

CITY OF EAGLEVILLE, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2019

CITY OF EAGLEVILLE, TENNESSEE

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INTRODUCTORY SECTION

CITY OF EAGLEVILLE, TENNESSEE

Officials of the City of Eagleville, Tennessee

June 30, 2019

| <u>Name</u> | <u>Title</u> |
|--------------------|---------------------|
| Elected Officials: | |
| Travis Brown | Mayor |
| Bill Tollett | Vice Mayor |
| Rachel Vongphakdy | Council Member |
| Brandon Emamalie | Council Member |
| Chris Hendrix | Council Member |
| John Marshall | Council Member |
| Alan Ball | Council Member |
| Management: | |
| Hellyn Riggins | City Manager |
| Phillip Dye | City Recorder, CMFO |

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

To the Board of Mayor and Council
City of Eagleville, Tennessee
Eagleville, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of Eagleville, Tennessee as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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, and each major fund of the City of Eagleville, Tennessee as of June 30, 2019, and the respective changes in financial position and where applicable, the cash flows thereof and the respective budgetary comparison for the General Fund, State Street Aid and the Drug Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters -Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information which includes the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters -Other Information

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section and the Supplementary Information 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 Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Management's Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2019 on the consideration of the City of Eagleville's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness 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 entity's internal control over financial reporting and compliance.

October 31, 2019

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

CITY OF EAGLEVILLE, TENNESSEE

Management's Discussion and Analysis

As management of the City of Eagleville, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the City of Eagleville exceeded its liabilities at the close of the most recent fiscal year by \$4,700,477. Of this amount, \$1,306,567 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$248,966. Revenues decreased by \$78,335 due to decreases in local revenues due to decreased sales tax revenues. Expenses were \$15,534 lower due to decreased governmental expenses during the year as the City was better able to keep expenses within budgeted levels. During the year, the City made \$19,719 in capital outlay purchases for infrastructure improvements and new equipment.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,299,415, an increase of \$200,123 in comparison to the prior year. The increase in fund balance was the result of decreased expenses in the General fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,114,098 or 122% of the total general fund expenditures.

The City's total capital assets increased by \$15,801 during the current fiscal year. The City's debt decreased by \$173,705 as the City continues to pay its debts on schedule.

Overview of the Financial Statements:

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Eagleville include general government, personnel, finance, parks, planning, police, fire, streets and public works. The government-wide financial statements can be found on pages 11-12 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 from specific activities or objectives. The City of Eagleville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Governmental Funds are funds 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 governmental-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 City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. The City has one proprietary fund, the Sewer fund.

The City of Eagleville adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14-17 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 26-36 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 the case of the City of Eagleville, assets exceeded liabilities by \$4,700,477 at the close of the most recent fiscal year.

By far the largest portion of the City’s assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt use to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’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.

City of Eagleville’s Net Position – 2019

| | |
|-----------------------------------|------------------|
| Current and other assets | \$ 1,532,820 |
| Capital assets | <u>5,317,511</u> |
| Total assets | <u>6,850,331</u> |
| Long-term liabilities outstanding | 1,978,739 |
| Other liabilities | <u>36,507</u> |
| Total | <u>2,015,246</u> |
| Deferred Inflows | 134,608 |
| Net position: | |
| Net investment in capital assets | 3,208,593 |
| Restricted | 185,317 |
| Unrestricted | <u>1,306,567</u> |
| Total net position | \$4,700,477 |

City of Eagleville's Net Position – 2018

| | |
|-----------------------------------|------------------|
| Current and other assets | \$ 1,233,856 |
| Capital assets | <u>5,528,114</u> |
| Total assets | <u>6,761,970</u> |
| Long-term liabilities outstanding | 2,152,445 |
| Other liabilities | <u>30,262</u> |
| Total | <u>2,182,707</u> |
| Deferred Inflows | 127,752 |
| Net position: | |
| Net investment in capital assets | 3,218,526 |
| Restricted | 103,499 |
| Unrestricted | <u>1,129,486</u> |
| Total net position | \$4,451,511 |

At the end to the current fiscal year, the City is able to report positive balances in all three categories of net position. The same situation held true for the prior year.

Financial Analysis of the Financial Statements

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

Governmental Funds

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

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund is \$1,114,098. 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 122% of total general fund expenditures.

Comparison between years

| | <u>2019</u> | <u>2018</u> | Change Between <u>Years</u> |
|------------------------------------|--------------------|--------------------|-----------------------------------|
| Revenues: | | | |
| Charges for services | 352,221 | 343,791 | 8,430 |
| Operating grants and contributions | 81,113 | 77,167 | 3,946 |
| Capital grants and contributions | 0 | 0 | 0 |
| Property taxes | 143,154 | 139,846 | 3,308 |
| Sales taxes | 708,249 | 755,873 | (47,624) |
| Business taxes | 51,007 | 43,370 | 7,637 |
| Other state shared revenues | 3,487 | 4,109 | (622) |
| Other revenues | 12,995 | 66,405 | (53,410) |
| Total Revenues | <u>\$1,352,226</u> | <u>\$1,430,561</u> | <u>(\$78,335)</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 381,708 | 442,291 | (60,583) |
| Police department | 215,676 | 198,010 | 17,666 |
| Fire department | 257,885 | 229,682 | 28,203 |
| Parks and recreation | 59,217 | 59,897 | (680) |
| Highways and streets | 25,491 | 21,718 | 3,773 |
| Sewer department | 163,283 | 167,196 | (3,913) |
| Total Expenditures | <u>\$1,103,260</u> | <u>\$1,118,794</u> | <u>(\$15,534)</u> |
| Increases in net position | <u>248,966</u> | <u>311,767</u> | <u>(62,801)</u> |

The assets of the City of Eagleville exceeded its liabilities at the close of the most recent fiscal year by \$4,700,477. Of this amount, \$1,306,567 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$248,966. Revenues decreased by \$78,335 due to decreases in local revenues due to decreased sales tax revenues. Expenses were \$15,534 lower due to decreased governmental expenses during the year as the City was better able to keep expenses within budgeted levels. During the year, the City made \$19,719 in capital outlay purchases for infrastructure improvements and new equipment.

General Fund Budgetary Highlights

The City amended some of its departmental budgets to account for additional expenditures. Additionally, the City exceeded one of its departmental budgets. See pages 21-25 for further analysis.

Capital Assets

The City of Eagleville's investment in capital assets at June 30, 2019, amounts to \$5,317,511 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, machinery and equipment.

City of Eagleville's Capital Assets-2019

| | |
|-------------------------------|---------------------|
| Land and buildings | \$ 2,037,131 |
| Sewer system | 3,578,392 |
| Equipment | <u>844,238</u> |
| Less accumulated depreciation | (1,142,250) |
| Net Capital Assets | <u>\$ 5,317,511</u> |

City of Eagleville's Capital Assets-2018

| | |
|-------------------------------|---------------------|
| Land and buildings | \$ 2,023,755 |
| Sewer system | 3,578,392 |
| Equipment | <u>841,813</u> |
| Less accumulated depreciation | (915,846) |
| Net Capital Assets | <u>\$ 5,528,114</u> |

Additional information on the City of Eagleville's capital assets can be found in the notes to the financial statements section of this report.

Debt

The City has a total debt of \$1,978,740, \$298,617 in the governmental funds, which was used for the construction and improvements to the City Hall and purchase of police and fire equipment and \$1,680,123 in construction loans for the utility fund.

Economic Factors and Next Year's Budget and Rates

In the 2019-2020 budget, General fund revenues are budgeted to increase from the 2018-2019 budget year primarily due to increases in local revenues. The Sewer fund will show increased revenues from increased operations. The City's budget has benefited by an expanding commercial and retail base producing increased local tax receipts.

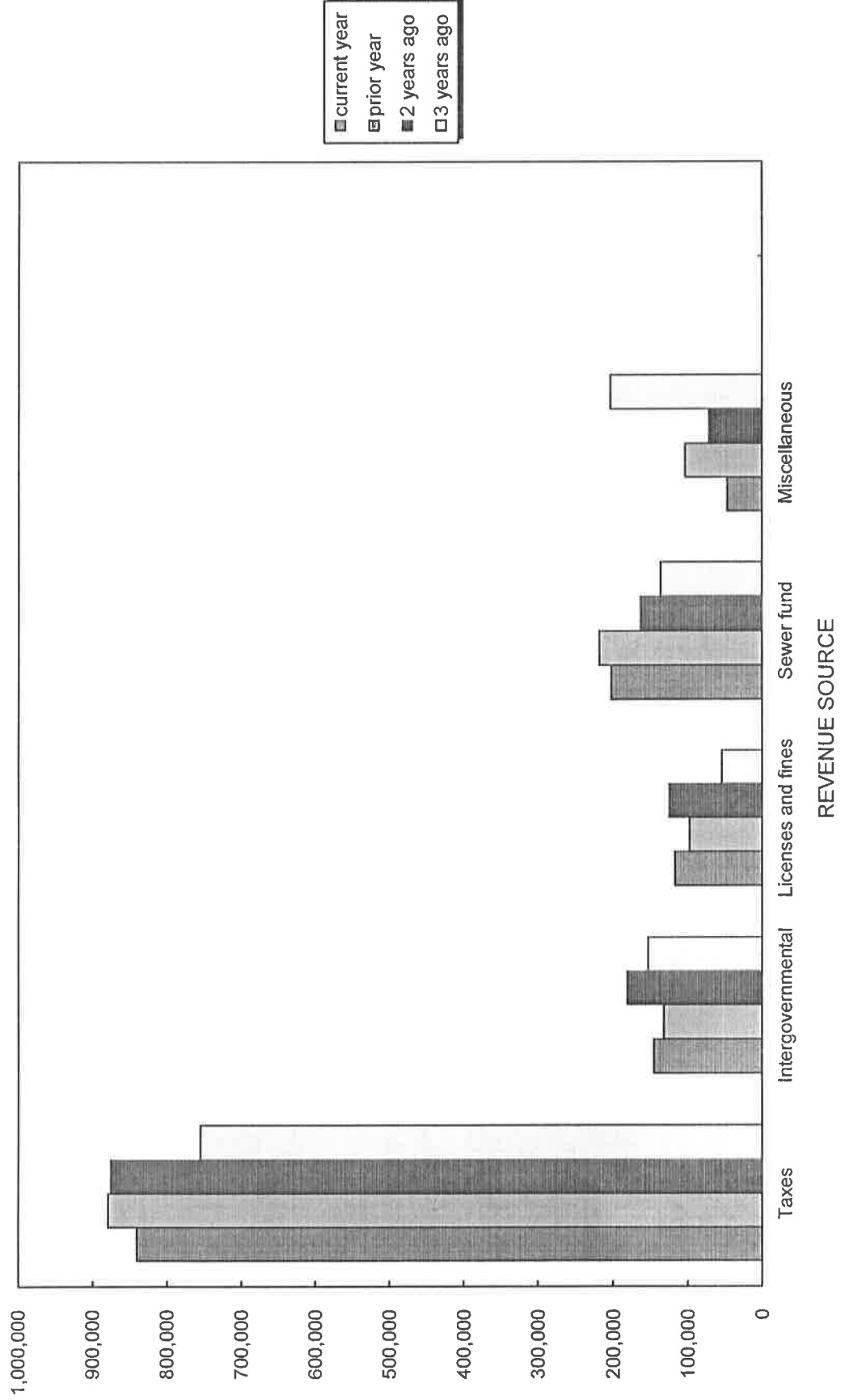
All of these factors were considered in preparing the City's budget for the 2019-2020 fiscal year.

Requests for Information

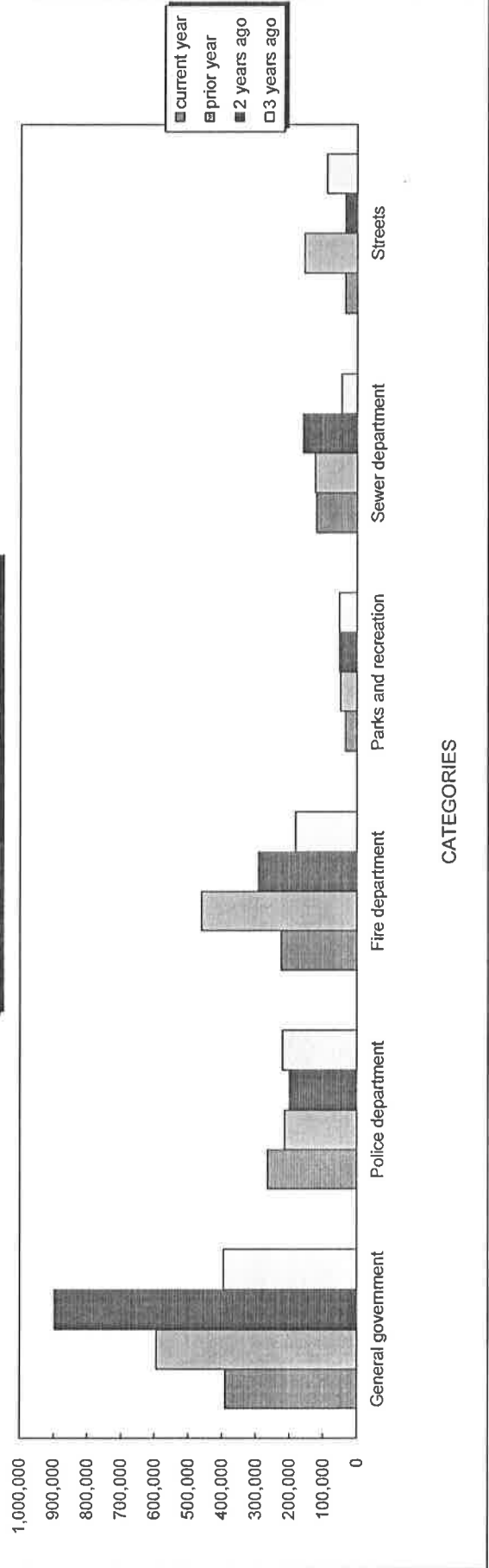
This financial report is designed to provide a general overview of the City of Eagleville, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Phillip Dye
City of Eagleville

**CITY OF EAGLEVILLE
GOVERNMENTAL FUND REVENUES**



**CITY OF EAGLEVILLE
GOVERNMENTAL FUND EXPENDITURES**



CATEGORIES

BASIC FINANCIAL STATEMENTS

CITY OF EAGLEVILLE, TENNESSEE

Statement of Net Position

June 30, 2019

| <u>Assets</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|--------------------------------|---------------------------------|------------------|
| Cash and cash equivalents | 913,188 | 172,868 | 1,086,056 |
| Certificate of deposit | 200,000 | 0 | 200,000 |
| Receivables | 236,025 | 10,739 | 246,764 |
| Internal balances | 130,178 | (130,178) | 0 |
| Capital assets not being depreciated | 293,860 | 72,385 | 366,245 |
| Capital assets, net of accumulated depreciation | 1,667,933 | 3,283,333 | 4,951,266 |
| Total Assets | <u>3,441,184</u> | <u>3,409,147</u> | <u>6,850,331</u> |
| Liabilities | | | |
| Accounts payable | 11,339 | 339 | 11,678 |
| Accrued expenses | 24,828 | 0 | 24,828 |
| Long-term liabilities: | | | |
| Due within one year | 72,038 | 29,219 | 101,257 |
| Due in more than one year | 226,579 | 1,650,904 | 1,877,483 |
| Total Liabilities | <u>334,784</u> | <u>1,680,462</u> | <u>2,015,246</u> |
| Deferred Inflows | | | |
| Deferred inflow of resources - property taxes | 134,608 | 0 | 134,608 |
| Total Deferred Inflows | <u>134,608</u> | <u>0</u> | <u>134,608</u> |
| Net Position: | | | |
| Net investment in capital assets | 1,663,176 | 1,545,417 | 3,208,593 |
| Restricted - State Street Aid | 184,176 | 0 | 184,176 |
| Restricted - Drug fund | 1,141 | 0 | 1,141 |
| Unrestricted | 1,123,299 | 183,268 | 1,306,567 |
| Total Net Position | <u>2,971,792</u> | <u>1,728,685</u> | <u>4,700,477</u> |

See accompanying notes to financial statements.

CITY OF EAGLEVILLE, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2019

| Function/Programs | Program Revenues | | | Net (Expenses) Revenue and Changes in Net Position | | | |
|----------------------------------|------------------|----------------------|------------------------------------|--|-------------------------|--------------------------|-----------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Government Activities: | | | | | | | |
| General government | 381,708 | 34,201 | 6,354 | 0 | (341,153) | 0 | (341,153) |
| Fire | 257,885 | 0 | 51,068 | 0 | (206,817) | 0 | (206,817) |
| Highways and streets | 25,491 | 0 | 22,491 | 0 | (3,000) | 0 | (3,000) |
| Police department | 215,676 | 100,529 | 1,200 | 0 | (113,947) | 0 | (113,947) |
| Parks and recreations | 59,217 | 15,415 | 0 | 0 | (43,802) | 0 | (43,802) |
| Total Governmental Activities | 939,977 | 150,145 | 81,113 | 0 | (708,719) | 0 | (708,719) |
| Business - type Activities: | | | | | | | |
| Sewer | 163,283 | 202,076 | 0 | 0 | 0 | 38,793 | 38,793 |
| Total Business Type Activities | 163,283 | 202,076 | 0 | 0 | 0 | 38,793 | 38,793 |
| Total | 1,103,260 | 352,221 | 81,113 | 0 | (708,719) | 38,793 | (669,926) |
| General Revenues: | | | | | | | |
| Property taxes | | | | | 136,001 | 0 | 136,001 |
| Public property taxes | | | | | 7,153 | 0 | 7,153 |
| Sales taxes | | | | | 708,249 | 0 | 708,249 |
| Beer taxes | | | | | 13,655 | 0 | 13,655 |
| State income tax | | | | | 3,487 | 0 | 3,487 |
| Business taxes | | | | | 37,352 | 0 | 37,352 |
| Other | | | | | 12,578 | 417 | 12,995 |
| Total general revenues | | | | | 918,475 | 417 | 918,892 |
| Changes in Net Position | | | | | 209,756 | 39,210 | 248,966 |
| Net Position - beginning of year | | | | | 2,762,036 | 1,689,475 | 4,451,511 |
| Net Position - ending of year | | | | | 2,971,792 | 1,728,685 | 4,700,477 |

See accompanying notes to financial statements.

FUND FINANCIAL
STATEMENTS

CITY OF EAGLEVILLE, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2019

| <u>Assets</u> | <u>General Fund</u> | <u>State Street Aid Fund</u> | <u>Drug Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|----------------------------------|----------------------|---|
| Cash and cash equivalents | \$728,114 | \$183,933 | \$1,141 | \$913,188 |
| Certificate of deposits | 200,000 | 0 | 0 | 200,000 |
| Property tax receivable | 143,809 | 0 | 0 | 143,809 |
| Due from other governments | 88,550 | 3,666 | 0 | 92,216 |
| Due from other funds | 130,178 | 0 | 0 | 130,178 |
| Total Assets | <u>\$1,290,651</u> | <u>\$187,599</u> | <u>\$1,141</u> | <u>\$1,479,391</u> |
| <u>Liabilities, Deferred Inflows and Fund Balance</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | 7,916 | 3,423 | 0 | 11,339 |
| Accrued expenses | 24,828 | 0 | 0 | 24,828 |
| Total Liabilities | <u>32,744</u> | <u>3,423</u> | <u>0</u> | <u>36,167</u> |
| Deferred Inflow of Resources: | | | | |
| Deferred current property taxes | 134,608 | 0 | 0 | 134,608 |
| Deferred delinquent property taxes | 9,201 | 0 | 0 | 9,201 |
| Total Deferred Inflow of Resources | <u>143,809</u> | <u>0</u> | <u>0</u> | <u>143,809</u> |
| Fund balance: | | | | |
| Unassigned | 1,114,098 | 0 | 0 | 1,114,098 |
| Restricted | 0 | 184,176 | 1,141 | 185,317 |
| Total Fund Balance | <u>1,114,098</u> | <u>184,176</u> | <u>1,141</u> | <u>1,299,415</u> |
| Total Liabilities, Deferred and Fund Balance | <u>\$1,290,651</u> | <u>\$187,599</u> | <u>\$1,141</u> | <u>\$1,479,391</u> |

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

CITY OF EAGLEVILLE, TENNESSEE

**Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities**

June 30, 2019

| | |
|--|----------------------------|
| Amounts reported for fund balance - total governmental funds | \$ 1,299,415 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | 1,961,793 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds | |
| Loans payable | (298,617) |
| Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds | <u>9,201</u> |
| Net position of governmental activities | \$ <u><u>2,971,792</u></u> |

CITY OF EAGLEVILLE, TENNESSEE

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

For the Year Ended June 30, 2019

| | <u>General Fund</u> | <u>State Street Aid Fund</u> | <u>Drug Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|----------------------------------|----------------------|---|
| Revenues: | | | | |
| Taxes | 840,690 | 0 | 0 | 840,690 |
| Intergovernmental | 123,960 | 21,212 | 0 | 145,172 |
| Licenses and permits | 16,801 | 0 | 0 | 16,801 |
| Fines and fees | 99,836 | 0 | 693 | 100,529 |
| Miscellaneous | 46,461 | 80 | 0 | 46,541 |
| Total Revenues | <u>\$1,127,748</u> | <u>\$21,292</u> | <u>\$693</u> | <u>\$1,149,733</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 348,639 | 0 | 0 | 348,639 |
| Parks and recreations | 30,814 | 0 | 0 | 30,814 |
| Police department | 190,221 | 0 | 0 | 190,221 |
| Fire department | 175,305 | 0 | 0 | 175,305 |
| Highway and streets | 0 | 25,491 | 0 | 25,491 |
| Capital outlay | | | | |
| General government | 6,343 | 0 | 0 | 6,343 |
| Parks and recreations | 3,700 | 0 | 0 | 3,700 |
| Highway and streets | 0 | 9,676 | 0 | 9,676 |
| Debt service | | | | |
| Principal | 145,216 | 0 | 0 | 145,216 |
| Interest | 14,205 | 0 | 0 | 14,205 |
| Total Expenditures | <u>\$914,443</u> | <u>\$35,167</u> | <u>\$0</u> | <u>\$949,610</u> |
| Excess (deficiency) of revenues over expenditures | <u>213,305</u> | <u>(13,875)</u> | <u>693</u> | <u>200,123</u> |
| Operating transfers | <u>(95,000)</u> | <u>95,000</u> | <u>0</u> | <u>0</u> |
| Net change in fund balance | <u>118,305</u> | <u>81,125</u> | <u>693</u> | <u>200,123</u> |
| Fund Balance, Beginning of year | 995,793 | 103,051 | 448 | 1,099,292 |
| Fund Balance, End of Year | <u>\$1,114,098</u> | <u>\$184,176</u> | <u>\$1,141</u> | <u>\$1,299,415</u> |

See accompanying notes to financial statements.

CITY OF EAGLEVILLE, TENNESSEE

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

For the Year Ended June 30, 2019

| | |
|--|-------------------|
| Net change in fund balances - total governmental funds: | \$ 200,123 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Acquisition of capital assets | 19,719 |
| Depreciation expense | (158,754) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 3,452 |
| Expenses reported in the statement of activities that reduce long-term liabilities | |
| Principal payments of debt | <u>145,216</u> |
| Change in net position of governmental activities | <u>\$ 209,756</u> |

CITY OF EAGLEVILLE, TENNESSEE

Statement of Net Position

Enterprise (Sewer) Fund

June 30, 2019

Assets

Current Assets:

| | |
|---------------------------------------|----------------|
| Cash and cash equivalents | 172,868 |
| Accounts receivable, net of allowance | 10,739 |
| Total Current Assets | <u>183,607</u> |

Capital Assets:

| | |
|-------------------------------|------------------|
| Utility plant | 3,650,777 |
| Less accumulated depreciation | (295,059) |
| Total Capital Assets, Net | <u>3,355,718</u> |

| | |
|--------------|---------------------------|
| Total Assets | <u><u>\$3,539,325</u></u> |
|--------------|---------------------------|

Liabilities

Current Liabilities

| | |
|-----------------------------------|---------------|
| Accounts payable | \$339 |
| Current portion of long-term debt | 29,219 |
| Total Current Liabilities | <u>29,558</u> |

Other Liabilities

| | |
|-------------------------|----------------|
| Due to General fund | 130,178 |
| Total Other Liabilities | <u>130,178</u> |

| | |
|----------------|------------------|
| Long-term debt | <u>1,650,904</u> |
|----------------|------------------|

| | |
|-------------------|---------------------------|
| Total Liabilities | <u><u>\$1,810,640</u></u> |
|-------------------|---------------------------|

Net Position:

| | |
|----------------------------------|-----------|
| Net investment in capital assets | 1,545,417 |
| Unrestricted | 183,268 |

| | |
|--------------------|---------------------------|
| Total Net Position | <u><u>\$1,728,685</u></u> |
|--------------------|---------------------------|

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

CITY OF EAGLEVILLE, TENNESSEE

**Statement of Revenues, Expenses
and Changes in Net Position**

Enterprise (Sewer) Fund

For the Year Ended June 30, 2019

| | |
|--|--------------------|
| Operating Revenues: | |
| User charges | \$160,576 |
| Capacity fees | 36,750 |
| Other operating fees | 4,750 |
| Total Operating Revenues | <u>202,076</u> |
| Operating Expenses: | |
| Maintenance and supplies | 34,312 |
| Permits | 3,943 |
| Utilities | 5,435 |
| Insurance | 4,807 |
| Professional services | 475 |
| Depreciation | 71,568 |
| Total Operating Expenses | <u>120,540</u> |
| Operating income (loss) | <u>81,536</u> |
| Nonoperating Revenues (Expenses): | |
| Interest expense | (42,743) |
| Interest income | 417 |
| Total Nonoperating Revenues (Expenses) | <u>(42,326)</u> |
| Net change in position | 39,210 |
| Net Position, July 1, 2018 | <u>1,689,475</u> |
| Net Position, June 30, 2019 | <u>\$1,728,685</u> |

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

CITY OF EAGLEVILLE, TENNESSEE

Statement of Cash Flows

Sewer Fund

For the Year Ended June 30, 2019

| | |
|---|-----------------|
| Cash Flows from Operating Activities: | |
| Cash received from customers | 201,643 |
| Cash paid to suppliers | <u>(75,598)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>126,045</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Loan principal payments | (28,489) |
| Interest payments | (42,743) |
| Purchase of capital assets | 0 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(71,232)</u> |
| Cash Flows from Investing Activities: | |
| Interest received | 417 |
| Net Cash Flows Provided (Used) from Investing Activities | <u>417</u> |
| Net Increase (decrease) in Cash | 55,230 |
| Cash and Cash Equivalents, July 1, 2018 | <u>117,638</u> |
| Cash and Cash Equivalents, June 30, 2019 | <u>172,868</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| Operating income (loss) | 81,536 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 71,568 |
| Change in assets (increase) decrease: | |
| Accounts receivable | (433) |
| Change in liabilities increase (decrease): | |
| Accounts payable | 339 |
| Due to other funds | <u>(26,965)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>126,045</u> |

See accompanying notes to financial statements.

CITY OF EAGLEVILLE, TENNESSEE

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

General Fund

For the Year Ended June 30, 2019

| | Original Budget | Final Budget | Actual | Actual Over (Under) Budget |
|---------------------------------|--------------------|------------------|------------------|----------------------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$126,800 | \$126,800 | \$136,001 | 9,201 |
| Local sales tax | 630,000 | 630,000 | 653,962 | 23,962 |
| Local beer and alcohol taxes | 11,200 | 11,200 | 13,375 | 2,175 |
| Business taxes | 30,500 | 30,500 | 37,352 | 6,852 |
| Total Taxes | <u>798,500</u> | <u>798,500</u> | <u>840,690</u> | <u>42,190</u> |
| Intergovernmental: | | | | |
| TVA in lieu | 6,849 | 6,849 | 7,153 | 304 |
| County fire grant | 45,000 | 45,000 | 50,000 | 5,000 |
| Grants | 8,000 | 8,000 | 6,354 | (1,646) |
| State sales tax | 50,325 | 50,325 | 54,287 | 3,962 |
| State income tax | 8,049 | 8,049 | 3,487 | (4,562) |
| State police supplement | 1,200 | 1,200 | 1,200 | 0 |
| State beer tax | 300 | 300 | 280 | (20) |
| State special petroleum taxes | 1,220 | 1,220 | 1,199 | (21) |
| Total Intergovernmental Revenue | <u>120,943</u> | <u>120,943</u> | <u>123,960</u> | <u>3,017</u> |
| Licenses | <u>35,510</u> | <u>35,510</u> | <u>16,801</u> | <u>(18,709)</u> |
| Fines and fees | <u>80,700</u> | <u>80,700</u> | <u>99,836</u> | <u>19,136</u> |
| Miscellaneous: | | | | |
| Interest income | 2,360 | 2,360 | 5,212 | 2,852 |
| Park revenue | 16,650 | 16,650 | 15,415 | (1,235) |
| Rent | 17,400 | 17,400 | 17,400 | 0 |
| Sale of assets | 500 | 500 | 2,500 | 2,000 |
| Fire department | 3,000 | 3,000 | 1,068 | (1,932) |
| Miscellaneous | 12,000 | 12,000 | 4,866 | (7,134) |
| Total Miscellaneous | <u>51,910</u> | <u>51,910</u> | <u>46,461</u> | <u>(5,449)</u> |
| Total Revenues | <u>1,087,563</u> | <u>1,087,563</u> | <u>1,127,748</u> | <u>40,185</u> |

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

CITY OF EAGLEVILLE, TENNESSEE

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

General Fund

For the Year Ended June 30, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Actual Over (Under) Budget</u> |
|----------------------------|----------------------------|-------------------------|----------------|---|
| Expenditures: | | | | |
| General Government: | | | | |
| Current: | | | | |
| Personnel costs | \$158,717 | \$158,717 | \$155,745 | (2,972) |
| Employee benefits | 29,904 | 29,904 | 28,172 | (1,732) |
| Meetings and conferences | 2,500 | 2,500 | 2,068 | (432) |
| Office expense | 8,300 | 8,300 | 6,719 | (1,581) |
| Dues | 1,700 | 1,700 | 1,555 | (145) |
| Utilities | 11,000 | 11,000 | 8,899 | (2,101) |
| Repair and maintenance | 17,150 | 17,150 | 11,148 | (6,002) |
| Professional services | 94,450 | 94,450 | 80,075 | (14,375) |
| Library | 37,296 | 37,296 | 37,296 | 0 |
| Insurance | 7,260 | 7,260 | 7,480 | 220 |
| Travel | 2,100 | 2,100 | 1,078 | (1,022) |
| Beautification | 1,000 | 1,000 | 0 | (1,000) |
| Miscellaneous | 10,436 | 10,436 | 8,404 | (2,032) |
| | <u>381,813</u> | <u>381,813</u> | <u>348,639</u> | <u>(33,174)</u> |
| Debt service | 36,255 | 36,255 | 35,073 | (1,182) |
| Capital outlay | 1,476,000 | 1,476,000 | 6,343 | (1,469,657) |
| Total General Government | <u>1,894,068</u> | <u>1,894,068</u> | <u>390,055</u> | <u>(1,504,013)</u> |
| | | | | |
| Parks and recreation: | | | | |
| Activities | 13,000 | 13,000 | 9,723 | (3,277) |
| Utilities | 5,750 | 5,750 | 6,060 | 310 |
| Insurance | 2,287 | 2,287 | 1,865 | (422) |
| Repair and maintenance | 16,000 | 16,000 | 11,578 | (4,422) |
| Supplies | 1,450 | 1,450 | 1,588 | 138 |
| | <u>38,487</u> | <u>38,487</u> | <u>30,814</u> | <u>(7,673)</u> |
| Capital outlay | 7,000 | 7,000 | 3,700 | (3,300) |
| Total Parks and recreation | <u>45,487</u> | <u>45,487</u> | <u>34,514</u> | <u>(10,973)</u> |

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

CITY OF EAGLEVILLE, TENNESSEE

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

General Fund

For the Year Ended June 30, 2019

| | Original Budget | Final Budget | Actual | Actual Over (Under) Budget |
|--|--------------------|------------------|--------------------|----------------------------------|
| Expenditures: | | | | |
| Public Safety: | | | | |
| Police department: | | | | |
| Personnel costs | \$143,333 | \$143,333 | \$141,795 | (1,538) |
| Vehicle expenses | 15,500 | 15,500 | 16,761 | 1,261 |
| Supplies | 17,000 | 17,000 | 8,239 | (8,761) |
| Training and travel | 4,700 | 4,700 | 2,748 | (1,952) |
| Utilities | 3,812 | 3,812 | 3,830 | 18 |
| Insurance | 10,500 | 10,500 | 10,464 | (36) |
| Miscellaneous | 5,010 | 5,010 | 6,384 | 1,374 |
| | <u>199,855</u> | <u>199,855</u> | <u>190,221</u> | <u>(9,634)</u> |
| Debt service | 23,423 | 23,423 | 75,000 | 51,577 |
| Capital outlay | 7,216 | 7,216 | 0 | (7,216) |
| Total Police department | <u>230,494</u> | <u>230,494</u> | <u>265,221</u> | <u>34,727</u> |
| Fire department: | | | | |
| Personnel costs | 101,822 | 101,822 | \$100,712 | (1,110) |
| Utilities | 4,651 | 4,651 | 4,609 | (42) |
| Supplies | 30,690 | 30,690 | 22,903 | (7,787) |
| Training and travel | 16,500 | 16,500 | 2,487 | (14,013) |
| Insurance | 20,400 | 20,400 | 16,073 | (4,327) |
| Uniforms | 22,400 | 22,400 | 2,001 | (20,399) |
| Vehicle expenses | 51,500 | 51,500 | 25,626 | (25,874) |
| Miscellaneous | 8,532 | 8,532 | 894 | (7,638) |
| | <u>256,495</u> | <u>256,495</u> | <u>175,305</u> | <u>(81,190)</u> |
| Debt service | 49,269 | 49,269 | 49,348 | 79 |
| Total Fire department | <u>305,764</u> | <u>305,764</u> | <u>224,653</u> | <u>(81,111)</u> |
| Total Expenditures | <u>2,475,813</u> | <u>2,475,813</u> | <u>914,443</u> | <u>(1,561,370)</u> |
| Excess (deficiency) of Revenues over Expenditures | (1,388,250) | (1,388,250) | 213,305 | 1,601,555 |
| Other financing uses: Operating transfer | (95,000) | (95,000) | (95,000) | 0 |
| Other financing sources: Loan proceeds | 1,400,000 | 1,400,000 | 0 | (1,400,000) |
| Net change in fund balance | <u>(83,250)</u> | <u>(83,250)</u> | <u>118,305</u> | <u>201,555</u> |
| Fund Balance, July 1, 2018 | 995,793 | 995,793 | 995,793 | 0 |
| Fund Balance, June 30, 2019 | <u>\$912,543</u> | <u>\$912,543</u> | <u>\$1,114,098</u> | <u>\$201,555</u> |

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

CITY OF EAGLEVILLE, TENNESSEE

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

State Street Aid Fund

For the Year Ended June 30, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Actual Over (Under) Budget</u> |
|--|----------------------------|-------------------------|-------------------------|---|
| Revenues: | | | | |
| Gasoline .03 tax | 2,200 | 2,200 | 2,288 | 88 |
| Gasoline 1989 tax | 1,750 | 1,750 | 1,800 | 50 |
| Gasoline and motor fuel | 11,700 | 11,700 | 11,750 | 50 |
| Gasoline 2017 tax | 5,350 | 5,350 | 5,374 | 24 |
| Miscellaneous: | <u>75</u> | <u>75</u> | <u>80</u> | <u>5</u> |
| Total Revenues | <u>21,075</u> | <u>21,075</u> | <u>21,292</u> | <u>217</u> |
| Expenditures: | | | | |
| Streets: | | | | |
| Contract labor | 10,000 | 10,000 | 3,440 | (6,560) |
| Utilities - street lights | 15,000 | 15,000 | 19,774 | 4,774 |
| Repair and maintenance | 2,800 | 2,800 | 1,080 | (1,720) |
| Insurance | 543 | 543 | 1,197 | 654 |
| Capital outlay | <u>170,000</u> | <u>170,000</u> | <u>9,676</u> | <u>(160,324)</u> |
| Total Expenditures | <u>198,343</u> | <u>198,343</u> | <u>35,167</u> | <u>(163,176)</u> |
| Excess (deficiency) of revenues over expenditures | (177,268) | (177,268) | (13,875) | 163,393 |
| Other financing sources: operating transfer | 80,000 | 80,000 | 95,000 | 15,000 |
| Net change in fund balance | (97,268) | (97,268) | 81,125 | 178,393 |
| Fund Balance, July 1, 2018 | <u>103,051</u> | <u>103,051</u> | <u>103,051</u> | <u>-</u> |
| Fund Balance, June 30, 2019 | <u><u>\$5,783</u></u> | <u><u>\$5,783</u></u> | <u><u>\$184,176</u></u> | <u><u>\$178,393</u></u> |

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

CITY OF EAGLEVILLE, TENNESSEE

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

Drug Fund

For the Year Ended June 30, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Actual Over (Under) Budget</u> |
|--|----------------------------|-------------------------|----------------|---|
| Revenues: | | | | |
| Miscellaneous | <u>700</u> | <u>0</u> | <u>693</u> | <u>693</u> |
| Total Revenues | <u>700</u> | <u>0</u> | <u>693</u> | <u>693</u> |
| Expenditures: | | | | |
| Capital outlay | <u>2,000</u> | <u>500</u> | <u>0</u> | <u>(500)</u> |
| Total Expenditures | <u>2,000</u> | <u>500</u> | <u>0</u> | <u>(500)</u> |
| Excess (deficiency) of revenues over expenditures | (1,300) | (500) | 693 | 1,193 |
| Fund Balance, July 1, 2018 | <u>448</u> | <u>448</u> | <u>448</u> | <u>-</u> |
| Fund Balance, June 30, 2019 | <u>(\$852)</u> | <u>(\$52)</u> | <u>\$1,141</u> | <u>\$1,193</u> |

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

NOTES TO THE FINANCIAL
STATEMENTS

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies

The City of Eagleville, Tennessee, was incorporated under the General Act of the Tennessee General Assembly. The City provides the following services, as authorized by its charter and duly passed ordinances: public safety, streets, public improvements, parks and recreations, sewer and general administrative services. The accounting policies of the City of Eagleville, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the City as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations 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. The City has no component units at yearend.

Accounting Pronouncements:

Effective July 1, 2003 the City adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34, Statement No. 38, Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements. The requirements of these statements represent a significant change in the financial reporting model used by the City. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. Other significant changes include the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies, Continued

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part the effect of the interfund activity has been removed from these statements. Government 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 (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) 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 as general revenues.

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 various utility funds are charges to customers for sales and services. The Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds 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 non-operating revenues and expenses.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies, Continued

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes and most governmental revenues as available if received within 60 days of years' end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. Property taxes receivables are reduced by an allowance for uncollectible accounts. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major funds:

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

State Street Aid Fund - To account for the receipt and usage of the City's share of State gasoline taxes.

Drug Fund – To account for the receipt and usage of the City's Drug Fines.

The effect of interfund activity has been eliminated from the government-wide financial statements.

The government reports the following major proprietary fund:

The Sewer Fund is used to account for the sewer operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less and amounts held by the State Local Government Investment Pool. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used, the City uses committed, assigned then unassigned funds.

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies, Continued

Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$1,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. 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.

Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

| | |
|-------------------------|-------------|
| Infrastructure | 40-50 years |
| Buildings | 10-50 years |
| Furniture and Equipment | 5-10 years |

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, as well as issuance costs, are deferred and amortized over the life of the bonds and are presented in the accompanying financial statements as other assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is 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.

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies, Continued

Property Tax

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

| | |
|------------------------------------|-----|
| Public Utility Property | 55% |
| Industrial and Commercial Property | |
| - Real | 40% |
| - Personal | 30% |
| Farm and Residential Property | 25% |

Taxes were levied at a rate of \$0.5570 per \$100 of assessed valuation for the fiscal year ended June 30, 2019. Payments may be made during the period from October 1 through February 28. Current tax collections of \$126,009 for the fiscal year ended June 30, 2019 were approximately 90 percent of the tax levy.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from current and delinquent property taxes, 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 amounts become available.

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies, Continued

Estimates

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

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Credit Risk

Financial instruments that potentially subject the City to significant concentrations of credit risk consist principally of cash and accounts receivable. The City places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the all Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The City Council approves, by ordinance, total budget appropriations by department only. The City Manager is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

During the year the City exceeded the following departmental budgets:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-------------------|---------------|---------------|-----------------|
| Police Department | 230,494 | 265,221 | 34,727 |

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies, Continued

Fund Balance

The City implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner: Nonspendable fund balances – amounts that are not in a spendable form, Restricted fund balance – amounts constrained to specific purposes by their providers, provisions, or by enabling legislation, Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint, Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

Only by Board approval (via ordinance) can fund balance amounts be classified as committed or assigned. Board approval (via ordinance) is required to establish, modify or rescind a fund balance requirement.

(2) Cash and Cash Equivalents

The City is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the City invested funds that were not immediately needed in savings accounts and investments in the State of Tennessee Local Government Investment Pool. The City has deposit policies to minimize custodial credit risks. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the City. The City's deposits with financial institutions are fully insured or collateralized by securities held by the depository bank in the City's name. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage (FDIC).

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(3) Accounts Receivable

Accounts receivable at June 30, 2019, consist of the following:

| | |
|--------------------------------------|-------------------|
| General Fund –other governments | \$ 88,550 |
| General Fund – Property tax | 143,809 |
| Sewer Fund - customers | 10,739 |
| State Street Aid – other governments | <u>3,666</u> |
| Total | <u>\$ 246,764</u> |

(4) Capital Assets

A summary of changes in capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

| | Balance <u>July 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>June 30, 2019</u> |
|-------------------------------|--------------------------------|------------------|------------------|---------------------------------|
| Land | 693,860 | - | - | 693,860 |
| Building | 608,086 | - | - | 608,086 |
| Park | 385,535 | 3,700 | - | 389,235 |
| Signs | 8,311 | 6,343 | 3,918 | 10,736 |
| Infrastructure | 263,889 | 9,676 | - | 273,565 |
| Vehicles and equipment | <u>833,502</u> | <u>-</u> | <u>-</u> | <u>833,502</u> |
| Total | <u>\$ 2,793,183</u> | <u>19,719</u> | <u>3,918</u> | <u>2,808,984</u> |
| Less Accumulated depreciation | (692,355) | | | (847,191) |
| Capital Assets - net | <u>2,100,828</u> | | | <u>1,961,793</u> |

All capital assets of the City are being depreciated, except land of \$693,860. Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--------------------|----------------|
| General Fund: | |
| General Government | \$ 30,615 |
| Police department | 25,455 |
| Park department | 28,403 |
| Fire department | <u>74,281</u> |
| Total | <u>158,754</u> |

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(4) Capital Assets, Continued

A summary of changes in capital assets as presented in the business-type activities column (sewer system) of the government-wide financial statements is as follows:

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2019</u> |
|-------------------------------|---------------------------------------|------------------|------------------|--|
| Land | 72,385 | - | - | 72,385 |
| Sewer system | 3,578,392 | - | - | 3,578,392 |
| Total | <u>3,650,777</u> | <u>-</u> | <u>-</u> | <u>3,650,777</u> |
| Less Accumulated depreciation | <u>(223,491)</u> | | | <u>(295,059)</u> |
| Capital Assets - net | <u>3,427,286</u> | | | <u>3,355,718</u> |

All assets of the City are being depreciated, except land of \$72,385. Depreciation expense was \$71,568.

(5) Long-Term Debt Payable

The following schedule reflects the changes in general obligation long-term debt, for the fiscal year ending June 30, 2019.

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2019</u> |
|---------------------------------|---------------------------------------|------------------|--------------------|--|
| Tennessee Municipal Bond Fund | 145,833 | - | 29,167 | 116,666 |
| Capital Outlay – Fire equipment | 223,000 | - | 41,049 | 181,951 |
| Capital Outlay – Land | <u>75,000</u> | <u>-</u> | <u>75,000</u> | <u>-</u> |
| Totals | <u>443,833</u> | <u>-</u> | <u>145,216</u> | <u>298,617</u> |

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2019, are as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|------------------|-----------------|
| 2020 | 72,038 | 11,202 |
| 2021 | 73,781 | 8,278 |
| 2022 | 75,594 | 5,283 |
| 2023 | <u>77,204</u> | <u>2,216</u> |
| Total | <u>298,617</u> | <u>26,979</u> |

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(5) Long-Term Debt Payable, Continued

The following schedule reflects the changes in long-term debt, as shown in the Enterprise (Sewer) Fund during the fiscal year 2019.

| | Balance <u>July 1, 2018</u> | <u>Additions</u> | <u>Retirements</u> | Balance <u>June 30, 2019</u> |
|--------------|--------------------------------|------------------|--------------------|---------------------------------|
| USDA - 92-04 | 141,419 | - | 2,259 | 139,160 |
| USDA - 92-02 | <u>1,567,193</u> | <u>-</u> | <u>26,230</u> | <u>1,540,963</u> |
| Total | <u>1,708,612</u> | <u>-</u> | <u>28,489</u> | <u>1,680,123</u> |

The proceeds of the loans were used to finance the construction of a sewer system.

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2019, are as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|------------------|-----------------|
| 2020 | 29,219 | 42,013 |
| 2021 | 29,964 | 41,268 |
| 2022 | 30,728 | 40,504 |
| 2023 | 31,511 | 39,721 |
| 2024 | 32,314 | 38,918 |
| 2025-2029 | 174,359 | 181,801 |
| 2030-2034 | 197,747 | 158,413 |
| 2035-2039 | 224,280 | 131,880 |
| 2040-2044 | 254,371 | 101,789 |
| 2045-2049 | 288,508 | 67,652 |
| 2050-2054 | 327,225 | 28,935 |
| 2055 | <u>59,897</u> | <u>637</u> |
| Total | <u>1,680,123</u> | <u>873,531</u> |

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2019

(6) Due to Other Funds/Internal Balances

During a previous year, the City began construction of a sewer system. To aid in the financing of the construction of the sewer system, the Sewer Fund borrowed funds from the General Fund. As of June 30, 2019, the outstanding balance of this loan was \$130,178. This amount is comprised of three interfund loans.

| | <u>Balance at June 30, 2019</u> | <u>Annual payment</u> |
|-----------------------|---------------------------------|-----------------------|
| Interfund loan – 2014 | \$ 18,584 | \$ 4,646 |
| Interfund loan – 2015 | \$ 14,372 | \$ 2,874 |
| Interfund loan – 2016 | \$ 97,222 | \$19,444 |

(7) Risk Management

The City carries commercial insurance for the majority of risks of loss, including general liability, property and casualty, workers' compensation and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Commitment and Contingency

Litigation:

The City has no litigation that is material to the financial statements.

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

SUPPLEMENTAL
INFORMATION

CITY OF EAGLEVILLE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Changes in Capital Assets - By Type

June 30, 2019

| Capital Assets: | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|------------------------|------------------------------|------------------|--------------------|---------------------------|
| Land | \$693,860 | 0 | 0 | 693,860 |
| Building | 616,397 | 6,343 | 3,918 | 618,822 |
| Park improvements | 385,535 | 3,700 | 0 | 389,235 |
| Infrastructure | 263,889 | 9,676 | 0 | 273,565 |
| Vehicles and equipment | <u>833,502</u> | <u>0</u> | <u>0</u> | <u>833,502</u> |
| Total capital assets | <u>\$2,793,183</u> | <u>19,719</u> | <u>3,918</u> | <u>2,808,984</u> |

CITY OF EAGLEVILLE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Capital Assets - By Function and Activity

June 30, 2019

| | Infrastructure and Land | Buildings | Furniture & Equipment | Park Improvements | Total |
|----------------------|----------------------------|----------------|--------------------------|----------------------|------------------|
| General government | \$693,860 | 457,701 | 32,501 | 3,700 | 1,187,762 |
| Fire department | 0 | 28,972 | 555,553 | 0 | 584,525 |
| Police department | 0 | 0 | 183,331 | 0 | 183,331 |
| Street department | 273,565 | 4,393 | 15,817 | 0 | 293,775 |
| Park department | 0 | 127,756 | 46,300 | 385,535 | 559,591 |
| Total capital assets | <u>\$967,425</u> | <u>618,822</u> | <u>833,502</u> | <u>389,235</u> | <u>2,808,984</u> |

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

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Cash and Cash Equivalents
All Funds

June 30, 2019

| | <u>Carrying Value</u> |
|-----------------------------|---------------------------|
| General Fund: | |
| Demand deposits | 728,114 |
| Certificate of Deposit | 200,000 |
| Total General Fund | <u>928,114</u> |
| State Street Aid Fund: | |
| Demand deposits | 183,933 |
| Total State Street Aid Fund | <u>183,933</u> |
| Drug Fund: | |
| Demand deposits | 1,141 |
| Total Drug Fund | <u>1,141</u> |
| Enterprise Fund: | |
| Demand deposits | 172,868 |
| Total Sewer Fund | <u>172,868</u> |
| Total - All funds | <u><u>\$1,286,056</u></u> |

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2019

| <u>Tax Year</u> | <u>Balance July 1, 2018</u> | <u>Levy</u> | <u>Collections and Changes in Assessment</u> | <u>Balance June 30, 2019</u> |
|-----------------|---------------------------------|----------------|--|----------------------------------|
| 2019 | \$ - | 134,608 | 0 | 134,608 |
| 2018 | 127,752 | 5,115 | 126,009 | 6,858 |
| 2017 | 1,412 | 0 | 1,264 | 148 |
| 2016 | 1,378 | 0 | 909 | 469 |
| 2015 | 171 | 0 | 56 | 115 |
| 2014 | 120 | 0 | 86 | 34 |
| 2013 | 114 | 0 | 47 | 67 |
| 2012 | 313 | 0 | 289 | 24 |
| 2011 | 507 | 0 | 289 | 218 |
| 2010 | 660 | 0 | 466 | 194 |
| 2009 | 232 | 0 | 0 | 232 |
| 2008 | 348 | 0 | 0 | 348 |
| 2007 | 429 | 0 | 0 | 429 |
| 2006 | 65 | 0 | 0 | 65 |
| | <u>133,501</u> | <u>139,723</u> | <u>129,415</u> | <u>143,809</u> |

| <u>Tax Year</u> | <u>Tax Levy</u> | <u>Tax Adjustment and Collections</u> | <u>Outstanding Delinquent Taxes</u> |
|-----------------|-----------------|---|---|
| 2019 | 134,608 | 0 | 127,752 |
| 2018 | 132,867 | 126,009 | 6,858 |
| 2017 | 123,798 | 123,650 | 148 |
| 2016 | 116,165 | 115,696 | 469 |
| 2015 | 117,015 | 116,900 | 115 |
| 2014 | 115,968 | 115,934 | 34 |
| 2013 | 119,739 | 119,672 | 67 |
| 2012 | 122,609 | 122,585 | 24 |
| 2011 | 122,547 | 122,329 | 218 |
| 2010 | 111,719 | 111,525 | 194 |
| 2009 | 104,509 | 104,277 | 232 |
| 2008 | 101,171 | 100,823 | 348 |
| 2007 | 94,599 | 94,170 | 429 |
| 2006 | 77,170 | 77,105 | 65 |

Note: All delinquent taxes have been filed with the County.

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Debt Service Requirements - General Obligation Long-Term Debt

June 30, 2019

| Year | TENNESSEE MUNICIPAL BOND FUND | | CAPITAL OUTLAY-FIRE | | TOTALS | |
|------|----------------------------------|----------|---------------------|----------|-----------|----------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | \$ 29,167 | 4,725 | 42,871 | 6,477 | 72,038 | 11,202 |
| 2021 | 29,167 | 3,544 | 44,614 | 4,734 | 73,781 | 8,278 |
| 2022 | 29,167 | 2,362 | 46,427 | 2,921 | 75,594 | 5,283 |
| 2023 | 29,165 | 1,181 | 48,039 | 1,035 | 77,204 | 2,216 |
| | \$ 116,666 | 11,812 | 181,951 | 15,167 | 298,617 | 26,979 |

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Debt Service Requirements - Sewer Fund

June 30, 2019

| Year | BOND ISSUE 92-02 | | BOND ISSUE 92-04 | | Total | Total |
|------|---------------------|----------------|---------------------|---------------|------------------|----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | \$ 26,897 | 38,215 | 2,322 | 3,798 | 29,219 | 42,013 |
| 2021 | 27,577 | 37,535 | 2,387 | 3,733 | 29,964 | 41,268 |
| 2022 | 28,274 | 36,838 | 2,454 | 3,666 | 30,728 | 40,504 |
| 2023 | 28,989 | 36,123 | 2,522 | 3,598 | 31,511 | 39,721 |
| 2024 | 29,722 | 35,390 | 2,592 | 3,528 | 32,314 | 38,918 |
| 2025 | 30,474 | 34,638 | 2,664 | 3,456 | 33,138 | 38,094 |
| 2026 | 31,245 | 33,867 | 2,739 | 3,381 | 33,984 | 37,248 |
| 2027 | 32,035 | 33,077 | 2,815 | 3,305 | 34,850 | 36,382 |
| 2028 | 32,845 | 32,267 | 2,893 | 3,227 | 35,738 | 35,494 |
| 2029 | 33,675 | 31,437 | 2,974 | 3,146 | 36,649 | 34,583 |
| 2030 | 34,527 | 30,585 | 3,056 | 3,064 | 37,583 | 33,649 |
| 2031 | 35,400 | 29,712 | 3,142 | 2,978 | 38,542 | 32,690 |
| 2032 | 36,295 | 28,817 | 3,229 | 2,891 | 39,524 | 31,708 |
| 2033 | 37,213 | 27,899 | 3,319 | 2,801 | 40,532 | 30,700 |
| 2034 | 38,154 | 26,958 | 3,412 | 2,708 | 41,566 | 29,666 |
| 2035 | 39,119 | 25,993 | 3,507 | 2,613 | 42,626 | 28,606 |
| 2036 | 40,108 | 25,004 | 3,604 | 2,516 | 43,712 | 27,520 |
| 2037 | 41,123 | 23,989 | 3,705 | 2,415 | 44,828 | 26,404 |
| 2038 | 42,163 | 22,949 | 3,808 | 2,312 | 45,971 | 25,261 |
| 2039 | 43,229 | 21,883 | 3,914 | 2,206 | 47,143 | 24,089 |
| 2040 | 44,322 | 20,790 | 4,023 | 2,097 | 48,345 | 22,887 |
| 2041 | 45,443 | 19,669 | 4,135 | 1,985 | 49,578 | 21,654 |
| 2042 | 46,592 | 18,520 | 4,250 | 1,870 | 50,842 | 20,390 |
| 2043 | 47,770 | 17,342 | 4,368 | 1,752 | 52,138 | 19,094 |
| 2044 | 48,978 | 16,134 | 4,490 | 1,630 | 53,468 | 17,764 |
| 2045 | 50,217 | 14,895 | 4,615 | 1,505 | 54,832 | 16,400 |
| 2046 | 51,487 | 13,625 | 4,744 | 1,376 | 56,231 | 15,001 |
| 2047 | 52,789 | 12,323 | 4,876 | 1,244 | 57,665 | 13,567 |
| 2048 | 54,124 | 10,988 | 5,012 | 1,108 | 59,136 | 12,096 |
| 2049 | 55,493 | 9,619 | 5,151 | 969 | 60,644 | 10,588 |
| 2050 | 56,896 | 8,216 | 5,295 | 825 | 62,191 | 9,041 |
| 2051 | 58,335 | 6,777 | 5,442 | 678 | 63,777 | 7,455 |
| 2052 | 59,810 | 5,302 | 5,594 | 526 | 65,404 | 5,828 |
| 2053 | 61,322 | 3,790 | 5,749 | 371 | 67,071 | 4,161 |
| 2054 | 62,873 | 2,239 | 5,909 | 211 | 68,782 | 2,450 |
| 2055 | 55,448 | 589 | 4,449 | 48 | 59,897 | 637 |
| | <u>\$ 1,540,963</u> | <u>793,994</u> | <u>139,160</u> | <u>79,537</u> | <u>1,680,123</u> | <u>873,531</u> |

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2019

| | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7/1/2018 | Issued During Period | Paid and/or Matured During Period | Refunded During Period | Outstanding 6/30/2019 |
|---------------------------------|--------------------------------|------------------|---------------------|--------------------------|-------------------------|----------------------------|--|------------------------------|--------------------------|
| Business-Type Activities | | | | | | | | | |
| NOTES PAYABLE | | | | | | | | | |
| USDA 92-02 | \$ 1,644,000 | 2.50% | 2015 | 12/1/2027 | \$ 1,567,193 | - | \$ 26,230 | - | \$ 1,540,963 |
| USDA 92-04 | 148,000 | 2.75% | 2015 | 12/1/2024 | \$ 141,419 | - | \$ 2,259 | - | \$ 139,160 |
| Total Notes Payable | | | | | \$ 1,708,612 | \$ - | \$ 28,489 | \$ - | \$ 1,680,123 |
| Governmental Activities | | | | | | | | | |
| NOTES PAYABLE | | | | | | | | | |
| TMBF 2011 | \$ 350,000 | 4.00% | 2011 | 4/1/2023 | \$ 145,833 | - | \$ 29,167 | - | \$ 116,666 |
| Land Purchase | 75,000 | 0.00% | 2018 | 6/30/2019 | \$ 75,000 | - | \$ 75,000 | - | \$ 0 |
| Fire Truck | 223,000 | 4.00% | 2018 | 6/1/2023 | \$ 223,000 | - | \$ 41,049 | - | \$ 181,951 |
| Total Notes Payable | | | | | \$ 443,833 | \$ - | \$ 145,216 | \$ - | \$ 298,617 |

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Insurance Coverage

June 30, 2019

| <u>Type of Coverage</u> | <u>Detail Coverage</u> |
|----------------------------------|---------------------------------|
| <u>Business Property</u> | Blanket Coverage of \$1,625,834 |
| <u>General liability</u> | Umbrella policy up to 5,000,000 |
| <u>Automobile</u> | Coverage limit \$1,000,000 |
| <u>Workers' compensation</u> | Coverage limit \$1,000,000 |
| <u>Public Official Liability</u> | \$10,000 |
| <u>Employee Dishonesty</u> | \$150,000 per loss |

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2019

| CFDA Number | State Grant Number | Program Name | Grantor Agency | Receivable (Deferred) Balance June 30, 2018 | Grant Receipts | Other Receipts | Grant Expenditures | Receivable (Deferred) Balance June 30, 2019 |
|--------------|--------------------|-----------------------------|--|---|----------------|----------------|--------------------|---|
| N/A | N/A | Fire Assistance | Tennessee Department of Agriculture Division of Forestry | 0 | 1,417 | 0 | 1,417 | 0 |
| N/A | Z18THS099 | High Visibility Enforcement | Tennessee Department of Transportation | \$0 | 4,937 | 0 | 4,937 | 0 |
| Total | | | | \$0 | \$6,354 | \$0 | \$6,354 | \$0 |

State Program:

This schedule prepared on the modified accrual basis of accounting.

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Utility Information

Sewer Fund

June 30, 2019

Water rates:

| | |
|--|-----------------------------|
| Minimum bill (1' waterline or less) | 28.00 |
| Each 1,000 gallons and portion thereof | \$8.25 per thousand gallons |

At yearend the City had approximately 200 sewer customers.

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

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 Council
City of Eagleville, Tennessee
Eagleville, Tennessee

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities and each major fund as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Eagleville's basic financial statements, and have issued a report thereon dated October 31, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Eagleville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Eagleville's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Eagleville's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the Schedule of Findings and Responses, I identified a deficiency in internal control that I consider to be a material weakness (2019-001 Lack of Separation of Duties).

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 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. A material weakness is a deficiency, or 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. I consider the deficiency described in the Schedule of Findings and Responses (2019-001) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eagleville's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of the City of Eagleville in a separate letter dated October 31, 2019.

Response to Findings

The City of Eagleville's response to the finding identified in the audit is described in the Schedule of Findings and Responses. The City of Eagleville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result 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.

October 31, 2019

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Findings and Responses

June 30, 2019

2019-001 - Separation of Duties

Condition: The City of Eagleville currently has one employee that works in performing the majority of the accounting functions for the City. Due to only having one employee performing the accounting transactions there is currently an inadequate segregation of duties.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Cause: The City has a limited number of office employees to provide for a proper division of duties.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner along with the possibility of fraud or misappropriation of assets increases when accounting functions are not adequately segregated.

Recommendation: For adequate separation of duties, the employee who writes receipts, prepares and makes bank deposits, or writes checks should neither reconcile bank statements nor post to the cash receipts and disbursements journals.

Response: “We agree that the staff size will not allow the City to segregate duties to the optimum level desired. There is only one employee working in the department so it is virtually impossible to segregate duties unless more staff could be hired and due to the finances of our small town, we could not financially hire additional office help.”

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Disposition of Prior Year Comments

June 30, 2019

| <u>Finding Number</u> | <u>Finding Title</u> | <u>Status</u> |
|-----------------------|----------------------|---------------|
| 2018-001 | Separation of Duties | Repeated |

The original finding number was 2005-001. The current finding number is 2019-001.

CITY OF EAGLEVILLE, TENNESSEE

108 South Main Street, Eagleville, TN 37060

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Management's Corrective Action Plan

Audit period: June 30, 2019

The findings from the June 30, 2019, *Schedule of Findings and Responses* are discussed below.

2019-001 Segregation of Duties (Internal Control)

Contact person: Phillip Dye

Planned Corrective Action: It is not economically feasible at this time to hire a sufficient number of people to adequately separate the duties. The Board of Officials continues to monitor our finances and internal control.

Anticipated Completion Date: At the current time, due to our size, we do not believe we can fully segregate these duties. We will continue to improve and strengthen our internal controls, but we cannot give a definite date.

Signature: Phillip Dye