

**TOWN OF MOUNT CARMEL, TENNESSEE
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

TOWN OF MOUNT CARMEL, TENNESSEE
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**INTRODUCTORY SECTION
(UNAUDITED)**

TOWN OF MOUNT CARMEL, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2024

Elected Officials

Mayor	Pat Stilwill
Vice Mayor	Teresa Mawk
Alderman	Jim Bare
Alderman	John Gibson
Alderman	Jim Gilliam
Alderman	Darby Patrick
Alderman	Mindy Shugart

Appointed Officials

Town Recorder	Emily Wood, CMFO
Town Administrator	Emily Wood, CMFO

FINANCIAL SECTION

DAVID M. ELLIS
Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, 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.

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mount Carmel, Tennessee, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Mount Carmel, Tennessee and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13 and the required supplementary information on pages 57-59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Supplementary 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 individual fund schedules on page 60, the schedule of expenditures of federal awards on page 61 as required by Title 2 U.S. Code of

Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* and the supplemental information schedules on pages 62-67 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the individual fund schedules and the supplemental information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the list of elected and appointed officials on page 1 and the other supplemental information on pages 68-70 but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 22, 2025, 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 the Town of Mount Carmel, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mount Carmel, Tennessee's internal control over financial reporting and compliance.



David M. Ellis, CPA
Greeneville, Tennessee
May 22, 2025

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

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, 2024. 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, 2024 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 \$18,937,848. Of this amount, \$9,891,567, (unrestricted net position) may be used to meet the Town's ongoing obligations.
- The Town's total net position increased \$1,942,631 during the current year.
- As of June 30, 2024, the Town's General Fund reported a fund balance of \$7,728,073 which was a \$697,813 increase over the prior year.
- The proprietary fund being the Sewer Fund had an increase of \$1,087,056 in net position for the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The 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 financial statements. This report also contains required supplementary information and 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 a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave are two possible examples).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type 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.

The government-wide financial statements can be found on pages 14-15 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories- governmental funds and proprietary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for its General Fund and Police Drug Fund. A budgetary comparison statement has been provided for such governmental funds to demonstrate compliance with this budget.

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

FUND FINANCIAL STATEMENTS (CONTINUED)

The basic governmental fund financial statements can be found on pages 16-26 of this report.

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.

The proprietary fund financial statements can be found on pages 27-31 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-56 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 57-59 and supplementary information can be found on pages 60-70 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In this case, the Town's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$18,937,848 at the close of the most recent fiscal year compared to \$16,995,217 for fiscal year 2023.

A large portion of the Town's net position (46%) reflects its investment in capital assets (e.g., land, buildings, machinery, 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 from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Town of Mount Carmel, Tennessee Net Position						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current & Other Assets	\$ 9,481,638	8,844,351	2,383,321	3,847,197	11,864,959	12,691,548
Capital Assets, Net of Accumulated Depreciation	2,461,698	2,245,160	6,375,157	5,153,648	8,836,855	7,398,808
Total Assets	<u>11,943,336</u>	<u>11,089,511</u>	<u>8,758,478</u>	<u>9,000,845</u>	<u>20,701,814</u>	<u>20,090,356</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>445,496</u>	<u>461,106</u>	<u>117,319</u>	<u>117,648</u>	<u>562,815</u>	<u>578,754</u>
LIABILITIES						
Current and Other Liabilities	60,169	82,942	384,184	1,672,074	444,353	1,755,016
Long-Term Liabilities	85,678	84,081	149,347	185,093	235,025	269,174
Total Liabilities	<u>145,847</u>	<u>167,023</u>	<u>533,531</u>	<u>1,857,167</u>	<u>679,378</u>	<u>2,024,190</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,634,822</u>	<u>1,631,006</u>	<u>12,581</u>	<u>18,697</u>	<u>1,647,403</u>	<u>1,649,703</u>
NET POSITION						
Net Investment in Capital Assets	2,442,613	2,209,743	6,245,157	4,943,727	8,687,770	7,153,470
Restricted	255,623	413,059	102,888	118,000	358,511	531,059
Unrestricted	7,909,927	7,129,786	1,981,640	2,180,902	9,891,567	9,310,688
Total Net Position	<u>\$ 10,608,163</u>	<u>9,752,588</u>	<u>8,329,685</u>	<u>7,242,629</u>	<u>18,937,848</u>	<u>16,995,217</u>

Governmental Activities

- * The property tax rate is \$1.59 per \$100 of assessed value.
- * The Town purchased a new fire vehicle for the Fire Department at a cost of \$199,282.
- * New gutters and downspouts were purchased for the Fire Department building at a cost of \$27,387.
- * The Town purchased various vehicles for the Street Department at a cost of \$52,211.
- * The Town purchased various pieces of equipment for the Street Department at a cost of \$65,498.
- * A storage barn and a sign with costs of \$8,987 and \$6,875, respectively were purchased for the Street Department.
- * The Town purchased various items for parks such as a Christmas tree, stage, and began bathroom renovations at costs of \$17,844, \$16,100, and \$5,000, respectively.
- * A new roof for the library was purchased for \$5,140.

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

- * A new sign for City Hall was purchased for \$11,060.
- * CDBG grant funds totaling \$432,387 were received and passed through to the First Utility District of Hawkins County.
- * The Town received grants from private entities totaling \$58,816 for various recreation projects.
- * Total grant revenue recognized by governmental activities was \$726,566 in 2024.

Business-type Activities

- * The Town purchased various sewer treatment equipment at a cost of \$107,399.
- * The sewer data acquisition project was completed with a total cost of \$208,411.
- * The Town purchased a used vehicle for the sewer department for \$52,500.
- * The Town purchased a new backhoe for \$58,800.
- * The Town recognized \$1,271,888 of ARPA grant revenues during fiscal year 2024. These funds are being used for sewer treatment plant improvements. Total projects costs incurred in fiscal year 2024 were \$1,271,888. These costs are recorded as construction in progress at June 30, 2024.
- * The Town has recorded \$41,891 in additional construction in progress for solids dewatering and additional Sewer Fund projects. These costs were reimbursed by Coronavirus State and Local Fiscal Recovery Funds.
- * The Town has several ongoing projects with construction commitments totaling \$770,654. Construction in progress related to these projects was \$1,314,380 at June 30, 2024.

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Town of Mount Carmel, Tennessee Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program Revenues						
Charges for Services	\$ 144,973	175,026	975,361	981,941	1,120,334	1,156,967
Operating Grants	671,566	278,558	14,105	-	685,671	278,558
Capital Grants	55,300	-	1,309,671	-	1,364,971	-
General Revenues						
Property Taxes	1,561,269	1,392,251	-	-	1,561,269	1,392,251
Other Taxes	806,889	844,599	-	-	806,889	844,599
Intergovernmental	775,349	758,741	-	-	775,349	758,741
Other	89,673	62,911	15,764	(15,188)	105,437	47,723
Total Revenues	<u>4,105,019</u>	<u>3,512,086</u>	<u>2,314,901</u>	<u>966,753</u>	<u>6,419,920</u>	<u>4,478,839</u>
EXPENSES						
Governmental Activities						
General Government	650,992	279,519	-	-	650,992	279,519
Financial Administration	474,838	519,954	-	-	474,838	519,954
Public Safety	762,194	886,322	-	-	762,194	886,322
Drug Fund Operations	1,069	3,707	-	-	1,069	3,707
Animal Control	27,394	34,754	-	-	27,394	34,754
Building Inspection	26,633	57,050	-	-	26,633	57,050
Highways and Streets	875,028	824,647	-	-	875,028	824,647
Solid Waste Sanitation	333,487	256,291	-	-	333,487	256,291
Recreation	30,504	82,499	-	-	30,504	82,499
Library	65,844	56,497	-	-	65,844	56,497
Interest	1,461	1,911	-	-	1,461	1,911
Business-type Activities						
Sewer Operations	-	-	1,227,845	1,215,950	1,227,845	1,215,950
Total Expenses	<u>3,249,444</u>	<u>3,003,151</u>	<u>1,227,845</u>	<u>1,215,950</u>	<u>4,477,289</u>	<u>4,219,101</u>
Change in Net Position	<u>855,575</u>	<u>508,935</u>	<u>1,087,056</u>	<u>(249,197)</u>	<u>1,942,631</u>	<u>259,738</u>
Net Position, Beginning	<u>9,752,588</u>	<u>9,243,653</u>	<u>7,242,629</u>	<u>7,491,826</u>	<u>16,995,217</u>	<u>16,735,479</u>
Net Position, Ending	<u>\$ 10,608,163</u>	<u>\$ 9,752,588</u>	<u>8,329,685</u>	<u>7,242,629</u>	<u>18,937,848</u>	<u>16,995,217</u>

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.

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,754,809. \$7,478,603 (96%) of this balance is unassigned. This amount is available for spending at the government's discretion. The remainder of the fund balance is nonspendable, or restricted for specific purposes.

- * The amount of \$26,736 is restricted for Drug Fund.
- * The amount of \$228,887 is restricted for State Street Aid.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,478,603 while the total fund balance was reported to be \$7,728,073. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 219% of total General Fund expenditures, while total fund balance represents 227% of that same amount.

Proprietary Funds

Unrestricted net position of the sewer fund at the end of the fiscal year totaled \$1,981,640. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

- 1) There were no budget amendments during fiscal year 2024.
- 2) Total revenues exceeded budgeted amounts by \$345,130. This was driven by federal grant revenues, which were \$429,819 more than budgeted. However, this was offset by state revenues falling short of budgeted amounts by \$195,000.
- 3) Expenditures in the Fire Department exceeded budgeted amounts by \$16,606. This was primarily due to under-budgeted operating expenditures and supplies.
- 4) Library expenditures exceeded budgeted amounts by \$3,535 due to unexpected repairs and maintenance costs.
- 5) Total expenditures came in below budget by an amount of \$402,387.

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totaled \$8,836,855 (net of accumulated depreciation and amortization). The investment in capital assets includes land, buildings, equipment, improvements, infrastructure, intangible right to use assets, and sewer plant and lines. A summary of the capital assets are as follows:

Town of Mount Carmel, Tennessee Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 352,312	352,312	167,190	167,190	519,502	519,502
Buildings	705,818	630,270	-	-	705,818	630,270
Machinery and Equipment	3,088,780	2,768,228	11,533,415	11,373,517	14,622,195	14,141,745
Infrastructure	3,907,696	3,907,696	-	-	3,907,696	3,907,696
Lines and Improvements	-	-	856,211	647,800	856,211	647,800
Library	115,205	115,205	-	-	115,205	115,205
Intangible Right to Use	57,992	57,992	-	-	57,992	57,992
Construction in Progress	27,000	-	1,314,380	188,158	1,341,380	188,158
Less: Accumulated Depreciation and Amortization	(5,793,105)	(5,586,544)	(7,496,039)	(7,223,017)	(13,289,144)	(12,809,561)
Total Capital Assets	<u>\$ 2,461,698</u>	<u>2,245,159</u>	<u>6,375,157</u>	<u>5,153,648</u>	<u>8,836,855</u>	<u>7,398,807</u>

Additional information on the Town's capital assets can be found in Note 4.C on pages 45-46 of this report.

Long-Term Debt

At the end of the current fiscal year, the Town had total debt outstanding of \$154,085. The bonded debt is secured solely by specified revenue sources.

Town of Mount Carmel, Tennessee's Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Outstanding Debt						
Bonds Payable	\$ -	-	130,000	175,000	130,000	175,000
Leases Payable	11,848	17,422	-	-	11,848	17,422
Subscription-Based IT Arrangement	12,237	17,995	-	-	12,237	17,995
Total Outstanding Debt	<u>\$ 24,085</u>	<u>35,417</u>	<u>130,000</u>	<u>175,000</u>	<u>154,085</u>	<u>210,417</u>

Additional information on the Town of Mount Carmel, Tennessee's long-term debt can be found in Note 4.E on pages 45-48 of this report.

TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- A. Certified Property Tax Rate is \$1.5897 per \$100 of assessed value.
- B. Salary increases for employees of 5%.
- C. Major capital improvements at Sewer plant totaling \$1,800,000, plus additional capital purchases of Sewer Fund equipment totaling \$75,000.
- D. Capital projects for Recreation are budgeted to be \$660,000.
- E. Equipment purchases of \$230,000 are budgeted for the Highway and Street Department
- F. Equipment Purchases of \$205,000 are budgeted for Public Safety
- G. Façade Improvements of \$250,000 have been included in the general governmental budget.
- H. HOME grant revenues of \$240,000 have been budgeted.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances. Questions or requests for additional information should be addressed to the Town Administrator, 100 Main Street East, Mount Carmel, TN 37645.

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,494,233	2,063,468	9,557,701
Accounts Receivable, Net of Estimated Uncollectible	-	138,607	138,607
Property Taxes Receivable	1,703,649	-	1,703,649
Less: Estimated Uncollectible	(32,702)	-	(32,702)
Other Receivables	18,417	-	18,417
Due From Other Governments	277,458	51,888	329,346
Inventory	-	26,470	26,470
Prepaid Expenses	20,583	-	20,583
Restricted Cash and Cash Equivalents	-	102,888	102,888
Capital Assets Not Being Depreciated	379,312	1,481,570	1,860,882
Capital Assets, Net of Accumulated Amortization and Depreciation	2,082,386	4,893,587	6,975,973
TOTAL ASSETS	11,943,336	8,758,478	20,701,814
DEFERRED OUTFLOWS OF RESOURCES			
Pension Changes in Experience	208,432	54,890	263,322
Pension Changes in Investment Earnings	24,634	6,487	31,121
Pension Changes in Assumptions	164,865	43,416	208,281
Pension Contributions After Measurement Date	47,565	12,526	60,091
TOTAL DEFERRED OUTFLOWS OF RESOURCES	445,496	117,319	562,815
LIABILITIES			
Accounts Payable	26,166	82,695	108,861
Internal Balances	8,021	(8,021)	-
Customer Deposits	-	290	290
Accrued Payroll and Related Liabilities	25,982	8,849	34,831
Accrued Interest Payable	-	1,457	1,457
Unearned Revenues	-	298,914	298,914
Long-Term Liabilities			
Due Within One Year	41,245	55,882	97,127
Due in More Than One Year	44,433	93,465	137,898
TOTAL LIABILITIES	145,847	533,531	679,378
DEFERRED INFLOWS OF RESOURCES			
Deferred - Current Property Taxes	1,587,049	-	1,587,049
Pension Changes in Experience	47,773	12,581	60,354
TOTAL DEFERRED INFLOWS OF RESOURCES	1,634,822	12,581	1,647,403
NET POSITION			
Net Investment in Capital Assets	2,442,613	6,245,157	8,687,770
Restricted for:			
Debt Service	-	102,888	102,888
Drug Fund	26,736	-	26,736
State Street Aid	228,887	-	228,887
Unrestricted	7,909,927	1,981,640	9,891,567
TOTAL NET POSITION	\$ 10,608,163	8,329,685	18,937,848

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

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General Government	\$ 650,992	22,539	432,387	-	(196,066)	-	(196,066)
Financial Administration	474,838	-	-	-	(474,838)	-	(474,838)
Public Safety	762,194	79,049	21,932	-	(661,213)	-	(661,213)
Drug Fund Operations	1,069	14,366	-	-	13,297	-	13,297
Animal Control	27,394	20	-	-	(27,374)	-	(27,374)
Building Inspection	26,633	10,690	-	-	(15,943)	-	(15,943)
Highways and Streets	875,028	18,309	200,739	-	(655,980)	-	(655,980)
Solid Waste Sanitation	333,487	-	-	-	(333,487)	-	(333,487)
Recreation	30,504	-	8,516	55,300	33,312	-	33,312
Library	65,844	-	7,992	-	(57,852)	-	(57,852)
Interest	1,461	-	-	-	(1,461)	-	(1,461)
TOTAL GOVERNMENTAL ACTIVITIES	3,249,444	144,973	671,566	55,300	(2,377,605)	-	(2,377,605)
BUSINESS-TYPE ACTIVITIES							
Sewer	1,227,845	975,361	14,105	1,309,671	-	1,071,292	1,071,292
TOTAL BUSINESS-TYPE ACTIVITIES	1,227,845	975,361	14,105	1,309,671	-	1,071,292	1,071,292
TOTAL PRIMARY GOVERNMENT	\$ 4,477,289	1,120,334	685,671	1,364,971	(2,377,605)	1,071,292	(1,306,313)
GENERAL REVENUES							
Property Taxes					1,561,269	-	1,561,269
Sales Taxes					696,096	-	696,096
Other Taxes					110,793	-	110,793
State Revenue					775,349	-	775,349
Unrestricted Investment Earnings					36,033	15,764	51,797
Proceeds from Sale of Equipment					12,007	-	12,007
Miscellaneous					41,633	-	41,633
TOTAL GENERAL REVENUES					3,233,180	15,764	3,248,944
Change in Net Position					855,575	1,087,056	1,942,631
Net Position, Beginning					9,752,588	7,242,629	16,995,217
Net Position, Ending					\$ 10,608,163	8,329,685	18,937,848

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

TOWN OF MOUNT CARMEL, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Non-Major Police Drug Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 7,483,160	11,073	7,494,233
Property Taxes Receivable	1,703,649	-	1,703,649
Less: Estimated Uncollectible	(32,702)	-	(32,702)
Other Receivables	18,417	-	18,417
Due from Other Funds	26,238	15,663	41,901
Due From Other Governments	277,458	-	277,458
Prepaid Expenses	20,583	-	20,583
TOTAL ASSETS	<u><u>\$ 9,496,803</u></u>	<u><u>26,736</u></u>	<u><u>9,523,539</u></u>
LIABILITIES			
Accounts Payable	\$ 26,166	-	26,166
Due to Other Funds	49,922	-	49,922
Accrued Payroll and Related Liabilities	25,982	-	25,982
TOTAL LIABILITIES	<u>102,070</u>	<u>-</u>	<u>102,070</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred - Current Property Taxes	1,587,049	-	1,587,049
Unavailable Revenues	79,611	-	79,611
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,666,660</u>	<u>-</u>	<u>1,666,660</u>
FUND BALANCES			
Non-Spendable			
Prepaid Expenses	20,583	-	20,583
Restricted for			
State Street Aid	228,887	-	228,887
Drug Fund	-	26,736	26,736
Unassigned	7,478,603	-	7,478,603
TOTAL FUND BALANCES	<u>7,728,073</u>	<u>26,736</u>	<u>7,754,809</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 9,496,803</u></u>	<u><u>26,736</u></u>	<u><u>9,523,539</u></u>

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

TOWN OF MOUNT CARMEL, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 7,754,809
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$8,254,803 and the accumulated amortization and depreciation is \$5,793,105.	2,461,698
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	79,611
Long-term pension retirement plans are not due and payable in the current period and, therefore, are not reported in the governmental funds. This amount is the net pension liability, net of deferred inflows and deferred outflows of resources.	365,581
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at fiscal year end consist of leases payable, subscription-based IT arrangements, and compensated absences.	<u>(53,536)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 10,608,163</u></u>

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

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	General Fund	Non-Major Police Drug Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 2,276,425	-	2,276,425
Licenses and Permits	10,690	-	10,690
Intergovernmental Revenues	1,511,082	-	1,511,082
Charges for Services	60,858	-	60,858
Fines and Forfeitures	79,049	14,366	93,415
Investment Earnings	36,033	-	36,033
Donations	59,455	-	59,455
Rental Income	22,539	-	22,539
Miscellaneous	41,633	-	41,633
TOTAL REVENUES	4,097,764	14,366	4,112,130
EXPENDITURES			
Current			
General Government	215,998	-	215,998
Financial Administration	461,835	-	461,835
Public Safety	903,331	-	903,331
Drug Fund Operations	-	1,069	1,069
Animal Control	26,041	-	26,041
Building Inspection	27,731	-	27,731
Highways and Streets	853,576	-	853,576
Solid Waste Sanitation	332,160	-	332,160
Recreation	74,506	-	74,506
Library	71,600	-	71,600
Intergovernmental Expenditures	432,387	-	432,387
Debt Service:			
Lease Principal Payments	5,574	-	5,574
Subscription Based IT			
Financing Principal Payments	5,758	-	5,758
Interest	1,461	-	1,461
TOTAL EXPENDITURES	3,411,958	1,069	3,413,027
Excess (Deficiency) of Revenues Over (Under) Expenditures	685,806	13,297	699,103
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Assets	12,007	-	12,007
Net Change in Fund Balances	697,813	13,297	711,110
Fund Balances, Beginning	7,030,260	13,439	7,043,699
Fund Balances, Ending	<u>\$ 7,728,073</u>	<u>26,736</u>	<u>7,754,809</u>

The notes to the 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 Fiscal Year Ended June 30, 2024

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

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 711,110
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$423,100 exceeded depreciation of \$206,561 in the period.	216,539
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenues decreased by this amount for the current year.	(19,118)
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Compensated absences decreased by this amount for the current fiscal year.	19,213
The repayment of the principal of long-term debt consumes the current financial resources of the governmental funds.	11,332
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(83,501)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 855,575</u></u>

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

TOWN OF MOUNT CARMEL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property Taxes	\$ 1,513,892	1,513,892	1,546,459	32,567
Property Taxes - Delinquent	42,000	42,000	32,786	(9,214)
Local Option Sales Tax	725,000	725,000	696,096	(28,904)
Penalties and Interest	3,500	3,500	1,084	(2,416)
Total Taxes	2,284,392	2,284,392	2,276,425	(7,967)
Licenses and Permits				
Building Permits	10,000	10,000	10,690	690
Total Licenses and Permits	10,000	10,000	10,690	690
Intergovernmental Revenues				
Federal Grant Revenue	4,500	4,500	434,319	429,819
State Grant Revenue	54,800	54,800	39,532	(15,268)
Other State Revenues	200,000	200,000	5,000	(195,000)
Telecommunications Sales Tax	1,800	1,800	1,597	(203)
Contributions from Local Governments	-	-	25,000	25,000
State Sales Tax	650,000	650,000	674,943	24,943
State-City Streets and Transportation	175,000	175,000	162,462	(12,538)
State Gasoline Tax	37,000	37,000	38,277	1,277
TVA Replacement Tax	60,000	60,000	67,072	7,072
State Beer Tax	1,700	1,700	2,465	765
Wholesale Beer and Liquor Tax	55,000	55,000	50,013	(4,987)
Sportsbetting Tax	-	-	10,402	10,402
Total Intergovernmental Revenues	1,239,800	1,239,800	1,511,082	271,282
Charges for Services				
Cable TV Commissions	70,000	70,000	60,838	(9,162)
Animal Control Services	50	50	20	(30)
Total Charges for Services	70,050	70,050	60,858	(9,192)
Fines and Forfeitures	103,232	103,232	79,049	(24,183)
Investment Earnings	4,500	4,500	36,033	31,533

(Continued)

TOWN OF MOUNT CARMEL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES (CONTINUED)				
Other Revenue				
Contributions and Donations	5,000	5,000	59,455	54,455
Rental Income	20,660	20,660	22,539	1,879
Miscellaneous	15,000	15,000	41,633	26,633
Total Other Revenue	40,660	40,660	123,627	82,967
TOTAL REVENUES	3,752,634	3,752,634	4,097,764	345,130
EXPENDITURES				
General Government				
Dues	4,000	4,000	3,716	284
Senior Citizens Donations	30,000	30,000	30,000	-
Utilities	18,000	18,000	16,868	1,132
Telephone	4,500	4,500	1,507	2,993
Engineering	4,000	4,000	(2,072)	6,072
Insurance	120,000	120,000	117,716	2,284
Reappraisal Cost	9,000	9,000	6,106	2,894
Safety Program	2,500	2,500	-	2,500
Bank Charges	120	120	150	(30)
First TN Development District	1,650	1,650	1,635	15
First TN Human Resources	2,500	2,500	2,000	500
Public Relations	25,000	25,000	26,262	(1,262)
Chamber of Commerce	2,500	2,500	-	2,500
Of One Accord Lunchbox	1,600	1,600	1,050	550
Capital Outlay	20,000	20,000	11,060	8,940
Total General Government	245,370	245,370	215,998	29,372
Financial Administration				
Salaries	250,000	250,000	179,623	70,377
Payroll Taxes	19,500	19,500	15,317	4,183
Health Insurance	45,000	45,000	41,714	3,286
Retirement	23,000	23,000	10,805	12,195
Worker's Compensation Insurance	-	-	6,876	(6,876)
Training	3,000	3,000	1,679	1,321
Internet and Web Services	2,200	2,200	1,085	1,115
Housing Authority	500	500	-	500
Advertising	4,500	4,500	1,046	3,454
City Judge	4,800	4,800	3,600	1,200
Medical Services	200	200	45	155
Legal Services	30,000	30,000	33,658	(3,658)
Accounting Services	35,000	35,000	42,142	(7,142)

(Continued)

TOWN OF MOUNT CARMEL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Financial Administration (Continued)				
Computer and Support	55,000	55,000	38,229	16,771
State Planning Fees	15,000	15,000	14,045	955
Repairs and Maintenance	30,000	30,000	12,733	17,267
Travel	3,000	3,000	643	2,357
Tax Commission Fees	2,000	2,000	1,079	921
Miscellaneous and Dues	4,500	4,500	46,275	(41,775)
Contractual Fees	500	500	-	500
Office Expense and Supplies	10,200	10,200	10,499	(299)
Copier Maintenance and Lease	1,500	1,500	742	758
Capital Outlay	5,500	5,500	-	5,500
Total Financial Administration	544,900	544,900	461,835	83,065
Public Safety				
Police Department				
Salaries and Wages	383,000	383,000	286,878	96,122
Payroll Taxes	30,750	30,750	23,971	6,779
Health Insurance	75,500	75,500	47,878	27,622
Retirement	45,000	45,000	22,154	22,846
Worker's Compensation Insurance	-	-	10,954	(10,954)
Training	4,500	4,500	3,423	1,077
Dues and E-Com Expense	1,400	1,400	1,323	77
Utilities and Telephone	6,000	6,000	5,498	502
Internet Services	1,000	1,000	1,324	(324)
Computer and Support	15,000	15,000	3,955	11,045
Medical Services	500	500	915	(415)
Travel	2,500	2,500	1,570	930
Office Expense	3,000	3,000	2,431	569
Operating Supplies	5,800	5,800	8,112	(2,312)
Clothing and Uniforms	4,000	4,000	7,991	(3,991)
Vehicle and Fuel Expense	45,000	45,000	32,730	12,270
Copier Lease	2,000	2,000	1,093	907
Miscellaneous and Radio Expense	6,000	6,000	4,597	1,403
Department of Safety	6,500	6,500	3,548	2,952
Bullet Proof Vests	2,000	2,000	119	1,881
Repairs and Maintenance	2,000	2,000	429	1,571
High Visibility Grant	5,000	5,000	1,932	3,068
Capital Outlay	4,000	4,000	-	4,000
Total Police Department	650,450	650,450	472,825	177,625

(Continued)

TOWN OF MOUNT CARMEL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public Safety (Continued)				
Fire Department				
Salaries and Wages	80,500	80,500	64,909	15,591
Payroll Taxes	7,500	7,500	6,310	1,190
Retirement	-	-	1,416	(1,416)
Worker's Compensation Insurance	-	-	2,722	(2,722)
Training	4,000	4,000	4,529	(529)
Dues and E-Dispatch	500	500	50	450
Utilities and Telephone	15,100	15,100	9,065	6,035
Computer and Support	800	800	313	487
Medical Services	500	500	45	455
Travel	1,000	1,000	431	569
Office Expense	500	500	486	14
Operating Supplies and Equipment	20,000	20,000	31,739	(11,739)
Clothing and Uniforms	3,000	3,000	2,780	220
Vehicle and Fuel Expense	36,000	36,000	34,705	1,295
Contractual Services	2,000	2,000	1,598	402
Miscellaneous Expense	1,000	1,000	15,848	(14,848)
OSHA Testing	4,000	4,000	3,222	778
Repairs and Maintenance	9,500	9,500	15,983	(6,483)
Radio Expense	5,000	5,000	4,871	129
Public Relations/Parade	3,000	3,000	2,815	185
Capital Outlay	220,000	220,000	226,669	(6,669)
Total Fire Department	413,900	413,900	430,506	(16,606)
Total Public Safety	1,064,350	1,064,350	903,331	161,019
Animal Control				
Salaries and Wages	17,000	17,000	15,524	1,476
Payroll Taxes	1,600	1,600	1,464	136
Worker's Compensation Insurance	-	-	637	(637)
Fees	8,000	8,000	5,075	2,925
Training	100	100	-	100
Dues	100	100	-	100
Utilities and Telephone	700	700	546	154
Medical Services	100	100	-	100
Operating Supplies	100	100	361	(261)
Clothing and Uniforms	100	100	-	100
Vehicle Expense	3,100	3,100	2,434	666
Total Animal Control	30,900	30,900	26,041	4,859

(Continued)

TOWN OF MOUNT CARMEL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Building Inspection				
Salaries and Wages	24,000	24,000	9,780	14,220
Payroll Taxes	2,060	2,060	879	1,181
Worker's Compensation Insurance	-	-	1,958	(1,958)
Training	500	500	250	250
Dues and Fees	4,500	4,500	4,285	215
Utilities and Telephone	3,000	3,000	598	2,402
Travel	1,000	1,000	-	1,000
Internet Services	500	500	279	221
Demolition	25,000	25,000	7,450	17,550
Operating Supplies	1,000	1,000	1,955	(955)
Miscellaneous	550	550	297	253
Storm Water Public Involvement	1,000	1,000	-	1,000
Total Building Inspection	63,110	63,110	27,731	35,379
Highway and Streets				
Streets				
Salaries and Wages	245,200	245,200	228,218	16,982
Payroll Taxes	19,500	19,500	19,135	365
Health Insurance	47,000	47,000	48,270	(1,270)
Retirement	27,000	27,000	16,715	10,285
Worker's Compensation Insurance	-	-	9,059	(9,059)
Training	1,500	1,500	-	1,500
Utilities and Telephone	13,800	13,800	9,967	3,833
Internet Services	2,000	2,000	1,833	167
Medical Services	1,000	1,000	325	675
Repairs and Maintenance	16,200	16,200	17,471	(1,271)
Travel	1,000	1,000	-	1,000
Equipment Rental	5,000	5,000	2,210	2,790
Office Expense	500	500	48	452
Operating Supplies	8,000	8,000	11,569	(3,569)
Clothing and Uniforms	4,500	4,500	3,154	1,346
Vehicle Expense	49,000	49,000	45,816	3,184
Miscellaneous	1,000	1,000	721	279
Drainage Repairs	1,000	1,000	78	922
Paving	82,000	82,000	37,357	44,643
Capital Outlay	115,000	115,000	119,287	(4,287)
Total Streets	640,200	640,200	571,233	68,967

(Continued)

TOWN OF MOUNT CARMEL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Highway and Streets (Continued)				
State Street Aid				
Street Lighting	90,000	90,000	75,497	14,503
Repairs and Maintenance	2,000	2,000	462	1,538
Materials and Supplies	33,000	33,000	38,804	(5,804)
Paving	170,000	170,000	167,580	2,420
Capital Outlay	5,000	5,000	-	5,000
Total State Street Aid	300,000	300,000	282,343	17,657
Total Highways and Streets	940,200	940,200	853,576	86,624
Solid Waste Sanitation				
Salaries and Wages	49,000	49,000	49,438	(438)
Payroll Taxes	4,100	4,100	3,978	122
Health Insurance	15,000	15,000	13,852	1,148
Retirement	6,500	6,500	3,841	2,659
Worker's Compensation Insurance	-	-	394	(394)
Medical Services	100	100	-	100
Contractual Fees	260,000	260,000	241,425	18,575
Operating Supplies	500	500	152	348
Vehicle and Fuel Expense	20,000	20,000	19,080	920
Total Solid Waste Sanitation	355,200	355,200	332,160	23,040
Recreation				
Utilities and Telephone and Internet	20,000	20,000	5,303	14,697
War Memorial	1,000	1,000	-	1,000
Operating Supplies	1,000	1,000	1,479	(479)
Miscellaneous	250	250	6,780	(6,530)
Capital Outlay	480,000	480,000	60,944	419,056
Total Recreation	502,250	502,250	74,506	427,744
Library				
Salaries and Wages	39,465	39,465	41,191	(1,726)
Payroll Taxes	3,300	3,300	3,840	(540)
Training	300	300	554	(254)
Worker's Compensation Insurance	-	-	1,659	(1,659)
Utilities and Telephone	7,500	7,500	3,344	4,156
Internet Services	3,000	3,000	2,572	428
Medical Services	200	200	-	200
Repairs and Maintenance	3,000	3,000	7,567	(4,567)

(Continued)

TOWN OF MOUNT CARMEL, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Library (Continued)				
Travel	200	200	114	86
Operating Supplies	1,100	1,100	1,159	(59)
Books	5,300	5,300	5,002	298
Summer Reading	1,500	1,500	746	754
Miscellaneous	400	400	264	136
Computer and Support	2,000	2,000	3,125	(1,125)
Copier Maintenance	800	800	463	337
Total Library	68,065	68,065	71,600	(3,535)
Intergovernmental Expenditures				
CDBG Water System Project	-	-	432,387	(432,387)
Debt Service				
Lease Principal Payments	-	-	5,574	(5,574)
Subscription Based IT Financing Principal Payments	-	-	5,758	(5,758)
Interest	-	-	1,461	(1,461)
Total Debt Service	-	-	12,793	(12,793)
TOTAL EXPENDITURES	3,814,345	3,814,345	3,411,958	402,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,711)	(61,711)	685,806	747,517
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	12,007	12,007
TOTAL OTHER FINANCING SOURCES (USES)	-	-	12,007	12,007
Net Change in Fund Balance	(61,711)	(61,711)	697,813	759,524
Fund Balance, Beginning	7,030,260	7,030,260	7,030,260	-
Fund Balance, Ending	\$ 6,968,549	6,968,549	7,728,073	759,524

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

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2024

	Business-Type Activities Sewer Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,063,468
Accounts Receivable, Net of Estimated Uncollectible	138,607
Due from Other Funds	34,259
Due from Other Governments	51,888
Inventory	26,470
Total Current Assets	2,314,692
Noncurrent Assets	
Capital Assets	
Land	167,190
Plant in Service	11,533,415
Machinery and Equipment	856,211
Construction in Progress	1,314,380
Less: Allowance for Depreciation	(7,496,039)
Net Capital Assets	6,375,157
Restricted Assets	
Cash and Cash Equivalents	102,888
Total Noncurrent Assets	6,478,045
TOTAL ASSETS	8,792,737

(Continued)

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2024

	Business-Type Activities Sewer Fund
DEFERRED OUTFLOWS OF RESOURCES	
Pension Changes in Experience	54,890
Pension Changes in Investment Earnings	6,487
Pension Changes in Assumptions	43,416
Pension Contributions After Measurement Date	12,526
TOTAL DEFERRED OUTFLOWS OF RESOURCES	117,319
LIABILITIES	
Current Liabilities	
Accounts Payable	82,695
Due to Other Funds	26,238
Customer Deposits	290
Accrued Payroll and Related Liabilities	8,849
Accrued Interest Payable	1,457
Compensated Absences	10,882
Unearned Revenue	298,914
Bonds Payable - Current	45,000
Total Current Liabilities	474,325
Noncurrent Liabilities	
Bonds Payable	85,000
Net Pension Liability	8,465
Total Noncurrent Liabilities	93,465
TOTAL LIABILITIES	567,790
DEFERRED INFLOWS OF RESOURCES	
Pension Changes in Experience	12,581
NET POSITION	
Net Investment in Capital Assets	6,245,157
Restricted for Debt Service	102,888
Unrestricted	1,981,640
TOTAL NET POSITION	\$ 8,329,685

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

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities Sewer Fund
OPERATING REVENUES	
Charges for Services Pledged as	
Security for Revenue Bonds	\$ 972,409
Other Revenue	2,952
TOTAL OPERATING REVENUES	975,361
OPERATING EXPENSES	
Personnel Services	310,113
Materials and Supplies	47,707
Repairs and Maintenance	160,759
Professional Services	108,233
Contractual Services	50,141
Utilities and Telephone	153,057
Insurance	931
General Expenses	119,562
Depreciation	273,023
TOTAL OPERATING EXPENSES	1,223,526
OPERATING INCOME (LOSS)	(248,165)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	15,764
Intergovernmental	14,105
Interest and Related Debt Expenses	(4,319)
TOTAL NONOPERATING REVENUES (EXPENSES)	25,550
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(222,615)
TRANSFERS AND CAPITAL CONTRIBUTIONS	
Federal Capital Grant Revenue	1,309,671
Change in Net Position	1,087,056
Net Position, Beginning	7,242,629
Net Position, Ending	\$ 8,329,685

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

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities <u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 977,320
Cash Received from Other Revenues	2,952
Cash Paid to Suppliers and Service Provider	(619,725)
Cash Paid to Employees and Related Expenses	<u>(288,908)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>71,639</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Change in Due To Other Funds	<u>(33,328)</u>
NET CASH PROVIDED USED FOR NONCAPITAL FINANCING ACTIVITIES	<u>(33,328)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Property and Equipment	(1,494,532)
Principal Paid on General Obligation Bonds	(45,000)
Interest Paid and Related Debt Expenses	<u>(4,319)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,543,851)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	<u>15,764</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>15,764</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,489,776)
Cash and Cash Equivalents, Beginning	<u>3,656,132</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 2,166,356</u></u>

(Continued)

TOWN OF MOUNT CARMEL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities <u>Sewer Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (248,165)
Adjustments to Reconcile Operating Income to	
Net Cash Provided By Operating Activities	
Depreciation	273,023
(Increase) Decrease in	
Accounts Receivable	4,911
Inventory	5,448
Deferred Outflows Related to Pensions	329
Increase (Decrease) in	
Accounts Payable	12,584
Accrued Payroll and Related Liabilities	4,742
Compensated Absences	789
Net Pension Liability	24,094
Deferred Inflows Related to Pensions	<u>(6,116)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 71,639</u>
The Cash and Cash Equivalents are classified on the Statement of Net Position as the following:	
Cash and Cash Equivalents	\$ 2,063,468
Restricted Cash and Cash Equivalents (Debt Service)	102,888
Total Cash and Cash Equivalents	<u>\$ 2,166,356</u>

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

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Mount Carmel, Tennessee (the Town) is a municipal corporation incorporated in 1961, and is governed by a Board of Mayor and Aldermen form of government. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

Individual Component Unit Disclosures

In evaluating how to define the government, for financial reporting purposes, the Town management has considered all potential component units. A component unit is an organization for which the Town is financially accountable, or for which the nature and significance of their relationship with the Town is such that exclusion from the Town's financial statements would cause them to be misleading or incomplete. The decision to include a potential component unit in the reporting entity was made by applying the criteria as set forth in GAAP. The Town is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization or (2) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, the Town does not have any component units other than the funds operated by the Town.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by 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*.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after fiscal year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

In accordance with the Governmental Accounting Standards Board (GASB), certain revenues are required to be, and are recognized, in the General Fund as a receivable at June 30 and either as revenue or deferred outflows of resources, depending upon revenue recognition policies of the entity. The following items for the Town are accrued: in-lieu of tax for TVA, hotel and motel tax, local sales tax, state telecommunications tax, state beer tax, gas/motor fuel tax, corporate excise tax and local property tax.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Litigation tax, business tax, fines, forfeitures and penalties are required to be recognized as earned by GASB; however, they are not measurable or able to be estimated and are not, generally, material to the financial statements. Therefore, they are not recognized as revenue until received.

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary fund:

The *sewer fund* is used to account for the provision of sewer service to the residents of the Town. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and financing.

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town 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 enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, regular savings accounts, and certificates of deposit with original maturities of ninety days or less.

2. Receivables and Payables

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arise. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 60 days of fiscal year end are considered available and accrued. Estimated uncollectible taxes were based on the prior year's collection experience. Property taxes are levied as of July 15 and the billings are considered past due on August 31 at which time the applicable property is subject to lien and penalties and interest are assessed. For the fiscal year ending June 30, 2024, the 2023 calendar year property tax rate was \$1.59 per \$100 of assessed value.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)

3. Inventories and Prepaid Items

Inventories in the General and Sewer Funds are valued at cost using the first-in/first-out (FIFO) method. The costs of inventory are reported as expenses when consumed rather than when purchased.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements and on the fund level for the proprietary fund. The payments are being recorded as expenditures on the fund level for the governmental funds.

4. Restricted Assets

Resources have been set aside in demand deposits for restricted use, such as debt retirements.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/
Fund Balance (Continued)**

5. Capital Assets (Continued)

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements	10-50
Machinery and Equipment	5-15
Utility System	40-50
Infrastructure	25-50

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has items that qualify for reporting in this category. These items, deferred outflows related to pensions, are reported on the government-wide and proprietary fund statement of net position. These expenses are current year retirement contributions and differences in actuarial experience and assumptions related to the net pension liability (asset), and net pension changes in experience and investment earnings. These amounts are deferred and recognized as an outflow of resources in the period to which they apply.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide and proprietary fund statements of net position, and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, net pension changes in experience, and various receivables for revenues which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/
Fund Balance (Continued)**

7. 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. The proprietary fund's accrued vacation at fiscal year-end was \$10,882. Expected future demands of \$29,451 for vacation benefits have been reflected in the Statement of Net Position as compensated absences for the governmental activities.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed in the period in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/
Fund Balance (Continued)**

9. Leases

The Town is a lessee for a noncancellable lease of equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/
Fund Balance (Continued)**

10. Fund Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Town has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

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

Assigned – includes amounts that the Town intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts can be assigned by the Board of Mayor and Aldermen.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitment or assignment actions.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/
Fund Balance (Continued)**

11. Net Position

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

Net Investment in Capital Assets – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, deferred bond refunding costs, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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.

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

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

13. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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 the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Funds' Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds' Balance Sheet includes a reconciliation between *fund balances-governmental funds* and *net position-governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of leases payable, subscription-based IT financing payable and compensated absences." The details of this \$(53,536) difference are as follows:

Leases Payable	\$ (11,848)
Subscription-based IT Financing Arrangement	(12,237)
Compensated Absences	<u>(29,451)</u>
Net adjustment to reduce <i>fund balances - governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ (53,536)</u>

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *change in net position of governmental activities* as reported in the government-wide Statement of Activities.

One element states that "some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds." The details of this \$(83,501) are as follows:

Change in Deferred Outflows of Resources Related to Pensions	\$ (15,611)
Change in Deferred Inflows of Resources Related to Pensions	25,506
Change in Net Pension Liability	<u>(93,396)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (83,501)</u>

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Town authorizes an annual operating budget ordinance for expenditures and related estimated revenues for the General Fund and all special revenue funds. The Town's financial operations are subject to the comprehensive appropriated budget. Budget amendments are authorized during the fiscal year. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual include budget amounts as originally adopted or as amended by the Board of Mayor and Aldermen. The budgetary basis only differs from accounting principles generally accepted in the United States of America concerning the reporting of property tax collections.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits include demand deposits, passbook savings accounts and certificates of deposit.

Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized as follows:

DEPOSITS: State statutes require all deposits with financial institutions other than savings and loan associations to be collateralized in an amount equal to 105% of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the Town. Deposits with savings and loan associations must be collateralized by one of the following methods: 1) by an amount equal to 110% of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) by an irrevocable letter of credit issued by the Federal Home Loan Bank; or 3) by providing notes secured by first mortgages or first deeds of trust upon residential real property located in Tennessee. The promissory notes must be in an amount equal to 150% of the amount of uninsured deposits.

INVESTMENTS: State statutes authorized the Town to invest in treasury bonds, notes or bills of the United States; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States or any of its agencies; obligations of the United States or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; The State of Tennessee Local Government Investment Pool; obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The Town does not have a policy for interest rate risk or for other credit risk other than pledging securities for amounts in excess of the Federal Deposit Insurance Corporation (FDIC) coverage.

Deposits

At fiscal year end, the Town has \$150 of cash on hand which has been included in cash and cash equivalents. The Town's carrying amount of deposits was \$9,660,439 and the bank balance was \$9,793,376. The Town's bank balance was covered by securities held by the entity or its agent in the entity's name or by amounts insured by the FDIC.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

As of June 30, 2024, the Town has no investments. All amounts reflected in the basic financial statements represent deposits.

B. Receivables

Receivables as of June 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	General	Drug	Sewer	Total
Receivables				
Accounts	\$ -	-	155,982	155,982
Taxes	1,703,649	-	-	1,703,649
Other Receivables	18,417	-	-	18,417
Due from Others				
Due from Other Funds	26,238	15,663	34,259	76,160
Federal Government and Federal through State	-	-	51,888	51,888
County Government	116,183	-	-	116,183
State of Tennessee	161,275	-	-	161,275
Gross Receivables	2,025,762	15,663	242,129	2,283,554
Less: Allowance for Uncollectibles	(32,702)	-	(17,375)	(50,077)
Total Receivables	<u>\$ 1,993,060</u>	<u>15,663</u>	<u>224,754</u>	<u>2,233,477</u>

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables (Continued)

Governmental funds report *unavailable revenues* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Receivables Not Received within Period of Availability		
Property Tax Levied for Ensuing Fiscal Year		
General Fund	\$ -	1,587,049
Property Tax Levied but Not Collected in Period		
of Availability	78,983	-
Other State Revenues	628	-
	<u>\$ 79,611</u>	<u>1,587,049</u>

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 352,312	-	-	352,312
Construction in Progress	-	27,000	-	27,000
Total Capital Assets, Not Being Depreciated	<u>352,312</u>	<u>27,000</u>	<u>-</u>	<u>379,312</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	630,270	75,548	-	705,818
Machinery, Equipment, And Vehicles	2,768,228	320,552	-	3,088,780
Library	115,205	-	-	115,205
Infrastructure	3,907,696	-	-	3,907,696
Intangible Right to Use - Lease - Equipment	29,068	-	-	29,068
Intangible Right to Use - Software Agreement	28,924	-	-	28,924
Total Capital Assets, Being Depreciated	<u>7,479,391</u>	<u>396,100</u>	<u>-</u>	<u>7,875,491</u>
Less Accumulated Depreciation For				
Buildings and Improvements	(523,488)	(7,106)	-	(530,594)
Machinery, Equipment, and Vehicles	(1,706,319)	(120,387)	-	(1,826,706)
Library	(115,205)	-	-	(115,205)
Infrastructure	(3,225,580)	(67,471)	-	(3,293,051)
Intangible Right to Use - Lease	(8,721)	(5,813)	-	(14,534)
Intangible Right to Use - Software Arrangement	(7,231)	(5,784)	-	(13,015)
Total Accumulated Amortization and Depreciation	<u>(5,586,544)</u>	<u>(206,561)</u>	<u>-</u>	<u>(5,793,105)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,892,847</u>	<u>189,539</u>	<u>-</u>	<u>2,082,386</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,245,159</u>	<u>216,539</u>	<u>-</u>	<u>2,461,698</u>

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities	
General Government	\$ 13,667
Public Safety	58,634
Highway and Streets	114,878
Sanitation	415
Animal Control	1,710
Library	314
Recreation	<u>16,943</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 206,561</u></u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land and Right of Ways	\$ 167,190	-	-	167,190
Construction in Progress	188,158	1,334,633	(208,411)	1,314,380
Total Capital Assets, Not Being Depreciated	<u>355,348</u>	<u>1,334,633</u>	<u>(208,411)</u>	<u>1,481,570</u>
 Capital Assets, Being Depreciated				
Machinery and Equipment	647,800	208,411	-	856,211
Utility Plant and Lines in Service	11,373,516	159,899	-	11,533,415
Total Capital Assets, Being Depreciated	<u>12,021,316</u>	<u>368,310</u>	<u>-</u>	<u>12,389,626</u>
 Less Accumulated Depreciation For				
Machinery and Equipment	(594,302)	(39,771)	-	(634,073)
Utility Plant and Lines in Service	(6,628,714)	(233,252)	-	(6,861,966)
Total Accumulated Depreciation	<u>(7,223,016)</u>	<u>(273,023)</u>	<u>-</u>	<u>(7,496,039)</u>
 Total Capital Assets, Being Depreciated, Net	<u>4,798,300</u>	<u>95,287</u>	<u>-</u>	<u>4,893,587</u>
 Business-Type Activities Capital Assets, Net	<u><u>\$ 5,153,648</u></u>	<u><u>1,429,920</u></u>	<u><u>(208,411)</u></u>	<u><u>6,375,157</u></u>

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables and Payables

The Due to/from Other Funds is a result of the general fund paying for the sewer fund's portion of property insurance, and sewer fees receipted by the general fund on behalf of the sewer fund. Amounts the general fund owes the drug fund are the result of proceeds from confiscations and fines being receipted into the general fund rather than the drug fund. The composition of interfund balances as of June 30, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer	\$ 26,238
Drug	General	15,663
Sewer	General	34,259

E. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the fiscal year ended June 30, 2024:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Governmental Activities					
Leases Payable	\$ 17,422	-	(5,574)	11,848	5,804
Subscription-based IT Financing Payable	17,995	-	(5,758)	12,237	5,990
Compensated Absences	48,664	-	(19,213)	29,451	29,451
Net Pension Liability	(61,254)	346,488	(253,092)	32,142	-
Governmental Activities Long-Term Liabilities	<u>22,827</u>	<u>346,488</u>	<u>(283,637)</u>	<u>85,678</u>	<u>41,245</u>
Business-Type Activities					
General Obligation Refunding Bonds	175,000	-	(45,000)	130,000	45,000
Compensated Absences	10,093	789	-	10,882	10,882
Net Pension Liability	(15,629)	91,298	(67,204)	8,465	-
Business-Type Activities Long-Term Liabilities	<u>169,464</u>	<u>92,087</u>	<u>(112,204)</u>	<u>149,347</u>	<u>55,882</u>
Total Changes in Long-Term Liabilities	<u>\$ 192,291</u>	<u>438,575</u>	<u>(395,841)</u>	<u>235,025</u>	<u>97,127</u>

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

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Liabilities (Continued)

Business-Type Activities Debt

<u>Water and Sewer Fund Bonds Payable</u>	<u>Date Issued</u>	<u>Amount Authorized and Issued</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Outstanding June 30, 2024</u>
G.O. Refunding Bonds, Series 2013	11/27/13	\$ 545,000	2.48%	2027	<u>\$ 130,000</u>

Interest expense related to business-type activities totaled \$4,319 for the fiscal year ended June 30, 2024.

The bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Town. For the prompt payment of principal of and interest on the bonds, the full faith and credit of the Town are irrevocably pledged. The bonds are additionally payable from and secured by certain revenues of the sewer system of the Town, which are pledged to the payment of the bonds; subject, however, to any prior pledges of such revenues to the payment of other bonds or obligations of the Town.

The annual requirements to amortize all business-type activities bonds, including principal and interest, outstanding as of June 30, 2024 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 45,000	2,666	47,666
2026	40,000	1,612	41,612
2027	45,000	558	45,558
	<u>\$ 130,000</u>	<u>4,836</u>	<u>134,836</u>

F. Leases Payable

The Town has one lease agreement for the use of police body cameras. An initial lease liability was previously recorded in the amount of \$29,068 at the commencement date of the lease. As of June 30, 2024, the value of the lease liability was \$11,848. The Town is required to make monthly principal and interest payments totaling \$6,293. The lease has an imputed interest rate of 4.05%, which is the Town's incremental borrowing rate. The equipment has an estimated useful life of 5 years. The value of the right-to-use asset as of the end of the current fiscal year was \$29,068 and had accumulated amortization of \$14,534.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases Payable (Continued)

The following is a summary of the lease currently outstanding from the General Fund:

	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2024
Payable through General Fund:								
Body Cameras - Police	\$ 29,068	4.05%	12/31/2021	12/31/2025	\$ 17,422	-	5,574	11,848

The future principal and interest lease payments as of June 30, 2024, were as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 5,804	489	6,293
2026	6,044	249	6,293
	<u>\$ 11,848</u>	<u>738</u>	<u>12,586</u>

G. Subscription-Based Information Technology Arrangements

The Town has one Subscription-based Information Technology Arrangement (SBITA) for OmniCourt Software at June 30, 2024. An initial liability was previously recorded in the amount of \$28,924 at the commencement date of the agreement. An intangible right-to-use software arrangements in the same amount was recorded in the General Fund capital assets. This asset will be amortized over the agreement term of five years since the related software will be replaced at the end of the arrangement term and replaced with upgraded software. The Town's incremental borrowing rate of 4.05% was utilized as the discount rate for this arrangement. The software agreement will end in 2026. The total costs of the Town's subscription assets are recorded as \$28,924, less accumulated amortization of \$13,015.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Subscription-Based Information Technology Arrangements (Continued)

A summary of the principal and interest amounts for the remaining arrangements includes the following principal and interest payments:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 5,990	505	6,500
2026	6,247	258	6,500
	<u>\$ 12,237</u>	<u>763</u>	<u>13,000</u>

NOTE 5 - OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; thefts of damage to and destruction of assets; errors and omissions, natural disasters; and injuries of employees for which the Town carries commercial insurance purchased from independent third parties. The Town purchases conventional insurance coverage through the Public Entity Partners (PEP). Even though the PEP policy contains an assessment clause, no assessment has been levied during the fiscal years the Town has participated in this program. There has been no significant reduction in insurance coverage from the prior fiscal year and the Town has not had any settlements in the last three fiscal years which were not covered by insurance.

B. Employee Retirement Systems and Pension Plan

General Information about the Pension Plan

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

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plan (Continued)

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.

Member 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	34
Active employees	22
	<u>68</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. 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, 2024, the employer contributions for the Town were \$60,091 based on a rate of 6.99 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Town's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plan (Continued)

Net Pension Liability (Asset)

Pension Liabilities (Assets). The Town's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plan (Continued)

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:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-term Securities	0.00%	1%
		<u>100%</u>

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

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from 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.

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plan (Continued)

Changes in the Net Pension Liability (Asset)

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/2022	\$ 3,799,228	3,876,111	(76,883)
Changes for the Year:			
Service Cost	69,636	-	69,636
Interest	256,635	-	256,635
Differences Between Expected and Actual Experience	108,834	-	108,834
Contributions - Employer	-	61,707	(61,707)
Net Investment Income	-	258,055	(258,055)
Benefit Payments, Including Refunds of Employee Contributions	(133,719)	(133,719)	-
Administrative Expense	-	(2,147)	2,147
Net Changes	<u>301,386</u>	<u>183,896</u>	<u>117,490</u>
Balance at 6/30/2023	<u>\$ 4,100,614</u>	<u>4,060,007</u>	<u>40,607</u>

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plan (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the Town calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 624,132	40,607	(436,435)

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

Pension Expense. For the year ended June 30, 2024, the Town recognized pension expense of \$163,752.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2024, the Town 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	\$ 263,322	60,354
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	31,121	-
Changes in Assumptions	208,281	-
Contributions Subsequent to the Measurement Date of June 30, 2023	60,091	-
	<u>\$ 562,815</u>	<u>60,354</u>

TOWN OF MOUNT CARMEL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:		
2025	\$	82,933
2026		71,129
2027		220,976
2028		49,198
2029		18,134
Thereafter		-

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

C. Contingent Liabilities

The Town generally follows the practice of recording liabilities from claims and legal actions only when it is probable that both 1) an asset has been impaired or a liability has been incurred, and 2) the amount of loss can be reasonably estimated. No material pending or threatened claims, litigation or assessments, asserted or unasserted, against the Town exist at this time.

D. Economic Dependency

The Town depends on financial resources flowing from, or associated with, both the federal government and the State of Tennessee. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

E. Commitments

The Town has entered into three contracts in the sewer fund, which were not completed at fiscal year-end. At June 30, 2024, remaining commitments were \$521,475 for the Sewer Plant Improvement Project, \$210,213 for the ARPA Sewer Project and \$38,966 for the Solids Dewatering Project.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
TOTAL PENSION LIABILITY										
Service Cost	\$ 71,153	57,268	65,319	65,726	77,771	86,912	61,638	50,802	61,345	69,636
Interest	146,637	151,243	158,292	168,499	179,841	200,842	206,979	200,773	232,128	256,635
Differences Between Actual and Expected Experience	(115,931)	(71,254)	(40,389)	(44,218)	76,439	(17,331)	(172,400)	98,511	185,058	108,834
Change of Assumptions	-	-	-	54,796	-	-	-	416,562	-	-
Benefit Payments, Including Refunds of Employee Contributions	(26,370)	(26,766)	(75,890)	(19,168)	(26,699)	(80,350)	(240,667)	(101,289)	(113,786)	(133,719)
NET CHANGE IN TOTAL PENSION LIABILITY	75,489	110,491	107,332	225,635	307,352	190,073	(144,450)	665,359	364,745	301,386
TOTAL PENSION LIABILITY - BEGINNING	1,897,202	1,972,691	2,083,182	2,190,514	2,416,149	2,723,501	2,913,574	2,769,124	3,434,483	3,799,228
TOTAL PENSION LIABILITY - ENDING (a)	\$ 1,972,691	2,083,182	2,190,514	2,416,149	2,723,501	2,913,574	2,769,124	3,434,483	3,799,228	4,100,614
PLAN FIDUCIARY NET POSITION										
Contributions - Employer	\$ 83,419	70,842	74,368	71,961	86,597	76,620	64,635	75,965	53,379	61,707
Net Investment Income	319,608	70,758	63,349	280,564	233,342	228,656	159,125	842,289	(155,425)	258,055
Benefit Payments, Including Refunds of Employee Contributions	(26,370)	(26,766)	(75,890)	(19,168)	(26,699)	(80,350)	(240,667)	(101,289)	(113,786)	(133,719)
Administrative Expense	(752)	(923)	(1,343)	(1,484)	(1,829)	(1,618)	(1,395)	(1,605)	(1,955)	(2,147)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	375,905	113,911	60,484	331,873	291,411	223,308	(18,302)	815,360	(217,787)	183,896
PLAN FIDUCIARY NET POSITION - BEGINNING	1,899,948	2,275,853	2,389,764	2,450,248	2,782,121	3,073,532	3,296,840	3,278,538	4,093,898	3,876,111
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 2,275,853	2,389,764	2,450,248	2,782,121	3,073,532	3,296,840	3,278,538	4,093,898	3,876,111	4,060,007
NET PENSION LIABILITY (ASSET) - ENDING (a) - (b)	\$ (303,162)	(306,582)	(259,734)	(365,972)	(350,031)	(383,266)	(509,414)	(659,415)	(76,883)	40,607
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY (ASSET)	115.37%	114.72%	111.86%	115.15%	112.85%	113.15%	118.40%	119.20%	102.02%	99.01%
COVERED PAYROLL	\$ 692,489	703,494	735,515	714,604	859,953	760,875	641,857	754,374	925,105	956,693
1. NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-43.78%	-43.58%	-35.31%	-51.21%	-40.70%	-50.37%	-79.37%	-87.41%	-8.31%	4.24%

Changes of Assumptions: In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

See Independent Auditors' Report.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 70,842	74,368	68,388	82,555	53,033	44,545	52,354	53,379	61,707	60,091
Contributions in Relation to the										
Actuarially Determined Contribution	70,842	74,368	71,961	86,597	76,620	64,635	75,965	53,379	61,707	60,091
Contribution Deficiency (Excess)	\$ -	-	(3,573)	(4,042)	(23,587)	(20,090)	(23,611)	-	-	-
Covered Payroll	\$ 703,494	735,515	714,604	859,953	760,875	641,857	754,374	925,105	956,693	859,671
Contributions as a Percentage of Covered Payroll	10.07%	10.11%	10.07%	10.07%	10.07%	10.07%	10.07%	5.77%	6.45%	6.99%

(Continued)

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

Notes To Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2022 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	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of 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	2.125 percent

Changes of Assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See Independent Auditors' Report.

INDIVIDUAL FUND SCHEDULES

TOWN OF MOUNT CARMEL, TENNESSEE
DRUG FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Fines and Forfeitures	\$ 500	500	14,366	13,866
TOTAL REVENUES	500	500	14,366	13,866
EXPENDITURES				
Drug Fund Operations	2,000	2,000	1,069	931
TOTAL EXPENDITURES	2,000	2,000	1,069	931
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,500)	(1,500)	13,297	14,797
Fund Balance, Beginning	13,439	13,439	13,439	-
Fund Balance, Ending	\$ 11,939	11,939	26,736	14,797

See Independent Auditors' Report.

SUPPLEMENTAL INFORMATION

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2024

Grantor Agency	Pass-Through Agency/Program Name	Assistance Listing Number	Contract Number	Expenditures	Subrecipient Amounts Passed Thru
U.S. Department of Treasury	COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,271,888	-
U.S. Department of Treasury	Pass-Through State of Tennessee Department of Environment and Conservation COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	32701-04807	51,888	-
Housing and Urban Development	Pass-Through State of Tennessee Department of Economic and Community Development Community Development Block Grants	14.228	33004-32723	432,387	432,387
U.S Department of Transportation/ National Highway Traffic Safety Administration	Pass-Through Tennessee Highway Safety Office Alcohol Open Container Requirements	20.607	Z24THS207	1,932	-
TOTAL FEDERAL AWARDS				<u>\$ 1,758,095</u>	<u>432,387</u>

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Town under programs of the federal government for the fiscal year ended June 30, 2024.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting.

Non-monetary assistance is reported in the schedule of federal awards at the estimated fair market value of property received and used.

NOTE C: INDIRECT COSTS

The Town has not elected to use the 10% *de minimis* indirect costs allocation option.

See Independent Auditors' Report.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2024

Grantor Agency	Pass-Through Agency/Program Name	Contract Number	Expenditures
Tennessee State Library and Archives	2024 TOP Grant	30501-01324-38	\$ 2,353
Tennessee Department of Environment and Conservation	Local Parks and Recreation Fund Grant	32701-05280	<u>5,000</u>
TOTAL STATE AWARDS			<u><u>\$ 7,353</u></u>

See Independent Auditors' Report.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE
For the Fiscal Year Ended June 30, 2024

<u>Tax Year</u>	<u>Property Tax Receivable at June 30, 2023</u>	<u>Property Tax Levied</u>	<u>Anticipated Current Year Levy</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Property Tax Receivable at June 30, 2024</u>
2024	\$ -	1,587,049	-	-	-	1,587,049
2023	1,557,727	-	-	-	(1,493,799)	63,928
2022	49,675	-	-	-	(22,473)	27,202
2021	22,094	-	-	-	(10,983)	11,111
2020	10,167	-	-	-	(3,238)	6,929
2019	3,722	-	-	-	(1,436)	2,286
2018	2,069	-	-	-	(894)	1,175
2017	1,139	-	-	-	(189)	950
2016	440	-	-	-	-	440
2015	391	-	-	-	-	391
2014	2,188	-	-	-	-	2,188
Total	<u>\$ 1,649,612</u>	<u>1,587,049</u>	<u>-</u>	<u>-</u>	<u>(1,533,012)</u>	<u>1,703,649</u>

NOTE:

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

See Independent Auditors' Report.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
For the Fiscal Year Ended June 30, 2024

	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2024
Payable through General Fund:								
Body Cameras - Police	\$ 29,068	4.05%	12/31/2021	12/31/2025	<u>\$ 17,422</u>	<u>-</u>	<u>5,574</u>	<u>11,848</u>
Payable Through Sewer Fund:								
Sewer General Obligation Improvement Bonds - Series 2013	\$ 545,000	2.48%	11/27/2013	11/27/2026	<u>\$ 175,000</u>	<u>-</u>	<u>45,000</u>	<u>130,000</u>

See Independent Auditors' Report.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST
SEWER GENERAL OBLIGATION REFUNDING BONDS -
SERIES 2013
June 30, 2024

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 45,000	2,666	47,666
2026	40,000	1,612	41,612
2027	45,000	558	45,558
Total	\$ 130,000	4,836	134,836

See Independent Auditors' Report.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
For the Year Ended June 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2024
Governmental Activities:								
Leases Payable								
Payable through General Fund:								
Body Cameras - Police	\$ 29,068	4.05%	12/31/2021	12/31/2025	\$ 17,422	-	5,574	11,848
Total Leases Payable through General Fund					<u>\$ 17,422</u>	<u>-</u>	<u>5,574</u>	<u>11,848</u>

See Independent Auditors' Report.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF LEASE PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL FUND LEASE
June 30, 2024

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 5,804	489	6,293
2026	6,044	249	6,293
Total	\$ 11,848	738	12,586

See Independent Auditors' Report.

**OTHER SUPPLEMENTAL
INFORMATION
(UNAUDITED)**

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF TAX RATES AND ASSESSMENTS
Last Ten Fiscal Years

Calendar Tax Year		Assessed Value	Tax Rate Per \$100
2015	\$	79,738,999	1.38
2016		79,484,091	1.38
2017		80,023,910	1.38
2018		80,269,222	1.67
2019		80,891,056	1.67
2020		81,224,229	1.67
2021		94,145,431	1.39
2022		98,429,529	1.39
2023		97,988,793	1.59
2024		99,833,332	1.59

See Independent Auditors' Report.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL ACTIVITIES
June 30, 2024

Function	Land	Construction in Progress	Buildings and Improvements	Machinery, Equipment, and Vehicles	Library Collection	Right of Use	Infrastructure	Total
General Government	\$ 81,402	-	337,102	103,478	-	28,924	-	550,906
Police and Fire	14,000	-	174,346	1,384,415	-	29,068	-	1,601,829
Highways and Streets	27,000	-	38,762	1,309,478	-	-	3,907,696	5,282,936
Sanitation	-	-	-	49,849	-	-	-	49,849
Recreation	229,910	27,000	99,778	231,261	-	-	-	587,949
Animal Control	-	-	27,190	10,299	-	-	-	37,489
Library	-	-	28,640	-	115,205	-	-	143,845
Total	<u>\$ 352,312</u>	<u>27,000</u>	<u>705,818</u>	<u>3,088,780</u>	<u>115,205</u>	<u>57,992</u>	<u>3,907,696</u>	<u>8,254,803</u>

See Independent Auditors' Report.

**TOWN OF MOUNT CARMEL, TENNESSEE
SEWER RATE STRUCTURE AND NUMBER OF CUSTOMERS
For the Fiscal Year Ended June 30, 2024**

Sewer Rates

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

Note: Sewer usage based on 90% of water usage

Customers	2,023
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See Independent Auditors' Report.

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 Aldermen
Town of Mount Carmel
Mount Carmel, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town of Mount Carmel, Tennessee, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Mount Carmel, Tennessee's basic financial statements, and have issued my report thereon dated May 22, 2025.

Report on 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) as a basis for designing 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 the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004 and 2024-005.

Town of Mount Carmel, Tennessee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Mount Carmel, Tennessee's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. Town of Mount Carmel, Tennessee's response was not subjected to the auditing procedures applied in the other audit of the financial statements and, accordingly, I express no opinion on the response.

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, Tennessee
May 22, 2025

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 COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Town of Mount Carmel, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Town of Mount Carmel, Tennessee's major federal programs for the year ended June 30, 2024. Town of Mount Carmel, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Town of Mount Carmel, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Town of Mount Carmel, Tennessee and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Town of Mount Carmel, Tennessee's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Mount Carmel, Tennessee's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Mount Carmel, Tennessee's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Mount Carmel, Tennessee's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Mount Carmel, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Town of Mount Carmel, Tennessee's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Mount Carmel, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

David M. Ellis, CPA
Greeneville, Tennessee
May 22, 2025

TOWN OF MOUNT CARMEL
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Fiscal Year Ended June 30, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditor's report issued on compliance of major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

_____ Yes X No

Identification of major program(s):

Assistance Listing Number

21.027

Name of Federal Program or Cluster

COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs

\$ 750,000

Auditee qualified as low-risk?

_____ Yes X No

Section II. Financial Statement Findings

None

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COST
June 30, 2024

Section III. Compliance Findings Required by the State of Tennessee Manual

2024-001 Closing of Books

Condition: Closing of books was not completed timely.

Criteria: Tennessee Code Annotated Section 9-2-102 states:

“to require all local governments to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year end.”

Cause: Journal entries to close the Town’s accounting cycle and prepare the records for a new accounting cycle were not completed in the two-month requirement after the close of the fiscal year.

Effect: The Town is noncompliant with Tennessee state law.

Recommendation: Management should follow procedures to ensure compliance.

Views of responsible officials and planned corrective actions: Management agrees with the finding and has implemented internal controls to strengthen oversight of closing the fiscal year end books.

2024-002 Budget

Condition: For the year ending June 30, 2024, because of the lack of control over accounting processes that code expenditures based on an approved budget, those from the General Fund could not be appropriately classified to determine compliance with the approved budget.

Criteria: Tennessee Code Annotated 6-56-203 states:

“Therefore, notwithstanding any other provision of law, no municipality may expend any moneys regardless of their source, including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments, except in accordance with a budget ordinance adopted under this section or through a proprietary type fund or a fiduciary type fund properly excluded from the budget.”

Cause: Oversight/error

Effect: Expenditure of Town funds resulted in noncompliance with State law.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COST
June 30, 2024

Recommendation: Expenditures should be coded individually in the general ledger accounts such that actual to budget expenditure comparisons can be made at each meeting, to identify which line items are likely to exceed approved amounts. Budget amendments should be timely made to authorize additional expenditures.

View of responsible officials and planned corrective actions: The budget was not amended. Steps will be taken to ensure compliance in the budgeting and reporting areas.

2024-003 Late Audit

Condition: For the year ending June 30, 2024, the Town failed to file audited financial statements with the Comptroller's office in a timely manner.

Criteria: Tennessee Code Annotated 6-56-105 states:

“(e) All such audits must be completed as soon as practicable after the end the fiscal year of the municipality.”

Cause: Oversight/error

Effect: The Town's late submission resulted in noncompliance with State law.

Recommendation: Future audited financial statements should be submitted to the Tennessee Comptroller of the Treasury on a timely basis.

View of responsible officials and planned correction actions: Management agrees with the finding and steps will be taken to ensure compliance with State law.

2024-004 Failure to Implement Cyber Security Plan

Condition: The Town failed to implement a Cyber Security Plan by the implementation date. A written plan was not available to read, review, or document compliance.

Criteria: TCA Sections 7-51-2301 et seq. were added by 112th General Assembly, Public Chapter 1111, effective June 1, 2022. This law amends sections of TCA to require certain utilities to prepare and implement a cyber security plan to provide for the protection of the utility's facilities from unauthorized use, alteration, ransom, or destruction of electronic data.

TOWN OF MOUNT CARMEL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COST
June 30, 2024

Cause: The Town was not able to implement a Cyber Security plan by the required date due to new management during the year.

Effect: Without adequate security measures in place, the Town leaves itself vulnerable to data breaches and public safety of the drinking water.

Recommendation: The Town should design and implement a Cyber Security policy as soon as possible.

Views of responsible officials and planned corrective actions: Management has begun the discussion about the need for an effective Cyber Security Plan and a written document will be implemented as soon as possible.

2024-005 Failure to Submit Timely Payroll Related Tax Forms and Failure to Make Proper Tax Deposits

Condition: The Town failed to adhere to the federal submission of Internal Revenue Service Form 941 and to make timely tax deposits.

Criteria: Internal Revenue Service Publication 15 Employer's Tax Guide 11 and 12 states, respectively:

"Tax liability is based on the dates payments were made or wages were paid."

And "Form 941 must be filed by the last day of the month that follows the end of the quarter."

Cause: Submission of Form 941 timely filing and tax deposits is unknown due to staff change.

Effect: Untimely filings and tax deposits resulted in penalties.

Recommendation: The Town should put a process in place to ensure that all required federal filings and tax payments are submitted timely to avoid future penalties.

Views of responsible officials and planned corrective actions: Management corrected all notifications of timely filings and tax deposits prior to issuance of the financial statements.

Section IV. Federal Award and Questioned Cost

None

TOWN OF MOUNT CARMEL, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2024

Financial Statement Findings

Finding Number	Finding Title	Status

Compliance Findings

Finding Number	Finding Title	Status
2023-001	Closing of Books (Original finding # 2021-001)	Repeated (2024-001)
2023-002	Inadequate Minutes of Meetings (Original finding # 2021-002)	Corrected
2023-003	Late Audit (Original finding # 2022-003)	Repeated (2024-003)
2023-004	Failure to Implement Cyber Security Plan (Original finding # 2023-004)	Repeated (2024-004)



**TOWN OF MOUNT CARMEL, TENNESSEE
MANAGEMENT'S CORRECTIVE ACTION PLAN
for Fiscal Year 2023-2024**

The Town of Mount Carmel respectfully submits the following corrective action plan for the year ending June 30, 2024.

2024-001 Closing of Books

Corrective action: Management agrees with the finding and has implemented internal controls to strengthen oversight of closing the fiscal year end books. The Town has contracted with an accounting firm to assist in preparing appropriate journal entries for the year-end closing of the books.

Completed: June 30, 2026

2024-002 Budget

Corrective action: Management agrees with the finding and will take steps to ensure expenditures are coded correctly and the budget is amended, as necessary.

Completed: June 30, 2026

2024-003 Late Audit

Corrective action: Management agrees with the finding and steps will be taken to ensure compliance with State law.

Completed: December 31, 2025

2024-004 Failure to Implement Cyber Security Plan

Corrective action: Management agrees with the finding. A cyber security plan was developed by management in consultation with surrounding municipalities and other IT consultants. The plan was adopted by the Board of Mayor and Aldermen in March 2025 and has been implemented.

Completed: March 27, 2025


2024-005 Failure to Submit Timely Payroll Related Tax Forms and Failure to Make Poper Tax Deposits

Corrective action: Management corrected all notifications of timely filings and tax deposits prior to issuance of the financial statements.

Completed: March 2025



Jim Stables, Town Administrator



Tyler Williams, Asst. Town Administrator/CFO

Dated: May 22, 2025.