

**TOWN OF NASHVILLE
NORTH CAROLINA**

FINANCIAL STATEMENTS

NASHVILLE, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2023

**TOWN OF NASHVILLE
NORTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2023**

Mayor:

Brenda Brown

Town Council:

Larry D. Taylor, Mayor Pro Tempore

Kate C. Burns

Xavien Harrison

William Lumpp

Town Manager:

Randy Lansing

Finance Director:

Tressa Rudd

TOWN OF NASHVILLE

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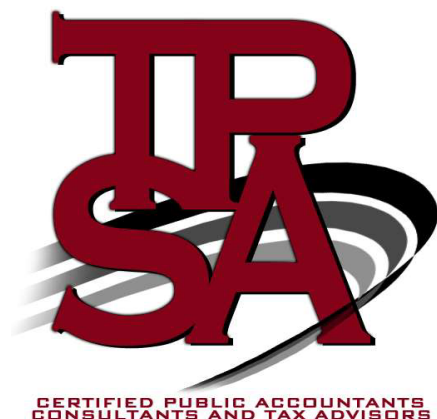
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FINANCIAL SECTION



Thompson, Price, Scott, Adams & Co, P.A.

**P.O Box 398
1626 S. Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958**

**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Town Council
Town of Nashville
Nashville, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nashville, North Carolina (the "Town"), as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nashville as of June 30, 2023, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund, Capital Reserve Fund, and State Drug Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Nashville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

Responsibilities of Management for the Audit of 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.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and the Total Pension Liability as a Percentage of Covered Employee Payroll, the Retiree Health Benefit Fund Schedules of Proportionate Share of Net OPEB Liability and Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios 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, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Nashville's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024 on our consideration of the Town of Nashville, North Carolina's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Nashville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Nashville's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
June 4, 2024

Town of Nashville
Management's Discussion and Analysis

As management of the Town of Nashville, we offer readers of the Town of Nashville's financial statements this narrative overview and analysis of the financial activities of the Town of Nashville for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here, in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Nashville exceeded its liabilities and deferred inflows at the close of the fiscal year by \$22,927,868 (net position).
- The government's total net position increased by \$124,005; there was also a prior period adjustment that increased opening fund balance by \$177,225.
- As of the close of the current fiscal year, the Town of Nashville's governmental funds reported combined ending fund balances of \$7,429,911, an increase of \$535,154 in comparison with the prior year. Approximately 31.3% of this total amount, or \$2,324,902 is restricted and non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,852,441 or 51.67%, of total General Fund expenditures for the fiscal year.

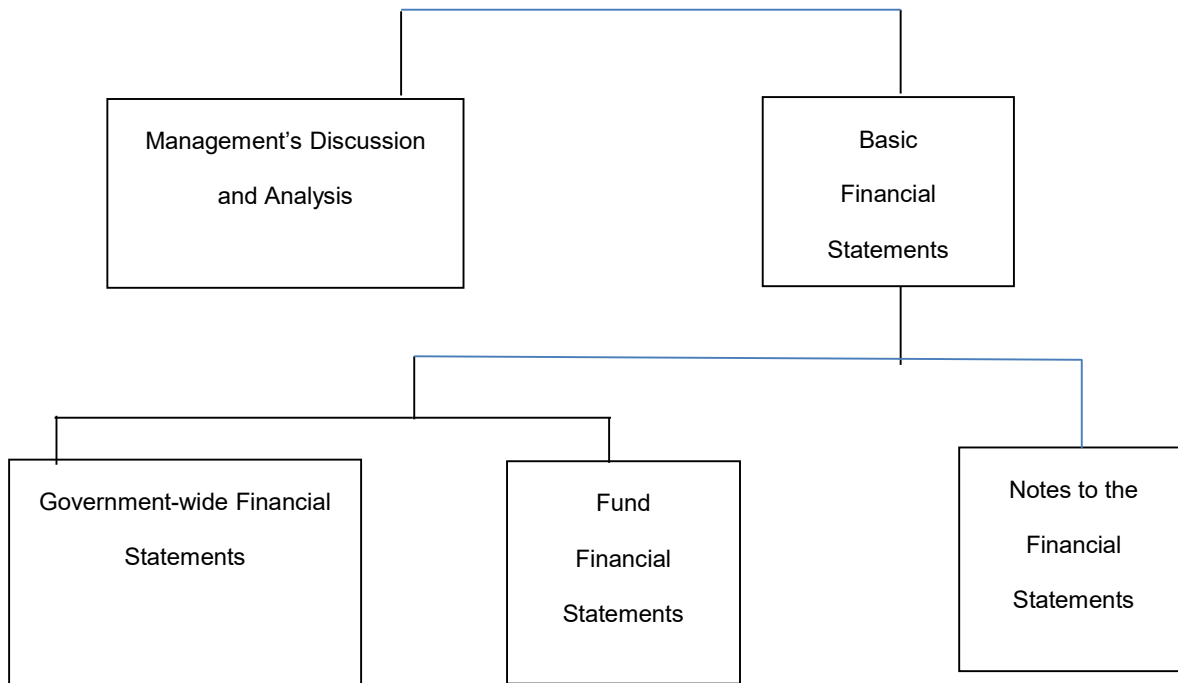
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Nashville's basic financial statements. The Town's basic financial statements consist of three components: 1) governmentwide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements (see Figure 1). The basic financial statements present two different views of the Town through the use of governmentwide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Nashville.

Required Components of Annual Financial Report

Figure 1

Figure 1



Summary ➔ Detail

Town of Nashville Management's Discussion and Analysis

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-Wide Financial Statements. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 9) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental fund statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

The next section of the basic financial statements is the Notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, Supplemental Information is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The governmentwide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities, and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, transportation, environmental protection, and general administration. Property taxes and federal and State grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide services. These include the water and sewer services offered by the Town of Nashville.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Nashville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance related legal requirements such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Nashville can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Town of Nashville
Management's Discussion and Analysis

The Town of Nashville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. The Town of Nashville has one kind proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Nashville uses enterprise funds to account for its water and sewer activity. This funds is the same as the functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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 follow Exhibit 9 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Nashville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 50 of this report.

Interdependence with Other Entities. The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Nashville's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	\$ 7,925,419	\$ 8,069,843	\$ 3,515,506	\$ 2,734,459	\$ 11,440,925	\$ 10,804,302
Long-term assets	7,245,577	7,443,476	7,834,914	8,041,232	15,080,491	15,484,708
Deferred outflows	1,615,941	329,646	206,786	49,193	1,822,727	378,839
Total Assets and Deferred						
Outflows of Resources	16,786,937	15,842,965	11,557,206	10,824,884	28,344,143	26,667,849
Liabilities						
Current Liabilities	438,619	525,008	896,816	698,312	1,335,435	1,223,320
Non-current liabilities	3,489,283	2,798,332	448,494	357,338	3,937,777	3,155,670
Deferred liabilities	265,042	91,245	13,637	8,559	278,679	99,804
Total Liabilities and Deferred						
Inflows of Resources	4,192,944	3,414,585	1,358,947	1,064,209	5,551,891	4,478,794
Net Position						
Net Investment in capital assets	7,094,079	7,223,216	7,516,217	7,961,132	14,610,296	15,184,348
Restricted	2,289,392	1,239,417	-	-	2,289,392	1,239,417
Unrestricted	3,346,138	3,965,747	2,682,042	1,799,544	6,028,180	5,765,291
Total Net Assets	\$ 12,729,609	\$ 12,428,380	\$ 10,198,259	\$ 9,760,676	\$ 22,927,868	\$ 22,189,056

Town of Nashville
Management's Discussion and Analysis

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Nashville exceeded liabilities and deferred inflows by \$22,927,868 as of June 30, 2022. The Town's net position increased by \$866,649 for the fiscal year ended June 30, 2023. However, there was a prior period adjustment that decreased the Town's opening fund balance by \$127,835. The largest portion \$14,610,296 (63.7%) reflects the Town's net investment in capital assets (e.g. land, buildings, and equipment). The Town of Nashville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Nashville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Nashville's net position, \$2,289,392, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,028,180 is unrestricted.

Town of Nashville's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,010,183	\$ 945,343	\$ 4,998,836	\$ 5,222,512	\$ 6,009,019	\$ 6,167,855
Operating Grants	2,772,469	701,507	-	348,350	2,772,469	1,049,857
Ad valorem taxes	2,655,954	2,583,885	-	-	2,655,954	2,583,885
Other taxes	3,021,741	56,332	-	-	3,021,741	56,332
Unrestricted						
intergovernmental	89,683	2,157,274	-	-	89,683	2,157,274
Interest earned	53,720	21,808	-	-	53,720	21,808
Miscellaneous	168,518	19,788	-	8,368	168,518	28,156
Total revenues	9,772,268	6,485,937	4,998,836	5,579,230	14,771,104	12,065,167
Expenses:						
General Government	2,561,043	1,255,126	-	-	2,561,043	1,255,126
Public Safety	4,411,837	3,980,519	-	-	4,411,837	3,980,519
Transportation	440,795	389,748	-	-	440,795	389,748
Environmental Protection	608,581	585,860	-	-	608,581	585,860
Cultural and Recreational	1,295,043	652,688	-	-	1,295,043	652,688
Cemetery	93,420	84,511	-	-	93,420	84,511
Non-departmental	237,544	133,974	-	-	237,544	133,974
Water and Sewer	-	-	4,256,192	5,053,788	4,256,192	5,053,788
Total expenses	9,648,263	7,082,426	4,256,192	5,053,788	13,904,455	12,136,214
Transfers	-	849,169	-	967,397	-	1,816,566
Change in net position	124,005	252,680	742,644	1,492,839	866,649	1,745,519
Net position, beginning	12,428,379	12,175,398	9,760,675	8,267,836	22,189,054	20,443,234
Prior period adjustment	177,225	-	(305,060)	-	(127,835)	-
Net position, beginning, restated	12,605,604	12,175,398	9,455,615	8,267,836	22,061,219	20,443,234
Net position, ending	\$ 12,729,609	\$ 12,428,078	\$ 10,198,259	\$ 9,760,675	\$ 22,927,868	\$ 22,188,753

Governmental activities. Governmental activities increased the Town's net position by \$124,005, due to recognizing ARPA funding, increases in tax and other revenues, as well as increases in expenses for projects.

Business-type activities: Business-type activities increased the Town's net position by \$742,644 due to decreases in expenditures exceeding decreases in revenues earned.

**Town of Nashville
Management's Discussion and Analysis**

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Nashville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Nashville's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of 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 Town of Nashville. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$3,852,441, while total fund balance reached \$5,389,934. 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 47.5% of total General Fund expenditures, while total fund balance represents 51.7% of that same amount.

At June 30, 2023, the governmental funds of the Town of Nashville reported a combined fund balance of \$7,429,911, a 1.9% increase over last year. Included in this change in fund balance is a decrease in the General Fund of \$305,230 offset by an increase to opening fund balance of \$375,141 and a net increase in other funds of \$840,384, offset by a decrease to opening fund balance of \$774,107.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,570,789 and \$111,253 in the Stormwater Fund. The total change in net position was \$719,375 and \$23,269 respectively; offset by prior period adjustments of (\$42,937) and (\$31,488), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Nashville's investment in capital assets for its governmental and business-type activities as of June 30, 2023 totals \$15,216,107 (net of accumulated depreciation). These assets include buildings, land, equipment, park facilities, vehicles, and water and sewer systems. Additional information on the Town's capital assets can be found in the notes of the basic financial statements.

Major capital asset transactions for the year include:

- Purchase of multiple police vehicles
- Water and Sewer equipment and vehicles
- Sanitation pickup truck
- Library kiosks

**Town of Nashville's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,924,777	\$ 1,924,777	\$ 514,809	\$ 514,809	\$ 2,439,586	\$ 2,439,586
Buildings and improvements	1,724,085	1,810,878	274,197	283,829	1,998,282	2,094,707
Street improvements	745,168	776,162	-	-	745,168	776,162
Equipment	712,148	835,212	703,338	310,159	1,415,486	1,145,371
Vehicles and equipment	1,580,191	1,595,588	-	-	1,580,191	1,595,588
Recreation park	559,208	609,435	-	-	559,208	609,435
Systems	-	-	6,342,570	6,647,456	6,342,570	6,647,456
Right to use assets	135,616	67,285	-	-	135,616	67,285
Total	\$ 7,381,193	\$ 7,619,337	\$ 7,834,914	\$ 7,756,253	\$ 15,216,107	\$ 15,375,590

**Town of Nashville
Management's Discussion and Analysis**

Long-Term Debt. As of June 30, 2023, the Town of Nashville had total long term debt outstanding of \$435,343, all of which are secured by assets of the Town.

**Town of Nashville's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Installment purchases	\$ 262,351	\$ 220,260	\$ 44,500	\$ 80,100	\$ 306,851	\$ 300,360
Lease liabilities	128,492	65,595	-	-	128,492	65,595
Total	<u>\$ 390,843</u>	<u>\$ 285,855</u>	<u>\$ 44,500</u>	<u>\$ 80,100</u>	<u>\$ 435,343</u>	<u>\$ 365,955</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Nashville is approximately \$35,175,586.

Additional information regarding the Town of Nashville's long-term debt can be found in the notes of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

- Anticipated property valuation suggests growth as new residents move to area and desirability of location increases.
- 5 residential subdivisions with approximately 400 new housing units have been approved and are at various stages of development.
- Commercial/industrial growth is evidenced by the Town's agreement with Nash County to construct a 40,000 sq. ft. shell building, along with the sale of the last remaining vacant space in the Nashville Business Center.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities. The Town of Nashville has increased the property tax rate by \$0.03 to \$0.61 per \$100 valuation for the 2023-2024 fiscal year. The Town also maintained a \$0.10 per \$100 valuation property tax rate for the municipal service district established in FY2017-18. This district, authorized by N.C.G.S 160A-536(b), allows the Town to invest in downtown revitalization efforts including beautification projects, infrastructure improvements, and promotion of existing businesses.

The Town continues to fund two Capital Reserve Funds to provide funds for anticipated capital improvements as identified in a multi-year Capital Improvement Program including parks and recreational facilities, public buildings, vehicles or equipment, streets and sidewalks, and information technology.

Business-Type Activities. Water and Sewer revenues and the Town's current rates are expected to remain sufficient to cover costs related to water distribution and wastewater treatment.

The Town maintains a stormwater fee for all developed property based upon impervious surface at a rate of \$2.50 per equivalent residential unit. This fee will be used for drainage projects, staff, public education and outreach, and capital equipment.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Nashville, PO Box 987, Nashville, NC 27856.

BASIC FINANCIAL STATEMENTS

TOWN OF NASHVILLE

Statement of Net Position

June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 5,599,532	\$ 2,755,427	\$ 8,354,959
Taxes receivable (net)	51,394	-	51,394
Accounts receivable (net)	108,633	484,192	592,825
Accrued interest receivable	7,611	-	7,611
Due from other governments	797,972	4,560	802,532
Due from other funds	161,373	-	161,373
Inventories	-	108,433	108,433
Prepaid items	35,484	2,285	37,769
Restricted cash and cash equivalents	1,163,420	160,609	1,324,029
Total Current Assets	7,925,419	3,515,506	11,440,925
Noncurrent Assets			
Right to use asset, net	135,616	-	135,616
Capital assets:			
Land, non-depreciable improvements and construction in progress	1,924,777	514,809	2,439,586
Other capital assets, net of depreciation	5,320,800	7,320,105	12,640,905
Total capital assets (net)	7,245,577	7,834,914	15,080,491
Total Noncurrent Assets	7,381,193	7,834,914	15,216,107
Total Assets	\$ 15,306,612	\$ 11,350,420	\$ 26,657,032
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 1,615,941	\$ 206,786	\$ 1,822,727
Total deferred outflows of resources	1,615,941	206,786	1,822,727
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	336,038	539,234	875,272
Customer deposits	-	160,609	160,609
Due to other funds	-	161,373	161,373
Current portion of long-term debt	102,581	35,600	138,181
Total Current Liabilities	438,619	896,816	1,335,435
Long-term liabilities:			
Compensated absences	262,351	43,859	306,210
Net pension liability (LGRS)	2,075,476	309,720	2,385,196
Total pension liability (LEOSSA)	438,548	-	438,548
Total OPEB liability	528,375	86,015	614,390
Due in more than one year	184,533	8,900	193,433
Total Long-Term Liabilities	3,489,283	448,494	3,937,777
Total Liabilities	3,927,902	1,345,310	5,273,212
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	59,366	-	59,366
Stormwater fee receivables	-	1,762	1,762
Pension deferrals	205,676	11,875	217,551
Total deferred inflows of resources	265,042	13,637	278,679
NET POSITION			
Net investment in capital assets	7,094,079	7,516,217	14,610,296
Restricted for:			
Stabilization by state statute	1,163,650	-	1,163,650
Streets	486,142	-	486,142
Sidewalk projects	4,415	-	4,415
Fire Station project	470,338	-	470,338
Municipal service district	164,847	-	164,847
Unrestricted	3,346,138	2,682,042	6,028,180
Total Net Position	\$ 12,729,609	\$ 10,198,259	\$ 22,927,868

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

Town of Nashville
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,561,043	\$ -	\$ -	\$ -	\$ (2,561,043)	\$ -	\$ (2,561,043)
Public safety	4,411,837	22,894	1,910,985	-	(2,477,958)	-	(2,477,958)
Transportation	440,795	52,175	172,263	-	(216,357)	-	(216,357)
Environmental protection	608,581	768,546	-	-	159,965	-	159,965
Culture and recreation	1,295,043	55,002	689,221	-	(550,820)	-	(550,820)
Cemetery	93,420	111,566	-	-	18,146	-	18,146
Interest on long-term debt	3,422	-	-	-	(3,422)	-	(3,422)
Non-departmental	234,122	-	-	-	(234,122)	-	(234,122)
Total governmental activities	9,648,263	1,010,183	2,772,469	-	(5,865,611)	-	(5,865,611)
Business-type activities:							
Water and sewer	4,133,457	4,852,832	-	-	-	719,375	719,375
Stormwater	122,735	146,004	-	-	-	23,269	23,269
Total business-type activities	4,256,192	4,998,836	-	-	-	742,644	742,644
Total primary government	\$ 13,904,455	\$ 6,009,019	\$ 2,772,469	\$ -	(5,865,611)	742,644	(5,122,967)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,655,954	-	2,655,954
Other taxes					3,021,741	-	3,021,741
Unrestricted intergovernmental					89,683	-	89,683
Unrestricted investment earnings					53,720	-	53,720
Miscellaneous					163,643	-	163,643
Sale of surplus property					4,875	-	4,875
Total general revenues and transfers					5,989,616	-	5,989,616
Change in Net Position					124,005	742,644	866,649
Net position, beginning					12,428,379	9,760,675	22,189,054
Prior Period Adjustment (See Note VIII in the Notes to the Financial Statements)					177,225	(305,060)	(127,835)
Net position, beginning, restated					12,605,604	9,455,615	22,061,219
Net position, ending					\$ 12,729,609	\$ 10,198,259	\$ 22,927,868

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

Town of Nashville
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds					Non-Major	Total
	General Fund	Capital Reserve Fund	State Drug Fund	Coronavirus Relief Fund	Sidewalk Capital Project Fund	Other Governmental Funds	Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 4,574,751	\$ 1,024,781	\$ -	\$ -	\$ -	\$ -	\$ 5,599,532
Restricted cash and cash equivalents	-	-	46,231	-	4,415	1,112,774	1,163,420
Receivables (net):							
Taxes	51,394	-	-	-	-	-	51,394
Accounts	81,743	681	5,702	-	-	20,507	108,633
Due from other governments	797,972	-	-	-	-	-	797,972
Due from other funds	324,448	-	-	-	-	7,422	331,870
Prepaid expenses	35,484	-	-	-	-	-	35,484
Total Assets:	<u>\$ 5,865,792</u>	<u>\$ 1,025,462</u>	<u>\$ 51,933</u>	<u>\$ -</u>	<u>\$ 4,415</u>	<u>\$ 1,140,703</u>	<u>\$ 8,088,305</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 317,163	\$ -	\$ 111	\$ -	\$ -	\$ 18,764	\$ 336,038
Due to other funds	7,422	-	163,075	-	-	-	170,497
Total Liabilities:	<u>324,585</u>	<u>-</u>	<u>163,186</u>	<u>-</u>	<u>-</u>	<u>18,764</u>	<u>506,535</u>
DEFERRED INFLOWS OF RESOURCES							
Property taxes receivable	51,394	-	-	-	-	-	51,394
MSD taxes receivable	-	-	-	-	-	586	586
Sanitation fees receivable	22,101	-	-	-	-	-	22,101
Stormwater fees receivable	18,412	-	-	-	-	-	18,412
Prepaid taxes	59,366	-	-	-	-	-	59,366
Total Deferred Inflows of Resources:	<u>151,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>586</u>	<u>151,859</u>
Fund balances:							
Non-spendable:							
Prepaid expense	35,484	-	-	-	-	-	35,484
Restricted:							
Stabilization by State Statute	1,163,650	-	-	-	-	-	1,163,650
Streets	-	-	-	-	-	486,142	486,142
Sidewalk projects	-	-	-	-	4,415	-	4,415
Fire station project	-	-	-	-	-	470,338	470,338
Municipal service district	-	-	-	-	-	164,847	164,847
Flex Spending	-	-	-	-	-	26	26
Assigned:							
Capital project reserve	-	1,025,462	-	-	-	-	1,025,462
Subsequent year's expenditures	338,359	-	-	-	-	-	338,359
Unassigned:	3,852,441	-	(111,253)	-	-	-	3,741,188
Total Fund Balances:	<u>5,389,934</u>	<u>1,025,462</u>	<u>(111,253)</u>	<u>-</u>	<u>4,415</u>	<u>1,121,353</u>	<u>7,429,911</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,865,792</u>	<u>\$ 1,025,462</u>	<u>\$ 51,933</u>	<u>\$ -</u>	<u>\$ 4,415</u>	<u>\$ 1,140,703</u>	<u>\$ 8,088,305</u>

Town of Nashville
Balance Sheet
Governmental Funds
June 30, 2023

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position:

Amounts reported for governmental activities in the Statements of Net Position (Exhibit 1) are different because:

Total Governmental Fund Balance	\$ 7,429,911
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,381,193
Deferred outflows of resources related to pensions are not reported in the funds.	1,615,941
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and	7,611
Liabilities for earned revenues considered deferred inflows resources in fund statements.	92,493
Some long term liabilities are not due and payable in the current period therefore are not reported in the funds	
Net pension liability	(2,075,476)
Total OPEB liability	(528,375)
Compensated absences	(262,351)
Total pension liability - LEO	(438,548)
Installment purchases & leases	(287,114)
Deferred inflows of resources related to pensions are not reported in the funds.	<u>(205,676)</u>
Net position of governmental activities	<u><u>\$ 12,729,609</u></u>

Town of Nashville
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Fund					Non-Major	Total
	General Fund	Capital Reserve Fund	State Drug Fund	Coronavirus Relief Fund	Sidewalk Capital Project Fund	Other Governmental Funds	Governmental Funds
REVENUES							
Ad valorem taxes	\$ 2,604,941	\$ -	\$ -	\$ -	\$ -	\$ 39,058	\$ 2,643,999
Other taxes and licenses	52,175	-	-	-	-	-	52,175
Unrestricted intergovernmental	2,426,545	-	-	-	-	36,500	2,463,045
Restricted intergovernmental	1,458,040	-	124	1,765,045	-	172,263	3,395,472
Permits and fees	42,234	-	-	-	-	-	42,234
Sales and services	997,834	-	-	-	-	-	997,834
Investment earnings	52,460	-	98	-	-	1,162	53,720
Miscellaneous	171,200	-	-	-	-	-	171,200
Total revenues	7,805,429	-	222	1,765,045	-	248,983	9,819,679
EXPENDITURES							
General government	1,256,538	228,671	-	-	954,843	53,355	2,493,407
Public safety	3,870,614	-	111,063	-	-	279,887	4,261,564
Transportation	400,257	-	-	-	-	-	400,257
Environmental protection	616,600	-	-	-	-	-	616,600
Culture and recreation	1,209,645	-	-	-	-	-	1,209,645
Cemetery	92,118	-	-	-	-	-	92,118
Non-departmental	237,828	-	-	-	-	-	237,828
Debt Service:							
Principal	61,629	-	-	-	-	-	61,629
Interest and Other Charges	3,422	-	-	-	-	-	3,422
Total expenditures	7,748,651	228,671	111,063	-	954,843	333,242	9,376,470
Revenues over (under) expenditures	56,778	(228,671)	(110,841)	1,765,045	(954,843)	(84,259)	443,209
Other financing sources:							
Transfers (to) from other funds	(453,953)	744,000	-	(1,765,070)	920,023	555,000	-
Proceeds from debt issuance	91,945	-	-	-	-	-	91,945
Total other financing sources	(362,008)	744,000	-	(1,765,070)	920,023	555,000	91,945
Net change in fund balance	(305,230)	515,329	(110,841)	(25)	(34,820)	470,741	535,154
Fund balances, beginning	5,320,023	510,133	560	968,790	39,235	454,982	7,293,723
Prior Period Adjustment (See Note VIII)	375,141	-	(972)	(968,765)	-	195,630	(398,966)
Total Fund balance, beginning restated	5,695,164	510,133	(412)	25	39,235	650,612	6,894,757
Fund balances, ending	\$ 5,389,934	\$ 1,025,462	\$ (111,253)	\$ -	\$ 4,415	\$ 1,121,353	\$ 7,429,911

Town of Nashville
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities
Governmental Funds
For the Year Ended June 30, 2023

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

Net changes in fund balances - total governmental funds	\$	535,154
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	312,138	
Depreciation Expense for governmental assets	(618,613)	(306,475)
Right to use asset expenditures which were capitalized	94,573	
Amortization expense for governmental assets	(26,242)	68,331
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		385,472
Benefit payments paid and administrative expenses for the LEOSA are not included in the Statement of Activities		17,285
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		
Change in accrued interest receivable at year end	7,611	
Change in unavailable revenue for tax revenues	4,344	
Change in unavailable revenue for sanitation fees	(59,366)	(47,411)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-term debt issued	(91,945)	
Principal payments on long-term debt	90,677	(1,268)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences		(2,615)
Pension and OPEB Expense		(524,468)
Total Change in net position of governmental activities	\$	124,005

Town of Nashville
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 2,669,718	\$ 2,669,718	\$ 2,604,941	\$ (64,777)
Other taxes and licenses	51,600	51,600	52,175	575
Unrestricted intergovernmental	2,112,711	2,156,986	2,426,545	269,559
Restricted intergovernmental	658,584	1,056,306	1,458,040	401,734
Permits and fees	26,000	26,000	42,234	16,234
Sales and services	891,322	910,882	997,834	86,952
Investment earnings	-	42,450	52,460	10,010
Miscellaneous	-	-	171,200	171,200
Total revenues	<u>6,409,935</u>	<u>6,913,942</u>	<u>7,805,429</u>	<u>891,487</u>
Expenditures:				
General government	1,285,276	1,344,714	1,256,538	88,176
Public safety	3,767,918	4,020,729	3,870,614	150,115
Transportation	398,506	404,506	400,257	4,249
Environmental protection	685,236	685,236	616,600	68,636
Culture and recreation	1,007,400	1,569,460	1,209,645	359,815
Cemetery	86,211	96,211	92,118	4,093
Non-departmental	149,703	431,491	302,879	128,612
Total expenditures	<u>7,380,250</u>	<u>8,552,347</u>	<u>7,748,651</u>	<u>803,696</u>
Revenues over (under) expenditures	<u>(970,315)</u>	<u>(1,638,405)</u>	<u>56,778</u>	<u>1,695,183</u>
Other financing sources (uses):				
Transfers (to) from other funds	57,736	(509,286)	(453,953)	55,333
Lease installment proceeds	-	-	91,945	91,945
Loans	-	535,000	-	(535,000)
Total other financing sources (uses)	<u>57,736</u>	<u>25,714</u>	<u>(362,008)</u>	<u>(387,722)</u>
Fund balance appropriated	<u>912,579</u>	<u>1,612,691</u>	<u>-</u>	<u>(1,612,691)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(305,230)</u>	<u>\$ (305,230)</u>
Fund balance, beginning			5,320,023	
Prior Period Adjustment - See Note VIII			375,141	
Total Fund balance, beginning restated			<u>5,695,164</u>	
Fund balance, ending			<u>\$ 5,389,934</u>	

Town of Nashville
Capital Reserve Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023

	Capital Reserve Fund			Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Public safety			170,732	
Environmental protection			38,939	
Cemetery			19,000	
Total expenditures	<u>850,133</u>	<u>829,133</u>	<u>228,671</u>	<u>600,462</u>
Revenues over (under) expenditures	<u>(850,133)</u>	<u>(829,133)</u>	<u>(228,671)</u>	<u>600,462</u>
Other financing sources (uses):				
Transfers (to) from other funds	765,000	744,000	744,000	-
Total other financing sources (uses)	<u>765,000</u>	<u>744,000</u>	<u>744,000</u>	<u>-</u>
Fund balance appropriated	<u>85,133</u>	<u>85,133</u>	<u>-</u>	<u>(85,133)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	515,329	<u>\$ 515,329</u>
Fund balance, beginning			<u>510,133</u>	
Fund balance, ending			<u>\$ 1,025,462</u>	

Town of Nashville
State Drug Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023

	State Drug Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues:				
Restricted intergovernmental	\$ -	\$ 209,360	\$ 124	\$ (209,236)
Investment earnings	-	-	98	98
Total revenues	<u>-</u>	<u>209,360</u>	<u>222</u>	<u>(209,138)</u>
Expenditures:				
Public safety	-	209,360	111,063	98,297
Total expenditures	<u>-</u>	<u>209,360</u>	<u>111,063</u>	<u>98,297</u>
Revenues and other sources over (under) expendures and other uses	<u>\$ -</u>	<u>\$ -</u>	(110,841)	<u>\$ (110,841)</u>
Fund balance, beginning			560	
Prior Period Adjustment - See Note VIII			<u>(972)</u>	
Total Fund balance, beginning restated			<u>(412)</u>	
Fund balance, ending			<u>\$ (111,253)</u>	

Town of Nashville
Statement of Net Position
Proprietary Funds
June 30, 2023

	Major Funds		
	Water and Sewer Fund	Stormwater Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,755,427	\$ -	\$ 2,755,427
Accounts receivable, net - billed	482,430	1,762	484,192
Due from other Governments	4,291	269	4,560
Prepaid expenses	2,285	-	2,285
Inventories	108,433	-	108,433
Restricted cash and cash equivalents	160,609	-	160,609
Total current assets:	3,513,475	2,031	3,515,506
Noncurrent assets:			
Capital Assets:			
Land and other non-depreciable assets	514,809	-	514,809
Other capital assets (net)	7,045,908	274,197	7,320,105
Total noncurrent assets:	7,560,717	274,197	7,834,914
Total Assets	\$ 11,074,192	\$ 276,228	\$ 11,350,420
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 206,786	\$ -	\$ 206,786
Total Deferred Outflows of Resources	206,786	-	206,786
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	537,394	1,840	539,234
Customer deposits	160,609	-	160,609
Due to other funds	-	161,373	161,373
Installment purchase- current	35,600	-	35,600
Total current liabilities	733,603	163,213	896,816
Noncurrent liabilities:			
Compensated absences	43,859	-	43,859
Net pension liability	309,720	-	309,720
Total OPEB liability	86,015	-	86,015
Installment purchase - noncurrent	8,900	-	8,900
Total noncurrent liabilities	448,494	-	448,494
Total Liabilities	1,182,097	163,213	1,345,310
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	11,875	-	11,875
Stormwater fees receivable	-	1,762	1,762
Total Deferred Inflows of Resources	11,875	1,762	13,637
NET POSITION			
Net investment in capital assets	7,516,217	-	7,516,217
Unrestricted	2,570,789	111,253	2,682,042
Total Net Position	\$ 10,087,006	\$ 111,253	\$ 10,198,259

Town of Nashville
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Major Funds		Total
	Water and Sewer Fund	Stormwater Fund	
OPERATING REVENUES			
Charges for services	\$ 4,576,027	\$ 146,004	\$ 4,722,031
Water and sewer taps	76,660	-	76,660
Other operating revenues	187,911	-	187,911
Miscellaneous revenues	12,234	-	12,234
Total Operating Revenues	<u>4,852,832</u>	<u>146,004</u>	<u>4,998,836</u>
OPERATING EXPENSES			
Administration	286,856	113,103	399,959
Water distribution	1,486,909	-	1,486,909
Waste collection and treatment	1,932,979	-	1,932,979
Depreciation	425,586	9,632	435,218
Total Operating Expenses	<u>4,132,330</u>	<u>122,735</u>	<u>4,255,065</u>
OPERATING INCOME (LOSS)	<u>720,502</u>	<u>23,269</u>	<u>743,771</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other charges	(1,127)	-	(1,127)
Total Nonoperating Revenues (Expenses)	<u>(1,127)</u>	<u>-</u>	<u>(1,127)</u>
Change in net position	<u>719,375</u>	<u>23,269</u>	<u>742,644</u>
Net Position:			
Total net position, beginning	9,410,568	119,472	9,530,040
Prior Period Adjustments (See Note VIII)	(42,937)	(31,488)	(74,425)
Beginning of year - July 1, restated	<u>9,367,631</u>	<u>87,984</u>	<u>9,455,615</u>
Total net position, ending	<u>\$ 10,087,006</u>	<u>\$ 111,253</u>	<u>\$ 10,198,259</u>

Town of Nashville
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2023

	Major Funds		
	Water and Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 4,576,827	\$ 144,489	\$ 4,721,316
Cash paid for goods and services	(2,786,521)	(113,411)	(2,899,932)
Cash paid to employees or on behalf of employees for services	(596,671)	1,762	(594,909)
Customer deposits received (returned), net	(4,299)	-	(4,299)
Other operating revenues	200,145	-	200,145
Net cash provided (used) by operating activities	<u>1,389,481</u>	<u>32,840</u>	<u>1,422,321</u>
Cash flows from non-capital financing activities:			
Decrease (increase) in due from other governments	(1,419)	(269)	(1,688)
Interfund activity	-	161,373	161,373
Net cash provided (used) by non-capital financing activities	<u>(1,419)</u>	<u>161,104</u>	<u>159,685</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(513,881)	-	(513,881)
Principal paid on installment purchases	(35,600)	-	(35,600)
Interest paid on installment purchases	(1,127)	-	(1,127)
Net cash provided (used) by capital and related financing activities	<u>(550,608)</u>	<u>-</u>	<u>(550,608)</u>
Net increase (decrease) in cash and cash equivalents	837,454	193,944	1,031,398
Cash and cash equivalents			
Balances, beginning	<u>2,078,582</u>	<u>(193,944)</u>	<u>1,884,638</u>
Balances, ending	<u>\$ 2,916,036</u>	<u>\$ -</u>	<u>\$ 2,916,036</u>
Unrestricted cash	\$ 2,755,427	\$ -	\$ 2,755,427
Restricted cash	160,609	-	160,609
Total Cash	<u>\$ 2,916,036</u>	<u>\$ -</u>	<u>\$ 2,916,036</u>
Reconciliation of operating income (loss) to net cash			
Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 720,502	\$ 23,269	\$ 743,771
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	\$ 425,586	\$ 9,632	435,218
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(75,860)	(1,515)	(77,375)
(Increase) decrease in inventory	(35,240)	-	(35,240)
(Increase) decrease in prepaid expenses	(2,285)	-	(2,285)
Increase (decrease) in deposits	(4,299)	-	(4,299)
Increase (decrease) in accounts payable and accrued liabilities	333,030	(308)	332,722
Increase (decrease) in compensated absences	16,988	-	16,988
(Increase) decrease in deferred outflows of resources - pensions	(66,909)	-	(66,909)
Increase (decrease) in net pension liability	218,514	-	218,514
Increase (decrease) in deferred inflows of resources - pensions	(122,710)	1,762	(120,948)
Increase (decrease) in OPEB liability	(17,836)	-	(17,836)
Total changes in assets, deferred outflows of resources, and liabilities	<u>243,393</u>	<u>(61)</u>	<u>1,422,321</u>
Net cash provided (used) by operating activities	<u>\$ 1,389,481</u>	<u>\$ 32,840</u>	<u>\$ 2,601,310</u>

Town of Nashville
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Nashville conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Nashville is a municipal corporation that is governed by an elected mayor and a fourmember council. As required by generally accepted accounting principles, these financial statements present the Town.

B. Basis of Presentation – Basis of Accounting

Government-wide Statements. The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include: 1) fees and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions. Other non-operating items are ancillary activities, such as investment earnings.

The Town reports the following major governmental funds:

General Fund -The General Fund is the primary operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for administration, public safety, street maintenance and construction, sanitation services, cultural and recreation, and Cemetery.

Town of Nashville
Notes to the Financial Statements
June 30, 2023

Capital Reserve Fund - This fund is used to account for funds reserved for the purchase or construction of capital assets.

State Drug Special Revenue Funds - These funds are used to account for the Town's State Drug funds.

Coronavirus Relief Special Revenue Fund - These funds are used to account for the Town's COVID-19 assistance funds.

Sidewalk Capital Project Funds - These funds are used to account for the Town's sidewalk projects.

The Town reports the following non-major governmental funds:

Municipal Services District Fund - This fund is used to account for the Town's Municipal Services District tax revenues.

Powell Special Revenue Funds - These funds are used to account for the Town's Powell Bill funds.

Flex Spending Special Revenue Funds - These funds are used to account for the Town's Flex Spending account funds.

Fire Station Capital Project Funds - These funds are used to account for the Town's fire station project.

The Town reports the following major enterprise fund(s):

Water Fund and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

Stormwater Fund - This fund is used to account for the Town's stormwater operations.

C. Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Town of Nashville
Notes to the Financial Statements
June 30, 2023

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods relating to a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer 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.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue, because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Nashville because the tax is levied by Nash County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Projects Fund and the Enterprise Fund Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annual budgeted funds and at the project level for the multi-year funds. The budget officer (town manager) is authorized to transfer monies from one appropriation to another within the same fund not to exceed 10% of the total fund. Any such transaction is required to be reported to the Town Council at its next regular meeting. All other amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until an annual ordinance can be adopted.

Town of Nashville
Notes to the Financial Statements
June 30, 2023

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish some deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high-quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

In accordance with State law, the town has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

All unexpended loan and grant proceeds of General Fund and Enterprise Funds are classified as restricted assets for each fund because their use is completely restricted to the purpose for which the proceeds were originally issued. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes for maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Nashville Restricted Cash

Governmental Activities	
Streets	\$ 486,142
State Drug Fund	46,231
Sidewalk projects	4,415
Municipal Service District	144,926
Fire Station Project	481,706
Total Governmental Activities	<u>1,163,420</u>
Business-type Activities	
Water and Sewer Fund	
Customer Deposits	<u>160,609</u>
Total Business-Type Activities	<u>160,609</u>
Total restricted cash	<u><u>\$ 1,324,029</u></u>

Town of Nashville
Notes to the Financial Statements
June 30, 2023

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$25,000; infrastructure, \$25,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General Fund infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer systems assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materiality extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Substations and lines	40
Buildings	30
Improvements	25
Vehicles	6
Furniture and Equipment	10
Computer Equipment	3
Computer Software	5

Town of Nashville
Notes to the Financial Statements
June 30, 2023

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension deferrals and OPEB deferrals for the 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, sanitation fees receivable, stormwater fees receivable, and pension deferrals.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance cost, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time.

The Town's sick leave policy provides for an unlimited accumulated of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments imposed by law through state statute.

Town of Nashville
Notes to the Financial Statements
June 30, 2023

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource for appropriation because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid expenses - portion of fund balance that is not available resource for appropriation because it represents the year-end balance of prepaid expenses, which are not spendable resources.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization of State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Sidewalk Projects - portion of fund balance that is restricted for construction and work on sidewalk projects.

Restricted for Fire Station Project - portion of fund balance that is restricted for construction and work on the Town's Fire Station project.

Restricted for Municipal Service District - portion of fund balance that is restricted by tax revenue for servicing the downtown area.

Restricted for Flex Spending - portion of fund balance that is restricted for the Flex Spending Fund.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Nashville's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Town of Nashville
Notes to the Financial Statements
June 30, 2023

Assigned Fund Balance - portion of fund balance that the Town of Nashville intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approved the appropriation.

Capital projects reserve - portion of fund balance that is appropriated for future capital projects.

Unassigned Fund Balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Nashville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

11. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information and the fiduciary net position of the Local Government Employees' Retirement System (LERS) and additions to/deductions from LERS' fiduciary net position have been determined on the same basis as they are reported by LERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Nashville's employer contributions are recognized when due and the Town of Nashville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LERS. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Significant Violations of Finance-Related Legal and Contractual Provisions

None.

B. Deficit in Fund Balance or Net Position of Individual Funds

The State Drug Fund reported a deficit fund balance of \$111,253, this was due to delays in receiving funding.

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for the Non-Departmental department (the level at which the Town adopts its budget) by \$128,612. This was due to not budgeting for the entire cost of new leases.

D. Timeliness of Audit

The audit report was issued 7 months after the required due date of October 31, 2023. The Town had turnover in the finance officer position which resulted in delays finalizing the trial balance and significant time was necessary to correct prior year balances.

Town of Nashville
Notes to the Financial Statements
June 30, 2023

III. DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying those deposits are properly secured.

At June 30, 2023, the Town's deposits had a carrying amount of \$9,678,088 and a bank balance of \$8,160,708. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the Town's petty cash fund totaled \$900.

Investments

At June 30, 2023, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2023	Maturity	Rating
NCCMT - Government Portfolio	Amortized cost	\$1,937,041	N/A	AAAm

All investments are measured using the market approach: using prices and other relevant information generated by market transaction involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 Debt securities valued using directly observable quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town uses the NC Cash Management Trust for all its investment portfolio.

Town of Nashville
Notes to the Financial Statements
June 30, 2023

Credit Risk. The Town has no formal policy regarding credit risk but has management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2023. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2023 are net of the following allowances for doubtful accounts:

	<u>June 30, 2023</u>
General Fund:	
Taxes receivable	\$ 69,950
Accounts receivable	59,416
Total	<u>\$ 129,366</u>
Enterprise Fund:	
Accounts Receivable	\$ 115,052
Total	<u>\$ 115,052</u>

Capital Assets

Primary Government:

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	Beginning Balances, Restated	Additions	Retirements	Ending Balances
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 1,924,777	\$ -	\$ -	\$ 1,924,777
Total capital assets not being depreciated	<u>1,924,777</u>	<u>-</u>	<u>-</u>	<u>1,924,777</u>
Capital Assets being depreciated:				
Buildings and improvements	3,387,426	-	-	3,387,426
Street improvements	933,075	-	-	933,075
Equipment	2,742,136	41,067	-	2,783,203
Vehicles and equipment	3,808,011	271,071	(13,582)	4,065,500
Cemetery improvements	40,664	-	-	40,664
Recreation park	1,493,393	-	-	1,493,393
Total capital assets being depreciated	<u>12,404,705</u>	<u>312,138</u>	<u>(13,582)</u>	<u>12,703,261</u>

Town of Nashville
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	Beginning Balances, Restated	Additions	Retirements	Ending Balances
Governmental Activities (continued)				
Less accumulated depreciation for:				
Buildings and improvements	1,576,548	86,793	-	1,663,341
Street improvements	156,913	30,994	-	187,907
Equipment	1,906,924	164,131	-	2,071,055
Vehicles and equipment	2,212,423	286,468	(13,582)	2,485,309
Cemetery improvements	40,664	-	-	40,664
Recreation park	883,958	50,227	-	934,185
Total accumulated depreciation	6,777,430	618,613	(13,582)	7,382,461
Total capital assets being depreciated, net	5,627,275	\$ (306,475)	\$ -	5,320,800
Other capital assets being amortized:				
Right to use assets				
Leased Buildings	34,480	-	-	34,480
Leased Equipment	46,372	-	-	46,372
Leased Vehicles	-	94,573	-	94,573
Total other capital assets being amortized	80,852	94,573	-	175,425
Less accumulated amortization for:				
Leased Buildings	2,998	17,990	-	20,988
Leased Equipment	10,569	6,727	-	17,296
Leased Vehicles	-	1,525	-	1,525
Total accumulated amortization	13,567	26,242	-	39,809
Other capital assets, net	67,285			135,616
Governmental activities capital assets, net	\$ 7,619,337			\$ 7,381,193

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

	Depreciation & Amortization
Governmental activities:	
General government	\$ 59,011
Public Safety	377,033
Transportation	39,935
Environmental protection	26,625
Culture and recreation	138,406
Non-Departmental	3,845
Total depreciation expense:	<u>\$ 644,855</u>

Town of Nashville
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Business-Type Activities

Capital asset activity for the Business-Type Activities for the year ended June 30, 2023, were as follows:

	Beginning Balances, Restated	Additions	Retirements	Ending Balances
<u>Business-type activities</u>				
<u>Water and Sewer Fund</u>				
Capital assets not being depreciated:				
Land	\$ 514,809	\$ -	\$ -	\$ 514,809
Total capital assets not being depreciated	514,809	-	-	514,809
Capital assets being depreciated:				
Water and sewer system	12,789,154	-	-	12,789,154
Equipment	1,273,911	513,881	-	1,787,792
Total capital assets being depreciated	14,063,065	513,881	-	14,576,946
Less accumulated depreciation for:				
Water and sewer system	6,141,698	304,886	-	6,446,584
Equipment	963,752	120,702	-	1,084,454
Total accumulated depreciation	7,105,450	425,588	-	7,531,038
Total capital assets being depreciated, net	6,957,615	\$ 88,293	\$ -	7,045,908
Water and Sewer Fund Capital assets, net	<u>\$ 7,472,424</u>			<u>\$ 7,560,717</u>
	Beginning Balances, Restated	Additions	Retirements	Ending Balances
<u>Stormwater Fund</u>				
Capital assets being depreciated:				
Improvements	288,955	-	-	288,955
Total capital assets being depreciated	288,955	-	-	288,955
Less accumulated depreciation for:				
Improvements	5,126	9,632	-	14,758
Total accumulated depreciation	5,126	9,632	-	14,758
Total capital assets being depreciated, net	283,829	\$ (9,632)	\$ -	274,197
Stormwater Fund Capital assets, net	<u>\$ 283,829</u>			<u>\$ 274,197</u>
Business Type Capital assets, net	<u>\$ 7,756,253</u>			<u>\$ 7,834,914</u>

Town of Nashville
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Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2023, is composed of the following elements:

	Governmental Activities	Business- Type Activities
Capital Assets	\$ 7,381,193	\$ 7,834,914
Long-term debt	(287,114)	(44,500)
Net investment in capital assets:	<u>\$ 7,094,079</u>	<u>\$ 7,790,414</u>

B. Liabilities

1 Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Nashville is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

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Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Nashville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Nashville's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Nashville were \$442,995 for the year ended June 30, 2023.

Refunds of Contributions. Town employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2023, the Town reported a liability of \$2,385,196 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the Town's proportion was 0.04228%, which was an decrease of 0.00352% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$665,522. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 102,776	\$ 10,077
Changes of assumptions	237,989	-
Net difference between projected and actual earnings on pension plan investments	788,332	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	20,401	81,384
Town contributions subsequent to the measurement date	442,995	-
Total:	<u>\$ 1,592,493</u>	<u>\$ 91,461</u>

Town of Nashville
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The \$442,995 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 329,297
2025	286,766
2026	66,399
2027	375,576
Thereafter	-
	<u>\$ 1,058,038</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.25 to 8.25 percent, which includes a 3.25% inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (Le. general, law enforcement officer) and health status (Le. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 4,304,971	\$ 2,385,196	\$ 803,189

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

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b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

The Town of Nashville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of:

Terminated plan members entitled to but not yet receiving benefits	-
Inactive members currently receiving benefits	2
Active plan members	17
Total	<u>19</u>

Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

The discount rate used to measure the total pension liability is the S&P Municipal 20-year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

Town of Nashville
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Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefit earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$17,285 in benefits that came due in the reporting period.

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

At June 30, 2023, the Town reported a total pension liability of \$438,548. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing procedures incorporating the actuarial assumption. For the year ended June 30, 2023 the Town recognized pension expense of \$54,932.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,528	\$ 30,157
Changes of assumptions	48,421	95,934
Town benefit payments and plan administrative expense made subsequent to the measurement date	17,285	-
Total	<u>\$ 230,234</u>	<u>\$ 126,091</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pension benefits will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources (a)	Deferred Inflows of Resources (b)	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense (a)-(b)
2023	\$ 75,774	\$ 35,896	\$ 39,878
2024	74,771	30,357	44,414
2025	55,392	21,952	33,440
2026	5,736	18,582	(12,846)
2027	1,064	16,089	(15,025)
Thereafter	212	3,215	(3,003)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.31 percent, as well as the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

Town of Nashville
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	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Town's proportionate share of the net pension liability (asset)	\$ 483,890	\$ 438,548	\$ 398,449

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

Beginning Balance	\$ 514,135
Service Cost	34,234
Interest on the total pension liability	11,254
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	6,596
Changes in assumptions of other inputs	(99,749)
Benefit payments	(27,922)
Ending balance of the total pension liability	<u>\$ 438,548</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through December 31, 2019.

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 665,522	\$ 54,932	\$ 720,454
Pension Liability	2,385,196	438,548	2,823,744
Proportionate share of the net pension liability	0.04228%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	102,776	164,528	267,304
Changes of assumptions	237,989	48,421	286,410
Net difference between projected and actual earnings on plan investments	788,332	-	788,332
Changes in proportion and differences between contributions and proportionate share of contributions	20,401	-	20,401
Benefit payments and administrative costs paid subsequent to the measurement date	442,995	17,285	460,280

Town of Nashville
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	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred of Inflows of Resources			
Differences between expected and actual experience	10,077	30,157	40,234
Changes of assumptions	-	95,934	95,934
Changes in proportion and differences between contributions and proportionate share of contributions	81,384	-	81,384

Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan.

The Town made contributions of \$48,209 for the reporting year. No amounts were forfeited.

Supplemental Retirement Income Plan for General Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees of the Town. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina Assembly.

Funding Policy. The Town elects to contribute each month an amount equal to three percent of each employee's salary, and all amounts contributed are vested immediately. The Town made contributions of \$78,180 for the general employees for the reporting year. No amounts were forfeited.

Other Post-Employment Benefits

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single employer defined benefit Healthcare Benefit Plan (the HCB Plan). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB Statement 75.

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Benefits Provided. This plan provides post-employment health care benefits to Town retirees who were hired prior to April 7, 1992, retire under the provisions set forth under the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty-five years of creditable service with the Town. The Town pays the full cost of coverage for these benefits through private insurers and employees have the option of purchasing dependent coverage at the Town's group rates. Employees who retire with a minimum of 25 years of creditable service also have the option of purchasing coverage for themselves and dependents at the Town's group rate. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	<u>General</u>	<u>Law</u>
	<u>Employees</u>	<u>Enforcement</u>
		<u>Officers</u>
Inactive employees or beneficiaries currently receiving benefits	5	2
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	-	-
Total OPEB Liability	<u>5</u>	<u>2</u>

The Town's total OPEB liability of \$614,390 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25 - 8.41%, including inflation
Discount rate	3.54 percent
Healthcare cost trend rates	Pre-Medicare - 7.0% reducing to 4.50% by 2031 Medicare - 5.125% reducing to 4.5% by 2024

The discount rate is based on the Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability as of June 30, 2021	\$ 741,793
Changes for the Year:	
Service Cost	-
Interest	15,644
Difference between expected and actual experience	(5,458)
Changes in assumptions or other inputs	(102,376)
Benefit payments	(35,213)
Net Changes	<u>(127,403)</u>
Total OPEB Liability as of June 30, 2022	<u><u>\$ 614,390</u></u>

Town of Nashville
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Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019 adopted by the LGERS Board.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate.

	Current Discount Rate		
	1% Decrease (2.54%)	(3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 685,729	\$ 614,390	\$ 555,360

Sensitivity of the total OPEB liability to changes in the health care cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 553,253	\$ 614,390	\$ 686,870

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized OPEB expense of \$127,403. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefit payments and administrative costs made subsequent to the measurement date	\$ -	\$ -
Total	\$ -	\$ -

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	-
Total	\$ -

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Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple employer, State administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

Deferred Inflows and Outflows of Resources

The Town of Nashville deferred outflow of resources is comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 460,280
Benefit payments and administration expenses for OPEB made subsequent to measurement date	-
Differences between expected and actual experience	267,304
Changes of assumptions	286,410
Net difference between projected and actual earnings on investments	788,332
Changes in proportion and differences between employer contributions and	20,401
Total:	<u>\$ 1,822,727</u>

Deferred inflows of resources at year-end are comprised of the following:

	<u>Statement of Net Position</u>	<u>Fund Balance</u>
Prepaid taxes (General Fund)	\$ 59,366	\$ 59,366
Taxes receivable (General Fund)	-	51,980
Sanitation fees receivable (General Fund)	-	22,101
Stormwater fees	1,762	18,412
Changes of assumptions	95,933	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	81,384	-
Net difference between projected and actual earnings on	40,234	-
Total:	<u>\$ 278,679</u>	<u>\$ 151,859</u>

Town of Nashville
Notes to the Financial Statements
June 30, 2023

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to the statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchase by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the Town is not eligible to purchase coverage of \$500,000 per structure through the NFIP.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Tax Collector and Deputy Tax Collector are bonded for \$25,000 per occurrence, and the Finance Officer is bonded for \$119,000 per occurrence.

5 Claims, Judgments and Contingent Liabilities

At June 30, 2023, the Town was not a defendant to any lawsuits.

6 Long-Term Obligations

Leases

The Town has entered into agreements to lease buildings, equipment and vehicles. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The Town entered into a 26 month lease for the use of a Farmers Market building. An initial lease liability was recorded in the amount of \$34,480. As of 06/30/2023, the value of the lease liability is \$13,416. The Town is required to make monthly fixed payments of \$1,500. The lease has an implicit interest rate of 1.5%. The value of the right to use asset as of 06/30/2023 of \$34,480 with accumulated amortization of \$20,988 is included with leased buildings on the capital asset schedule above.

Town of Nashville
Notes to the Financial Statements
June 30, 2023

The Town entered into a 60 month lease for copiers for the use of the Fire and Police Departments. An initial lease liability was recorded in the amount of \$11,768. As of 06/30/2023, the value of the lease liability is \$6,094. The Town is required to make monthly fixed payments of \$248. The lease has an implicit interest rate of 1.5%. The value of the right to use asset as of 06/30/2023 of \$11,768 with accumulated amortization of \$5,764 is included with leased equipment on the capital asset schedule above.

The Town entered into a 60 month lease for the use of a postage machine. An initial lease liability was recorded in the amount of \$34,604. As of 06/30/2023, the value of the lease liability is \$19,481. The Town is required to make quarterly fixed payments of \$1,997. The lease has an implicit interest rate of 1.8%. The value of the right to use asset as of 06/30/2023 of \$34,604 with accumulated amortization of \$11,535 is included with leased equipment on the capital asset schedule above.

The Town entered into a 60 month lease for the use of a Ram 2500. An initial lease liability was recorded in the amount of \$94,573. As of 06/30/2023, the value of the lease liability is \$91,945. The Town is required to make monthly fixed payments of \$1,603. The lease has an implicit interest rate of 1.8%. The value of the right to use asset as of 06/30/2023 of \$94,573 with accumulated amortization of \$1,525 is included with leased vehicles on the capital asset schedule above.

Annual debt service requirements to maturity for the Town's leases are as follows:

Year Ending	Governmental Activities	
	Principal	Interest
June 30		
2024	\$ 39,928	\$ 2,281
2025	28,565	1,627
2026	22,402	1,072
2027	18,592	640
2028	19,005	227
Total	<u>\$ 128,492</u>	<u>\$ 5,847</u>

a. Installment Purchase

General Fund:

On September 14, 2020, the Town entered into a direct borrowing installment purchase agreement to finance a sanitation truck. The agreement requires ten semi-annual payments in the amount of \$32,525 with an interest of 1.67 percent. The sanitation truck is pledged as collateral for the debt.

Enterprise Funds:

On September 9, 2014 the Town entered into a direct borrowing installment purchase agreement to finance a sewer vacuum jet rodding machine on a 2015 Freightliner chassis. The contract requires 120 monthly principal payments of \$2,967 with an interest of 1.84 percent. The sewer vacuum jet rodding machine is pledged as collateral for the debt.

Town of Nashville
Notes to the Financial Statements
June 30, 2023

The future minimum payments of the installment purchases as of June 30, 2023, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 62,653	\$ 2,389	\$ 35,600	\$ 520
2025	63,713	1,338	8,900	27
2026	32,256	269	-	-
2027	-	-	-	-
Total	<u>\$ 158,622</u>	<u>\$ 3,996</u>	<u>\$ 44,500</u>	<u>\$ 547</u>

At June 30, 2023, the Town of Nashville, North Carolina, had a legal debt margin of \$35,175,586.

b. Changes in Long-Term Liabilities

	Beginning Balance, restated	Additions	Retirements	Ending Balance	Current Portion of Balance
<u>Governmental Activities:</u>					
Installment purchase	\$ 220,251	\$ -	\$ 61,629	\$ 158,622	\$ 62,653
Leases	65,595	91,945	29,048	128,492	39,928
Compensated absences	264,966	-	2,615	262,351	-
Total OPEB liability	637,942	-	109,567	528,375	-
Net pension liability (LGERS)	611,181	1,464,295	-	2,075,476	-
Total pension liability (LEOSSA)	514,135	-	75,587	438,548	-
Total governmental activities	<u>\$ 2,314,070</u>	<u>\$ 1,556,240</u>	<u>\$ 278,446</u>	<u>\$ 3,591,864</u>	<u>\$ 102,581</u>
<u>Business-type Activities:</u>					
<u>Water and Sewer Fund</u>					
Installment purchases	\$ 80,100	\$ -	\$ 35,600	\$ 44,500	\$ 35,600
Compensated absences	26,871	16,988	-	43,859	-
Total OPEB liability	103,851	-	17,836	86,015	-
Net pension liability (LGERS)	91,206	218,514	-	309,720	-
Water and Sewer Fund long-term	<u>\$ 302,028</u>	<u>\$ 235,502</u>	<u>\$ 53,436</u>	<u>\$ 484,094</u>	<u>\$ 35,600</u>

Compensated absences typically have been liquidated in the General Fund.

c. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2023 consist of the following:

	Amount
From General Fund to Fire Station II Fund	\$ (555,000)
From General Fund to Capital Project Reserve	(744,000)
From General Fund to Sidewalks and Streets Project Fund	(920,023)
From Coronavirus Relief Fund to General Fund	1,765,070
Total:	<u>\$ (453,953)</u>

Town of Nashville
Notes to the Financial Statements
June 30, 2023

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various projects.

At June 30, 2023, the General Fund was due \$324,446 with \$163,073 being due from the governmental capital project funds and \$161,373 being due from the Stormwater Fund. These funds were to cover expenses before funding was received.

d. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriations:

Total fund balance - General Fund	\$ 5,389,934
Less:	
Inventories	-
Prepaid expenses	35,484
Stabilization by State Statute	1,163,650
Appropriated Fund Balance in subsequent year	338,359
Remaining fund balance	<u><u>\$ 3,852,441</u></u>

IV. Related Party Transactions

There were no related party transactions noted during the fiscal year ended June 30, 2023.

V. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant money to grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

VI. Subsequent Events

The Town has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued, which is the date of the independent auditors' report. Subsequent events after that date have not been evaluated. There were no subsequent events during this period that require disclosure.

VII. Powell Bill Fund Balance

The Town reports fund balances of \$279,118 for street maintenance. This fund balance is composed of \$90,502 in Powell Bill funds and \$395,640 in Town funds.

Town of Nashville
Notes to the Financial Statements
June 30, 2023

VIII Prior Period Adjustment(s)

Numerous prior period adjustments were necessary to correct incorrect presentation of accounts on the financial statements, correct pension adjustments, properly account for new GASB standards and movement of money between funds. For the government-wide and business type activities the adjustments netted \$177,225 and (\$305,060), respectively. The individual funds reported net adjustments of \$375,141 in the General Fund, (\$972) in the State Drug Fund, (\$968,765) in the Coronavirus Relief Fund, \$195,640 in the Powell Bill Fund, (\$10) in the Flex Spending Fund, \$56,273 in the Water and Sewer Fund, (\$99,510) in the Water and Sewer Capital Project Fund and (\$31,488) in the Stormwater Fund.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles. Presentation conforms to requirements of the Local Government Commission in North Carolina.

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Local Government Employee's Retirement System

Schedule of Contributions - Local Government Employees' Retirement System

Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance

Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance

Schedule of Changes in the Total OPEB Liability and Related Ratios

Town of Nashville
Town's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019
Nashville proportion of the net pension liability (asset) (%)	0.04228%	0.04580%	0.04230%	3.80100%	0.04288%
Nashville proportion of the net pension liability (asset) (\$)	\$ 2,385,196	\$ 702,387	\$ 1,511,559	\$ 1,038,023	\$ 1,017,260
Nashville covered payroll	\$ 2,476,148	\$ 2,357,664	\$ 2,353,870	\$ 2,291,643	\$ 2,435,505
Nashville proportionate share of the net pension liability (asset) as a percentage of its covered payroll	96.33%	29.79%	64.22%	45.30%	41.77%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%
	2018	2017	2016	2015	2014
Nashville proportion of the net pension liability (asset) (%)	0.04253%	0.04286%	0.04607%	0.04844%	0.04890%
Nashville proportion of the net pension liability (asset) (\$)	\$ 649,741	\$ 909,633	\$ 206,760	\$ (285,673)	\$ 589,433
Nashville covered payroll	\$ 2,799,173	\$ 3,125,293	\$ 3,120,894	\$ 3,120,894	\$ 3,120,894
Nashville's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.21%	29.11%	6.63%	-9.15%	18.89%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Nashville
Local Government Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System					
	2023	2022	2021	2020	2019
Contractually required contribution	\$ 442,995	\$ 378,839	\$ 210,094	\$ 235,776	\$ 183,077
Contributions in relation to the contractually required contribution	442,995	378,839	210,094	235,776	183,077
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Nashville's covered payroll	\$ 3,569,830	\$ 2,476,148	\$ 2,357,664	\$ 2,353,870	\$ 2,291,643
Contributions as a percentage of covered payroll	12.41%	11.59%	7.55%	9.28%	8.01%
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 188,003	\$ 168,602	\$ 150,422	\$ 158,304	\$ 151,233
Contributions in relation to the contractually required contribution	188,003	168,602	150,422	158,304	151,233
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Nashville's covered payroll	\$ 2,435,505	\$ 2,799,173	\$ 3,125,293	\$ 3,120,894	\$ 3,120,894
Contributions as a percentage of covered payroll	7.76%	7.42%	6.71%	6.38%	7.88%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Nashville
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Six Fiscal Years

	2023	2022	2021
Beginning Balance	\$ 514,135	\$ 473,045	\$ 80,937
Service Cost	34,234	41,414	23,199
Interest on the total pension liability	11,254	8,903	2,270
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	6,596	30,612	291,802
Changes of assumptions or other inputs	(99,749)	(16,348)	97,450
Benefit payments	(27,922)	(23,491)	(22,613)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 438,548</u>	<u>\$ 514,135</u>	<u>\$ 473,045</u>

	2020	2019	2018
Beginning Balance	\$ 142,095	\$ 135,733	\$ 152,716
Service Cost	13,417	16,720	13,286
Interest on the total pension liability	4,855	4,289	5,895
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(64,940)	(8,384)	(46,563)
Changes of assumptions or other inputs	2,951	(6,263)	10,399
Benefit payments	(17,441)	-	-
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 80,937</u>	<u>\$ 142,095</u>	<u>\$ 135,733</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Nashville
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Six Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 438,548	\$ 514,135	\$ 473,045
Covered payroll	747,467	788,700	647,288
Total pension liability as a percentage of covered payroll	58.67%	65.19%	73.08%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 80,937	\$ 142,095	\$ 135,733
Covered payroll	553,461	616,218	593,355
Total pension liability as a percentage of covered payroll	14.62%	23.06%	22.88%

Note to the required schedules:

The Town of Nashville has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Nashville
Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
Last Five Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service Cost	\$ -	\$ -	\$ -
Interest	15,644	18,400	25,607
Changes of Benefit Terms	-	-	-
Differences between expected and actual experience	(5,458)	(93,763)	(3,606)
Changes of assumptions	(102,376)	3,991	119,474
Benefit payments	(35,213)	(38,637)	(42,249)
Net change in total OPEB liability	(127,403)	(110,009)	99,226
Total OPEB Liability - beginning	741,793	851,802	752,576
Total OPEB Liability - ending	<u>\$ 614,390</u>	<u>\$ 741,793</u>	<u>\$ 851,802</u>

	<u>2020</u>	<u>2019</u>
Service Cost	\$ -	\$ -
Interest	30,652	29,682
Changes of Benefit Terms	-	-
Differences between expected and actual experience	(49,413)	(7,536)
Changes of assumptions	3,545	(32,849)
Benefit payments	(39,998)	(30,274)
Net change in total OPEB liability	(55,214)	(40,977)
Total OPEB Liability - beginning	807,790	848,767
Total OPEB Liability - ending	<u>\$ 752,576</u>	<u>\$ 807,790</u>

Notes to the required schedules:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.54%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

MAJOR GOVERNMENTAL FUNDS

General Fund

Town of Nashville
General Fund
Schedule of Revenues and Expenditures - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes			
Taxes	\$ 2,604,468	\$ 2,570,797	\$ (33,671)
Penalties and interest	65,250	34,144	(31,106)
Total ad valorem taxes	<u>2,669,718</u>	<u>2,604,941</u>	<u>(64,777)</u>
Other taxes and licenses			
Automobile tags	51,600	52,175	575
Total other taxes and licenses	<u>51,600</u>	<u>52,175</u>	<u>575</u>
Unrestricted intergovernmental			
Local option sales tax	1,765,775	1,984,249	218,474
Telecommunications sales tax	18,000	20,254	2,254
Utility franchise and sales tax	280,000	282,189	2,189
Video sales tax	43,000	39,578	(3,422)
ABC profit distribution	50,211	100,275	50,064
Total unrestricted intergovernmental	<u>2,156,986</u>	<u>2,426,545</u>	<u>269,559</u>
Restricted intergovernmental			
Police donations and forfeitures	-	88,240	88,240
Federal police reimbursements	-	15,374	15,374
Police grants	88,661	29,821	(58,840)
County aid to library	-	15,000	15,000
Fire protection	665,647	638,386	(27,261)
State aid to library	38,488	43,029	4,541
State grants to library	36,584	33,329	(3,255)
State grants to recreation	-	7,850	7,850
Economic Development Grant	188,513	188,513	-
Farmers Market Grant	-	365,000	365,000
ICAC Grant	38,413	28,879	(9,534)
Solid waste disposal tax	-	4,619	4,619
Total restricted intergovernmental	<u>1,056,306</u>	<u>1,458,040</u>	<u>401,734</u>

Town of Nashville
General Fund
Schedule of Revenues and Expenditures - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Permits and fees			
Planning and zoning revenue	-	8,569	8,569
PEG channel support	26,000	25,641	(359)
Fines and fees - library	-	8,024	8,024
Total permits and fees	<u>26,000</u>	<u>42,234</u>	<u>16,234</u>
Sales and services			
Sanitation fees	776,000	827,912	51,912
Cemetery revenues	90,000	88,644	(1,356)
Perpetual care	20,000	22,922	2,922
Police services	-	7,568	7,568
Recreation department fees	24,882	37,763	12,881
Farmer's market fees	-	7,228	7,228
Court cost	-	2,284	2,284
Book sales	-	1,663	1,663
Parking violations	-	1,850	1,850
Total sales and services	<u>910,882</u>	<u>997,834</u>	<u>86,952</u>
Investment earnings, total	<u>42,450</u>	<u>52,460</u>	<u>10,010</u>
Miscellaneous			
Donations/fees - library	-	324	324
Sale of surplus property	-	4,875	4,875
Miscellaneous revenues	-	166,001	166,001
Total miscellaneous	<u>-</u>	<u>171,200</u>	<u>171,200</u>
Total revenues:	<u>6,913,942</u>	<u>7,805,429</u>	<u>891,487</u>
Expenditures:			
General Government:			
Governing body			
Salaries and benefits		31,166	
Other operating expenses		10,387	
Total governing body	<u>44,628</u>	<u>41,553</u>	<u>3,075</u>
Administration			
Salaries and benefits		240,358	
Other operating expenses		58,096	
Total administration	<u>302,379</u>	<u>298,454</u>	<u>3,925</u>

Town of Nashville
General Fund
Schedule of Revenues and Expenditures - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Human resources			
Salaries and benefits		123,221	
Other operating expenses		35,955	
Total human resources	165,783	159,176	6,607
Tax collections			
Salaries and benefits		180,131	
Other operating expenses		69,342	
Total tax collections	256,116	249,473	6,643
Planning			
Salaries and benefits		177,596	
Other operating expenses		60,545	
Total planning	246,664	238,141	8,523
Public buildings			
Salaries and benefits		89,920	
Other operating expenses		111,019	
Capital outlay		68,802	
Total public buildings	329,144	269,741	59,403
Total general government	1,344,714	1,256,538	88,176
Public safety:			
Police			
Salaries and benefits		1,536,975	
Other operating expenses		483,100	
Capital outlay		207,897	
Total police	2,328,039	2,227,972	100,067
Fire			
Salaries and benefits		1,219,886	
Other operating expenses		307,679	
Capital outlay		29,952	
Total fire	1,578,524	1,557,517	21,007

Town of Nashville
General Fund
Schedule of Revenues and Expenditures - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Central maintenance			
Salaries and benefits		76,396	
Other operating expenses		8,729	
Total central maintenance	114,166	85,125	29,041
Total public safety	4,020,729	3,870,614	150,115
Transportation:			
Streets and highways			
Salaries and benefits		208,709	
Other operating expenses		170,129	
Capital outlay		21,419	
Total streets and highways	404,506	400,257	4,249
Total transportation	404,506	400,257	4,249
Environmental protection:			
Solid waste			
Salaries and benefits		217,540	
Other operating expenses		399,060	
Total solid waste	685,236	616,600	68,636
Total environmental protection	685,236	616,600	68,636
Cultural and recreational:			
Parks and recreation			
Salaries and benefits		209,480	
Other operating expenses		137,958	
Capital Outlay		435,811	
Total parks and recreation	862,409	783,249	79,160
Nashville Junction			
Salaries and benefits		20,412	
Other operating expenses		52,934	
Capital outlay		10,380	
Total Nashville Junction	343,608	83,726	259,882

Town of Nashville
General Fund
Schedule of Revenues and Expenditures - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Libraries			
Salaries and benefits		262,335	
Other operating expenses		80,335	
Total libraries	363,443	342,670	20,773
Total cultural and recreational	1,569,460	1,209,645	359,815
Cemetery			
Salaries and benefits		72,111	
Other operating expenses		20,007	
Total Cemetery	96,211	92,118	4,093
Non-departmental			
Other operating expenditures	366,440	237,828	128,612
Principal	61,629	61,629	-
Interest	3,422	3,422	-
Total non-departmental	431,491	302,879	128,612
Total expenditures	8,552,347	7,748,651	803,696
Revenues over (under) expenditures	(1,638,405)	56,778	1,695,183
Other financing sources (uses):			
Transfer from other funds			
Water Sewer fund	594,689	-	(594,689)
Coronavirus Relief Fund	1,695,041	1,765,070	70,029
Transfer to other funds			
Capital Reserve fund	(765,000)	(744,000)	21,000
Fire Station II Fund	(555,000)	(555,000)	-
Sidewalks and Streets Project Fund	(920,023)	(920,023)	-
Water Sewer Fund	(752,045)	-	752,045
Reimbursement from Enterprise fund	193,052	-	(193,052)
Lease installment proceeds	-	91,945	91,945
Streets loan proceeds	535,000	-	(535,000)
Total other financing sources (uses)	25,714	(362,008)	(387,722)

Town of Nashville
General Fund
Schedule of Revenues and Expenditures - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Fund balance appropriated	1,612,691	-	1,612,691
Net change in fund balance	<u>\$ -</u>	(305,230)	<u>\$ (305,230)</u>
Fund balance, beginning		5,320,023	
Prior Period Adjustment (See Note VIII)		375,141	
Fund balance, beginning (adjusted)		5,695,164	
Fund balance, ending		<u>\$ 5,389,934</u>	

Town of Nashville
Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental			
Outside grants	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Capital outly			
Public Safety		170,732	
Sanitation		38,939	
Cemetaries		19,000	
Total expenditures	<u>829,133</u>	<u>228,671</u>	<u>600,462</u>
Revenues over (under) expenditures	<u>(829,133)</u>	<u>(228,671)</u>	<u>600,462</u>
Other financing sources (uses):			
Transfer (to) other funds	744,000	744,000	-
Fund balance appropriation	<u>85,133</u>	<u>-</u>	<u>(85,133)</u>
Total other financing sources (uses)	<u>829,133</u>	<u>744,000</u>	<u>(85,133)</u>
Net change in fund balance	<u><u>\$ -</u></u>	515,329	<u><u>\$ 515,329</u></u>
Fund balance, beginning		<u>510,133</u>	
Fund balance, ending		<u><u>\$ 1,025,462</u></u>	

Town of Nashville
Special Revenue Fund - State Drug Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
From Inception and for the Year Ended June 30, 2023

	<u>Project Authorization</u>	<u>Current Year</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 209,360	\$ 124	\$ (209,236)
Interest Income	-	98	98
Total revenues	<u>209,360</u>	<u>222</u>	<u>(209,138)</u>
Expenditures:			
Public Safety			
Other operating expenditures	<u>209,360</u>	<u>111,063</u>	<u>98,297</u>
Total expenditures	<u>209,360</u>	<u>111,063</u>	<u>98,297</u>
Revenues over (under) expenditures	<u>-</u>	<u>(110,841)</u>	<u>(110,841)</u>
Net change in fund balance	<u>\$ -</u>	<u>(110,841)</u>	<u>\$ (110,841)</u>
Fund balance, beginning		560	
Prior period adjustment (see Note VIII)		<u>(972)</u>	
Fund balance, beginning, adjusted		<u>(412)</u>	
Fund balance, ending		<u>\$ (111,253)</u>	

Town of Nashville
Special Revenue Fund - Coronavirus Relief Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
From Inception and for the Year Ended June 30, 2023

	<u>Project Authorization</u>	<u>Restated Prior Years</u>	<u>Current Year</u>	<u>Total Project to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental	\$ 885,023	\$ 5,000	\$ 1,765,045	\$ 1,770,045	\$ 885,022
Interest Income	-	25	-	25	25
Total revenues	<u>885,023</u>	<u>5,025</u>	<u>1,765,045</u>	<u>1,770,070</u>	<u>885,047</u>
Expenditures:					
Project expenditures	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>885,023</u>	<u>5,025</u>	<u>1,765,045</u>	<u>1,770,070</u>	<u>885,047</u>
Other financing sources (uses):					
Transfer (to) from other funds	(1,853,838)	(5,000)	(1,765,070)	(1,770,070)	83,768
Fund Balance Appropriated	<u>968,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(968,815)</u>
Total other financing sources (uses)	<u>(885,023)</u>	<u>(5,000)</u>	<u>(1,765,070)</u>	<u>(1,770,070)</u>	<u>(885,047)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 25</u>	(25)	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>968,790</u>		
Prior Period Adjustment (see Note VIII)			(968,765)		
Fund balance, beginning (adjusted)			<u>25</u>		
Fund balance, ending			<u>\$ -</u>		

Town of Nashville
Capital Project Fund - Sidewalk
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Total Project to Date	Variance Positive (Negative)
Revenues:					
Grant Revenues	\$ 411,393	\$ -	\$ -	\$ -	\$ (411,393)
Interest Income	-	11	-	11	11
Total revenues	<u>411,393</u>	<u>11</u>	<u>-</u>	<u>11</u>	<u>(411,382)</u>
Expenditures:					
Streets and sidewalk development					
Sidewalk construction	1,400,651	4,459	954,843	959,302	441,349
Relocation of utilities	13,683	-	-	-	13,683
Total expenditures	<u>1,414,334</u>	<u>4,459</u>	<u>954,843</u>	<u>959,302</u>	<u>455,032</u>
Revenues over (under) expenditures	<u>(1,002,941)</u>	<u>(4,448)</u>	<u>(954,843)</u>	<u>(959,291)</u>	<u>43,650</u>
Other financing sources (uses):					
Transfer (to) from other funds	963,706	43,683	920,023	963,706	-
Fund Balance Appropriated	39,235	-	-	-	(39,235)
Total other financing sources (uses)	<u>1,002,941</u>	<u>43,683</u>	<u>920,023</u>	<u>963,706</u>	<u>(39,235)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 39,235</u>	<u>(34,820)</u>	<u>\$ 4,415</u>	<u>\$ 4,415</u>
Fund balance, beginning			<u>39,235</u>		
Fund balance, ending			<u>\$ 4,415</u>		

NON-MAJOR GOVERNMENTAL FUNDS

Town of Nashville
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			Capital Project Funds	
	Municipal Services Tax District Fund	Powell Fund	Flex Spending Fund	Fire Station II Capital Project Fund	Total Non-Major Governmental Funds
Assets:					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	144,926	486,142	-	481,706	1,112,774
Accounts receivable	20,507	-	-	-	20,507
Due from other funds	-	-	7,422	-	7,422
Total assets	165,433	486,142	7,422	481,706	1,140,703
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities:					
Accounts payable & accrued liabilities	-	-	7,396	11,368	18,764
Total liabilities	-	-	7,396	11,368	18,764
Deferred inflows of resources:					
MSD taxes receivable	586	-	-	-	586
Fund balance:					
Assigned or restricted	164,847	486,142	26	470,338	1,121,353
Unassigned	-	-	-	-	-
Total fund balance	164,847	486,142	26	470,338	1,121,353
Total liabilities, deferred inflows and fund balances	\$ 165,433	\$ 486,142	\$ 7,422	\$ 481,706	\$ 1,140,703

Town of Nashville
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			Capital Project Funds	Total Non-Major Governmental Funds
	Municipal Services Tax District Fund	Powell Fund	Flex Spending Fund	Fire Station II Capital Project Fund	
Revenues:					
Tax revenue	\$ 39,058	\$ -	\$ -	\$ -	\$ 39,058
Restricted intergovernmental	-	172,263	-	-	172,263
MSD Grant	36,500	-	-	-	36,500
Interest income	-	1,157	5	-	1,162
Total revenues	<u>75,558</u>	<u>173,420</u>	<u>5</u>	<u>-</u>	<u>248,983</u>
Expenditures:					
General Government	53,355	-	-	-	53,355
Public Safety		-	-	279,887	279,887
Total expenditures	<u>53,355</u>	<u>-</u>	<u>-</u>	<u>279,887</u>	<u>333,242</u>
Revenues over (under) expenditures	<u>22,203</u>	<u>173,420</u>	<u>5</u>	<u>(279,887)</u>	<u>(84,259)</u>
Other financing sources (uses):					
Transfer (to) from other funds	-	-	-	555,000	555,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>555,000</u>	<u>555,000</u>
Net change in fund balance	22,203	173,420	5	275,113	470,741
Fund balance, beginning	<u>142,644</u>	<u>117,082</u>	<u>31</u>	<u>195,225</u>	<u>454,982</u>
Prior Period Adjustment	-	195,640	(10)	-	195,630
Fund balance, beginning (adjusted)	<u>142,644</u>	<u>312,722</u>	<u>21</u>	<u>195,225</u>	<u>650,612</u>
Fund balance, ending	<u>\$ 164,847</u>	<u>\$ 486,142</u>	<u>\$ 26</u>	<u>\$ 470,338</u>	<u>\$ 1,121,353</u>

Town of Nashville
Municipal Services District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 39,250	\$ 39,058	\$ (192)
MSD Grant	-	36,500	36,500
Total revenues	<u>39,250</u>	<u>75,558</u>	<u>36,308</u>
Expenditures:			
Planning			
Other operating expenditures		53,355	
Total expenditures	<u>186,030</u>	<u>53,355</u>	<u>132,675</u>
Revenues over (under) expenditures	<u>(146,780)</u>	<u>22,203</u>	<u>168,983</u>
Other financing sources (uses):			
Fund balance appropriation	146,780	-	(146,780)
Total other financing sources (uses)	<u>146,780</u>	<u>-</u>	<u>(146,780)</u>
Net change in fund balance	<u>\$ -</u>	22,203	<u>\$ 22,203</u>
Fund balance, beginning		<u>142,644</u>	
Fund balance, ending		<u>\$ 164,847</u>	

Town of Nashville
Special Revenue Fund - Powell Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental			
Powell bill allocation	\$ 197,445	\$ 172,263	\$ (25,182)
Interest income	350	1,157	807
Total revenues	<u>197,795</u>	<u>173,420</u>	<u>(24,375)</u>
Expenditures:			
Transportation			
Project expenditures		-	
Total expenditures	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Revenues over (under) expenditures	<u>(2,205)</u>	<u>173,420</u>	<u>175,625</u>
Other financing sources (uses):			
Fund balance appropriation	<u>2,205</u>	<u>-</u>	<u>(2,205)</u>
Total other financing sources (uses)	<u>2,205</u>	<u>-</u>	<u>(2,205)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>173,420</u>	<u><u>\$ 173,420</u></u>
Fund balance, beginning		117,082	
Prior Period Adjustment (see Note VIII)		<u>195,640</u>	
Fund balance, beginning - restated		<u>312,722</u>	
Fund balance, ending		<u><u>\$ 486,142</u></u>	

Town of Nashville
Special Revenue Fund - Flex Spending Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest Income	\$ -	\$ 5	\$ 5
Total revenues	<u>-</u>	<u>5</u>	<u>5</u>
Expenditures:			
Project expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>5</u>	<u>5</u>
Other financing sources (uses):			
Transfer (to) from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>5</u>	<u><u>\$ 5</u></u>
Fund balance, beginning		31	
Prior Period Adjustment (see Note VIII)		<u>(10)</u>	
Fund balance, beginning - restated		<u>21</u>	
Fund balance, ending		<u><u>\$ 26</u></u>	

Town of Nashville
Capital Project Fund - Fire Station II
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total Project to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Public Safety					
Project expenses	3,055,000	4,775	279,887	284,662	2,770,338
Total expenditures	3,055,000	4,775	279,887	284,662	2,770,338
Revenues over (under) expenditures	(3,055,000)	(4,775)	(279,887)	(284,662)	2,770,338
Other financing sources (uses):					
Transfer (to) from other funds	755,000	200,000	555,000	755,000	-
Loan proceeds	2,101,425	-	-	-	(2,101,425)
Fund Balance Appropriated	198,575	-	-	-	(198,575)
Total other financing sources (uses)	3,055,000	200,000	555,000	755,000	(2,300,000)
Net change in fund balance	\$ -	\$ 195,225	275,113	\$ 470,338	\$ 470,338
Fund balance, beginning			195,225		
Fund balance, ending			\$ 470,338		

PROPRIETARY FUNDS

Town of Nashville
Combining Statement of Net Position
Water and Sewer Fund
June 30, 2023

	Water and Sewer Fund	Water & Sewer Reserve Fund	Water & Sewer Capital Project Funds	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,722,263	\$ 293,242	\$ 739,922	\$ 2,755,427
Accounts receivable, net - billed	482,430	-	-	482,430
Due from other Governments	3,075	-	1,216	4,291
Prepaid expenses	2,285	-	-	2,285
Inventories	108,433	-	-	108,433
Restricted cash and cash equivalents	160,609	-	-	160,609
Total current assets:	2,479,095	293,242	741,138	3,513,475
Noncurrent assets:				
Capital Assets:				
Land and other non-depreciable assets	514,809	-	-	514,809
Other capital assets (net)	7,045,908	-	-	7,045,908
Total noncurrent assets:	7,560,717	-	-	7,560,717
Total Assets	10,039,812	293,242	741,138	11,074,192
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	206,786	-	-	206,786
Total Deferred Outflows of Resources	206,786	-	-	206,786
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	537,394	-	-	537,394
Customer deposits	160,609	-	-	160,609
Installment purchase- current	35,600	-	-	35,600
Total current liabilities	733,603	-	-	733,603
Noncurrent liabilities:				
Compensated absences	43,859	-	-	43,859
Net pension liability	309,720	-	-	309,720
Total OPEB liability	86,015	-	-	86,015
Installment purchase - noncurrent	8,900	-	-	8,900
Total noncurrent liabilities	448,494	-	-	448,494
Total Liabilities	1,182,097	-	-	1,182,097
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	11,875	-	-	11,875
Total Deferred Inflows of Resources	11,875	-	-	11,875
NET POSITION				
Net investment in capital assets	7,516,217	-	-	7,516,217
Unrestricted	1,536,409	293,242	741,138	2,570,789
Total Net Position	\$ 9,052,626	\$ 293,242	\$ 741,138	10,087,006

Town of Nashville
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Water and Sewer Fund
For the Year Ended June 30, 2023

	Water and Sewer Fund	Water & Sewer Reserve Fund	Water & Sewer Capital Project Funds	Total
OPERATING REVENUES				
Charges for services	\$ 4,576,027	\$ -	\$ -	\$ 4,576,027
Water and sewer taps	76,660	-	-	76,660
Other operating revenues	187,911	-	-	187,911
Miscellaneous revenues	12,234	-	-	12,234
Total Operating Revenues	<u>4,852,832</u>	<u>-</u>	<u>-</u>	<u>4,852,832</u>
OPERATING EXPENSES				
Administration	286,856	-	-	286,856
Water distribution	1,411,788	-	75,121	1,486,909
Waste collection and treatment	1,932,979	-	-	1,932,979
Depreciation	425,586	-	-	425,586
Total Operating Expenses	<u>4,057,209</u>	<u>-</u>	<u>75,121</u>	<u>4,132,330</u>
OPERATING INCOME (LOSS)	<u>795,623</u>	<u>-</u>	<u>(75,121)</u>	<u>720,502</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and other charges	(1,127)	-	-	(1,127)
Total Nonoperating Revenues (Expenses)	<u>(1,127)</u>	<u>-</u>	<u>-</u>	<u>(1,127)</u>
Change in net position	<u>794,496</u>	<u>-</u>	<u>(75,121)</u>	<u>719,375</u>
Net Position:				
Total net position, beginning	8,201,557	293,242	915,769	9,410,568
Prior Period Adjustments (See Note VIII)	56,573	-	(99,510)	(42,937)
Beginning of year - July 1, restated	<u>8,258,130</u>	<u>293,242</u>	<u>816,259</u>	<u>9,367,631</u>
Total net position, ending	<u>\$ 9,052,626</u>	<u>\$ 293,242</u>	<u>\$ 741,138</u>	<u>\$ 10,087,006</u>

Town of Nashville
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales:			
Residential and commercial	\$ 1,560,550	\$ 1,398,126	\$ (162,424)
Sewer sales:			
Residential and commercial	3,121,100	3,177,901	56,801
Water and sewer taps	-	76,660	76,660
Other operating revenues	-	187,911	187,911
Total operating revenues	4,681,650	4,840,598	158,948
Non-operating revenues:			
Sale of surplus property	-	12,234	12,234
Total non-operating revenues	-	12,234	12,234
Total revenues:	4,681,650	4,852,832	171,182
Expenditures:			
Water and Sewer Administration:			
Salaries and benefits		237,643	
Other operating expenses		40,344	
Total water and sewer administration	316,333	277,987	38,346
Water distribution:			
Salaries and benefits		248,095	
Other operating expenses		426,035	
Purchase for resale		716,201	
Capital Outlay		149,772	
Total water distribution	1,678,932	1,540,103	138,829
Water collection and treatment:			
Sewage collection system:			
Salaries and benefits		110,933	
Sewage Treatment		1,650,948	
Other operating expenditures		160,110	
Capital outlay		377,376	
Total water collection and treatment	2,605,456	2,299,367	306,089

Town of Nashville
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Debt services:			
Interest and other charges		1,127	
Principal repayment		35,600	
Total debt service	46,674	36,727	9,947
Total expenditures:	4,647,395	4,154,184	493,211
Revenues over (under) expenditures	34,255	698,648	664,393
Other financing sources (uses):			
Transfer (to) from other funds			
ARPA Fund	158,797	-	(158,797)
Reimbursement to General fund	(193,052)	-	193,052
Total other financing sources (uses)	(34,255)	-	34,255
Revenues and other financing sources over (under) expenditures and uses	\$ -	698,648	\$ 698,648
Reconciliation from budgetary basis (modified) accrual to full accrual:			
Revenues and other financing sources over expenditures (uses)		698,648	
Principal retirement		35,600	
Capital outlay		513,881	
Increase (Decrease) in deferred outflows of resources - pension		66,909	
(Increase) Decrease in net pension liability		(218,514)	
(Increase) decrease in deferred inflows of resources - pension		122,710	
(Increase) decrease in OPEB liability		17,836	
(Increase) Decrease in compensated absences		(16,988)	
Depreciation expense		(425,586)	
Water and Sewer capital project fund - noncapitalized expenditures		(75,121)	
Total reconciling items		20,727	
Change in net position		\$ 719,375	

Town of Nashville
Water and Sewer Capital Projects Reserve Fund
Schedule of Revenues and Expenditures - Budget to Actual (Non-GAAP)
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures:			
Construction	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Transfer (to) from other funds	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other financing sources over (under) expenditures and uses	\$ -	\$ -	\$ -

Town of Nashville
Water and Sewer Capital Project Fund
Schedule of Revenues and Expenditures - Budget to Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023

	Final Budget	Prior Years	Actual Curent Year	Total To Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Water capital project	128,820	88,591	50,250	138,841	(10,021)
Sewer capital project	710,100	74,500	24,871	99,371	610,729
Total expenditures	838,920	163,091	75,121	238,212	600,708
Revenues over (under) expenditures	(838,920)	(163,091)	(75,121)	(238,212)	600,708
Other financing sources (uses):					
Transfers to water and sewer operating fund	-	979,350	-	979,350	979,350
Appropriated fund balance	838,920	-	-	-	(838,920)
Total other financing sources (uses)	838,920	979,350	-	979,350	140,430
Revenues and other financing sources over (under) expenditures and uses	\$ -	\$ 816,259	\$ (75,121)	\$ 741,138	\$ 741,138

Town of Nashville
Stormwater Fund
Schedule of Revenues and Expenditures - Budget to Actual (Non-GAAP)
For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Sales and services			
Stormwater fees	\$ 140,000	\$ 146,004	\$ 6,004
Total revenues	<u>140,000</u>	<u>146,004</u>	<u>6,004</u>
Expenditures:			
Other operating expenditures		11,047	
Drainage projects		<u>102,056</u>	
Total expenditures	<u>238,563</u>	<u>113,103</u>	<u>125,460</u>
Revenues over (under) expenditures	<u>(98,563)</u>	<u>32,901</u>	<u>131,464</u>
Other financing sources (uses):			
Fund Balance Appropriated	<u>98,563</u>	<u>-</u>	<u>(98,563)</u>
Total other financing sources (uses)	<u>98,563</u>	<u>-</u>	<u>(98,563)</u>
Revenues and other financing sources over (under) expenditures and uses	<u>\$ -</u>	<u>32,901</u>	<u>\$ 32,901</u>
Reconciliation from budgetary basis (modified) accrual to full accrual:			
Revenues and other financing sources over expenditures (uses)		<u>32,901</u>	
Depreciation expense		<u>(9,632)</u>	
Total reconciling items		<u>(9,632)</u>	
Change in net position		<u>\$ 23,269</u>	

OTHER SUPPLEMENTARY INFORMATION

This section contains additional information required on
property taxes

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

Town of Nashville
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-23	\$ -	\$ 2,575,894	\$ 2,542,645	\$ 33,249
2021-22	33,511	-	18,968	14,543
2020-21	18,595	-	6,970	11,625
2019-20	15,538	-	5,238	10,300
2018-19	12,130	-	2,598	9,532
2017-18	16,348	-	2,233	14,115
2016-17	11,673	-	2,380	9,293
2015-16	9,522	-	3,216	6,306
2014-15	6,492	-	1,267	5,225
2013-14	7,939	-	783	7,156
2012-13	4,457	-	4,457	-
	<u>\$ 136,205</u>	<u>\$ 2,575,894</u>	<u>\$ 2,590,755</u>	<u>121,344</u>
Less: Allowance for uncollectible accounts:				
General Fund				<u>69,950</u>
Ad valorem taxes receivable, net				<u>\$ 51,394</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 2,604,941
Reconciling items:				
Interest and penalties collected				(34,144)
Releases and adjustments				15,501
Taxes written off				<u>4,457</u>
Subtotal				<u>(14,186)</u>
Total Collections and Credits				<u>\$ 2,590,755</u>

Town of Nashville
Analysis of Current Tax Levy
For the Year Ended June 30, 2023

				Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Town-Wide Rate	Total Levy		
Original levy:					
Real and personal property	\$ 389,402,241	\$ 0.58	\$ 2,258,533	\$ 2,258,533	\$ -
Pregistered motor vehicles taxed at prior year rates	54,158,103	0.58	314,117	-	314,117
Total	443,560,344		2,572,650	2,258,533	314,117
Discoveries					
Current year taxes	242,414	0.58	1,406	1,406	-
Prior year taxes	37,241	0.58	216	216	-
Abatements (Releases)	279,655		1,622	1,622	-
Total property valuations	<u>\$ 443,839,999</u>				
Net levy			2,575,894	2,261,777	314,117
Unpaid (by taxpayer) taxes at June 30, 2023			33,249	33,249	-
Current year's taxes collected			<u>\$ 2,542,645</u>	<u>\$ 2,228,528</u>	<u>\$ 314,117</u>
Current levy collection percentage			<u>98.71%</u>	<u>98.53%</u>	<u>100.00%</u>

COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co, P.A.

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

**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***

Independent Auditors' Report

To the Honorable Mayor and
Members of the Town Council
Town of Nashville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Nashville, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises Town of Nashville's basic financial statements, and have issued our report thereon dated June 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Nashville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Nashville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies as items [2023-001, 2023-002, 2023-003, 2023-004] that we consider to be material weaknesses.

Members

American Institute of CPAs - N.C. Association of CPAs – AICPA's Private Companies Practice Section

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Nashville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2023-003, 2023-004].

Town of Nashville's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Town of Nashville's response to the finding identified in our audit are described in the accompanying schedule of findings and responses. The Town's response we not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
June 4, 2024



Thompson, Price, Scott, Adams & Co, P.A.

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

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**Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Honorable Mayor and
Members of the Town Council
Town of Nashville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Nashville, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Nashville's major federal programs for the year ended June 30, 2023. Town of Nashville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Nashville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Example Entity and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Nashville's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Members

American Institute of CPAs - N.C. Association of CPAs – AICPA's Private Companies Practice Section

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, NC

June 4, 2024



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**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With
OMB Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Honorable Mayor and
Members of the Town Council
Town of Nashville, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Nashville, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Town of Nashville's major State programs for the year ended June 30, 2023. Town of Nashville's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Nashville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

We are required to be independent of the Town of Nashville and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Town of Nashville's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
June 4, 2024

Town of Nashville, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☒ Yes

☐ No

Significant deficiency(ies) identified

☐ Yes

☒ No

Noncompliance material to financial statements noted

☒ Yes

☐ No

Federal Awards

Internal control over major Federal programs:

Material Weakness(es) identified?

☐ Yes

☒ No

Significant Deficiency(s)

☐ Yes

☒ No

Type of auditor's report issued on compliance for major Federal

Unmodified

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

☐ Yes

☒ No

Identification of major Federal programs:

AL #

Program Name

21.027

Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B Program

\$ 750,000

Auditee qualified as low-risk auditee?

☐ Yes

☒ No

State Awards

Internal control over major Federal programs:

Material Weakness(es) identified?

☐ Yes

☒ No

Significant Deficiency(s)

☐ Yes

☒ No

Type of auditor's report issued on compliance for major Federal

Unmodified

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

☐ Yes

☒ No

Town of Nashville, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results (continued)

Identification of major Federal programs:

Program Name
Powell Bill

Dollar threshold used to distinguish
between Type A and Type B Program \$ 500,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Finding 2023-001 **Prior Period Adjustments**

MATERIAL WEAKNESS

Criteria: Management should have a system in place to verify that transactions are recorded in the correct period, thereby reducing the likelihood of errors in financial reporting. Management should also be reconciling accounts regularly to avoid errors in recording.

Condition: Numerous prior period adjustments were necessary to correct incorrect presentation of accounts on the financial statements, correct pension adjustments, properly account for new GASB standards and movement of money between funds. For the government-wide and business type activities the adjustments netted \$177,225 and (\$305,060), respectively. The individual funds reported net adjustments of \$375,141 in the General Fund, (\$972) in the State Drug Fund, (\$968,765) in the Coronavirus Relief Fund, \$195,640 in the Powell Bill Fund, (\$10) in the Flex Spending Fund, \$56,273 in the Water and Sewer Fund, (\$99,510) in the Water and Sewer Capital Project Fund and (\$31,488) in the Stormwater Fund.

Effect: The Town's management and other users of the financial statement do not have accurate information for decision-making and monitoring of the Town's financial position and adherence to laws, regulations and other requirements. Errors in financial reporting could occur and not be detected.

Cause: Auditors discovered multitude of issues with prior year financial statements, as well as mispostings by the previous finance officer.

Recommendation: The finance office should ensure regular reviews are completed of the subsidiary ledgers, as well as completing reconciliations frequently and timely of the various balance sheet accounts.

Views of responsible officials: The Town agrees with the finding.

**Town of Nashville, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings (continued)

Finding 2023-002 Reconciliation of Records

MATERIAL WEAKNESS

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting and ensure the timeliness of financial reporting.

Condition: In reviewing records and testing certain account balances, we noted that several accounts were not reconciled/adjusted timely to include the reconciling to the subsidiary ledgers for Account Receivables, Water Receivables, Taxes Receivable, Unbilled Receivables, & Inventory.

Effect: The Town's management and other users of the financial statements do not have accurate and timely information for decision making and monitoring of the Town's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected, and fraud risks increase with delays in reconciliation of key accounts.

Cause: Entries that should be part of the year-end close were overlooked. Finance should ensure that the balance sheet accounts are all reconciled to subsidiary ledgers, and that year-end entries are made to properly reflect balances. The adjustment of balance sheet items often leads to changes in revenues and expenditures, which management relies on to make decisions.

Recommendation: The Town should evaluate the allocation of internal resources dedicated to financial reporting to ensure adequate resources are available for timely account reconciliations, year-end close and annual financial reporting purposes. Management should consult with outside accountants or auditors if additional assistance is required in order to prepare for the annual audit, or to determine appropriate accounting for complex transactions.

Views of responsible officials: The Town agrees with the finding.

Finding 2023-003 Deficit Fund Balance

MATERIAL WEAKNESS/NONCOMPLIANCE

Criteria: The Town should maintain a positive fund balance in each of its funds.

Condition: The Town's State Drug Fund had a negative fund balance.

Effect: When the Town has a fund with a negative fund balance, the General Fund advances money to the fund to pay expenditures. This has a negative effect on fund balance in the General Fund.

Cause: The Town did not properly review the general ledger to ensure that appropriate transfers were budgeted and recorded to cover any cash deficits in the funds.

Recommendation: The Town should evaluate the allocation of internal resources dedicated to financial reporting to ensure adequate resources are available to review budget to actual statements and make appropriate amendments and postings prior to year-end.

Views of responsible officials: The Town agrees with the finding.

**Town of Nashville, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings (continued)

Finding 2023-004 Late Submission

MATERIAL WEAKNESS/NONCOMPLIANCE

Criteria: The audit report is expected to be submitted within five months plus one day from the fiscal year end per the contract with the Local Government Commission. As stewards of the public's resources, the governing body is responsible for ensuring that the audited financial statements are available to the public in a timely manner.

Condition: The report was not finalized until 7 months after year end.

Effect: External groups such as the North Carolina General Assembly, federal and State agencies that provide funding, and other public associations need current financial information about each unit of local government.

Cause: The Town was unable to provide the information necessary to complete the audit timely. The Town, during the course of the audit, had the previous finance officer depart. This caused a delay in providing the reports requested.

Recommendation: The Town should allocate sufficient resources to ensure that all records are reconciled timely to allow time for the audit to be completed timely.

Views of responsible officials: The Town agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Section IV – State Award Findings and Questioned Costs

None Reported.

Town of Nashville

BRENDA BROWN
MAYOR

RANDY LANSING
TOWN MANAGER



TOWN COUNCIL
KATE C. BURNS
XAVIEN HARRISON
LARRY D. TAYLOR
WILLIAM LUMPP

**Town of Nashville
Corrective Action Plan
For the Year Ended June 30, 2023**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding: 2023-001

Name of Contact Person: Tressa Rudd, Finance Director

Corrective Action: The Town will review the subsidiary ledger and complete the reconciliation at the end of every month to ensure transactions are posted in the correct period. If any prior year adjustment is needed, they will be posted accordingly.

Proposed Completion Date: June 30, 2024

Finding: 2023-002

Name of Contact Person: Tressa Rudd, Finance Director

Corrective Action: The Town will use the bank reconciliation tool within our software, to ensure financial reporting is accurate. Our software can handle fund accounting, if the entries are posted to the correct bank account. I plan to have fewer manual entries to avoid errors.

Proposed Completion Date: June 30, 2024

Finding: 2023-003

Name of Contact Person: Tressa Rudd, Finance Director

Corrective Action: The Town will evaluate the budget to actual statements monthly to ensure we stay within budget. We will make appropriate transfers throughout the year, when necessary, as well as monitor transfers and postings utilizing our fund accounting software to ensure the entries are being posted properly.

Proposed Completion Date: June 30, 2024

Finding: 2023-004

Name of Contact Person: Tressa Rudd, Finance Director

Corrective Action: The Town will ensure that all transactions are reconciled timely, to allow time for the audit to be completed on time. The adopted budget will be entered into the software & reviewed frequently to ensure it stays in balance. If there are any budget amendments needed, they will be made during the year. Our software has a GAAP EOY preparation and finalizing of the fiscal end of year rollover. In addition, it will help with the initial set up of the new fiscal year.

Proposed Completion Date: June 30, 2024

Town of Nashville

BRENDA BROWN
MAYOR

RANDY LANSING
TOWN MANAGER



TOWN COUNCIL
KATE C. BURNS
XAVIEN HARRISON
LARRY D. TAYLOR
WILLIAM LUMPP

**Town of Nashville
Corrective Action Plan
For the Year Ended June 30, 2023**

SECTION III - FEDERAL AWARD FINDINGS

None noted.

SECTION IV - STATE AWARD FINDINGS

None noted.

Town of Nashville
Summary Schedule of Prior Year's Audit Findings
For the Year Ended June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings during the year ended June 30, 2022.

Town of Nashville
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023

<u>Grantor/Pass-through/Grantor-Program Title</u>	<u>Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
US Dept of Treasury			
Direct Program			
Coronavirus State and Local Fiscal Recovery Fund	21.027		\$ 1,765,070
Total US Department of Justice			<u>1,765,070</u>
TOTAL FEDERAL AWARDS			<u>1,765,070</u>
STATE AWARDS			
NC Department of Cultural Resources			
Division of State Library passed-throgh Nash County			
Aid to Public Libraries			<u>43,029</u>
NC Department of Transportation			
Direct Program			
Powell Bill		DOT-4	<u>362,035</u>
NC Attorney General			
Farmers Market Grant			9,500
Environmental Enhancement Grant			<u>188,513</u>
Total NC Attorney General			<u>198,013</u>
TOTAL STATE AWARDS			<u>603,077</u>
TOTAL FEDERAL AND STATE ASSISTANCE			<u><u>\$ 2,368,147</u></u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the State grant activity of the Town under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2023. Because the Schedule presents only a selected portion of the operations of the Town of Nashville, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Nashville.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the Schedule of Expenditures of Federal and State Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Costs

The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed uner the Uniform Guidance.