

CITY OF NASHVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JULY 31, 2020**

CITY OF NASHVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JULY 31, 2020

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of City Council
City of Nashville, Georgia
Nashville, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Nashville, Georgia (the "City") as of and for the year ended July 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Nashville, Georgia as of July 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 40), and the Schedule of City Contributions (on page 41) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the community development block grant - source and application of funds schedule, and the community development block grant - budget to actual funds schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated (“O.C.G.A.”) §48-8-121, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, the community development block grant - source and application of funds schedule, and the community development block grant - budget to actual funds schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, the community development block grant - source and application of funds schedule, and the community development block grant - budget to actual funds schedule 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 will also issue our report dated September 3, 2021, on our consideration of the City’s internal control over financial reporting and on 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 City’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 City of Nashville, Georgia’s internal control over financial reporting and compliance.



Macon, Georgia
September 3, 2021

BASIC FINANCIAL STATEMENTS

CITY OF NASHVILLE, GEORGIA

**STATEMENT OF NET POSITION
JULY 31, 2020**

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 1,864,108	\$ 5,414,056	\$ 7,278,164	\$ 7,205
Receivables				
Taxes receivable	151,327	-	151,327	-
Accounts receivable, net of allowances	108,676	279,127	387,803	-
Due from other governments	29,852	-	29,852	-
Internal balances	86,835	(86,835)	-	-
Prepaid expenses	30,729	23,522	54,251	-
Restricted assets, cash and cash equivalents	-	1,337,713	1,337,713	-
Capital assets, nondepreciable	469,666	957,395	1,427,061	-
Capital assets, depreciable, net of accumulated depreciation	3,304,899	13,419,942	16,724,841	81,550
Total assets	6,046,092	21,344,920	27,391,012	88,755
DEFERRED OUTFLOWS OF RESOURCES				
Pension	156,393	60,819	217,212	-
Total deferred outflows of resources	156,393	60,819	217,212	-
LIABILITIES				
Accounts payable	208,655	28,586	237,241	-
Accrued liabilities	68,189	55,842	124,031	-
Customer deposits payable	-	243,139	243,139	-
Capital leases due within one year	25,258	-	25,258	-
Capital leases due in more than one year	25,953	-	25,953	-
Compensated absences due within one year	70,151	25,344	95,495	-
Compensated absences due in more than one year	12,380	4,473	16,853	-
Notes payable due within one year	120,052	221,575	341,627	-
Notes payable due in more than one year	-	5,034,047	5,034,047	-
Revenue bonds payable due within one year	-	77,960	77,960	-
Revenue bonds payable due in more than one year	-	1,163,050	1,163,050	-
Net pension liability	545,635	212,190	757,825	-
Total liabilities	1,076,273	7,066,206	8,142,479	-
DEFERRED INFLOWS OF RESOURCES				
Pension	22,612	8,794	31,406	-
Total deferred inflows of resources	22,612	8,794	31,406	-
NET POSITION				
Net investment in capital assets	3,603,302	9,121,715	12,725,017	-
Restricted for:				
Housing and development	27,689	-	27,689	-
Capital projects	779,934	-	779,934	-
Unrestricted	692,675	5,209,024	5,901,699	88,755
Total net position	\$ 5,103,600	\$ 14,330,739	\$ 19,434,339	\$ 88,755

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

CITY OF NASHVILLE, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JULY 31, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 758,957	\$ 286,734	\$ 9,905	\$ -
Judicial	29,607	147,453	-	-
Public safety	1,421,073	-	-	-
Public works	1,250,260	720,910	-	532,952
Health and welfare	1,357	-	-	-
Culture and recreation	130,102	-	-	-
Housing and development	341,482	-	-	102,630
Interest on long-term debt	11,110	-	-	-
Total governmental activities	<u>3,943,948</u>	<u>1,155,097</u>	<u>9,905</u>	<u>635,582</u>
Business-type activities:				
Water and sewer	1,402,972	1,674,366	-	160,983
Natural gas	935,197	1,013,166	-	-
Total business-type activities	<u>2,338,169</u>	<u>2,687,532</u>	<u>-</u>	<u>160,983</u>
Total primary government	<u>\$ 6,282,117</u>	<u>\$ 3,842,629</u>	<u>\$ 9,905</u>	<u>\$ 796,565</u>
Component unit:				
Downtown Development Authority	\$ 16,456	\$ 11,700	\$ -	\$ -
Total component unit	<u>\$ 16,456</u>	<u>\$ 11,700</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Sales taxes				
Alcoholic beverage excise taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Primary Government Business-type Activities	Total	Component Unit Downtown Development Authority
\$ (462,318)	\$ -	\$ (462,318)	\$ -
117,846	-	117,846	-
(1,421,073)	-	(1,421,073)	-
3,602	-	3,602	-
(1,357)	-	(1,357)	-
(130,102)	-	(130,102)	-
(238,852)	-	(238,852)	-
(11,110)	-	(11,110)	-
<u>(2,143,364)</u>	<u>-</u>	<u>(2,143,364)</u>	<u>-</u>
-	432,377	432,377	-
-	77,969	77,969	-
-	510,346	510,346	-
<u>(2,143,364)</u>	<u>510,346</u>	<u>(1,633,018)</u>	<u>-</u>
-	-	-	(4,756)
-	-	-	<u>(4,756)</u>
871,070	-	871,070	-
279,831	-	279,831	-
147,834	-	147,834	-
376,030	-	376,030	-
452,607	-	452,607	-
5,568	29,781	35,349	-
<u>2,132,940</u>	<u>29,781</u>	<u>2,162,721</u>	<u>-</u>
(10,424)	540,127	529,703	(4,756)
5,114,024	13,790,612	18,904,636	93,511
<u>\$ 5,103,600</u>	<u>\$ 14,330,739</u>	<u>\$ 19,434,339</u>	<u>\$ 88,755</u>

FUND FINANCIAL STATEMENTS

CITY OF NASHVILLE, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2020**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 976,892	\$ 887,216	\$ 1,864,108
Taxes receivable	150,480	847	151,327
Accounts receivable	108,676	-	108,676
Due from other governments	-	29,852	29,852
Due from other funds	105,046	6,832	111,878
Prepaid expenditures	30,729	-	30,729
Total assets	<u>\$ 1,371,823</u>	<u>\$ 924,747</u>	<u>\$ 2,296,570</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 109,668	\$ 98,987	\$ 208,655
Accrued liabilities	68,189	-	68,189
Due to other funds	6,832	18,211	25,043
Total liabilities	<u>184,689</u>	<u>117,198</u>	<u>301,887</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>84,588</u>	<u>-</u>	<u>84,588</u>
Total deferred inflows of resources	<u>84,588</u>	<u>-</u>	<u>84,588</u>

(Continued)

CITY OF NASHVILLE, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2020**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES			
Fund balances:			
Nonspendable			
Prepaid expenditures	\$ 30,729	\$ -	\$ 30,729
Restricted			
Capital outlay	-	779,834	779,834
Housing and development	-	27,689	27,689
Assigned			
Capital outlay	-	100	100
Unassigned	<u>1,071,817</u>	<u>(74)</u>	<u>1,071,743</u>
Total fund balances	<u>1,102,546</u>	<u>807,549</u>	<u>1,910,095</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,371,823</u>	<u>\$ 924,747</u>	
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 3,774,565</p> <p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 84,588</p> <p>The net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds. (411,854)</p> <p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p> <p> Capital leases \$ (51,211)</p> <p> Notes payable (120,052)</p> <p> Compensated absences <u>(82,531)</u></p> <p> <u>(253,794)</u></p> <p>Net position of governmental activities <u>\$ 5,103,600</u></p>			

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

CITY OF NASHVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2020**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 864,158	\$ -	\$ 864,158
Sales taxes	279,831	-	279,831
Insurance premium taxes	376,030	-	376,030
Alcohol beverage excise taxes	147,834	-	147,834
Other taxes	444,354	8,253	452,607
Licenses and permits	101,944	-	101,944
Intergovernmental	173,000	462,582	635,582
Fines and forfeitures	147,453	-	147,453
Charges for services	720,910	-	720,910
Investment income	5,568	-	5,568
Private donations	9,905	-	9,905
Miscellaneous	184,790	-	184,790
Total revenues	<u>3,455,777</u>	<u>470,835</u>	<u>3,926,612</u>
Expenditures			
Current:			
General government	637,743	-	637,743
Judicial	29,607	-	29,607
Public safety	1,281,796	-	1,281,796
Public works	995,218	-	995,218
Culture and recreation	106,887	-	106,887
Housing and development	266,869	42,069	308,938
Capital outlay:	-	210,219	210,219
Debt service:			
Principal	78,590	58,226	136,816
Interest	3,674	7,466	11,140
Total expenditures	<u>3,400,384</u>	<u>317,980</u>	<u>3,718,364</u>
Net change in fund balances	55,393	152,855	208,248
Fund balances beginning of year	<u>1,047,153</u>	<u>654,694</u>	<u>1,701,847</u>
Fund balances, end of year	<u>\$ 1,102,546</u>	<u>\$ 807,549</u>	<u>\$ 1,910,095</u>

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

CITY OF NASHVILLE, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JULY 31, 2020**

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

Net change in fund balances - total governmental funds	\$	208,248
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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 depreciation expense exceeded capital outlay in the current period.

Capital outlay	\$	161,074	
Depreciation expense		<u>(382,094)</u>	(221,020)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		6,912
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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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - notes payable	\$	68,023	
Principal payments - capital leases		<u>68,823</u>	136,846

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.

Net pension liability and deferred outflows and inflows of resources	\$	(67,612)	
Compensated absences		(21,854)	
Prepaid insurance		<u>(51,944)</u>	<u>(141,410)</u>

Change in net position - governmental activities	\$	<u><u>(10,424)</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF NASHVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JULY 31, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 804,000	\$ 804,000	\$ 864,158	\$ 60,158
Sales taxes	288,000	288,000	279,831	(8,169)
Insurance premium taxes	354,000	354,000	376,030	22,030
Alcohol beverage excise taxes	132,000	132,000	147,834	15,834
Other taxes	427,880	427,880	444,354	16,474
Licenses and permits	112,625	112,625	101,944	(10,681)
Intergovernmental	88,850	88,850	173,000	84,150
Fines and forfeitures	160,050	160,050	147,453	(12,597)
Charges for services	753,462	753,462	720,910	(32,552)
Investment income	6,860	6,860	5,568	(1,292)
Private donations	10,650	10,650	9,905	(745)
Miscellaneous	146,600	146,600	184,790	38,190
Total revenues	<u>3,284,977</u>	<u>3,284,977</u>	<u>3,455,777</u>	<u>170,800</u>
Expenditures				
Current				
General government				
Clerk's office	606,393	606,393	637,743	(31,350)
Total general government	<u>606,393</u>	<u>606,393</u>	<u>637,743</u>	<u>(31,350)</u>
Judicial				
Municipal court	34,670	34,670	29,607	5,063
Total judicial	<u>34,670</u>	<u>34,670</u>	<u>29,607</u>	<u>5,063</u>
Public safety				
Police	1,327,612	1,327,612	1,093,737	233,875
Fire and emergency	126,585	126,585	130,456	(3,871)
Animal control	72,044	72,044	57,603	14,441
Total public safety	<u>1,526,241</u>	<u>1,526,241</u>	<u>1,281,796</u>	<u>244,445</u>
Public works				
Highways and streets	462,895	462,895	458,494	4,401
City shop	500	500	82	418
Sanitation	572,421	572,421	534,801	37,620
Work control	2,650	2,650	1,841	809
Total public works	<u>1,038,466</u>	<u>1,038,466</u>	<u>995,218</u>	<u>43,248</u>
Culture and recreation				
Recreation	128,795	128,795	106,887	21,908
Total culture and recreation	<u>128,795</u>	<u>128,795</u>	<u>106,887</u>	<u>21,908</u>
Housing and development				
Economic development	97,810	97,810	105,746	(7,936)
Code enforcer	37,865	37,865	58,060	(20,195)
Farmers market	72,090	72,090	103,063	(30,973)
Total housing and development	<u>207,765</u>	<u>207,765</u>	<u>266,869</u>	<u>(59,104)</u>
Debt service				
Principal	36,500	36,500	78,590	(42,090)
Interest	29,500	29,500	3,674	25,826
Total debt service	<u>66,000</u>	<u>66,000</u>	<u>82,264</u>	<u>(16,264)</u>
Total expenditures	<u>3,608,330</u>	<u>3,608,330</u>	<u>3,400,384</u>	<u>207,946</u>
Net change in fund balances	(323,353)	(323,353)	55,393	378,746
Fund balances, beginning of year	<u>1,047,153</u>	<u>1,047,153</u>	<u>1,047,153</u>	<u>-</u>
Fund balances, end of year	<u>\$ 723,800</u>	<u>\$ 723,800</u>	<u>\$ 1,102,546</u>	<u>\$ 378,746</u>

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

CITY OF NASHVILLE, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JULY 31, 2020**

ASSETS	Water and Sewer Fund	Natural Gas Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,824,072	\$ 1,589,984	\$ 5,414,056
Accounts receivable, net of allowances	242,582	36,545	279,127
Prepaid expenses	13,987	9,535	23,522
Restricted assets, cash and cash equivalents	<u>957,724</u>	<u>379,989</u>	<u>1,337,713</u>
Total current assets	<u>5,038,365</u>	<u>2,016,053</u>	<u>7,054,418</u>
NON-CURRENT ASSETS			
Capital assets:			
Capital assets, nondepreciable	951,395	6,000	957,395
Capital assets, depreciable, net of accumulated depreciation	<u>11,994,607</u>	<u>1,425,335</u>	<u>13,419,942</u>
Total capital assets	<u>12,946,002</u>	<u>1,431,335</u>	<u>14,377,337</u>
Total non-current assets	<u>12,946,002</u>	<u>1,431,335</u>	<u>14,377,337</u>
Total assets	<u>17,984,367</u>	<u>3,447,388</u>	<u>21,431,755</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	<u>36,926</u>	<u>23,893</u>	<u>60,819</u>
Total deferred outflows of resources	<u>36,926</u>	<u>23,893</u>	<u>60,819</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	24,831	3,755	28,586
Accrued liabilities	12,218	13,840	26,058
Customer deposits payable	184,628	58,511	243,139
Revenue bonds payable, current portion	77,960	-	77,960
Notes payable, current portion	169,823	51,752	221,575
Due to other funds	50,932	35,903	86,835
Compensated absences, current portion	15,153	10,191	25,344
Accrued interest	<u>29,784</u>	<u>-</u>	<u>29,784</u>
Total current liabilities	<u>565,329</u>	<u>173,952</u>	<u>739,281</u>
NON-CURRENT LIABILITIES			
Net pension liability	128,830	83,360	212,190
Revenue bonds payable, net of current portion	1,163,050	-	1,163,050
Notes payable, net of current portion	4,749,408	284,639	5,034,047
Compensated absences, net of current portion	2,674	1,799	4,473
Total non-current liabilities	<u>6,043,962</u>	<u>369,798</u>	<u>6,413,760</u>
Total liabilities	<u>6,609,291</u>	<u>543,750</u>	<u>7,153,041</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	\$ <u>5,339</u>	\$ <u>3,455</u>	\$ <u>8,794</u>
Total deferred inflows of resources	<u>5,339</u>	<u>3,455</u>	<u>8,794</u>
NET POSITION			
Net investment in capital assets	8,026,771	1,094,944	9,121,715
Unrestricted	<u>3,379,892</u>	<u>1,829,132</u>	<u>5,209,024</u>
Total net position	<u>\$ 11,406,663</u>	<u>\$ 2,924,076</u>	<u>\$ 14,330,739</u>

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

CITY OF NASHVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2020

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 1,662,262	\$ 1,008,132	\$ 2,670,394
Miscellaneous revenue	12,104	5,034	17,138
Total operating revenues	<u>1,674,366</u>	<u>1,013,166</u>	<u>2,687,532</u>
OPERATING EXPENSES			
Personnel services and employee benefits	373,903	230,944	604,847
Services and supplies	441,925	651,702	1,093,627
Depreciation	406,206	49,058	455,264
Total operating expenses	<u>1,222,034</u>	<u>931,704</u>	<u>2,153,738</u>
Operating income	<u>452,332</u>	<u>81,462</u>	<u>533,794</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	7,287	22,494	29,781
Interest expense	(180,938)	(3,493)	(184,431)
Total non-operating revenues (expenses)	<u>(173,651)</u>	<u>19,001</u>	<u>(154,650)</u>
Income before capital contributions	278,681	100,463	379,144
CAPITAL CONTRIBUTIONS	<u>160,983</u>	<u>-</u>	<u>160,983</u>
Change in net position	439,664	100,463	540,127
NET POSITION, beginning of year	<u>10,966,999</u>	<u>2,823,613</u>	<u>13,790,612</u>
NET POSITION, end of year	<u>\$ 11,406,663</u>	<u>\$ 2,924,076</u>	<u>\$ 14,330,739</u>

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

CITY OF NASHVILLE, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2020**

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,612,816	\$ 1,035,602	\$ 2,648,418
Payments to suppliers and service providers	(433,789)	(676,748)	(1,110,537)
Payments to employees	(369,912)	(252,631)	(622,543)
Net cash provided by operating activities	<u>809,115</u>	<u>106,223</u>	<u>915,338</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on notes payable	(261,288)	(51,752)	(313,040)
Principal paid on revenue bonds payable	(74,240)	-	(74,240)
Interest paid	(194,880)	(3,493)	(198,373)
Net cash used in capital and related financing activities	<u>(530,408)</u>	<u>(55,245)</u>	<u>(585,653)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>7,287</u>	<u>22,494</u>	<u>29,781</u>
Net cash provided by investing activities	<u>7,287</u>	<u>22,494</u>	<u>29,781</u>
Increase in cash and cash equivalents	285,994	73,472	359,466
Cash and cash equivalents:			
Beginning of year	<u>4,495,802</u>	<u>1,896,501</u>	<u>6,392,303</u>
End of year	<u>\$ 4,781,796</u>	<u>\$ 1,969,973</u>	<u>\$ 6,751,769</u>
Classified as:			
Cash on hand and in banks	\$ 3,824,072	\$ 1,589,984	\$ 5,414,056
Restricted assets, cash and cash equivalents	957,724	379,989	1,337,713
	<u>\$ 4,781,796</u>	<u>\$ 1,969,973</u>	<u>\$ 6,751,769</u>

(Continued)

CITY OF NASHVILLE, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2020**

	<u>Water and Sewer Fund</u>	<u>Natural Gas Fund</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 452,332	\$ 81,462	\$ 533,794
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	406,206	49,058	455,264
(Increase) decrease:			
Accounts receivable	(61,550)	22,436	(39,114)
Due from other funds	21,129	-	21,129
Deferred outflows of resources - pension	11,192	7,489	18,681
Prepaid expenses	(5,457)	(1,360)	(6,817)
Increase (decrease):			
Accounts payable	(34,818)	(39,376)	(74,194)
Accrued liabilities	(16,480)	(10,365)	(26,845)
Due to other funds	50,932	9,040	59,972
Deferred inflows of resources - pension	(34,846)	(22,752)	(57,598)
Net pension liability	(6,807)	(5,099)	(11,906)
Customers deposit payable	9,455	3,700	13,155
Compensated absences	17,827	11,990	29,817
	<u>\$ 809,115</u>	<u>\$ 106,223</u>	<u>\$ 915,338</u>
Net cash provided by operating activities			
Noncash investing, capital, and financing activities:			
Capital contributions	<u>\$ 160,983</u>	<u>\$ -</u>	<u>\$ 160,983</u>

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

CITY OF NASHVILLE, GEORGIA

NOTES TO FINANCIAL STATEMENTS JULY 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Nashville, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Nashville, Georgia, was incorporated under the provisions of the Basic Charter Act, Act No. 325, of the Laws of 1901 of the State of Georgia, as amended. The City's Charter was last amended by an act of the Georgia General Assembly on April 17, 1975, (Act No. 285 GA Laws pp. 3521-3552). The City operates under a Council/Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture and recreation, education, public improvements, planning and zoning, water, sewer and gas services and general administrative services.

The City operates under a Council/Manager form of government. As required by GAAP, the financial statements of the reporting entity include those of the City of Nashville, Georgia (the primary government) and its component units. For financial reporting purposes, in accordance with the criteria in GASB Standards, the City includes all funds, agencies, boards, commissions and authorities that are within its primary government. A component unit is a legally separate organization for which elected officials of a primary government are financially accountable. There are three sets of criteria that the City evaluates to determine whether a potential component unit will be included in the reporting entity of the City. They are: 1) financial accountability; 2) financial accountability as a result of fiscal dependency; and 3) misleading to exclude the component unit.

The reporting entity of the City includes all the funds of the City that comprise the primary government as reported in the basic financial statements as well as the discretely presented component unit described below.

Discretely Presented Component Unit

The City of Nashville Downtown Development Authority (the "Authority") was created to enhance the economic development of the City of Nashville. The City is financially accountable for the Authority. Separate financial statements are not issued for the Authority.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, intergovernmental grants and investment income associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the operation of the water and sewerage system including all revenues from sources applicable to these operations and all expenses of the operation.

The **Natural Gas Fund** accounts for the operation and maintenance of the City's Gas Facilities.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes.

The **Capital Projects Funds** account for revenue sources that are to be used for the acquisition and construction of major capital facilities.

Amounts reported as program revenues include: 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Deposits

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the City to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, repurchase agreements and Georgia Fund 1, the Local Government Investment Pool.

Cash deposits are reported at carrying amount, which reasonably estimates fair value.

E. Investments

State statutes authorize the City to invest in obligations of the State of Georgia or other states, obligations issued by the U.S. Government, obligations of any corporation of the U.S. Government, prime bankers' acceptances, the local government investment pool, repurchase agreements, and obligations of other political subdivisions of Georgia.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value.

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible.

G. Prepaid Expenditures/Expenses

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of July 30.

H. Restricted Assets

Restricted assets consist of customer deposits for utility services and funds required to be placed in a separate account to be used to retire Georgia Environmental Finance Authority ("GEFA") debt as it matures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond one year are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings, except those that are an ancillary part of a network of infrastructure assets, will not be considered infrastructure assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed. There were not any constructed projects with capitalized interest in the business-type activities for the year ended July 31, 2020.

Capital assets are depreciated over their estimated useful lives unless they are inexhaustible. Inexhaustible assets such as land improvements are not depreciated.

Depreciation is reported in the government-wide Statement of Activities and in the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Asset</u>	<u>Years</u>
Buildings	30 – 60
Machinery & Equipment	7 – 10
Improvements	15 – 30
Roads	15 – 40
Bridges	15 – 40
Sidewalks	15 – 40
Water/Sewer/Gas System	25 – 50

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned by unused vacation and sick pay benefits. There is no liability reported for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if they have matured, for example, as a result of employee resignation or retirement.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method. The gain/loss on defeasance of bonds is presented as an increase/decrease to the face amount of bonds payable and is being amortized over the life of the bonds through interest expense. Bond issuance costs are expensed in the period incurred.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide financial statements report deferred outflows related to pensions and will be recognized as pension expense over a five-year closed period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category; unavailable revenue, which arises only under a modified accrual basis of accounting, and deferred inflows related to pensions. The governmental funds report unavailable revenues from property taxes and other receivables, which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The government-wide financial statements report deferred inflows related pensions and will be recognized as a reduction of pension expense over a five-year closed period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager or the City’s Finance Director to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. The net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Nashville Retirement Plan (the “Plan”) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except capital project funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

All departments of the City submit request for appropriations to the City Clerk so that a budget may be prepared. The proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than July 31.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. Supplemental budgetary appropriations in funds were not considered material.

The Official Code of Georgia Annotated ("O.C.G.A.") §36-81-3(b) requires an annual balanced budget for the General fund, each separate special revenue fund, and each debt service fund and requires a project-length budget for each capital project fund.

Excess Expenditures Over Appropriations

For the year ended July 31, 2020, expenditures exceeded budgeted appropriations, as follows:

<u>Department</u>	<u>Excess</u>
General Fund	
General government	
Clerk's office	\$ (31,350)
Public safety	
Fire and emergency	(3,871)
Housing and development	
Economic development	(7,936)
Code enforcer	(20,195)
Farmers market	(30,973)
Debt service	
Principal	(42,090)

These over expenditures were funded by greater than anticipated revenues.

Deficit Fund Balance

For the year ended July 31, 2020, the Community Home Investment Program ("CHIP") Fund and the 2018 Community Development Block Grant ("CDBG") Fund reported a deficit fund balance of \$52 and \$22, respectively. These deficits will be eliminated through future revenues and/or transfers from other funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of July 31, 2020, all of the deposits for the City were fully collateralized in accordance with the state statutes.

NOTE 4. RECEIVABLES

Receivables at July 31, 2020 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer</u>	<u>Natural Gas</u>	<u>Total</u>
Receivables:					
Taxes	\$ 160,078	\$ 847	\$ -	\$ -	\$ 160,925
Accounts	163,734	-	428,066	63,439	655,239
Due from other governments	-	29,852	-	-	29,852
Gross receivables	<u>323,812</u>	<u>30,699</u>	<u>428,066</u>	<u>63,439</u>	<u>846,016</u>
Less allowance for uncollectibles	64,656	-	185,484	26,894	277,034
Net total receivables	<u><u>\$ 259,156</u></u>	<u><u>\$ 30,699</u></u>	<u><u>\$ 242,582</u></u>	<u><u>\$ 36,545</u></u>	<u><u>\$ 568,982</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. PROPERTY TAXES

The City bills and collects its own property tax revenue. City property tax revenues are recognized when levied to the extent that they result in current receivables, i.e. available. Property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period and such time thereafter does not exceed 60 days. Property taxes were levied on November 4, 2019, payable January 4, 2020, and attached as an enforceable lien on property as of January 1, 2020.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2020, is as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 469,666	\$ -	\$ -	\$ -	\$ 469,666
Total	<u>469,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,666</u>
Capital assets, being depreciated:					
Buildings	3,116,427	-	-	-	3,116,427
Improvements other than buildings	2,775,239	134,824	-	-	2,910,063
Machinery and equipment	2,190,538	26,250	-	-	2,216,788
Total	<u>8,082,204</u>	<u>161,074</u>	<u>-</u>	<u>-</u>	<u>8,243,278</u>
Less accumulated depreciation for:					
Buildings	(1,744,874)	(56,968)	-	-	(1,801,842)
Improvements other than buildings	(1,177,164)	(165,040)	-	-	(1,342,204)
Machinery and equipment	(1,634,247)	(160,086)	-	-	(1,794,333)
Total	<u>(4,556,285)</u>	<u>(382,094)</u>	<u>-</u>	<u>-</u>	<u>(4,938,379)</u>
Total assets, being depreciated, net	<u>3,525,919</u>	<u>(221,020)</u>	<u>-</u>	<u>-</u>	<u>3,304,899</u>
Governmental activities capital assets, net	<u>\$ 3,995,585</u>	<u>\$ (221,020)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,774,565</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 821,086	\$ -	\$ -	\$ -	\$ 821,086
Construction in progress	39,679	96,630	-	-	136,309
Total	<u>860,765</u>	<u>96,630</u>	<u>-</u>	<u>-</u>	<u>957,395</u>
Capital assets, being depreciated:					
Buildings and system	20,754,213	9,157	-	-	20,763,370
Machinery and equipment	627,001	55,196	-	-	682,197
Total	<u>21,381,214</u>	<u>64,353</u>	<u>-</u>	<u>-</u>	<u>21,445,567</u>
Less accumulated depreciation for:					
Buildings and system	(7,043,188)	(421,583)	-	-	(7,464,771)
Machinery and equipment	(527,173)	(33,681)	-	-	(560,854)
Total	<u>(7,570,361)</u>	<u>(455,264)</u>	<u>-</u>	<u>-</u>	<u>(8,025,625)</u>
Total assets, being depreciated, net	<u>13,810,853</u>	<u>(390,911)</u>	<u>-</u>	<u>-</u>	<u>13,419,942</u>
Business-type activities capital assets, net	<u>\$ 14,671,618</u>	<u>\$ (294,281)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,377,337</u>

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

Governmental activities:	
General government	\$ 27,936
Public safety	101,952
Public works	195,280
Health and welfare	1,357
Culture and recreation	23,025
Housing and development	32,544
Total depreciation expense - governmental activities	<u>\$ 382,094</u>
Business-type activities:	
Water and sewer	\$ 406,206
Natural gas	49,058
Total depreciation expense - business-type activities	<u>\$ 455,264</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Unit

Capital asset activity for the Downtown Development Authority for the fiscal year ended July 31, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, being depreciated:					
Buildings and system	\$ 103,152	\$ -	\$ -	\$ -	\$ 103,152
Machinery and equipment	13,288	-	-	-	13,288
Total	<u>116,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,440</u>
Less accumulated depreciation for:					
Buildings and system	(20,081)	(2,579)	-	-	(22,660)
Machinery and equipment	(10,901)	(1,329)	-	-	(12,230)
Total	<u>(30,982)</u>	<u>(3,908)</u>	<u>-</u>	<u>-</u>	<u>(34,890)</u>
Total assets, being depreciated, net	<u>85,458</u>	<u>(3,908)</u>	<u>-</u>	<u>-</u>	<u>81,550</u>
Discretely presented component unit, capital assets, net	<u>\$ 85,458</u>	<u>\$ (3,908)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,550</u>

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended July 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 188,875	\$ -	\$ (68,823)	\$ 120,052	\$ 120,052
Capital leases	119,234	-	(68,023)	51,211	25,258
Net pension liability	365,629	180,006	-	545,635	-
Compensated absences	60,677	72,326	(50,472)	82,531	70,151
Governmental activities Long-term liabilities	<u>\$ 734,415</u>	<u>\$ 252,332</u>	<u>\$ (187,318)</u>	<u>\$ 799,429</u>	<u>\$ 215,461</u>
Business-type activities:					
Notes payable	\$ 5,568,662	\$ -	\$ (313,040)	\$ 5,255,622	\$ 221,575
Revenue bonds payable	1,315,250	-	(74,240)	1,241,010	77,960
Net pension liability	224,096	-	(11,906)	212,190	-
Compensated absences	33,674	16,212	(20,069)	29,817	25,344
Business-type activities Long-term liabilities	<u>\$ 7,141,682</u>	<u>\$ 16,212</u>	<u>\$ (419,255)</u>	<u>\$ 6,738,639</u>	<u>\$ 324,879</u>

For governmental activities, compensated absences and the net pension liability are liquidated by the General Fund. For business-type activities, compensated absences and the net pension liability are liquidated by the enterprise funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Governmental activities

Notes payable

On May 18, 2015, the City entered into a promissory note with the Citizens Bank for \$190,000 at 5% payable over 35 months at \$1,755 with one balloon payment due March 16, 2021 for the purchase of a metal building. The balance outstanding at July 31, 2020 was \$120,052.

Debt service requirements to maturity on the note payable are as follows:

Year Ending July 31,	Principal	Interest
2021	\$ 120,052	\$ 3,390
Total	\$ 120,052	\$ 3,390

Capital leases

The City has entered into several lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present values of the future minimum lease payment as of the date of their inception. These leases are being serviced by General Fund and SPLOST #4 Fund payments with annual interest rates of 3%.

The following is an analysis of equipment leased under capital leases as of July 31, 2020:

	Governmental Activities
Machinery and equipment	\$ 228,200
Less: Accumulated depreciation	(174,970)
Total	\$ 53,230

The above includes current year depreciation expense of assets under capital lease of \$40,857 for the Governmental Activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Governmental activities (Continued)

Capital leases (Continued)

The following is a schedule of future minimum lease payments under the capital leases and the present value of the minimum lease payments as of July 31, 2020:

<u>Year Ending</u> <u>July 31,</u>	
2021	\$ 26,666
2022	<u>26,667</u>
Total minimum lease payments	53,333
Less amount representing interest	<u>(2,122)</u>
Present value of future minimum lease payments	51,211
Less current maturities	<u>(25,258)</u>
	<u><u>\$ 25,953</u></u>

Business-type activities

Notes payable

Notes payable outstanding for business-type activities for the City as of July 31, 2020, are as follows:

On March 1, 2011, the City entered into an agreement with GEFA for an amount not to exceed \$5,902,186 for construction of a new wastewater treatment plant. The interest rate on this note is 3%. Monthly payments of \$32,733 are due for 240 months beginning January 2014. The balance unpaid on this note (CW10001) at fiscal year-end is \$4,355,975.

On July 11, 2016, the City entered into an agreement with GEFA for an amount not to exceed \$1,000,000 with a 40% forgiveness clause to implement a new electric water meter reading system. The interest rate on this note is 1.09%. Monthly payments of \$2,758 are due for 240 months beginning May 1, 2019. The balance unpaid on this note (DW16010) at fiscal year-end is \$563,256.

The City borrowed \$495,961 from the City of Adel, Georgia for gas line expansion to promote economic development at 0% interest payable over 115 months at \$4,313 per month starting August 29, 2017. The balance outstanding at fiscal year-end is \$336,391.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Business-type activities (Continued)

Notes payable (Continued)

Debt service requirements to maturity on the notes payable are as follows:

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 221,575	\$ 78,616
2022	349,457	128,191
2023	357,982	119,666
2024	366,760	110,888
2025	375,799	101,850
2026 – 2030	1,843,151	363,959
2031 – 2035	1,603,510	100,438
2036 and 2037	137,388	3,269
Total	<u>\$ 5,255,622</u>	<u>\$ 1,006,877</u>

Revenue bonds payable

The City issued bonds where the City pledges income derived from the acquired or constructed assets to pay the debt service. The City issued Series 1992-Farmers Home Administration revenue bonds payable at 5% interest to extend the City's water and sewer system. Revenue bonds payable outstanding at fiscal year-end is \$1,241,010.

Debt service requirements to maturity on the revenue bonds payable are as follows:

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 77,960	\$ 62,051
2022	81,850	58,152
2023	85,950	54,060
2024	90,240	49,763
2025	94,760	45,250
2026 – 2030	549,760	150,267
2031 – 2035	260,490	19,699
	<u>\$ 1,241,010</u>	<u>\$ 439,242</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of July 31, 2020, is as follows:

Receivable Fund	Payable Fund				Total
	General Fund	Water and Sewer Fund	Natural Gas Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 50,932	\$ 35,903	\$ 18,211	\$ 105,046
Nonmajor Governmental Funds	6,832	-	-	-	6,832
Total	<u>\$ 6,832</u>	<u>\$ 50,932</u>	<u>\$ 35,903</u>	<u>\$ 18,211</u>	<u>\$ 111,878</u>

These balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

NOTE 9. RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise funds were as follows:

	Business-type Activities
Sinking Fund Accounts	\$ 957,724
CD's Held for Collateral	379,989
Total	<u>\$ 1,337,713</u>

Pursuant to an intergovernmental agreement with the City of Tifton, Georgia, the City has placed \$379,989 of its certificates of deposit into joint ownership with the City of Tifton. These funds serve as security for a natural gas pipeline agreement entered into with the City of Tifton. The jointly owned funds are to be held, without any reductions, until the outstanding balance owed by the City of Tifton on its loan with the Georgia Municipal Association ("GMA") reaches a level equal to or less than the balance of the jointly owned funds. When the jointly owned funds balance is equal to or greater than the outstanding GMA pipeline loan balance, the City of Tifton shall release funds from the jointly owned accounts on a dollar for dollar basis as it received annual payments from the City of Nashville pursuant to the pipeline agreement.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

The City's Pension Plan (the "Plan") is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the GMA. The Plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 2%. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com, by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303, or by calling (404) 688-0472.

Plan Membership

As of January 1, 2020, pension plan membership consisted of the following:

Retirees, beneficiaries, and the disabled receiving benefits	34
Terminated plan members entitled to but not yet receiving benefits	26
Active plan members and elected officials	40
	<u>100</u>

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. City contributions to the Plan were \$125,065 for the fiscal year ended July 31, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2019.

Actuarial Assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus service based merit increases
Investment rate of return	7.375%

Mortality rates were based on the gender-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25%. The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45 %	6.41 %
International equity	20 %	6.96 %
Domestic fixed income	20 %	1.96 %
Real estate	10 %	4.76 %
Global fixed income	5 %	3.06 %
Cash	- %	
Total	100 %	

* Rates shown are net of the 2.25% assumed rate of inflation

Discount Rate

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the fiscal year ended July 31, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning balance	\$ 2,983,846	\$ 2,394,121	\$ 589,725
Changes for the year:			
Service cost	58,551	-	58,551
Interest	222,192	-	222,192
Differences between expected and actual experience	3,257	-	3,257
Assumption changes	-	-	-
Contributions - employer	-	120,615	(120,615)
Contributions - employee	-	-	-
Net investment income	-	68,462	(68,462)
Benefit payments, including refunds of employee contributions	(159,687)	(159,687)	-
Administrative expense	-	(10,255)	10,255
Other	62,922	-	62,922
Net changes	<u>187,235</u>	<u>19,135</u>	<u>168,100</u>
Ending balance	<u>\$ 3,171,081</u>	<u>\$ 2,413,256</u>	<u>\$ 757,825</u>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	<u>\$ 1,167,085</u>	<u>\$ 757,825</u>	<u>\$ 415,990</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2019, and the current sharing pattern of costs between employer and employee.

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

For the year ended July 31, 2020, the City recognized pension expense of \$141,852. At July 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,210	\$ (15,433)
Changes in assumptions	56,782	-
Net difference between projected and actual earnings on pension plan investments	-	(15,973)
City contributions subsequent to the measurement date	104,220	-
Total	\$ 217,212	\$ (31,406)

City contributions subsequent to the measurement date of \$104,220 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending July 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending July 31,		
2021	\$	16,361
2022		15,776
2023		27,601
2024		21,848
Total	\$	81,586

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the City carries commercial insurance. Settled claims in the past three years have not exceeded the coverages. The City's deductibles for commercial insurance coverage range from \$0 to \$25,000 with various limits of liability ranging from \$25,000 to \$12,274,051. The City's workers compensation is provided by Berkley Insurance Company.

NOTE 12. RELATED ORGANIZATIONS

The Mayor is responsible for appointing the board members of the Housing Authority of the City of Nashville (the "Housing Authority"), but the City's accountability for the Housing Authority does not extend beyond making the appointments. Any disbursements to the Housing Authority are based on contractual agreements that have been budgeted and expensed as a part of the regular operation of the City.

NOTE 13. HOTEL/MOTEL LODGING TAX

The City has imposed a 5% tax on hotel/motel accommodations as defined by Georgia statute, which requires that 40% of the tax collected for this purpose, less any administrative costs incurred by the City, will be used for the promotion of tourism in the local area. During the year ended July 31, 2020, the City collected \$8,253 and expended \$5,219.

NOTE 14. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county south Georgia area, is a member of the Southern Georgia Regional Commission and is required to pay annual dues thereto. During its fiscal year ended July 31, 2020, the City paid \$6,020 in such dues. Membership in a Regional Commission is required by the "O.C.G.A." §50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the Southern Georgia Regional Commission, P.O. Box 1223, Valdosta, Georgia 31603.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia ("MGAG") that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City; costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2020, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to \$475,587 in 2020.

At July 31, 2020, the outstanding debt of MGAG was approximately \$180.5 million. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately \$575,520 at July 31, 2020.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF NASHVILLE, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JULY 31,**

	Fiscal Year					
	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 58,551	\$ 61,450	\$ 62,771	\$ 61,897	\$ 54,441	\$ 62,605
Interest on total pension liability	222,192	209,321	195,939	195,279	194,129	184,934
Differences between expected and actual experience	3,257	69,105	76,862	(77,163)	(61,655)	49,897
Changes of assumptions	62,922	-	38,358	-	-	1,137
Changes in benefit terms	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(159,687)	(171,066)	(174,275)	(168,723)	(175,422)	(184,447)
Net change in total pension liability	187,235	168,810	199,655	11,290	11,493	114,126
Total pension liability - beginning	2,983,846	2,815,036	2,615,381	2,604,091	2,592,598	2,478,472
Total pension liability - ending (a)	\$ 3,171,081	\$ 2,983,846	\$ 2,815,036	\$ 2,615,381	\$ 2,604,091	\$ 2,592,598
Plan fiduciary net position						
Contributions - employer	\$ 120,615	\$ 106,448	\$ 109,693	\$ 106,789	\$ 105,538	\$ 91,718
Contributions - employee	-	-	-	-	-	-
Net investment income	68,462	219,875	299,631	207,609	24,754	206,436
Benefit payments, including refunds of employee contributions	(159,687)	(171,066)	(174,275)	(168,723)	(175,422)	(184,447)
Administrative expenses	(10,255)	(11,154)	(12,107)	(6,694)	(7,603)	(6,211)
Net change in plan fiduciary net position	19,135	144,103	222,942	138,981	(52,733)	107,496
Plan fiduciary net position - beginning	2,394,121	2,250,018	2,027,076	1,888,095	1,940,828	1,833,332
Plan fiduciary net position - ending (b)	\$ 2,413,256	\$ 2,394,121	\$ 2,250,018	\$ 2,027,076	\$ 1,888,095	\$ 1,940,828
City's net pension liability (a) - (b)	\$ 757,825	\$ 589,725	\$ 565,018	\$ 588,305	\$ 715,996	\$ 651,770
Plan fiduciary net position as a percentage of the total pension liability	76.1%	80.2%	79.9%	77.5%	72.5%	74.9%
Covered payroll	\$ 1,321,036	\$ 1,296,841	\$ 1,238,580	\$ 1,210,478	\$ 1,203,868	\$ 1,136,746
City's net pension liability as a percentage of covered payroll	57.4%	45.5%	45.6%	48.6%	59.5%	57.3%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF NASHVILLE, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JULY 31,**

	Fiscal Year					
	<u>2020</u>	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 125,065	\$ 119,725	\$ 103,793	\$ 110,873	\$ 105,972	\$ 105,451
Contributions in relation to the actuarially determined contribution	<u>125,065</u>	<u>119,725</u>	<u>103,793</u>	<u>110,873</u>	<u>105,972</u>	<u>105,451</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,321,036	\$ 1,296,841	\$ 1,238,580	\$ 1,210,478	\$ 1,203,868	\$ 1,136,746
Contributions as a percentage of covered payroll	9.5%	9.2%	8.4%	9.2%	8.8%	9.3%

Notes to the Schedule:

Valuation date	January 1, 2020
Cost method	Projected unit credit
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.375%
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 12 years.

The schedule will present 10 years of information once it is accumulated.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Transportation Special Purpose Local Option Sales Tax (“TSPLOST”) Fund – This fund is used to account for the discretionary portion of the TSPLOST proceeds and expenditures for transportation projects that are not capital projects.

Community Home Investment Program (“CHIP”) Fund – This fund is used to account for grant funds received for the purpose of rehabilitating low to moderate income housing to meet HUD housing quality standards.

Hotel/Motel Tax Fund – This fund is used to account for the collection and disbursement of tax for the purpose of tourism.

CAPITAL PROJECTS FUNDS

SPLOST #4 Fund – This fund is used to account for the City’s share of the 1% SPLOST (2012-2017) to be used for capital outlay for major capital projects.

SPLOST #5 Fund – This fund is used to account for the City’s share of the 1% SPLOST (2018-2023) to be used for capital outlay for major capital projects.

2016 Community Development Block Grant (“CDBG”) Fund – This fund is used to account for federal grants for water, sewer, and drainage.

Transportation Enhancement (“TE”) Grant #4 Fund – This fund is used to account for federal grants used to construct and improve downtown sidewalks.

2018 CDBG Fund – This fund is used to account for federal grants for water, sewer, and drainage.

CITY OF NASHVILLE, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JULY 31, 2020**

	<u>Special Revenue Funds</u>		
	<u>TSPLOST Fund</u>	<u>CHIP Fund</u>	<u>Hotel/Motel Tax Fund</u>
ASSETS			
Cash and cash equivalents	\$ 137,793	\$ 48	\$ 26,842
Taxes receivable	-	-	847
Due from other governments	6,997	-	-
Due from other funds	6,832	-	-
Total assets	<u>\$ 151,622</u>	<u>\$ 48</u>	<u>\$ 27,689</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	100	-
Total liabilities	<u>-</u>	<u>100</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted			
Capital outlay	151,622	-	-
Housing and development	-	-	27,689
Assigned			
Capital outlay	-	-	-
Unassigned	-	(52)	-
Total fund balances (deficits)	<u>151,622</u>	<u>(52)</u>	<u>27,689</u>
Total liabilities and fund balances (deficits)	<u>\$ 151,622</u>	<u>\$ 48</u>	<u>\$ 27,689</u>

Capital Project Funds						Total Nonmajor Governmental Funds
SPLOST #4 Fund	SPLOST #5 Fund	2016 CDBG Fund	TE Grant #4 Fund	2018 CDBG Fund		
\$ 26,392	\$ 581,322	\$ 100	\$ 18,011	\$ 96,708	\$ 887,216	
-	-	-	-	-	847	
-	22,855	-	-	-	29,852	
-	-	-	-	-	6,832	
<u>\$ 26,392</u>	<u>\$ 604,177</u>	<u>\$ 100</u>	<u>\$ 18,011</u>	<u>\$ 96,708</u>	<u>\$ 924,747</u>	
\$ 2,357	\$ -	\$ -	\$ -	\$ 96,630	\$ 98,987	
-	-	-	18,011	100	18,211	
<u>2,357</u>	<u>-</u>	<u>-</u>	<u>18,011</u>	<u>96,730</u>	<u>117,198</u>	
24,035	604,177	-	-	-	779,834	
-	-	-	-	-	27,689	
-	-	100	-	-	100	
-	-	-	-	(22)	(74)	
<u>24,035</u>	<u>604,177</u>	<u>100</u>	<u>-</u>	<u>(22)</u>	<u>807,549</u>	
<u>\$ 26,392</u>	<u>\$ 604,177</u>	<u>\$ 100</u>	<u>\$ 18,011</u>	<u>\$ 96,708</u>	<u>\$ 924,747</u>	

CITY OF NASHVILLE, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2020**

	<u>Special Revenue Funds</u>		
	<u>TSPLOST Fund</u>	<u>CHIP Fund</u>	<u>Hotel/Motel Tax Fund</u>
Revenues			
Other taxes	\$ -	\$ -	\$ 8,253
Intergovernmental	83,607	36,850	-
Total revenues	<u>83,607</u>	<u>36,850</u>	<u>8,253</u>
Expenditures			
Current:			
Housing and development	-	36,850	5,219
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>36,850</u>	<u>5,219</u>
Net change in fund balances	83,607	-	3,034
Fund balances (deficits), beginning of year	<u>68,015</u>	<u>(52)</u>	<u>24,655</u>
Fund balances (deficits), end of year	<u>\$ 151,622</u>	<u>\$ (52)</u>	<u>\$ 27,689</u>

Capital Project Funds

SPLOST #4 Fund	SPLOST #5 Fund	2016 CDBG Fund	TE Grant #4 Fund	2018 CDBG Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,253
-	239,495	-	-	102,630	462,582
-	239,495	-	-	102,630	470,835
-	-	-	-	-	42,069
87,812	19,777	-	-	102,630	210,219
58,226	-	-	-	-	58,226
7,466	-	-	-	-	7,466
153,504	19,777	-	-	102,630	317,980
(153,504)	219,718	-	-	-	152,855
177,539	384,459	100	-	(22)	654,694
\$ 24,035	\$ 604,177	\$ 100	\$ -	\$ (22)	\$ 807,549

CITY OF NASHVILLE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2012-2017
FOR THE FISCAL YEAR ENDED JULY 31, 2020**

Project Description	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
SPLOST 1/1/2012 - 12/31/2017	\$ 1,915,661	\$ 1,915,661			
Roads, Streets, Bridges and Transportation Improvements and Equipment			\$ 403,576	\$ 4,177	\$ 407,753
Streets and Sanitation Projects, Improvement and Equipment			25,398	79,729	105,127
Water and Sewer Extensions, Projects, Improvements and Equipment			300,081	48,389	348,470
Gas System Improvements and Equipment			107,172	-	107,172
Recreation Facilities and Equipment			54,069	-	54,069
City Hall Admin and Storage Facilities Expansion, Improvements and Equipment			14,064	-	14,064
Community Center Equipment and Improvements			-	-	-
Law Enforcement Facilities Improvements and Equipment			532,789	21,209	553,998
Fire Fighting Facilities Improvements and Equipment			30,161	-	30,161
Animal Control Facility Improvements and Equipment			18,232	-	18,232
Economic Development Projects			10,827	-	10,827
	<u>\$ 1,915,661</u>	<u>\$ 1,915,661</u>	<u>\$ 1,496,369</u>	<u>\$ 153,504</u>	<u>\$ 1,649,873</u>

CITY OF NASHVILLE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2018-2023
FOR THE FISCAL YEAR ENDED JULY 31, 2020**

Project Description	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
SPLOST 1/1/2018 - 12/31/2023	\$ 1,635,856	\$ 1,635,856			
Roads, Streets, Bridges and Transportation Improvement and Equipment			\$ -	\$ 19,777	\$ 19,777
Streets and Sanitation Projects, Improvement and Equipment			-	-	-
Water and Sewer Extensions, Projects, Improvements and Equipment			-	-	-
Gas System Improvements and Equipment			-	-	-
Recreation Facilities and Equipment			-	-	-
City Hall Admin and Storage Facilities Expansion, Improvements and Equipment			-	-	-
Community Center Equipment and Improvements			-	-	-
Law Enforcement Facilities Improvements and Equipment			-	-	-
Fire Fighting Facilities Improvements and Equipment			-	-	-
Animal Control Facility Improvements and Equipment			-	-	-
Economic Development Projects			-	-	-
	<u>\$ 1,635,856</u>	<u>\$ 1,635,856</u>	<u>\$ -</u>	<u>\$ 19,777</u>	<u>\$ 19,777</u>

CITY OF NASHVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
SOURCE AND APPLICATION OF FUNDS SCHEDULE
GRANT #18H-X-010-2-6017
JULY 31, 2020

	Amount
<u>CDBG 18p-x-010-2-6017:</u>	
Total grant	\$ 750,000
Less total funds drawn down by recipient for the year ended:	
July 31, 2020	(102,630)
Program funds available for future drawdown	\$ 647,370
Total program funds drawn down by recipient for the year ended July 31, 2020	\$ 102,630
Add program income applicable to the year ended July 31, 2020	-
Total program funds drawn by recipient and program income for the year ended July 31, 2020	\$ 102,630

CITY OF NASHVILLE, GEORGIA

**COMMUNITY DEVELOPMENT BLOCK GRANT
BUDGET TO ACTUAL FUNDS SCHEDULE
GRANT #18H-X-010-2-6017
JULY 31, 2020**

<u>Activity Number</u>	<u>Latest Approved Budget</u>	<u>Current Expenditures</u>	<u>Prior Period Expenditures</u>	<u>Total Expenditures To Date</u>	<u>Questioned Costs</u>
A-21A-00	\$ 45,000	\$ 18,000	\$ -	\$ 18,000	\$ -
P-03J-01	276,430	-	-	-	-
P-03J-02	398,007	84,630	-	84,630	-
C-022-00	30,563	-	-	-	-
Total	<u>\$ 750,000</u>	<u>\$ 102,630</u>	<u>\$ -</u>	<u>\$ 102,630</u>	<u>\$ -</u>

COMPLIANCE SECTION



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

**To the Honorable Mayor and Members
of the City Council
City of Nashville, Georgia
Nashville, Georgia**

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 the City of Nashville, Georgia (the "City"), as of and for the year ended July 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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 have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

City of Nashville, Georgia's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Macon, Georgia
September 3, 2021

CITY OF NASHVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JULY 31, 2020

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes None Reported

Significant deficiencies identified not considered
to be material weaknesses?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

A single audit was not performed for the fiscal year ended July 31, 2020 due to the City not expending \$750,000 or more of federal funds.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020-001 – Revenue/Receivables Cycle

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they are realized, or realizable and earned, to finance expenditures of the current period.

Condition: The City did not appropriately record all transactions involving certain receivable and revenue accounts during the fiscal year ended July 31, 2020.

Context/Cause: During our testing of revenues and receivables, audit adjustments were required to correct various account balances. These adjustments were due to the inclusion of receivables that should not have been recorded at year-end and additional receivables that should have been recorded.

CITY OF NASHVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JULY 31, 2020

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-001 – Revenue/Receivables Cycle (Continued)

Effects: An adjustment to be recorded as follows:

General Fund:

- Decrease accounts receivable by \$37,705
- Decrease revenues by \$32,000
- Decrease allowance for doubtful accounts by \$5,705

Gas Fund:

- Decrease accounts receivable by \$84,504
- Decrease revenues by \$50,634
- Decrease allowance for doubtful accounts by \$33,870

Recommendation: We recommend the City record the necessary adjustments to reflect the accounts receivable balances at the conclusion of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur. We will take appropriate measures to ensure all receivables are appropriately recorded at year-end.

CITY OF NASHVILLE, GEORGIA

SUMMARY OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JULY 31, 2020

2019-001 – Proper Reconciliation of Bank Statements

Criteria: Bank reconciliations should be performed in a timely and accurate manner to ensure that all cash transactions are properly and timely recorded in the general ledger and to protect from misappropriation.

Condition/Context: During the prior year, the City did not reconcile cash accounts properly and significant variances were not adequately documented and resolved. As a result, cash was misstated which required significant adjustments to correct the balance reported in the account.

Auditee Response/Status: Resolved.

2019-002 – Timely Repayment of Loan

Criteria: The Georgia Constitution, Article 9, Section 5, Paragraph 5 requires all temporary loans in each year to be payable on or before December 31 of the calendar year in which such loan is made. The City obtained a loan which was payable after December 31.

Condition/Context: During the prior year, the City did not repay the loan timely and based on the repayment schedule. The full balance of the loan has been paid as of the year ended July 31, 2020.

Auditee Response/Status: Resolved.

2019-003 – Annual Budgets

Criteria: The Official Code of Georgia Annotated section 36-81-3(b) requires an annual balanced budget for the General fund, each special revenue fund, and each debt service fund and requires a project-length budget for each capital project fund.

Condition/Context: For the year ended July 31, 2019, the County did not adopt an annual budget for the TSPLOST and CHIP special revenue funds.

Auditee Response/Status: Resolved.