-
Restricted	330,825	3,066	333,891
Unassigned	4,374,485	-	4,374,485
Total Fund Balances	4,721,136	3,066	4,724,202
Total Liabilities and Fund Balances	\$ 6,229,562	\$ 3,066	\$ 6,232,628

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances - Governmental Funds **\$ 4,724,202**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Fund. 1,929,378

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.

Due within one year:	22,779	
Due in more than one year:	<u>-</u>	
	22,779	22,779

Net pension assets & liabilities, and the related deferred outflows and deferred inflows, are reported in the statement of net position; however they are current financial resources; therefore, they are not reported in the governmental funds balance sheet.

Net Pension Asset	325,775
Deferred outflows of resources	110,678
Deferred inflows of resources	(108,887)

Unearned revenue is not recognized on property taxes in the Governmental Funds, as it is not available within the time period.

	<u>24,799</u>
Net Position of Governmental Activities	<u>\$ 7,028,724</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 1,345,996	\$ -	\$ 1,345,996
Interest & Penalties - Taxes	10,011	-	10,011
Local Option Sales Tax	414,611	-	414,611
Wholesale Beer Tax	51,291	-	51,291
Cable TV Franchise Tax	70,889	-	70,889
Total Taxes	1,892,798	-	1,892,798
Intergovernmental Revenue	777,321	-	777,321
Charges for Services:			
Building Permits	5,195	-	5,195
Highway Contract Services	9,034	-	9,034
Animal Control	753	-	753
Fines/Forfeitures/Enforcement	97,156	394	97,550
Other Charges	22,539	-	22,539
Total Charges for Services	134,677	394	135,071
Donations	28,971	-	28,971
Sales of Surplus Property	211,779	-	211,779
Interest Income	4,496	51	4,547
Miscellaneous Income	16,331	-	16,331
Total Revenues	3,066,373	445	3,066,818
EXPENDITURES			
General Government	106,349	-	106,349
Financial & Administration	410,725	-	410,725
Public Safety	958,661	-	958,661
Drug Fund Operations	-	3,750	3,750
Animal Control	53,077	-	53,077
Building Inspection	32,270	-	32,270
Highway & Streets	421,299	-	421,299
Solid Waste - Sanitation	239,140	-	239,140
Recreation	61,252	-	61,252
Library	44,113	-	44,113
Maintenance	-	-	-
Debt Service	-	-	-
Total Expenditures	2,326,886	3,750	2,330,636
Excess (Deficiency) of Revenues Over			
(Under) Expenditures	739,487	(3,305)	736,182
Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	739,487	(3,305)	736,182
Fund Balances - Beginning	3,981,649	6,371	3,988,020
Fund Balances - Ending	\$ 4,721,136	\$ 3,066	\$ 4,724,202

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, 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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 736,182
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount of capital assets purchased in the current period.	332,419
Depreciation expense on capital assets is reported in the government-wide Statement of Activities and Changes in Net Position but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds.	(164,683)
Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in Governmental Funds. Change in compensated absence accrual.	(7,257)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds. Property taxes - \$3,499.	(3,499)
The net effect of disposal of capital assets is to increase net position. Government funds report the disposal of the asset based on the sales proceeds while government-wide financial statements recognize the gain or loss based on the sales prices as compared to the adjusted basis of the asset sold under GASB 34 where capital assets are depreciated over their useful life.	(131,996)
Retirement contributions made after the actuarial measurement date are an expenditures in the governmental funds, but increase deferred outflows for governmental activities, net of pension expense.	1,206
Change in Net Position of Governmental Activities	<u>\$ 762,372</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020

	<u>SEWER FUND</u>
ASSETS	
Current Assets	
Cash & Cash Equivalents	\$ 2,063,680
Accounts Receivable (net)	145,154
Inventory	50,452
Noncurrent & Restricted Assets	
Cash & Cash Equivalents	101,854
Net Pension Asset	57,491
Utility Plant & Equipment (net)	5,450,929
Total Assets	<u>7,869,560</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Contributions Subsequent To Measurement	
Date and Other Pension Related Deferred Outflows	32,313
Total Deferred Outflows of Resources	<u>32,313</u>
LIABILITIES	
Current Liabilities	
Accounts Payable & Accrued Liabilities	23,190
Accrued Interest	1,219
Accrued Salaries & Benefits	9,882
Accrued Compensated Absences - current	4,966
Customer Deposits	290
Bonds Payable - current	35,000
Noncurrent Liabilities	
Bonds Payable	260,000
Total Liabilities	<u>334,547</u>
DEFERRED INFLOWS OF RESOURCES	
Net Difference Between Projected & Actual	
Investment Earnings On Pension Plan Investments	19,217
NET POSITION	
Net Investments In Capital Assets	5,155,929
Restricted for Net Pension Asset	57,491
Restricted for Debt Service	101,854
Unrestricted	2,232,835
Total Net Position	<u><u>\$ 7,548,109</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2020

	<u>SEWER FUND</u>
OPERATING REVENUE	
Charges for Services	\$ 967,693
Total Operating Revenue	<u>967,693</u>
 OPERATING EXPENSE	
Personnel Services	179,857
Materials & Supplies	6,140
Repairs & Maintenance	128,201
Contractual Services	29,987
Utilities & Telephone	87,504
Insurance	17,465
General Expenses	45,897
Depreciation	237,777
Total Operating Expense	<u>732,828</u>
 Income (Loss) from Operations	 234,865
 NONOPERATING REVENUE (EXPENSE)	
Interest Income	2,394
Interest Expense	(7,786)
Total Nonoperating Revenue (Expense)	<u>(5,392)</u>
 Income Before Contributions	 229,473
Capital Grants	-
Change in Net Position	<u>229,473</u>
 NET POSITION-BEGINNING	 <u>7,318,636</u>
NET POSITION-ENDING	<u><u>\$ 7,548,109</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2020

	<u>SEWER FUND</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 975,349
Cash Payments for Supplies/Services	(299,559)
Cash Payments to Employees/Personnel	(175,224)
Net Cash Provided by Operating Activities	<u>500,566</u>
Cash Flows from Capital & Related Financing Activities	
Purchases of Capital Assets	(4,090)
Retirement of Debt	(121,915)
Interest Paid on Debt	(7,786)
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(133,791)</u>
Cash Flow from Investing Activities	
Interest Income	2,394
Net Increase (Decrease) in Cash & Cash Equivalents	<u>369,169</u>
Cash & Cash Equivalents - Beginning	1,796,365
Cash & Cash Equivalents - Ending	<u><u>\$ 2,165,534</u></u>
Reconciliation of Income from Operations to Net Cash Provided by (Used for) Operating Activities	
Income from Operations	234,865
Adjustments to Reconcile Income from Operations to Net Cash Provided by (Used for) Operating Activities	
Depreciation	237,777
(Increase) Decrease in:	
Accounts Receivable	7,656
Inventory	172
Net Pension Asset	(4,985)
Deferred Outflows Relating to Pension Plan	5,079
Increase (Decrease) in:	
Accounts Payable & Accrued Liabilities	20,308
Deferred Inflows Relating to Pension Plan	(306)
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 500,566</u></u>
Reconciliation of Total Cash & Cash Equivalents	
Cash & Cash Equivalents	2,063,680
Restricted Cash & Cash Equivalents	101,854
Total Cash & Cash Equivalents	<u><u>\$ 2,165,534</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
- BUDGET & ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Taxes				
Property Taxes	\$ 1,270,000	\$ 1,335,000	\$ 1,345,996	\$ 10,996
Interest & Penalties - Taxes	13,000	13,000	10,011	(2,989)
Local Option Sales Tax	360,000	360,000	414,611	54,611
Wholesale Beer Tax	45,000	45,000	51,291	6,291
Cable TV & Power Franchise Tax	68,000	68,000	70,889	2,889
Total Taxes	1,756,000	1,821,000	1,892,798	71,798
Intergovernmental Revenue				
State Sales Tax	450,000	450,000	494,610	44,610
State Income Tax	2,000	2,000	2,657	657
State Beer Tax	2,500	2,500	2,543	43
State Street Aid	158,000	158,000	192,092	34,092
State Gas Tax	10,000	10,000	10,778	778
TVA in Lieu	60,000	60,000	66,774	6,774
State Pay Supplement	4,200	4,200	4,000	(200)
Telecommunication Tax	1,500	1,500	1,746	246
Federal/State/Other Grants	600	600	2,121	1,521
Total Intergovernmental Revenue	688,800	688,800	777,321	88,521
Charges for Services				
State Highway Services	15,000	15,000	9,034	(5,966)
Rental Income	22,536	22,536	22,539	3
Wrecker Services	200	200	-	(200)
Total Charges for Services	37,736	37,736	31,573	(6,163)
Fines & Forfeitures				
City Court Fines	85,000	85,000	57,034	(27,966)
County Court Fines	3,500	3,500	2,390	(1,110)
Animal Control	500	500	753	253
Speed Enforcement	15,000	15,000	37,732	22,732
Total Fines & Forfeitures	104,000	104,000	97,909	(6,091)
Licenses & Permits				
Building Permits	5,000	5,000	5,195	195
Total Licenses & Permits	5,000	5,000	5,195	195
Other Revenue				
Interest Income	1,220	1,220	4,496	3,276
Donations/Other	20,600	20,600	28,971	8,371
Miscellaneous	18,650	230,650	16,331	(214,319)
Surplus Sales & Insurance Recoveries	-	-	211,779	211,779
Total Other Revenue	40,470	252,470	261,577	9,107
TOTAL REVENUES	\$ 2,632,006	\$ 2,909,006	\$ 3,066,373	\$ 157,367

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
- BUDGET & ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government				
Fireworks Block Party	\$ -	\$ -	\$ -	\$ -
Dues	6,000	6,000	3,000	3,000
Senior Citizens	17,000	17,000	17,000	-
Utilities	16,000	16,000	13,691	2,309
Telephone	7,000	7,000	3,514	3,486
Engineering	7,000	7,000	2,597	4,403
Insurance	72,000	72,000	52,541	19,459
Reappraisal Cost	10,200	10,200	7,748	2,452
Safety Program	2,500	2,500	-	2,500
Bank Charges	120	120	120	-
First TN Dev. District	1,638	1,638	1,638	-
First TN Human Resources	2,500	2,500	2,000	500
Public Relations	5,000	5,000	-	5,000
Capital Outlay	-	-	-	-
Chamber of Commerce	2,500	2,500	2,500	-
Total General Government	149,458	149,458	106,349	43,109
Financial & Administration				
Salaries	226,000	221,900	204,699	17,201
Payroll Taxes	16,560	16,560	15,097	1,463
Health Insurance	31,000	35,000	30,065	4,935
Retirement	18,500	18,500	16,263	2,237
Worker's Compensation Ins.	700	800	584	216
Training	5,000	5,000	405	4,595
Internet & Web Services	5,000	5,000	1,789	3,211
Newsletter	-	-	-	-
Housing Authority	250	250	-	250
Advertising	3,200	3,200	1,825	1,375
City Judge	4,800	4,800	4,000	800
Medical Services	300	300	330	(30)
Legal Services	55,000	55,000	59,978	(4,978)
Accounting Services	28,000	28,000	3,779	24,221
Computer & Support	51,000	51,000	32,521	18,479
State Planning Fees	13,000	13,000	10,640	2,360
Repairs & Maintenance	20,000	20,000	4,193	15,807
Travel	3,000	3,000	1,066	1,934
Tax Commission Fees	2,800	2,800	763	2,037
Miscellaneous & Dues	5,200	5,200	2,281	2,919
Contractual Fees	2,000	2,000	-	2,000

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
- BUDGET & ACTUAL-
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Office Expense & Supplies	\$ 16,200	\$ 16,200	\$ 10,503	\$ 5,697
Copier Maintenance/Lease	2,000	2,000	1,344	656
Capital Outlay	5,000	5,000	8,600	(3,600)
Total Financial & Administration	514,510	514,510	410,725	103,785
Public Safety - Police				
Salaries/Wages	311,000	297,000	279,303	17,697
Payroll Taxes	27,050	27,050	20,330	6,720
Health Insurance	95,000	95,000	37,963	57,037
Retirement	29,000	29,000	17,895	11,105
Worker's Compensation Ins.	18,500	18,500	7,705	10,795
Training	7,500	7,500	3,554	3,946
Dues & E-Com Expense	1,500	1,800	977	823
Utilities/Telephone	6,500	7,000	5,324	1,676
Internet Services	4,000	4,000	1,296	2,704
Computer & Support	4,000	6,000	5,230	770
Medical Services	1,200	1,750	1,260	490
Towing Services	500	500	-	500
Travel	5,000	5,000	3,272	1,728
Office Expense	4,000	4,000	3,819	181
Operating Supplies	5,000	6,000	5,038	962
Child Restraint Seats	-	-	-	-
Clothing/Uniforms	5,500	8,000	6,239	1,761
Vehicle/Fuel Expense	50,000	52,000	47,212	4,788
Copier Lease	2,500	2,500	2,002	498
Miscellaneous/Radio Expense	2,600	7,750	5,627	2,123
Department of Safety	13,000	13,000	5,564	7,436
Bullet Proof Vests	2,500	2,500	979	1,521
Capital Outlay/Grant Expenses	-	35,000	39,170	(4,170)
Repairs & Maintenance	7,500	7,500	1,855	5,645
Total Public Safety - Police	603,350	638,350	501,614	136,736
Public Safety - Fire				
Salaries/Wages	102,000	77,500	73,740	3,760
Payroll Taxes	9,060	9,060	5,740	3,320
Health Insurance	-	-	-	-
Retirement	2,500	2,500	279	2,221
Worker's Compensation Ins.	6,400	6,400	3,782	2,618
Training	11,200	11,200	8,350	2,850
Internet Services	-	-	-	-
Dues & E-Dispatch	500	500	795	(295)
Public Relations	3,500	4,000	3,574	426
Utilities/Telephone	15,500	18,000	15,138	2,862
Medical Services	2,500	2,500	45	2,455

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
- BUDGET & ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Computer & Support	\$ 1,000	\$ 1,000	\$ 543	\$ 457
Repairs & Maintenance	7,500	7,500	1,961	5,539
Travel	3,000	3,000	460	2,540
OSHA Testing	5,500	5,500	870	4,630
Contractual Services	3,000	3,000	581	2,419
Office Expense/Postage	1,000	1,000	515	485
Operating Supplies	5,000	5,000	3,418	1,582
Clothing/Uniforms	4,000	5,000	4,626	374
Vehicle/Fuel Expense	30,000	30,000	13,320	16,680
Radio Expense	6,500	11,000	7,520	3,480
Miscellaneous	1,000	2,000	1,086	914
Capital Outlay	18,000	318,000	310,704	7,296
Copier Maintenance	-	-	-	-
Total Public Safety - Fire	238,660	523,660	457,047	66,613
Total Public Safety	842,010	1,162,010	958,661	203,349
Animal Control				
Salaries/Wages	33,050	32,000	29,570	2,430
Payroll Taxes	2,860	2,660	2,110	550
Health Insurance	8,500	7,500	5,927	1,573
Retirement	2,400	3,100	2,606	494
Worker's Compensation Ins.	1,800	1,800	909	891
Training	800	800	-	800
Dues	100	100	-	100
Utilities/Telephone	2,150	2,500	1,483	1,017
Internet Services	750	1,250	1,025	225
Medical Services	800	800	316	484
Repairs & Maintenance	5,000	4,000	3,086	914
Travel	800	800	-	800
Radio Expense	-	-	-	-
Office Expense	500	600	619	(19)
Operating Supplies	1,000	3,000	2,255	745
Animal Food Purchases	1,000	1,000	327	673
Clothing/Uniforms	500	500	142	358
Vehicle Expense	4,300	3,800	2,623	1,177
Miscellaneous	-	100	79	21
Total Animal Control	66,310	66,310	53,077	13,233

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
- BUDGET & ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Building Inspection				
Salaries/Wages	\$ 32,000	\$ 31,500	\$ 22,006	\$ 9,494
Payroll Taxes	2,580	2,580	1,712	868
Worker's Compensation Ins.	1,600	1,600	977	623
Training	800	800	159	641
Dues/Fees	4,500	5,000	4,320	680
Utilities/Telephone	2,950	2,950	2,072	878
Travel	1,000	1,000	-	1,000
Operating Supplies	1,000	1,000	590	410
Miscellaneous & Demolition	6,150	6,150	434	5,716
Repairs & Maintenance	5,000	5,000	-	5,000
Total Building Inspection	57,580	57,580	32,270	25,310
Highways & Streets				
Salaries/Wages	180,000	170,000	157,113	12,887
Payroll Taxes	14,400	14,400	11,111	3,289
Health Insurance	55,000	55,000	39,406	15,594
Retirement	19,000	19,000	12,632	6,368
Worker's Compensation Ins.	17,000	17,000	13,086	3,914
Training	2,500	2,500	-	2,500
Utilities/Telephone	10,250	10,450	8,336	2,114
Internet Services	2,000	2,000	1,533	467
Medical Services	1,000	1,000	610	390
Repairs & Maintenance	25,000	25,000	14,323	10,677
Travel	1,000	1,000	802	198
Equipment Rental	750	2,500	1,468	1,032
Office Expense	750	1,000	554	446
Operating Supplies	10,000	10,000	5,418	4,582
Clothing/Uniforms	5,000	5,000	3,696	1,304
Vehicle Expense	46,000	46,000	38,686	7,314
Traffic Light Study	-	-	-	-
Miscellaneous	1,500	1,500	619	881
Drainage Repairs	1,000	1,000	-	1,000
Paving	-	7,800	5,908	1,892
Capital Outlay	-	-	-	-
Total Highways & Streets	392,150	392,150	315,301	76,849
State Street Aid				
Street Lighting	46,000	46,000	42,828	3,172
Signs & Parts/Traffic Light Maint.	11,000	11,000	6,238	4,762
Materials-Streets & Paving	225,000	225,000	42,184	182,816
Equipment	75,000	75,000	14,748	60,252
Total State Street Aid	357,000	357,000	105,998	251,002

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
- BUDGET & ACTUAL-
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Solid Waste Sanitation				
Salaries/Wages	\$ 41,500	\$ 43,500	\$ 41,272	\$ 2,228
Payroll Taxes	3,280	3,280	2,790	490
Health Insurance	19,000	17,000	12,232	4,768
Retirement	4,600	4,600	4,112	488
Worker's Compensation Ins.	3,000	3,000	271	2,729
Medical Services	250	250	-	250
Contractual Fees	165,000	165,000	163,125	1,875
Operating Supplies	500	500	108	392
Vehicle/Fuel Expense	15,000	15,000	15,230	(230)
State Permit Fees	-	-	-	-
Total Solid Waste Sanitation	252,130	252,130	239,140	12,990
Recreation				
Utilities/Telephone/Internet	4,500	5,500	4,633	867
Joint Recreation Program	66,000	66,000	55,437	10,563
War Memorial	1,000	1,000	-	1,000
Operating Supplies	1,000	1,000	-	1,000
Park Development	20,000	19,000	982	18,018
Capital Outlay	-	-	-	-
Miscellaneous	250	250	200	50
Total Recreation	92,750	92,750	61,252	31,498
Library				
Salaries/Wages	35,000	30,000	24,209	5,791
Payroll Taxes	2,940	2,940	1,919	1,021
Training	250	250	15	235
Worker's Compensation Ins.	150	150	58	92
Utilities/Telephone	3,975	6,975	5,908	1,067
Internet Services	850	1,850	740	1,110
Medical Services	200	200	-	200
Repairs	2,000	2,000	1,797	203
Travel	300	300	87	213
Office Expense	2,000	2,200	1,892	308
Materials	5,500	7,300	5,809	1,491
Summer Reading	1,250	1,250	125	1,125
Miscellaneous	250	250	103	147
Computer & Support	2,000	2,000	905	1,095
Copier Maintenance	800	800	546	254
Training	600	600	-	600
Total Library	58,065	59,065	44,113	14,952

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
- BUDGET & ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other				
Cemetery Maintenance	\$ 3,650	\$ 3,650	\$ -	\$ 3,650
Total Other	3,650	3,650	-	3,650
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Debt Service	-	-	-	-
TOTAL EXPENDITURES	2,785,613	3,106,613	2,326,886	779,727
Excess (Deficiency) of Revenue Over (Under) Expenditures	(153,607)	(197,607)	739,487	937,094
Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(153,607)	(197,607)	739,487	937,094
FUND BALANCE - BEGINNING	3,981,649	3,981,649	3,981,649	-
FUND BALANCE - ENDING	\$ 3,828,042	\$ 3,784,042	\$ 4,721,136	\$ 937,094

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Town of Mount Carmel, Tennessee (the "Town") was incorporated in 1961 under the laws and provisions of the state of Tennessee. The Town operates under a Mayor-Aldermanic form of government. The Town provides the following services-Public Safety- Police and Fire, Streets, Sanitation, Public Improvements, General and Administrative Services, Recreation, Library, and Sewer Services.

The Town's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of these notes to the basic financial statements. In determining the financial reporting entity, the Town has no component units at June 30, 2020 over which the Town exercises significant influence.

B. Basis of Presentation-Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The statement of activities demonstrates to the degree to which direct expenses of a given function or segment is 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 a 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. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Town does not allocate indirect costs to a specific function or segment.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories being governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental/enterprise fund are at least 10 percent of the corresponding total for all fund of that category type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental/enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Town are described as follows:

Governmental Funds

General Fund – The General Fund is the primary operating fund of the Town and is classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. State Street Aid revenues and expenditures are accounted for in the General Fund but separated to maintain their integrity.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The special revenue fund is the Drug Fund.

Proprietary Fund

Enterprise Fund – The Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Town's Sewer Fund.

Major & Non-major Funds

The funds are further classified as major or non-major as follows:

Funds Major:

General Fund – See above for description.

Sewer Fund – Accounts for revenues and expenditures of the sewer fund.

Funds Non-major:

Drug Fund – Accounts for revenues and expenditures relating to drug fund operations.

C. Measurement Focus & Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus and defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of the measurement focus are the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recorded when the liabilities are incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**Cash & Cash Equivalents**

For the purpose of the Statement of Net Position, "cash & cash equivalents" includes all demand and savings accounts of the Town. The Town has no certificates of deposit. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand accounts and savings accounts.

Interfund Receivables & Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between the funds. Those related to goods and services type are classified as "due to and due from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned and not yet received. Allowance for uncollectible accounts is based upon historical trends and the periodic ageing of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales taxes, intergovernmental revenues and grants. Business-type activities report sewer charges as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, sales taxes, grants, and intergovernmental revenues since they are both usually measurable and available. Nonexchange transactions collectible, but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year end and not received. Utility accounts receivable compose the majority of proprietary fund receivables.

Inventories

Inventories of materials and supplies on hand at year end are stated at cost on the first in first out method.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of the donation. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2004. Prior to July 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. In the government-wide financial statements, capital assets are defined by the Town for governmental activities as assets with an initial individual cost greater than \$5,000. For business-type activities, capital assets are defined as assets with an estimated useful life greater than one year.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as shown below:

Buildings	25-50 years
Improvements	10-50 years
Machinery/Equipment	5-15 years
Utility System	40-50 years
Infrastructure	25-50 years

Land and Construction in Progress are not depreciated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements. In the current year, there was \$0 interest capitalized on enterprise fund capital assets.

Restricted Assets

Restricted assets include cash in banks and receivables which are restricted because their use is limited by laws, grant agreements, or debt service requirements.

Long-term Debt

The accounting treatment for long-term debt depends on whether the assets are used in the governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type activities resources are reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of capital outlay notes and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest are reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as a long-term debt in the government-wide financial statements while the current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. The Town provides sick leave; however, in the event of termination, accumulated sick leave is not paid.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources relating to pensions, and pensions expense, information about the fiduciary net position of the Town's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and paid in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Post-Employment Benefits

The Town provides no post-employment benefits to employees who retire or separate from service. Also, the Town under the Consolidated Omnibus Budget Reconciliation Act (COBRA) makes available healthcare benefits available to eligible former employees and eligible dependents according to certain requirements outlined by the Federal government for this coverage. At June 30, 2020, there were no participants in the COBRA program.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element of deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town of Mount Carmel, Tennessee has one item qualifying for reporting in this category. This relates to deferred outflows of resources and deferred outflows of resources relating to pension plan reporting. See Note 8 for additional information on pension plan deferred outflows of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents and an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. The items qualifying in this area are current/delinquent property taxes and deferred inflows relating to pension plan reporting. See Note 8 for additional information on deferred inflows relating to pensions.

Net Position and Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- 1) Net Investment in Capital Assets – Consists of capital assets including restricted capital assets (net of accumulated depreciation) and reduced by the outstanding borrowings attributable to the acquisition, construction or improvement of those assets.

- 2) Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation. The Town's policy is generally to use restricted net position first, as appropriate opportunities arise.
- 3) Unrestricted Net Position – All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Governmental fund equity is classified as fund balance. Fund balances are classified into the following categories:

- Nonspendable fund balances comprise those amounts that are legally or contractually required to remain intact.
- Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitution provisions, or enabling legislation.
- Committed fund balances comprise those amounts constrained by the government itself using its highest level of authority.
- Assigned fund balances are amounts intended to be used for a specific purpose by the governing body through action other than the highest level of authority.
- Unassigned fund balances are any amounts other than those described above and are available for any purpose.

Net Position and Fund Balance Flow Assumptions

When outlays for a particular purpose are funded from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. The Town's policy is that when both restricted and unrestricted resources are available for expenditure, restricted resources should be spent first unless legal requirements disallow it. When outlays are incurred for purposes for which amounts in any unrestricted fund balance classification could be used, committed funds are to be spent first, assigned funds second, and unassigned funds last.

The Town's highest level of decision-making authority is the Board of Mayor and Alderman. This board may establish, modify, or rescind committed or assigned fund balances by majority vote. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Town's policy to use unassigned resources first, then assigned and committed resources as needed. When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted fund balance first, then use unrestricted fund balance as stated above.

E. Revenues, Expenditures, & Expenses

Property Tax/Other Revenue

Under state law, property taxes become a lien on January 1 of each year. Property taxes are levied annually and are due and payable from October 1st through February 28th of the following calendar year. The 2019 property taxes which are due and payable in the current fiscal year are recorded as revenue in the fund financial statements to the extent they are collected within 60 days of year-end with the remainder being recorded as a receivable and as deferred inflow of

resources. The 2020 property taxes which became a lien on January 1, 2020 and are not levied until October 1, 2020 are recorded as a receivable and as deferred inflows of resources in the fund financial statements. On the government-wide statements, property taxes are recorded as revenue in the year the tax becomes a lien with the exception of the 2020 property taxes which are recorded as a receivable and as deferred inflow of resources with the revenue being recognized in the following fiscal year which it is intended to finance. Those revenues susceptible to accrual are property taxes, sales tax, beer taxes, gas taxes, income taxes, interest revenues, and charges for utility services. Permits, fines, penalties and other revenues are not susceptible to accrual because they are not generally measurable until received in cash.

Operating Revenue & Expenses

The sewer fund distinguishes *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 entire Town's enterprise fund is charges to customers for sales and services. The 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 for the sewer fund includes 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.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified by function and further classified as to current, debt service and capital outlay. The proprietary fund expenditures are classified by operating and nonoperating expenses. In the fund financial statements, governmental funds report expenditures of financial resources while proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

F. Use of Estimates

In preparing the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, & ACCOUNTABILITY

A. Fund Accounting Requirements

The Town complies with regulations requiring the use of separate funds. The legally required funds used by the Town include the following:

- General Fund
- Drug Fund

The Town accounts for its State Street Aid revenues and expenses in the general fund while still maintaining its integrity of the resources as allowed under Tennessee Code Annotated. Also, the Solid Waste Sanitation Fund is now included in the General Fund based on GASB Statement No. 54.

B. Budgetary Information

The Town adopts annual budgets consistent with generally accepted accounting principles for the General Fund, Drug Fund, Solid Waste Sanitation Fund and the Sewer Fund. The Board of Mayor and Aldermen approve any amendments to these funds and all annual appropriations for these funds lapse at year end.

C. Deposits & Investment Laws & Regulations

The Town has no formal deposit and investment policies; however, the Town is required to follow certain state statutes with respect to authorized investment and deposit procedures. See Note 3 with respect to these general requirements.

NOTE 3 – CASH & CASH EQUIVALENTS

The Town of Mount Carmel has no formal policies with respect to deposits and investments; however, the Town is required to follow procedures regarding deposits and authorized investments which are allowed by applicable state laws. For the Town of Mount Carmel, TCA Code Section 6-56-106 prescribes the authorized investments for municipalities in the State of Tennessee. With respect to deposits, the State of Tennessee requires that all deposits in financial institutions be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The financial institution deposits must be covered by federal depository insurance or the Tennessee Collateral Bank Pool, by collateral held by the Town's agent in the Town's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2020, the carrying amount of the Town's deposits was \$6,735,738 (excluding cash on hand of \$150) and the respective bank balances totaled \$6,741,718. The difference between the two amounts represented deposits in transit, outstanding checks, or other reconcilable items. As of June 30, 2020, the total bank balances of \$6,741,718 were covered by either F.D.I.C. insurance or by collateral pledged as part of the financial institutions' participation in the Tennessee Collateral Bank Pool. A recap of total deposits for the governmental and proprietary funds on June 30, 2020 is as follows:

Category	Governmental Activities	Business-Type Activities	Total
Cash in Banks	\$ 4,570,204	\$ 2,165,534	\$ 6,735,738
Total Deposits & Investments	4,570,204	2,165,534	6,735,738
Cash on Hand	150	-	150
Total Cash & Cash Equivalents	\$ 4,570,354	\$ 2,165,534	\$ 6,735,888

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of bank failure, the Town would not be able to recover deposits or collateral securities that are in the possession of an outside party. As previously noted, all deposits were either covered by F.D.I.C. Insurance, collateral pledged as part of the financial institutions participation in the Tennessee Collateral Pool or with collateralized securities held by the Town's agent in the Town's name, or by the Federal Reserve Banks acting as third party agents.

At June 30, 2020 the Town had the following cash & cash equivalents restricted:

	Governmental Activities	Business-Type Activities
Drug Fund Operations	\$ 3,066	\$ -
State Street Aid	330,825	-
Capital Project/Grant	-	-
Debt Service Reserves	-	101,854
Total	\$ 333,891	\$ 101,854

NOTE 4 – RECEIVABLES

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as shown below:

Receivables	General Fund	Sewer Fund	Non-major Funds	Total
Property Taxes	\$ 1,432,019	\$ -	\$ -	\$ 1,432,019
Accounts/Trade/Other	21,921	162,529	-	184,450
Intergovernmental	192,508	-	-	192,508
Gross Receivables	1,646,448	162,529	-	1,808,977
Less: Allowance for Uncollectibles	-	(17,375)	-	(17,375)
Net Total Receivables	\$ 1,646,448	\$ 145,154	\$ -	\$ 1,791,602

Revenues of the Sewer Fund are reported net of the allowance for uncollectibles.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 352,312	\$ -	\$ -	\$ 352,312
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	352,312	-	-	352,312
Capital Assets Being Depreciated:				
Buildings/Improvements	623,590	-	-	623,590
Machinery/Equipment/Vehicles	2,046,295	332,419	280,352	2,098,362
Library	115,205	-	-	115,205
Infrastructure	3,907,153	-	-	3,907,153
Total Capital Assets Being Depreciated	6,692,243	332,419	280,352	6,744,310
Less: Accumulated Depreciation for:				
Buildings/Improvements	(509,311)	(4,857)	-	(514,168)
Machinery/Equipment/Vehicles	(1,583,811)	(86,338)	148,356	(1,521,793)
Library	(115,205)	-	-	(115,205)
Infrastructure	(2,942,590)	(73,488)	-	(3,016,078)
Total Accumulated Depreciation	(5,150,917)	(164,683)	148,356	(5,167,244)
Total Capital Assets Being Depreciated (net)	1,541,326	167,736	428,708	1,577,066
Governmental Activities Capital Assets (net)	\$1,893,638	\$ 167,736	\$428,708	\$1,929,378

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated:				
Land/Right of Ways	\$ 167,190	\$ -	\$ -	\$ 167,190
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	167,190	-	-	167,190
Capital Assets Being Depreciated:				
Machinery/Equipment	588,944	-	-	588,944
Utility Plant & Lines	11,331,142	4,090	-	11,335,232
Total Capital Assets Being Depreciated	11,920,086	4,090	-	11,924,176
Less: Accumulated Depreciation for:				
Machinery/Equipment	(588,944)	-	-	(588,944)
Utility Plant & Lines	(5,813,716)	(237,777)	-	(6,051,493)
Total Accumulated Depreciation	(6,402,660)	(237,777)	-	(6,640,437)
Total Capital Assets Being Depreciated (net)	5,517,426	(233,687)	-	5,283,739
Business-Type Activities Capital Assets (net)	\$ 5,684,616	\$ (233,687)	\$ -	\$ 5,450,929

Depreciation expense was charged to functions/programs of the government are as shown below:

Governmental Activities	
General Government	\$ 4,289
Public Safety - Police & Fire	47,428
Highways & Streets (including infrastructure assets)	110,680
Sanitation	-
Culture/Recreation	1,606
Animal Control	680
Library	-
Total Depreciation - Governmental Activities	164,683
Business-Type Activities	
Sewer	237,777
Total Depreciation - Business-Type Activities	237,777
TOTAL DEPRECIATION	\$ 402,460

NOTE6 – LONG-TERM DEBT

Business-Type Activities

Tennessee Local Development Authority Bonds- Issued for \$2,162,025 previously at 7.06%, maturing in 2020. Purpose – Construction of Sewer plant and facilities. This note was retired July 1, 2019.

General Obligation Refunding Bond, Series 2013 issued on 11/27/2013 to refund the Series 2003 Sewer Revenue & Tax Refunding Bonds. Total bond issue \$545,000 with an average interest rate of 2.48%.

Bonds outstanding as of June 30, 2020 are shown as follows:

Issue	Governmental		Business-Type	
	Activities	Activities	Total	
2013 Refunding Bonds	\$ -	\$ 295,000	\$ 295,000	
TOTAL	\$ -	\$ 295,000	\$ 295,000	

Changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within 1 Year
Governmental Activities					
Compensated Absences	\$ 15,522	\$ 22,779	\$ 15,522	\$ 22,779	\$ 22,779
Governmental Activity Long- Term Liabilities	\$ 15,522	\$ 22,779	\$ 15,522	\$ 22,779	\$ 22,779
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within 1 Year
Business-Type Activities					
Bonds Payable	\$ 86,915	\$ -	\$ 86,915	\$ -	\$ -
Bonds Payable	330,000	-	35,000	295,000	35,000
Total Notes & Bonds	416,915	-	121,915	295,000	35,000
Compensated Absences	1,452	4,966	1,452	4,966	4,966
Business-Type Activity Long- Term Liabilities	\$ 418,367	\$ 4,966	\$ 123,367	\$ 299,966	\$ 39,966

Annual debt service requirements to maturity for bonds are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ -	\$ 40,000	\$ 7,316
2022	-	-	40,000	6,324
2023	-	-	40,000	5,332
2024	-	-	45,000	4,340
2025	-	-	45,000	3,224
2026-2027	-	-	85,000	3,224
Total	\$ -	\$ -	\$ 295,000	\$ 29,760

NOTE 7 – NET POSITION/FUND EQUITY

On June 30, 2020 on the government-wide statement of net position, restricted net position is as follows:

Restricted Net Position	Governmental Activities	Business-Type Activities	Total
State Street Aid	\$ 330,825	\$ -	\$ 330,825
Drug Fund Operations	3,066	-	3,066
Net Pension Asset	325,775	57,491	383,266
Debt Service	-	101,854	101,854
Total	\$ 659,666	\$ 159,345	\$ 819,011

NOTE 8 – GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan description. Employees of the Town of Mount Carmel, Tennessee are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

Members and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAS) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	8
Inactive Employees Entitled To But	
Not Yet Receiving Benefits	30
Active Employees	18
	<hr/>
	56

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be change by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Town makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, employer contributions for the Town were \$64,635 based on

a rate of 10.07 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Town's state shared taxes if require employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The Town's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation- 2.5 percent

Salary Increases- Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging at 4.00 percent

Investment Rate of Return- 7.25 percent, net of pension plan investment expenses, including inflation

Cost-of-Living Adjustment- 2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31.00%
Developed Market International Equity	5.29%	14.00%
Emerging Market International Equity	6.36%	4.00%
Private Equity And Strategic Lending	5.79%	20.00%
U.S. Fixed Income	2.01%	20.00%
Real Estate	4.32%	10.00%
Short-term Securities	0.00%	1.00%
		<u>100.00%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Town will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes In The Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2018	\$ 2,723,501	\$ 3,073,532	\$ (350,031)
Changes For The Year:			
Service Cost	86,912		86,912
Interest	200,842		200,842
Differences Between Expected & Actual			
Experience	(17,331)		(17,331)
Changes In Assumptions	-		-
Contributions-Employer		76,620	(76,620)
Contributions-Employee		-	-
Net Investment Income	-	228,656	(228,656)
Benefit Payments, Including Refunds of Employee			
Contributions	(80,350)	(80,350)	-
Administrative Expense		(1,618)	1,618
Net Changes	190,073	223,308	(33,235)
Balance at June 30, 2019	\$ 2,913,574	\$ 3,296,840	\$ (383,266)

Sensitivity of the net pension liability (assets) to changes in the discount rate. The following represents the net pension liability (assets) of the Town calculated using the discount rate of 7.25%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate (7.25%)	1% Increase 8.25%
Mount Carmel's net pension liability (asset)	\$ 25,756	\$ (383,266)	\$ (722,308)

Pension Expense & Deferred Outflows of Resources & Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense). For the year ended June 30, 2020, the Town of Mount Carmel recognized pension expense of \$63,217.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, the Town of Mount Carmel reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences Between Expected And Actual Experience	\$ 50,959	\$ 90,777
Net Difference Between Projected And Actual Earnings On Pension Plan Investments	-	37,327
Changes In Assumptions	27,397	
Contributions Subsequent To The Measurement Date Of June 30, 2019(1)	64,635	-
Total	\$ 142,991	\$ 128,104

- (1) The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019," will be recognized as a reduction (increase) to the net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30th:	Deferred Inflows Of Resources
2021	\$ (23,827)
2022	\$ (30,420)
2023	\$ (1,267)
2024	\$ 8,647
2025	\$ (2,889)
Thereafter	\$ -

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

As of June 30, 2020, the Town reported a payable of \$3,756 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

NOTE 9 – RISK ASSESSMENT

The Town purchases commercial insurance to cover risks of loss related to torts, theft of, damage to, and destruction of assets; natural disasters; errors and omissions; injuries to employees; and the employees' health plan. For the current year, there have been no significant reductions in insurance coverage. Liabilities or settlements in excess of insurance coverage are reported when it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. With regards to risk management, there were no settlement amounts which exceeded insurance coverage for the current year or the three prior years.

NOTE 10 – LEGAL MATTERS

At June 30, 2020 the Town was named as defendant in three different lawsuits involving property rights and employment issues. At the balance sheet date it was not possible to predict the outcome of any of the actions, consequently no liability for damages has been recorded.

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through August 12, 2021, the date the financial statements were available to be issued.

On June 25, 2020, the Town of Mount Carmel accepted the resignation of the serving Mayor. The Vice-Mayor was appointed as acting Mayor by the Board of Alderman. On July 30, 2020, the former mayor was indicted for one count of felony official misconduct.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be estimated at this time.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF CHANGES IN TOWN'S NET PENSION LIABILITY (ASSET) RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 71,153	\$ 57,268	\$ 65,319	\$ 65,726	\$ 77,771	\$ 86,912
Interest	146,637	151,243	158,292	168,499	179,841	200,842
Changes In Benefit Terms						
Differences Between Actual & Expected Experience	(115,931)	(71,254)	(40,389)	(44,218)	76,439	(17,331)
Changes Of Assumptions				54,796		
Benefit Payments, Including Refunds Of Employee Contributions	(26,370)	(26,766)	(75,890)	(19,168)	(26,699)	(80,350)
Net Change In Total Pension Liability	75,489	110,491	107,332	225,635	307,352	190,073
Total Pension Liability-Beginning	1,897,202	1,972,691	2,083,182	2,190,514	2,416,149	2,723,501
Total Pension Liability-Ending-(A)	\$ 1,972,691	\$ 2,083,182	\$ 2,190,514	\$ 2,416,149	\$ 2,723,501	\$ 2,913,574
Contributions-employer	\$ 83,419	\$ 70,842	\$ 74,368	\$ 71,961	\$ 86,597	\$ 76,620
Contributions-Employee						
Net Investment Income	319,608	70,758	63,349	280,564	233,342	228,656
Benefit Payments, Including Refunds Of Employee Contributions	(26,370)	(26,766)	(75,890)	(19,168)	(26,699)	(80,350)
Administrative Expenses	(752)	(923)	(1,343)	(1,484)	(1,829)	(1,618)
Net Change In Plan Fiduciary Net Position	375,905	113,911	60,484	331,873	291,411	223,308
Plan Fiduciary Net Position-Beginning	1,899,948	2,275,853	2,389,764	2,450,248	\$ 2,782,121	3,073,532
Plan Fiduciary Net Position-Ending-(B)	\$ 2,275,853	\$ 2,389,764	\$ 2,450,248	\$ 2,782,121	\$ 3,073,532	\$ 3,296,840
Net Pension Liability (Asset)-Ending (A)-(B)	\$ (303,162)	\$ (306,582)	\$ (259,734)	\$ (365,972)	\$ (350,031)	\$ (383,266)
Plan Fiduciary Net Position As A % Of Total Pension Liability	115.37%	114.72%	111.86%	111.15%	112.85%	113.85%
Covered -Employee Payroll	\$ 692,489	\$ 703,494	\$ 738,515	\$ 714,604	\$ 859,953	\$ 760,875
Net Pension Liability (Asset) As A % Of Covered-Employee Payroll	-43.76%	-43.58%	-35.17%	-51.21%	-40.70%	-50.37%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS
Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 83,419	\$ 70,842	\$ 74,368	\$ 68,388	\$ 82,555	\$ 53,033	\$ 44,545
Contribution In Relation To The							
Actuarially Determined Contribution	83,419	70,842	74,368	71,961	86,597	76,620	64,635
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	(3,573)	\$ (4,042)	\$ (23,587)	(20,090)
Covered-Employee Payroll	\$ 692,849	\$ 703,494	\$ 738,515	\$ 714,604	\$ 859,953	\$ 760,875	\$ 641,857
Contributions As a Percentage Covered-							
Employee Payroll	12.04%	10.07%	10.07%	10.07%	10.07%	10.07%	10.07%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

NOTES TO SCHEDULES

Valuation date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 Percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changes: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

TOWN OF MOUNT CARMEL, TENNESSEE
COMBINING BALANCE SHEET
-NON-MAJOR GOVERNMENTAL FUNDS-
June 30, 2020

	Drug Fund	Total Non-Major Governmental Funds
ASSETS		
Cash	\$ 3,066	\$ 3,066
Due from Other Funds	-	-
Total Assets	3,066	3,066
LIABILITIES		
Accounts Payable	-	-
Accrued Salaries & Benefits	-	-
Total Liabilities	-	-
FUND BALANCES		
Restricted	3,066	3,066
Total Fund Balances	3,066	3,066
Total Liabilities & Fund Balance	\$ 3,066	\$ 3,066

TOWN OF MOUNT CARMEL, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
- NON-MAJOR GOVERNMENTAL FUNDS-
For the Year Ended June 30, 2020

	Drug Fund	Total Non-Major Governmental Funds
REVENUE		
Drug Fees	\$ 394	\$ 394
Drug Contributions	-	-
Interest Income	51	51
Total Revenue	<u>445</u>	<u>445</u>
EXPENDITURES		
Crime Prevention	-	-
Capital Outlay	3,750	3,750
Special Investigative Funds	-	-
Total Expenditures	<u>3,750</u>	<u>3,750</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(3,305)</u>	<u>(3,305)</u>
Net Change in Fund Balance	<u>(3,305)</u>	<u>(3,305)</u>
Fund Balance - Beginning	6,371	6,371
Fund Balance - Ending	<u><u>\$ 3,066</u></u>	<u><u>\$ 3,066</u></u>

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
- BUDGET & ACTUAL-DRUG FUND
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget - Positive (Negative)
REVENUE				
Drug Fines	\$ 300	\$ 300	\$ 394	\$ 94
Drug Contributions	550	550	-	(550)
Interest Income	25	25	51	26
Total Revenue	875	875	445	(430)
EXPENDITURES				
Crime Prevention	-	-	-	-
Capital Outlay	5,000	5,000	3,750	1,250
Special Investigative Funds	-	-	-	-
Total Expenditures	5,000	5,000	3,750	1,250
Net Change in Fund Balance	(4,125)	(4,125)	(3,305)	820
Fund Balance - Beginning	6,371	6,371	6,371	-
Fund Balance - Ending	\$ 2,246	\$ 2,246	\$ 3,066	\$ 820

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF ACTIVITIES
SOLID WASTE SANITATION FUND
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget - Positive (Negative)
REVENUE				
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenue	-	-	-	-
EXPENDITURES				
Wages/Salaries	41,500	44,500	41,272	3,228
Payroll Taxes	3,280	3,280	2,790	490
Health Insurance	19,000	20,000	12,232	7,768
Retirement	4,600	4,600	4,112	488
Insurance	3,000	3,000	271	2,729
Contract Services	165,000	158,000	163,125	(5,125)
Supplies/Other	750	750	108	642
Equipment Operating Expenses	15,000	16,000	15,230	770
Total Expenditures	<u>252,130</u>	<u>250,130</u>	<u>239,140</u>	<u>10,990</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (252,130)</u>	<u>\$ (250,130)</u>	<u>\$ (239,140)</u>	<u>\$ 10,990</u>

Note: Excess expenditures are funded through property taxes levied by the Town. Effective July 1, 2011, the Solid Waste Sanitation Fund is reported within the General Fund.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
BUSINESS-TYPE ACTIVITIES

June 30, 2020

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013 GOB REFUNDING BONDS			
Fiscal Year Ending June 30:			
2021	\$ 40,000	\$ 7,316	\$ 47,316
2022	40,000	6,324	46,324
2023	40,000	5,332	45,332
2024	45,000	4,340	49,340
2025	45,000	3,224	48,224
2026	40,000	2,108	42,108
2027	45,000	1,116	46,116
Total	<u>295,000</u>	<u>29,760</u>	<u>324,760</u>
 Total Business-Type Activities	 <u><u>\$ 295,000</u></u>	 <u><u>\$ 29,760</u></u>	 <u><u>\$ 324,760</u></u>

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE
GENERAL FUND
For the Year Ended June 30, 2020

Tax Year	Property Tax Receivable Balance June 30, 2019	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowance for Uncollectibles	Net Receivable Balance June 30, 2020
2020	\$ -	\$ -	\$ 1,356,480	\$ -	\$ -	\$ -	\$ 1,356,480
2019	1,350,903	-	-	(595)	1,296,616	-	53,692
2018	56,219	-	-	-	43,384	-	12,835
2017	11,071	-	-	-	8,108	-	2,963
2016	3,611	-	-	-	1,875	-	1,736
2015	3,243	-	-	-	2,124	-	1,119
2014	1,634	-	-	909	86	-	2,457
2013	2,328	-	-	-	1,868	-	460
2012	1,087	-	-	(1,087)	-	-	-
2011	578	-	-	-	301	-	277
2010	499	-	-	(499)	-	-	-
	\$ 1,431,173	\$ -	\$ 1,356,480	\$ (1,272)	\$ 1,354,362	\$ -	\$ 1,432,019

The 2019 tax notices become a lien in the state of Tennessee on January 1st of each year. The notices are due from October 1, 2019 through February 28, 2020. The total amount is reflected as deferred inflows of resources on the governmental fund balance sheet as of June 30, 2020, while only the 2020 taxes are reflected as deferred inflows of resources on the government-wide statement of net position.

Note: These taxes upon delinquency are turned over to the Chancery Court one year after becoming delinquent.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF TAX RATES & ASSESSMENTS
For the Year Ended June 30, 2020

<u>Calendar Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100</u>
2020	81,224,229	1.67
2019	80,891,056	1.67
2018	80,269,222	1.67
2017	80,023,910	1.38
2016	79,484,091	1.38
2015	79,738,999	1.38
2014	79,683,576	1.38
2013	79,567,351	1.38
2012	75,481,644	1.38
2011	75,723,284	1.38 *
2010	67,303,092	1.72
2009	66,338,069	1.37
2008	65,063,639	1.37
2007	63,618,750	1.37
2006	62,309,455	1.15
2005	50,928,989	1.37
2004	49,217,549	1.37
2003	48,514,073	1.37
2002	47,578,283	1.27
2001	46,050,846	1.27
2000	35,995,220	1.58
1999	33,938,808	1.58
1998	32,446,222	1.58

* Reappraisal year

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE & CUSTOMERS
For the Year Ended June 30, 2020

SEWER RATES

Minimum Bill	\$32.50/month
Excess Over 2,000 Gallons	\$5.25/1,000 Gallons

Note: Sewer usage based on 90% of water usage

Total number of customers at year end:	1,993
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TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2020

Function	Construction in Progress & Land	Buildings & Improvements	Machinery, Equipment, Vehicles	Library Collection	Infrastructure	Total
General Government	\$ 81,402	\$ 337,460	\$ 125,263	\$ -	\$ -	\$ 544,125
Police & Fire	14,000	128,862	1,150,594	-	-	1,293,456
Highways/Streets	27,000	22,900	772,656	-	3,875,923	4,698,479
Sanitation	-	-	49,849	-	-	49,849
Culture/Recreation	229,910	83,678	-	-	31,230	344,818
Animal Control	-	27,190	-	-	-	27,190
Library	-	23,500	-	115,205	-	138,705
Total	\$ 352,312	\$ 623,590	\$ 2,098,362	\$ 115,205	\$ 3,907,153	\$ 7,096,622

TOWN OF MOUNT CARMEL
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
Business-type activities									
<u>BONDS PAYABLE</u>									
<u>Payable through sewer fund</u>									
TLDA Bond	\$ 2,162,025	7.060%	1/1/2013	2020	\$ 86,915	\$ -	\$ 86,915	\$ -	\$ -
Bond Series 2013	545,000	2.480%	11/27/2013	2027	\$ 330,000	\$ -	\$ 35,000	-	295,000
Total bonds payable through sewer fund					<u>\$ 416,915</u>	<u>\$ -</u>	<u>\$ 121,915</u>	<u>\$ -</u>	<u>\$ 295,000</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor	CFDA Number	Contract Number	Expenditures
FEDERAL AWARDS:			
Passed Through Tn. Dept of Transportation High Visibility Enforcement	20.607	Z19THS202	\$ 2,121
Total Federal Awards			\$ 2,121
STATE AWARDS:			
N/A	N/A	N/A	N/A
Total State Awards			\$ -

Basis of Presentation:

Note 1: The accompanying Schedule of Federal Awards and State Financial Assistance summarizes the expenditures of Town of Mount Carmel, Tennessee under programs of the federal and state governments for the year ended June 30, 2020. The schedule is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133; therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

DAVID M. ELLIS

Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

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

To the Board of Mayor and Alderman
Town of Mount Carmel, Tennessee
Mount Carmel, Tennessee

I have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mount Carmel, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Mount Carmel, Tennessee's basic financial statements and have issued my report thereon dated August 12, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Mount Carmel, 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mount Carmel, Tennessee's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Mount Carmel, Tennessee's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Town of Mount Carmel, Tennessee's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Mount Carmel, Tennessee's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "David M. Ellis".

David M. Ellis, CPA
Greeneville, TN
August 12, 2021

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2020

Internal Control Findings

Finding Number¹	Finding Title	Status

Compliance Findings

Finding Number¹	Finding Title	Status

Note: There were no prior year internal control findings or compliance findings reported.