

CITY OF EAGLEVILLE, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2020

CITY OF EAGLEVILLE, TENNESSEE

Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Officials of the City of Eagleville, Tennessee	I
FINANCIAL SECTION:	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities . . .	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds . .	16
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance Of Governmental Funds to the Statement of Activities	17
Statement of Net Position - Proprietary Fund	18
Statement of Revenues, Expenses and Changes in Fund Net Position- Proprietary Fund	19
Statement of Cash Flows - Proprietary Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) And Actual	
General Fund	21-23
State Street Aid Fund	24
Drug Fund	25
Notes to Financial Statements	26-37

CITY OF EAGLEVILLE, TENNESSEE

Table of Contents, Continued

Page Number

Supplementary Information:

Schedule of Changes in Capital Assets – By Type	39
Schedule of Capital Assets – By Function and Activity	40
Schedule of Cash and Cash Equivalents - All Funds	41
Schedule of Changes in Property Taxes Receivable	42
Schedule of Debt Service Requirements - General Obligation	43
Schedule of Debt Service Requirements – Sewer Fund	44
Schedule of Changes in Long-term Debt by Individual Issue	45
Schedule of State and Federal Financial Assistance	46
Schedule of Utility Information	47

COMPLIANCE AND INTERNAL CONTROL:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49-50
Schedule of Findings and Responses	51
Schedule of Disposition of Prior Year Comments	52
Management’s Corrective Action Plan	53

INTRODUCTORY SECTION

CITY OF EAGLEVILLE, TENNESSEE

Officials of the City of Eagleville, Tennessee

June 30, 2020

<u>Name</u>	<u>Title</u>
Elected Officials:	
Chad Leeman	Mayor
Bill Tollett	Vice Mayor
Jason Blair	Council Member
Brandon Emamalie	Council Member
Chris Hendrix	Council Member
Ryan Edwards	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, 2020, 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, 2020, 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 I 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, Supplementary Information, and Management's Corrective Action Plan 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 my 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, 2020 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, 2020

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, 2020. 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 \$4,904,177. Of this amount, \$1,363,998 (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 \$203,700. Revenues increased by \$32,052 due to increases in local revenues due to increased property tax revenues. Expenses were \$77,318 higher due to increased governmental expenses during the year as the City had increased repair and maintenance expenses. During the year, the City made \$1,064,626 in capital outlay purchases for infrastructure improvements, new equipment, and land purchases.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,160,298, a decrease of \$139,117 in comparison to the prior year. The decrease in fund balance was the result of increased capital asset purchases in the Governmental funds. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,056,994 or 58% of the total general fund expenditures.

The City's total capital assets increased by \$1,056,341 during the current fiscal year. The City's debt increased by \$621,064 as the City borrowed to purchase a tract of land. 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 enterprise 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 26-37 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 \$4,904,177 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	6,850,331
Long-term liabilities outstanding	1,978,739
Other liabilities	<u>36,507</u>
Total	2,015,246
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 – 2020

Current and other assets	\$ 1,616,117
Capital assets	<u>6,139,893</u>
Total assets	7,756,010
Long-term liabilities outstanding	2,599,804
Other liabilities	<u>96,001</u>
Total	2,695,805
Deferred Inflows	156,028
Net position:	
Net investment in capital assets	3,436,875
Restricted	103,304
Unrestricted	<u>1,363,998</u>
Total net position	\$4,904,177

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 \$1,056,994. 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 58% of total general fund expenditures.

Comparison between years

	<u>2020</u>	<u>2019</u>	Change Between <u>Years</u>
Revenues:			
Charges for services	306,585	352,221	(45,636)
Operating grants and contributions	92,169	81,113	11,056
Capital grants and contributions	89,250	0	89,250
Property taxes	162,406	143,154	19,252
Sales taxes	670,476	708,249	(37,773)
Business taxes	35,652	51,007	(15,355)
Other state shared revenues	17,288	3,487	13,801
Other revenues	10,452	12,995	(2,543)
Total Revenues	<u>\$1,384,278</u>	<u>\$1,352,226</u>	<u>\$32,052</u>
Expenditures:			
Current:			
General government	461,101	381,708	79,393
Police department	214,892	215,676	(784)
Fire department	298,975	257,885	41,090
Parks and recreation	13,158	59,217	(46,059)
Highways and streets	31,741	25,491	6,250
Sewer department	160,711	163,283	(2,572)
Total Expenditures	<u>\$1,180,578</u>	<u>\$1,103,260</u>	<u>\$77,318</u>
Increases in net position	<u>203,700</u>	<u>248,966</u>	<u>(45,266)</u>

The assets of the City of Eagleville exceeded its liabilities at the close of the most recent fiscal year by \$4,904,177. Of this amount, \$1,363,998 (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 \$203,700. Revenues increased by \$32,052 due to increases in local revenues due to increased property tax revenues. Expenses were \$77,318 higher due to increased governmental expenses during the year as the City had increased repair and maintenance expenses. During the year, the City made \$1,064,626 in capital outlay purchases for infrastructure improvements, new equipment, and land purchases.

General Fund Budgetary Highlights

The City maintained its expenditures within budgeted levels. See pages 21-25 for further analysis.

Capital Assets

The City of Eagleville's investment in capital assets at June 30, 2020, amounts to \$6,139,893 (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-2020

Land and buildings	\$ 3,060,307
Sewer system	3,578,392
Equipment	<u>877,403</u>
Less accumulated depreciation	(1,376,209)
Net Capital Assets	<u>\$ 6,139,893</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 \$2,599,804, \$948,897 in the governmental funds, which was used for the construction and improvements to the City Hall and purchase of police and fire equipment and \$1,650,907 in construction loans for the utility fund. During the year, the City borrowed \$722,220 to purchase land for a public safety facility. All debts are being paid as scheduled.

Economic Factors and Next Year's Budget and Rates

In the 2020-2021 budget, General fund revenues are budgeted to increase from the 2019-2020 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.

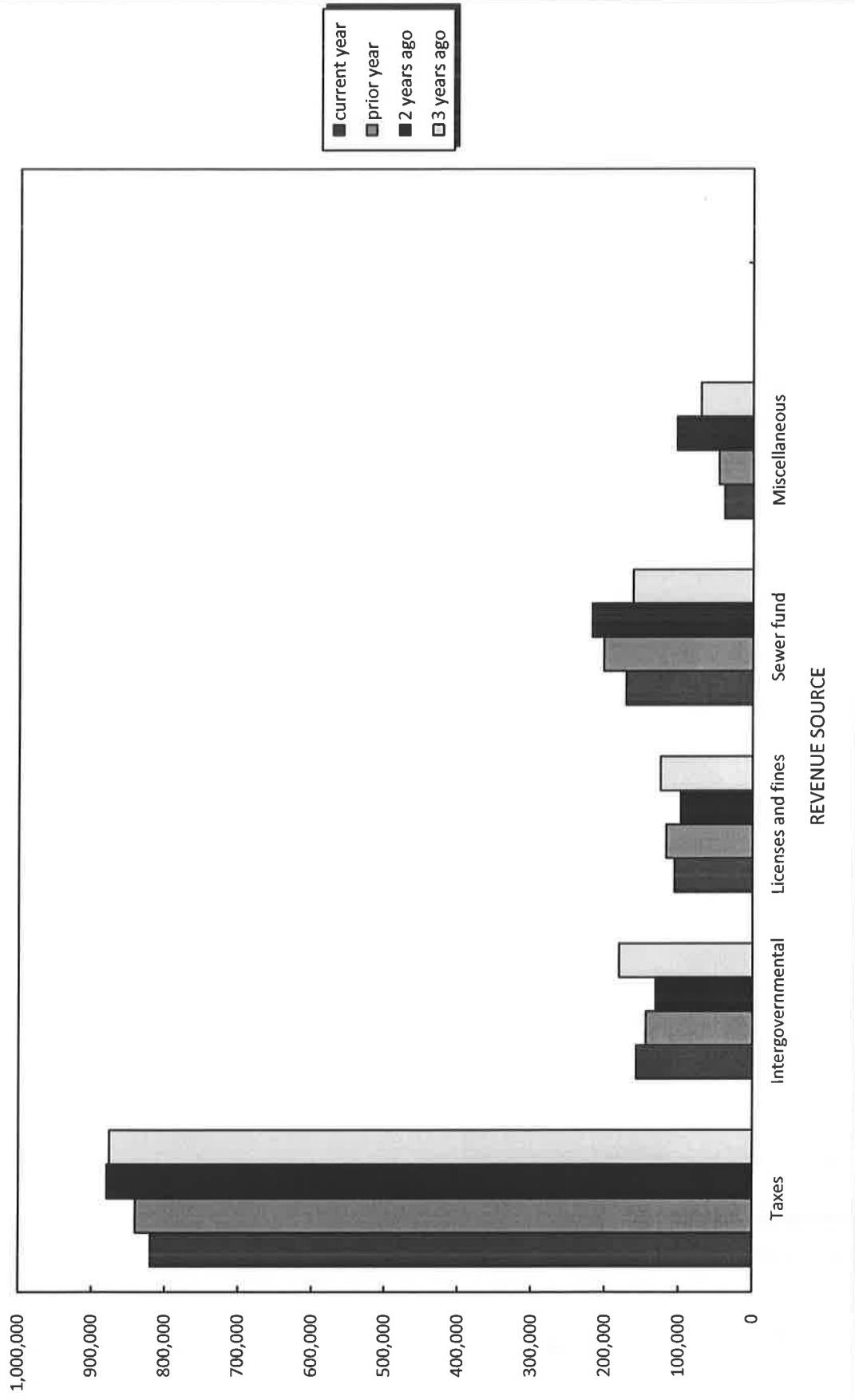
All of these factors were considered in preparing the City's budget for the 2020-2021 fiscal year.

Requests for Information

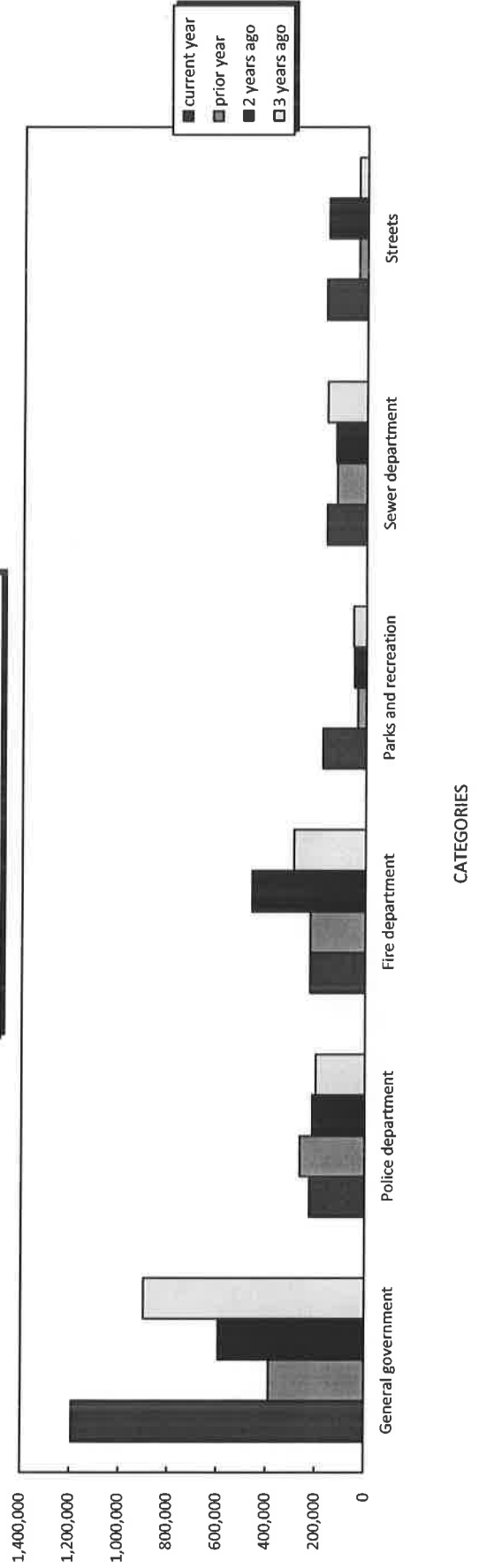
This financial report is designed to provide a general overview of the City of Eagleville, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed 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, 2020

Assets	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	866,714	282,837	1,149,551
Certificate of deposit	200,000	0	200,000
Receivables	249,097	17,469	266,566
Internal balances	103,214	(103,214)	0
Capital assets not being depreciated	693,860	72,385	766,245
Capital assets, net of accumulated depreciation	2,161,883	3,211,765	5,373,648
Total Assets	<u>4,274,768</u>	<u>3,481,242</u>	<u>7,756,010</u>
Liabilities			
Accounts payable	23,696	583	24,279
Accrued expenses	27,047	0	27,047
Deferred revenue - grant	44,675	0	44,675
Long-term liabilities:			
Due within one year	795,981	29,964	825,945
Due in more than one year	152,916	1,620,943	1,773,859
Total Liabilities	<u>1,044,315</u>	<u>1,651,490</u>	<u>2,695,805</u>
Deferred Inflows			
Deferred inflow of resources - property taxes	156,028	0	156,028
Total Deferred Inflows	<u>156,028</u>	<u>0</u>	<u>156,028</u>
Net Position:			
Net investment in capital assets	1,906,846	1,530,029	3,436,875
Restricted - State Street Aid	101,350	0	101,350
Restricted - Drug fund	1,954	0	1,954
Unrestricted	1,064,275	299,723	1,363,998
Total Net Position	<u>3,074,425</u>	<u>1,829,752</u>	<u>4,904,177</u>

See accompanying notes to financial statements.

CITY OF EAGLEVILLE, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2020

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	461,101	50,195	0	0	(410,906)	0	(410,906)
Fire	298,975	0	60,080	0	(238,895)	0	(238,895)
Highways and streets	31,741	0	22,664	0	(9,077)	0	(9,077)
Police department	214,892	72,704	9,425	0	(132,763)	0	(132,763)
Parks and recreations	13,158	11,616	0	0	(1,542)	0	(1,542)
Total Governmental Activities	1,019,867	134,515	92,169	0	(793,183)	0	(793,183)
Business - type Activities:							
Sewer	160,711	172,070	0	89,250	0	100,609	100,609
Total Business Type Activities	160,711	172,070	0	89,250	0	100,609	100,609
Total	1,180,578	306,585	92,169	89,250	(793,183)	100,609	(692,574)
General Revenues:							
Property taxes					154,977	0	154,977
Public property taxes					7,429	0	7,429
Sales taxes					670,476	0	670,476
Beer taxes					14,956	0	14,956
State income tax					2,332	0	2,332
Business taxes					35,652	0	35,652
Other					9,994	458	10,452
Total general revenues					895,816	458	896,274
Changes in Net Position					102,633	101,067	203,700
Net Position - beginning of year					2,971,792	1,728,685	4,700,477
Net Position - ending of year					3,074,425	1,829,752	4,904,177

See accompanying notes to financial statements.

FUND FINANCIAL
STATEMENTS

CITY OF EAGLEVILLE, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2020

<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	\$763,159	\$101,601	\$1,954	\$866,714
Certificate of deposits	200,000	0	0	200,000
Property tax receivable	163,309	0	0	163,309
Due from other governments	82,228	3,560	0	85,788
Due from other funds	103,214	0	0	103,214
 Total Assets	 <u>\$1,311,910</u>	 <u>\$105,161</u>	 <u>\$1,954</u>	 <u>\$1,419,025</u>
 <u>Liabilities, Deferred Inflows and Fund Balance</u>				
Liabilities:				
Accounts payable	19,885	3,811	0	23,696
Accrued expenses	27,047	0	0	27,047
Deferred revenue - grant	44,675	0	0	44,675
 Total Liabilities	 <u>91,607</u>	 <u>3,811</u>	 <u>0</u>	 <u>95,418</u>
Deferred Inflow of Resources:				
Deferred current property taxes	156,028	0	0	156,028
Deferred delinquent property taxes	7,281	0	0	7,281
Total Deferred Inflow of Resources	163,309	0	0	163,309
Fund balance:				
Unassigned	1,056,994	0	0	1,056,994
Restricted	0	101,350	1,954	103,304
Total Fund Balance	<u>1,056,994</u>	<u>101,350</u>	<u>1,954</u>	<u>1,160,298</u>
 Total Liabilities, Deferred and Fund Balance	 <u>\$1,311,910</u>	 <u>\$105,161</u>	 <u>\$1,954</u>	 <u>\$1,419,025</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, 2020

Amounts reported for fund balance - total governmental funds	\$ 1,160,298
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	2,855,743
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	(948,897)
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	<u>7,281</u>
Net position of governmental activities	\$ <u><u>3,074,425</u></u>

See accompanying notes to financial statements.

CITY OF EAGLEVILLE, TENNESSEE

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

For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	819,992	0	0	819,992
Intergovernmental	136,454	21,465	0	157,919
Licenses and permits	33,295	0	0	33,295
Fines and fees	71,891	0	813	72,704
Miscellaneous	38,496	94	0	38,590
Total Revenues	<u>\$1,100,128</u>	<u>\$21,559</u>	<u>\$813</u>	<u>\$1,122,500</u>
Expenditures:				
Current:				
General government	396,273	0	0	396,273
Parks and recreations	24,990	0	0	24,990
Police department	189,437	0	0	189,437
Fire department	175,346	0	0	175,346
Highway and streets	0	31,741	0	31,741
Capital outlay				
General government	743,821	0	0	743,821
Parks and recreations	151,007	0	0	151,007
Police department	37,154	0	0	37,154
Highway and streets	0	132,644	0	132,644
Debt service				
Principal	71,920	0	0	71,920
Interest	29,484	0	0	29,484
Total Expenditures	<u>\$1,819,432</u>	<u>\$164,385</u>	<u>\$0</u>	<u>\$1,983,817</u>
Excess (deficiency) of revenues over expenditures	<u>(719,304)</u>	<u>(142,826)</u>	<u>813</u>	<u>(861,317)</u>
Operating transfers	<u>(60,000)</u>	<u>60,000</u>	<u>0</u>	<u>0</u>
Other financing sources: loan proceeds	<u>722,200</u>	<u>0</u>	<u>0</u>	<u>722,200</u>
Net change in fund balance	<u>(57,104)</u>	<u>(82,826)</u>	<u>813</u>	<u>(139,117)</u>
Fund Balance, Beginning of year	1,114,098	184,176	1,141	1,299,415
Fund Balance, End of Year	<u>\$1,056,994</u>	<u>\$101,350</u>	<u>\$1,954</u>	<u>\$1,160,298</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, 2020

Net change in fund balances - total governmental funds:	\$ (139,117)
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	1,064,626
Depreciation expense	(167,572)
Loss on disposal of assets	(3,104)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,920)
Revenues in the fund financial statements that increase long-term debt	(722,200)
Expenses reported in the statement of activities that reduce long-term liabilities	
Principal payments of debt	<u>71,920</u>
Change in net position of governmental activities	<u>\$ 102,633</u>

See accompanying notes to financial statements.

CITY OF EAGLEVILLE, TENNESSEE

Statement of Net Position

Enterprise (Sewer) Fund

June 30, 2020

Assets

Current Assets:

Cash and cash equivalents	282,837
Accounts receivable, net of allowance	17,469
Total Current Assets	<u>300,306</u>

Capital Assets:

Utility plant	3,650,777
Less accumulated depreciation	(366,627)
Total Capital Assets, Net	<u>3,284,150</u>

Total Assets \$3,584,456

Liabilities

Current Liabilities

Accounts payable	\$583
Current portion of long-term debt	29,964
Total Current Liabilities	<u>30,547</u>

Other Liabilities

Due to General fund	103,214
Total Other Liabilities	<u>103,214</u>

Long-term debt 1,620,943

Total Liabilities \$1,754,704

Net Position:

Net investment in capital assets	1,530,029
Unrestricted	299,723

Total Net Position \$1,829,752

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, 2020

Operating Revenues:	
User charges	\$150,351
Other operating fees	21,719
Total Operating Revenues	<u>172,070</u>
Operating Expenses:	
Maintenance and supplies	35,799
Permits	350
Utilities	4,812
Insurance	3,566
Professional services	2,600
Depreciation	71,568
Total Operating Expenses	<u>118,695</u>
Operating income (loss)	<u>53,375</u>
Nonoperating Revenues (Expenses):	
Interest expense	(42,016)
Interest income	458
Total Nonoperating Revenues (Expenses)	<u>(41,558)</u>
Capacity fee	<u>89,250</u>
Net change in position	101,067
Net Position, July 1, 2019	<u>1,728,685</u>
Net Position, June 30, 2020	<u>\$1,829,752</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, 2020

Cash Flows from Operating Activities:	
Cash received from customers	165,340
Cash paid to suppliers	(73,847)
Net Cash Provided (Used) by Operating Activities	<u>91,493</u>
Cash Flows from Capital and Related Financing Activities:	
Loan principal payments	(29,216)
Capital contributions	89,250
Interest payments	(42,016)
Purchase of capital assets	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>18,018</u>
Cash Flows from Investing Activities:	
Interest received	458
Net Cash Flows Provided (Used) from Investing Activities	<u>458</u>
Net Increase (decrease) in Cash	109,969
Cash and Cash Equivalents, July 1, 2019	<u>172,868</u>
Cash and Cash Equivalents, June 30, 2020	<u>282,837</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income (loss)	53,375
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	71,568
Change in assets (increase) decrease:	
Accounts receivable	(6,730)
Change in liabilities increase (decrease):	
Accounts payable	244
Due to other funds	(26,964)
Net Cash Provided (Used) by Operating Activities	<u>91,493</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$127,600	\$127,600	\$154,977	27,377
Local sales tax	630,000	630,000	614,690	(15,310)
Local beer and alcohol taxes	12,000	12,000	14,673	2,673
Business taxes	31,500	31,500	35,652	4,152
Total Taxes	<u>801,100</u>	<u>801,100</u>	<u>819,992</u>	<u>18,892</u>
Intergovernmental:				
TVA in lieu	7,000	7,000	7,429	429
County fire grant	50,000	50,000	60,000	10,000
Grants	8,000	8,000	7,825	(175)
State sales tax	50,650	50,650	55,786	5,136
State income tax	4,100	4,100	2,332	(1,768)
State police supplement	1,200	1,200	1,600	400
State beer tax	280	280	283	3
State special petroleum taxes	1,200	1,200	1,199	(1)
Total Intergovernmental Revenue	<u>122,430</u>	<u>122,430</u>	<u>136,454</u>	<u>14,024</u>
Licenses	<u>17,160</u>	<u>17,160</u>	<u>33,295</u>	<u>16,135</u>
Fines and fees	<u>82,700</u>	<u>82,700</u>	<u>71,891</u>	<u>(10,809)</u>
Miscellaneous:				
Interest income	7,750	7,750	5,547	(2,203)
Park revenue	15,600	15,600	11,616	(3,984)
Rent	17,400	17,400	16,900	(500)
Sale of assets	1,000	1,000	0	(1,000)
Fire department	2,500	2,500	80	(2,420)
Miscellaneous	4,500	4,500	4,353	(147)
Total Miscellaneous	<u>48,750</u>	<u>48,750</u>	<u>38,496</u>	<u>(10,254)</u>
Total Revenues	<u>1,072,140</u>	<u>1,072,140</u>	<u>1,100,128</u>	<u>27,988</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
General Government:				
Current:				
Personnel costs	\$170,100	\$170,100	\$162,456	7,644
Employee benefits	39,403	39,403	38,595	808
Meetings and conferences	2,600	2,600	2,216	384
Office expense	7,434	7,434	12,286	(4,852)
Dues	1,500	1,500	1,695	(195)
Utilities	10,700	10,700	11,481	(781)
Repair and maintenance	25,890	25,890	9,122	16,768
Professional services	98,150	98,150	105,476	(7,326)
Library	37,313	37,313	37,313	0
Insurance	14,212	14,212	13,538	674
Travel	2,300	2,300	745	1,555
Beautification	1,000	1,000	0	1,000
Miscellaneous	3,700	3,700	1,350	2,350
	<u>414,302</u>	<u>414,302</u>	<u>396,273</u>	<u>18,029</u>
Debt service	34,167	34,167	52,056	(17,889)
Capital outlay	1,014,905	1,014,905	743,821	271,084
Total General Government	<u>1,463,374</u>	<u>1,463,374</u>	<u>1,192,150</u>	<u>271,224</u>
Parks and recreation:				
Activities	11,000	11,000	10,987	13
Utilities	5,300	5,300	3,275	2,025
Insurance	1,600	1,600	1,685	(85)
Repair and maintenance	15,155	15,155	6,472	8,683
Supplies	2,784	2,784	2,571	213
	<u>35,839</u>	<u>35,839</u>	<u>24,990</u>	<u>10,849</u>
Capital outlay	160,000	160,000	151,007	8,993
Total Parks and recreation	<u>195,839</u>	<u>195,839</u>	<u>175,997</u>	<u>19,842</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
Public Safety:				
Police department:				
Personnel costs	\$154,737	\$154,737	\$154,410	327
Vehicle expenses	19,000	19,000	14,979	4,021
Supplies	23,050	23,050	5,145	17,905
Training and travel	7,800	7,800	1,535	6,265
Utilities	3,885	3,885	4,161	(276)
Insurance	10,302	10,302	9,207	1,095
Miscellaneous	1,000	1,000	0	1,000
	<u>219,774</u>	<u>219,774</u>	<u>189,437</u>	<u>30,337</u>
Capital outlay	50,000	50,000	37,154	12,846
Total Police department	<u>269,774</u>	<u>269,774</u>	<u>226,591</u>	<u>43,183</u>
Fire department:				
Personnel costs	166,476	166,476	106,977	59,499
Utilities	4,655	4,655	3,682	973
Supplies	20,605	20,605	7,556	13,049
Training and travel	12,000	12,000	95	11,905
Insurance	12,959	12,959	12,171	788
Uniforms	25,850	25,850	2,606	23,244
Vehicle expenses	58,000	58,000	41,312	16,688
Miscellaneous	3,000	3,000	947	2,053
	<u>303,545</u>	<u>303,545</u>	<u>175,346</u>	<u>128,199</u>
Debt service	49,348	49,348	49,348	0
Total Fire department	<u>352,893</u>	<u>352,893</u>	<u>224,694</u>	<u>128,199</u>
Total Expenditures	<u>2,281,880</u>	<u>2,281,880</u>	<u>1,819,432</u>	<u>462,448</u>
Excess (deficiency) of Revenues over Expenditures	(1,209,740)	(1,209,740)	(719,304)	490,436
Other financing uses: Operating transfer	(33,035)	(33,035)	(60,000)	(26,965)
Other financing sources: Loan proceeds	1,000,000	1,000,000	722,200	(277,800)
Net change in fund balance	<u>(242,775)</u>	<u>(242,775)</u>	<u>(57,104)</u>	<u>185,671</u>
Fund Balance, July 1, 2019	1,114,098	1,114,098	1,114,098	0
Fund Balance, June 30, 2020	<u>\$871,323</u>	<u>\$871,323</u>	<u>\$1,056,994</u>	<u>\$185,671</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Gasoline .03 tax	3,000	3,000	3,271	271
Gasoline 1989 tax	2,000	2,000	1,765	(235)
Gasoline and motor fuel	11,000	11,000	11,041	41
Gasoline 2017 tax	5,000	5,000	5,388	388
Interest	75	75	94	19
	<u>21,075</u>	<u>21,075</u>	<u>21,559</u>	<u>484</u>
Total Revenues				
Expenditures:				
Streets:				
Contract labor	10,000	10,000	7,500	2,500
Utilities - street lights	15,000	15,000	12,187	2,813
Repair and maintenance	2,800	2,800	11,554	(8,754)
Insurance	543	543	500	43
Capital outlay	150,000	150,000	132,644	17,356
	<u>178,343</u>	<u>178,343</u>	<u>164,385</u>	<u>13,958</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	(157,268)	(157,268)	(142,826)	14,442
Other financing sources: operating transfer	60,000	60,000	60,000	0
Net change in fund balance	(97,268)	(97,268)	(82,826)	14,442
Fund Balance, July 1, 2019	<u>184,176</u>	<u>184,176</u>	<u>184,176</u>	<u>-</u>
Fund Balance, June 30, 2020	<u><u>\$86,908</u></u>	<u><u>\$86,908</u></u>	<u><u>\$101,350</u></u>	<u><u>\$14,442</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Miscellaneous	<u>0</u>	<u>0</u>	<u>813</u>	<u>813</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>813</u>	<u>813</u>
Expenditures:				
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	813	813
Fund Balance, July 1, 2019	<u>1,141</u>	<u>1,141</u>	<u>1,141</u>	<u>-</u>
Fund Balance, June 30, 2020	<u><u>\$1,141</u></u>	<u><u>\$1,141</u></u>	<u><u>\$1,954</u></u>	<u><u>\$813</u></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, 2020

(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, 2020

(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, 2020

(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, 2020

(1) Summary of Significant Accounting Policies, Continued

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.

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, 2020

(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.

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, 2020. Payments may be made during the period from October 1 through February 28. Current tax collections of \$129,343 for the fiscal year ended June 30, 2020 were approximately 83 percent of the tax levy.

Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted – All other net position that does not meet the description of the above categories.

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(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.

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 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.

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, 2020

(1) Summary of Significant Accounting Policies, Continued

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.

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 Balance - This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed Fund Balance - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council of the City of Eagleville, Tennessee. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned Fund Balance - This classification included amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(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).

(3) Accounts Receivable

Accounts receivable at June 30, 2020, consist of the following:

General Fund –other governments	\$ 82,228
General Fund – Property tax	163,309
Sewer Fund - customers	17,469
State Street Aid – other governments	<u>3,560</u>
Total	\$ <u>266,566</u>

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(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:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Land	693,860	739,525	-	1,433,385
Building	608,086	-	-	608,086
Park	389,235	-	-	389,235
Signs	10,736	-	-	10,736
Infrastructure	273,565	283,651	-	557,216
Vehicles and equipment	833,502	41,450	8,285	866,667
Total	<u>\$ 2,808,984</u>	<u>1,064,626</u>	<u>8,285</u>	<u>3,865,325</u>
Less Accumulated depreciation	<u>(847,191)</u>			<u>(1,009,582)</u>
Capital Assets - net	<u>1,961,793</u>			<u>2,855,743</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	\$ 36,915
Police department	25,455
Park department	30,921
Fire department	<u>74,281</u>
Total	<u>167,572</u>

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, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</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>(295,059)</u>			<u>(366,627)</u>
Capital Assets - net	<u>3,355,718</u>			<u>3,284,150</u>

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

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(5) Long-Term Debt Payable

Direct Borrowings

The following schedule reflects the changes in general obligation long-term debt, for the fiscal year ending June 30, 2020.

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>
Tennessee Municipal Bond Fund	116,666	-	29,167	87,499
Capital Outlay – Public Safety	-	722,200	-	722,200
Capital Outlay - Fire equipment	<u>181,951</u>	<u>-</u>	<u>42,753</u>	<u>139,198</u>
Totals	<u>298,617</u>	<u>722,200</u>	<u>71,920</u>	<u>948,897</u>

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2020, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2021	795,981	18,621
2022	75,594	5,283
2023	<u>77,322</u>	<u>2,216</u>
Total	<u>948,897</u>	<u>26,120</u>

The following schedule reflects the changes in long-term debt, as shown in the Enterprise (Sewer) Fund during the fiscal year 2020.

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>
USDA - 92-04	139,160	-	2,322	136,838
USDA - 92-02	<u>1,540,963</u>	<u>-</u>	<u>26,894</u>	<u>1,514,069</u>
Total	<u>1,680,123</u>	<u>-</u>	<u>29,216</u>	<u>1,650,907</u>

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

The above bonds payable contain provisions that in the event of default, the lender can use any remedy allowed by state or federal law.

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(5) Long-Term Debt Payable

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2020, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2021	29,964	41,268
2022	30,728	40,504
2023	31,511	39,721
2024	32,314	38,918
2025	33,138	38,094
2026-2030	178,804	177,356
2031-2035	202,790	153,370
2036-2040	229,999	126,161
2041-2045	260,858	95,302
2046-2050	295,867	60,293
2051-2055	<u>324,934</u>	<u>20,531</u>
Total	<u>1,650,907</u>	<u>831,518</u>

(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, 2020, the outstanding balance of this loan was \$130,178. This amount is comprised of three interfund loans.

	<u>Balance at June 30, 2020</u>	<u>Annual payment</u>
Interfund loan – 2014	\$ 13,938	\$ 4,646
Interfund loan – 2015	\$ 11,498	\$ 2,874
Interfund loan – 2016	\$ 77,778	\$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.

CITY OF EAGLEVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(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, 2020

Capital Assets:	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Land	\$693,860	739,525	0	1,433,385
Building	618,822	0	0	618,822
Park improvements	389,235	0	0	389,235
Infrastructure	273,565	283,651	0	557,216
Vehicles and equipment	<u>833,502</u>	<u>41,450</u>	<u>8,285</u>	<u>866,667</u>
Total capital assets	<u>\$2,808,984</u>	<u>1,064,626</u>	<u>8,285</u>	<u>3,865,325</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, 2020

	<u>Infrastructure and Land</u>	<u>Buildings</u>	<u>Furniture & Equipment</u>	<u>Park Improvements</u>	<u>Total</u>
General government	\$1,433,385	457,701	36,797	3,700	1,931,583
Fire department	0	28,972	555,553	0	584,525
Police department	0	0	220,485	0	220,485
Street department	406,209	4,393	15,817	0	426,419
Park department	<u>151,007</u>	<u>127,756</u>	<u>38,015</u>	<u>385,535</u>	<u>702,313</u>
Total capital assets	<u>\$1,990,601</u>	<u>618,822</u>	<u>866,667</u>	<u>389,235</u>	<u>3,865,325</u>

CITY OF EAGLEVILLE, TENNESSEE

**Schedule of Cash and Cash Equivalents
All Funds**

June 30, 2020

	<u>Carrying Value</u>
General Fund:	
Demand deposits	763,159
Certificate of Deposit	200,000
Total General Fund	<u>963,159</u>
State Street Aid Fund:	
Demand deposits	101,601
Total State Street Aid Fund	<u>101,601</u>
Drug Fund:	
Demand deposits	1,954
Total Drug Fund	<u>1,954</u>
Enterprise Fund:	
Demand deposits	282,837
Total Sewer Fund	<u>282,837</u>
Total - All funds	<u>\$1,349,551</u>

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2020

<u>Tax Year</u>	<u>Balance July 1, 2019</u>	<u>Levy</u>	<u>Collections and Changes in Assessment</u>	<u>Balance June 30, 2020</u>
2020	\$ -	156,028	0	156,028
2019	134,608	0	129,343	5,265
2018	6,858	0	5,195	1,663
2017	148	0	133	15
2016	469	0	131	338
2015	115	0	115	0
2014	34	0	34	0
2013	67	0	67	0
2012	24	0	24	0
2011	218	0	218	0
2010	194	0	194	0
2009	232	0	232	0
2008	348	0	348	0
2007	429	0	429	0
2006	65	0	65	0
	<u>143,809</u>	<u>156,028</u>	<u>136,528</u>	<u>163,309</u>

<u>Tax Year</u>	<u>Tax Levy</u>	<u>Tax Adjustment and Collections</u>	<u>Outstanding Delinquent Taxes</u>
2020	156,028	0	156,028
2019	134,608	129,343	5,265
2018	132,867	131,204	1,663
2017	123,798	123,783	15
2016	116,165	115,827	338
2015	117,015	117,015	0
2014	115,968	115,968	0
2013	119,739	119,739	0
2012	122,609	122,609	0
2011	122,547	122,547	0

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, 2020

Year	TENNESSEE MUNICIPAL BOND FUND		CAPITAL OUTLAY-FIRE		CAPITAL OUTLAY PUBLIC SAFETY		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 29,167	3,544	44,614	4,734	722,200	10,343	795,981	18,621
2022	29,167	2,362	46,427	2,921			75,594	5,283
2023	29,165	1,181	48,157	1,035			77,322	2,216
	\$ 87,499	7,087	139,198	8,690	722,200	10,343	948,897	26,120

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Debt Service Requirements - Sewer Fund

June 30, 2020

Year	BOND ISSUE 92-02		BOND ISSUE 92-04		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest
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	55,451	589	4,449	48	59,900	637
	<u>\$ 1,514,069</u>	<u>755,779</u>	<u>136,838</u>	<u>75,739</u>	<u>1,650,907</u>	<u>831,518</u>

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2020

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
Business-Type Activities									
NOTES PAYABLE									
USDA 92-02	\$ 1,644,000	2.50%	2015	12/1/2027	\$ 1,540,963	-	\$ 26,894	-	\$ 1,514,069
USDA 92-04	148,000	2.75%	2015	12/1/2024	\$ 139,160	-	\$ 2,322	-	\$ 136,838
Total Notes Payable					\$ 1,680,123	\$ -	\$ 29,216	\$ -	\$ 1,650,907
Governmental Activities									
NOTES PAYABLE									
TMBF 2011	\$ 350,000	4.00%	2011	4/1/2023	\$ 116,666	-	\$ 29,167	-	\$ 87,499
Public Safety Land	722,200	4.25%	2019	11/1/2020	-	722,200	-	-	\$ 722,200
Fire Truck	223,000	4.00%	2018	6/1/2023	\$ 181,951	-	\$ 42,753	-	\$ 139,198
Total Notes Payable					\$ 298,617	\$ 722,200	\$ 71,920	\$ -	\$ 948,897

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2020

CFDA Number	State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance June 30, 2019	Grant Receipts	Other Receipts	Grant Expenditures	Receivable (Deferred) Balance June 30, 2020
N/A	N/A	Direct Appropriation Public Safety	Tennessee Department of Finance and Administration	0	50,000	0	5,325	(44,675)
N/A	Z18THS099	High Visibility Enforcement	Tennessee Department of Transportation	\$0	2,500	0	2,500	0
State Program:								
Total				\$0	\$52,500	\$0	\$7,825	(\$44,675)

This schedule prepared on the modified accrual basis of accounting.

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Utility Information

Sewer Fund

June 30, 2020

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 210 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, 2020, 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, 2020.

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.

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 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 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. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2020-001, that I consider 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*.

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, 2020

CITY OF EAGLEVILLE, TENNESSEE

Schedule of Findings and Responses

June 30, 2020

2020-001 - Separation of Duties

Condition: The City of Eagleville currently has three employees that work in performing the majority of the accounting functions for the City. Due to only having three employees 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 are only three employees 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, 2020

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2019-001	Separation of Duties	Repeated

The original finding number was 2005-001. The current finding number is 2020-001.

P.O. Box 68
108 South Main St.
Eagleville, TN 37060



(615) 274-2922
Fax (615) 274-2977
www.EaglevilleTN.com

Chad Leeman, Mayor

Management's Corrective Action Plan

Audit period: June 30, 2020

The findings from the June 30, 2020, Schedule of Findings and Responses are discussed below.

2020-001 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: _____

A handwritten signature in black ink, appearing to read "P. Dye", is written over a horizontal line. The signature is stylized and cursive.