

City of Nashville, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF NASHVILLE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2022

Financial and Compliance Report

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Arkansas

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Senate Chair
Sen. John Payton
Senate Vice Chair



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House Chair
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House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Nashville, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Nashville, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated January 17, 2024. These procedures were not performed for the Water and Sewer Funds. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2022:

Mayor: Billy Ray Jones
Interim City Clerk: Carol Mitchell
Finance Director: Kimberly Green
Park Director: Megan Floyd
District Court Clerk: Cynthia Grady
Police Chief: Amy Marion

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Roger A. Norman".

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
January 17, 2024
LOM106722

CITY OF NASHVILLE, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2022
(UNAUDITED)

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 1,449,771	\$ 52,475	\$ 947,357
Investments			267,644
Accounts receivable	317,228	5,594	43,560
	<u>1,766,999</u>	<u>58,069</u>	<u>1,258,561</u>
TOTAL ASSETS	<u>\$ 1,766,999</u>	<u>\$ 58,069</u>	<u>\$ 1,258,561</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 11,746	\$ 705	\$ 23,550
Settlements pending			127,369
Total Liabilities	<u>11,746</u>	<u>705</u>	<u>150,919</u>
Fund Balances:			
Restricted	56,387		964,647
Committed			44,887
Assigned	273,251	57,364	98,108
Unassigned	1,425,615		
Total Fund Balances	<u>1,755,253</u>	<u>57,364</u>	<u>1,107,642</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,766,999</u>	<u>\$ 58,069</u>	<u>\$ 1,258,561</u>

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

CITY OF NASHVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 312,586	\$ 358,556	\$ 3,554
Federal aid	3,000		454,345
Property taxes	232,405	63,989	
Franchise fees	295,524		
Sales taxes	2,783,398	194	
Fines, forfeitures, and costs	55,378		
Interest	6,757	223	22,728
Local permits and fees	28,536		
Sanitation fees			269,505
Reimbursement for energy savings solar project	163,424		
Park activity and concessions			174,836
Net increase/(decrease) in fair value of investments			(73,685)
Other	105,881	61,646	51
TOTAL REVENUES	3,986,889	484,608	851,334
EXPENDITURES			
Current:			
General government	719,652		1,086,781
Law enforcement	1,540,279		
Highways and streets		676,940	
Public safety	358,543		251,534
Sanitation			288,435
Recreation and culture	494,948		156,720
Total Current	3,113,422	676,940	1,783,470
Debt Service:			
Bond principal			112,372
Bond interest and other charges			20,618
Financed purchase principal		148,087	
Financed purchase interest		8,576	46,518
TOTAL EXPENDITURES	3,113,422	833,603	1,962,978

CITY OF NASHVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 873,467</u>	<u>\$ (348,995)</u>	<u>\$ (1,111,644)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		368,509	140,539
Transfers out	(509,048)		
Contribution to water department	(41,277)		
Contribution from water department			15,332
Contribution to animal control	(4,500)		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(554,825)</u>	<u>368,509</u>	<u>155,871</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	318,642	19,514	(955,773)
FUND BALANCES - JANUARY 1	<u>1,436,611</u>	<u>37,850</u>	<u>2,063,415</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 1,755,253</u></u>	<u><u>\$ 57,364</u></u>	<u><u>\$ 1,107,642</u></u>

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

CITY OF NASHVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 134,295	\$ 312,586	\$ 178,291	\$ 358,556	\$ 358,556	\$ 0
Federal aid	543,082	3,000	(540,082)			
Property taxes	240,029	232,405	(7,624)	65,315	63,989	(1,326)
Franchise fees	275,382	295,524	20,142			
Sales taxes	2,791,912	2,783,398	(8,514)		194	194
Fines, forfeitures, and costs	59,368	55,378	(3,990)	60		(60)
Interest	6,731	6,757	26	223	223	0
Local permits and fees	31,986	28,536	(3,450)			
Reimbursement for energy savings solar project		163,424	163,424			
Other	498,265	105,881	(392,384)	66,285	61,646	(4,639)
TOTAL REVENUES	4,581,050	3,986,889	(594,161)	490,439	484,608	(5,831)
EXPENDITURES						
Current:						
General government	1,306,091	719,652	586,439			
Law enforcement	1,391,736	1,540,279	(148,543)			
Highways and streets				835,385	676,940	158,445
Public safety	403,943	358,543	45,400			
Recreation and culture	493,531	494,948	(1,417)			
Total Current	3,595,301	3,113,422	481,879	835,385	676,940	158,445
Debt Service:						
Financed purchase principal					148,087	(148,087)
Financed purchase interest					8,576	(8,576)
TOTAL EXPENDITURES	3,595,301	3,113,422	481,879	835,385	833,603	1,782
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	985,749	873,467	(112,282)	(344,946)	(348,995)	(4,049)
OTHER FINANCING SOURCES (USES)						
Transfers in	46,110		(46,110)	368,509	368,509	0
Transfers out	(477,265)	(509,048)	(31,783)			
Contribution to water department		(41,277)	(41,277)			
Contribution to animal control		(4,500)	(4,500)			
TOTAL OTHER FINANCING SOURCES (USES)	(431,155)	(554,825)	(123,670)	368,509	368,509	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	554,594	318,642	(235,952)	23,563	19,514	(4,049)
FUND BALANCES - JANUARY 1		1,436,611	1,436,611		37,850	37,850
FUND BALANCES - DECEMBER 31	\$ 554,594	\$ 1,755,253	\$ 1,200,659	\$ 23,563	\$ 57,364	\$ 33,801

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

CITY OF NASHVILLE, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2022
(UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	DEBT SERVICE FUND	ENTERPRISE FUND	TRUST FUND	CUSTODIAL FUNDS			
	Park Commission	American Rescue Plan Act	Energy Conservation Project	2020 Sales and Use Tax Refunding Bond Issue	Sanitation	Firemen's Pension	Disbursement	District Court - Traffic and Criminal	District Court - Civil and Small Claims	Totals
ASSETS										
Cash and cash equivalents	\$ 73,372	\$ 635,764	\$ 1,239	\$ 32,071	\$ 48,374	\$ 29,168	\$ 101,913	\$ 25,504	\$ (48)	\$ 947,357
Investments						267,644				267,644
Accounts receivable					43,560					43,560
TOTAL ASSETS	\$ 73,372	\$ 635,764	\$ 1,239	\$ 32,071	\$ 91,934	\$ 296,812	\$ 101,913	\$ 25,504	\$ (48)	\$ 1,258,561
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 1,535				\$ 22,015					\$ 23,550
Settlements pending							\$ 101,913	\$ 25,504	\$ (48)	127,369
Total Liabilities	1,535				22,015		101,913	25,504	(48)	150,919
Fund Balances:										
Restricted		\$ 635,764		\$ 32,071		\$ 296,812				964,647
Committed			\$ 1,239		43,648					44,887
Assigned	71,837				26,271					98,108
Total Fund Balances	71,837	635,764	1,239	32,071	69,919	296,812				1,107,642
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,372	\$ 635,764	\$ 1,239	\$ 32,071	\$ 91,934	\$ 296,812	\$ 101,913	\$ 25,504	\$ (48)	\$ 1,258,561

CITY OF NASHVILLE, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (UNAUDITED)

Schedule 2

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	DEBT SERVICE FUND	ENTERPRISE FUND	TRUST FUND	
	Park Commission	American Rescue Plan Act	Energy Conservation Project	2020 Sales and Use Tax Refunding Bond Issue	Sanitation	Firemen's Pension	Totals
REVENUES							
State aid						\$ 3,554	\$ 3,554
Federal aid		\$ 454,345					454,345
Interest	\$ 379		\$ 1,968	\$ 976	\$ 237	19,168	22,728
Sanitation fees					269,505		269,505
Park activity and concessions	174,836						174,836
Net increase/(decrease) in fair value of investments						(73,685)	(73,685)
Other					51		51
TOTAL REVENUES	175,215	454,345	1,968	976	269,793	(50,963)	851,334
EXPENDITURES							
Current:							
General government			1,086,781				1,086,781
Public safety		203,331				48,203	251,534
Sanitation					288,435		288,435
Recreation and culture	156,720						156,720
Total Current	156,720	203,331	1,086,781		288,435	48,203	1,783,470
Debt Service:							
Bond principal				112,372			112,372
Bond interest and other charges				20,618			20,618
Financed purchase interest			46,518				46,518
TOTAL EXPENDITURES	156,720	203,331	1,133,299	132,990	288,435	48,203	1,962,978
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,495	251,014	(1,131,331)	(132,014)	(18,642)	(99,166)	(1,111,644)
OTHER FINANCING SOURCES (USES)							
Transfers in		66		140,473			140,539
Contribution from water department					15,332		15,332
TOTAL OTHER FINANCING SOURCES (USES)		66		140,473	15,332		155,871
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	18,495	251,080	(1,131,331)	8,459	(3,310)	(99,166)	(955,773)
FUND BALANCES - JANUARY 1	53,342	384,684	1,132,570	23,612	73,229	395,978	2,063,415
FUND BALANCES - DECEMBER 31	\$ 71,837	\$ 635,764	\$ 1,239	\$ 32,071	\$ 69,919	\$ 296,812	\$ 1,107,642

CITY OF NASHVILLE, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2022

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Park Commission	Nashville Ordinance no. 293 (August 1, 1949) established fund for the acquisition, operation and management of park facilities and programs.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Energy Conservation Project	Nashville Ordinance no. 961 (September 21, 2020) established to expend installment financing agreement proceeds for energy conservation improvements to City owned facilities and the installation of solar panels.
2020 Sales and Use Tax Refunding Bond Issue	Nashville Ordinance no. 960 (July 13, 2020) established fund to receive sales and use tax monies as approved by referendum on August 9, 2005 to be used for the principal, interest and fees on the Sales and Use Tax Refunding Bonds Series 2005. The Series 2014 bonds were refunded with the issuance of the 2020 Series Bonds. Sales tax revenue in excess of the debt service requirements may be used for any city purpose.
Sanitation	Nashville Ordinance no. 375 (January 17, 1964) as amended by Ordinance no. 464 (April 3, 1978) established fund to receive sanitation fees to finance sanitation operations.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
Disbursement	Clearing account for the City for accounts payable and payroll related disbursements.
District Court - Traffic and Criminal	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court - Civil and Small Claims	Ark. Code Ann. § 16-17-707 established account to receive fees relating to small claims and civil case filings.

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

1. A. Basis of Presentation – Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and street fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general and street funds; notes to financial statements; and a supplemental schedule of capital assets.

The regulatory basis of presentation is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, specific procedures for the identification of major governmental funds, and applicable note disclosures. The regulatory basis of presentation does not require government-wide financial statements or the previously identified concepts.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Street Fund - The Street Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback and property taxes that are restricted or committed for maintaining and constructing highways and streets.

Other Funds in the Aggregate - Other Funds in the Aggregate consist of all funds included in the financial statements except for the General and Street Funds. The following types of funds are included in this column as follows:

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds presented on Schedules 1 and 2 are reported with other funds in the aggregate.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets (other than those financed by Enterprise Funds). The Capital Projects Fund presented on Schedules 1 and 2 is reported with other funds in the aggregate.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Debt Service Fund presented on Schedules 1 and 2 is reported with other funds in the aggregate.

Enterprise Funds – Enterprise funds are used to report activity that is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; activity that is legally required to recover its costs through fees or charges; or activity that the government's policy is to establish fees or charges designed to recover the cost of providing services. The Enterprise Fund presented on Schedules 1 and 2 is reported with other funds in the aggregate.

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

1. (Continued)

A. Basis of Presentation – Regulatory (Continued)

Pension Trust Funds – Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. The Pension Trust Fund presented on Schedules 1 and 2 is reported with other funds in the aggregate.

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The Custodial Funds presented on Schedule 1 are reported with other funds in the aggregate.

B. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements. Pension trust funds are reported in a separate column as a part of supplementary information in order to provide users a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

In 2022, the City implemented Governmental Accounting Standards Board Statement No. 87, Leases. The significant/material effect on the Regulatory Basis of Accounting in the current period is that certain items included in debt service in the previous period are included in the expenditure/function code of the applicable opinion unit.

C. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and money market accounts.

Investments

Investments are reported at fair market value.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, that have not been transferred to the appropriate entities.

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

1. (Continued)

C. Assets, Liabilities, and Fund Balances (Continued)

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

D. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

E. Budget Law

State law requires that these procedures be followed in establishing the budgetary data:

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

The budgeted revenues and expenditures represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds.

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

1. (Continued)

F. Fund Balance Classification Policies and Procedures

The Municipality's highest level of decision-making authority is its City Council. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the City Council through passage of an ordinance. The City Council is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

2. **Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2022, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 635,764
Law enforcement	\$ 27,187		
Public safety	29,200		
Pension benefits			296,812
Debt service			32,071
Total Restricted	<u>56,387</u>		<u>964,647</u>
Committed for:			
Sanitation			43,648
Capital outlay			1,239
Total Committed			<u>44,887</u>
Assigned to:			
General government	65,196		
Law enforcement	30,532		
Highways and streets		\$ 57,364	
Public safety	162,496		
Sanitation			26,271
Recreation and culture	15,027		71,837
Total Assigned	<u>273,251</u>	<u>57,364</u>	<u>98,108</u>
Unassigned	<u>1,425,615</u>		
Totals	<u>\$ 1,755,253</u>	<u>\$ 57,364</u>	<u>\$ 1,107,642</u>

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

3. Commitments

Total commitments consist of the following at December 31, 2022:

	December 31, 2022
Long-term liabilities	\$ 3,655,805

Long-term liabilities

Long-term liabilities at December 31, 2022, are comprised of the following:

	December 31, 2022
<u>Bonds</u>	
Sales and Use Tax Refunding Bonds, Series 2020 dated August 25, 2020 in the amount of \$1,239,623, annual installments of \$12,008 - \$136,389 plus interest through November 1, 2030; interest of 1.85%, due May 1 and November 1 of each year. Payments are to be made from the 2020 Sales and Use Tax Refunding Bond Issue Debt Service Fund.	\$ 1,002,114
<u>Direct Borrowings</u>	
Financed purchase agreement dated November 5, 2021, in the amount of \$2,422,656 for the acquisition, installation, and construction of certain energy efficiency equipment, solar equipment, improvements and renovations. Due in annual installments of \$62,037 - \$219,874 plus interest through July 1, 2041; interest at 2.929% due July 1 of each year beginning on July 1, 2023. Payments are to be made from the General Fund.	2,422,656
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	231,035
Total Long-term liabilities	\$ 3,655,805

Due to the City's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

The City's outstanding bonds payable of \$1,002,114 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding direct borrowings of \$2,422,656 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

3. Commitments (Continued)

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2022	Maturities to December 31, 2022
<u>Bonds</u>					
8/25/20	11/1/30	1.85%	\$ 1,239,623	\$ 1,002,114	\$ 237,509
<u>Direct Borrowings</u>					
11/5/21	7/1/41	2.929%	2,422,656	2,422,656	0
Total Long-Term Debt			<u>\$ 3,662,279</u>	<u>\$ 3,424,770</u>	<u>\$ 237,509</u>

Changes in Long-Term Debt

	Balance January 01, 2022	Issued	Retired	Balance December 31, 2022
Bonds payable	\$ 1,114,486	\$ 0	\$ 112,372	\$ 1,002,114
<u>Direct Borrowings</u>				
Financed purchase	2,570,743	0	148,087	2,422,656
Total Long-Term Debt	<u>\$ 3,685,229</u>	<u>\$ 0</u>	<u>\$ 260,459</u>	<u>\$ 3,424,770</u>

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2022:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 116,151	\$ 18,539	\$ 134,690	\$ 62,037	\$ 70,960	\$ 132,997
2024	119,835	16,390	136,225	66,395	69,143	135,538
2025	123,091	14,173	137,264	72,503	67,198	139,701
2026	121,229	11,896	133,125	78,915	65,074	143,989
2027	124,159	9,654	133,813	85,646	62,763	148,409
2028 through 2032	397,649	14,888	412,537	541,251	271,895	813,146
2033 through 2037				710,839	184,630	895,469
2038 through 2041				805,070	60,741	865,811
Totals	<u>\$1,002,114</u>	<u>\$ 85,540</u>	<u>\$1,087,654</u>	<u>\$2,422,656</u>	<u>\$ 852,404</u>	<u>\$3,275,060</u>

4. Interfund Transfers

The General Fund transferred \$368,509 to the Street Fund for supplemental funding and the General Fund transferred \$140,473 to the Other Funds in the Aggregate, 2020 Sales and Use Tax Refunding Bond Issue Debt Service Fund, for debt service. Additionally, the General Fund transferred \$66 to the Other Funds in the Aggregate, American Rescue Plan Act, for supplemental funding.

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

5. Subsequent Events

On January 25, 2023, the City executed a financed purchasing agreement in the amount of \$377,150 for the purchase of a 2019 Custom Rescue Pumper Fire Truck with a total purchase price of \$477,150.

6. Pledged Revenues

The City pledged future collections of an existing 1% sales and use taxes to repay \$1,239,623 in bonds that were issued in 2020 for the purpose of refunding a 2014 sales and use tax refunding. The total principal and interest remaining on the bonds at December 31, 2022 was \$1,002,114 and \$85,540, respectively, payable through November 1, 2030. For 2022, principal and interest paid were \$112,372 and \$20,618, respectively. Sales tax revenue in excess of debt service requirements on the bonds may be used for other City purposes.

7. Joint Venture – Animal Control Commission

On September 23, 1997, the Cities of Nashville, Mineral Springs, Dierks, Tollette, and Murfreesboro entered into an interlocal agreement creating the Animal Control Commission. The Commission is comprised of one representative appointed by the respective Mayors with Council approval. Additionally, one local veterinarian is appointed by the Mayor of Nashville. The Commission is financed on a per capita basis. In the event of termination of the agreement, in whole or in part, all real estate and personal property will become property of the City of Nashville. The original interlocal agreement has been amended on several occasions subsequent to the formation of the Animal Control Commission. As of December 31, 2022, Nashville, Dierks, Murfreesboro, Washington, Mineral Springs, Delight, and Prescott were participating in this joint venture. In 2022, the City of Nashville's per capita contribution to the Animal Control Commission was \$52,176. The financial statements for the Animal Control Commission are available at the Nashville City Hall, 426 Main Street, Nashville, AR 71852.

8. Jointly Governed Organizations

Ninth West Judicial Drug Task Force

The Prosecuting Attorney of the Ninth West Judicial District, the Sheriffs' Departments of Sevier, Little River, Howard, and Pike Counties, and the Police Departments of De Queen, Ashdown, and Nashville entered into an agreement to establish the Ninth West Judicial Drug Task Force. The agreement covers the period July 1, 2022 to June 30, 2023 and may be extended upon written mutual agreement. Funding is provided through federal and state grants in addition to contributions from participating entities. In 2022, the City of Nashville's contribution to the Ninth West Judicial Drug Task Force was \$3,000. Separate financial statements for the Ninth West Judicial Drug Task Force are not available.

Upper Southwest Arkansas Regional Solid Waste Management District

The Upper Southwest Arkansas Regional Solid Waste Management District is a jointly governed organization comprised of representatives from Howard, Pike, Sevier, Little River, Hempstead, Lafayette, Montgomery, Nevada, and Polk Counties and participating cities within the aforementioned counties. The District is governed by a Board of Directors consisting of the respective county judges and mayors of the county seats for the area served, unless other representatives are appointed by the respective entity. In 2022, the City paid \$20,695 to the Upper Southwest Arkansas Regional Solid Waste Management District. The latest audited financial statements for the Upper Southwest Arkansas Regional Solid Waste Management District are available at www.arklegaudit.gov.

Nashville/Howard County Airport Commission

On July 8, 1997, the City entered into an interlocal agreement with Howard County forming the Nashville/Howard County Airport Commission. The joint commission was not established in accordance with Ark. Code Ann. §§ 14-362-104 –14-362-131 (the Regional Airport Act) and appears to be acting in an advisory capacity. The County owns all real and personal property per the agreement. Accordingly, the Nashville/Howard County Airport Commission is presented in the financial statements of Howard County in the other Funds in the Aggregate as a special revenue fund. Howard County's financial statements are available at www.arklegaudit.gov.

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

9. Firemen's Pension and Relief Plan

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was \$716 for the year ended December 31, 2022. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2022, actuarial valuation, the plan has a net pension liability of \$78,440.

**10. Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3rd, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website www.lopfi-prb.com.

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$27,821 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$19,103 for the year ended December 31, 2022.

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

**10. Local Police and Fire Retirement System (LOPFI) (Continued)
(A Defined Benefit Pension Plan)**

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2022, (actuarial valuation date and measurement date) was \$300,449.

11. Arkansas Public Employees Retirement System

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.25% as of July 1, 2022. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2022, was \$293,663.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2022, (actuarial valuation date and measurement date) was \$2,472,670.

12. Capital Assets

The Municipality's capital assets records are summarized below :

	December 31, 2022
Land	\$ 87,260
Buildings	6,756,877
Equipment	2,257,923
Total	<u>\$ 9,102,060</u>

CITY OF NASHVILLE, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2022

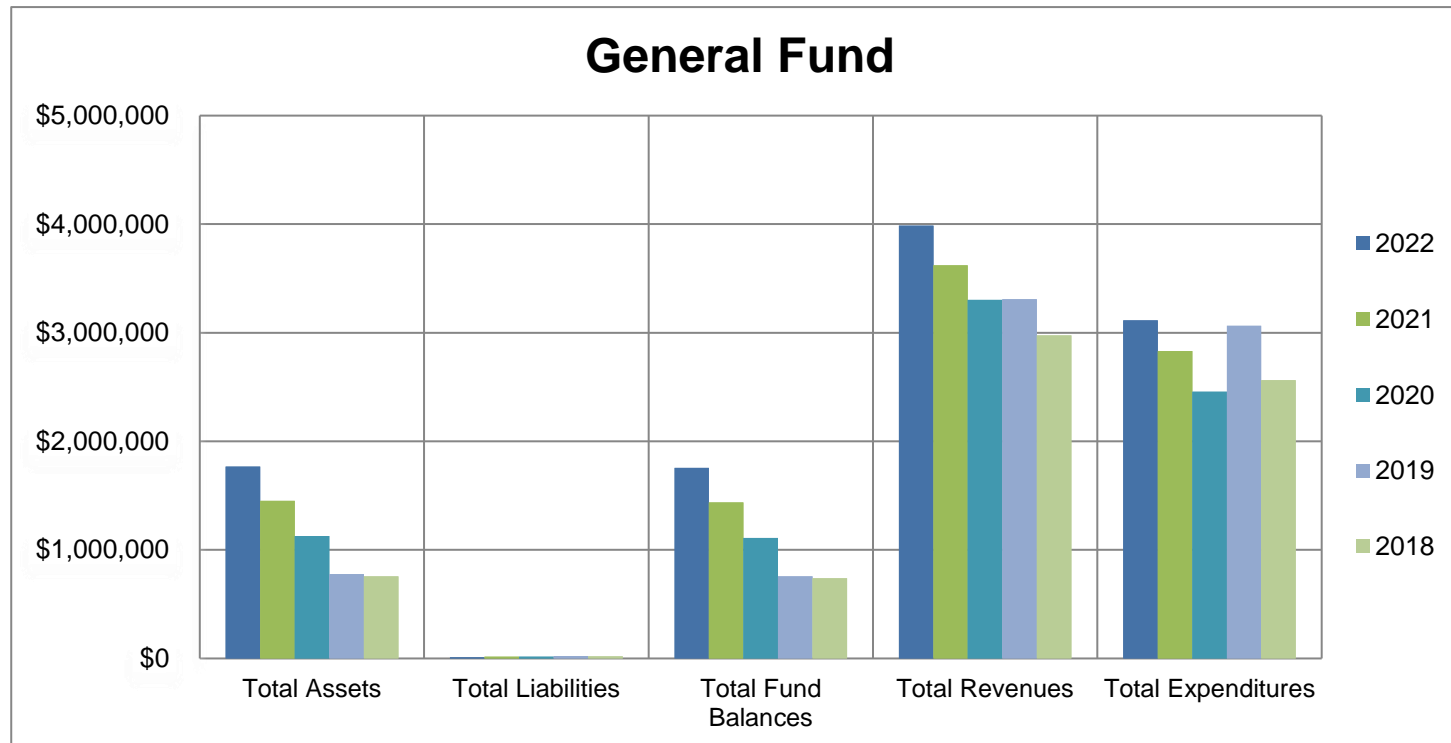
13. Corona Virus (COVID-19)

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In 2021, the City was awarded \$908,695 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$908,695 of this amount has been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

CITY OF NASHVILLE, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 3-1

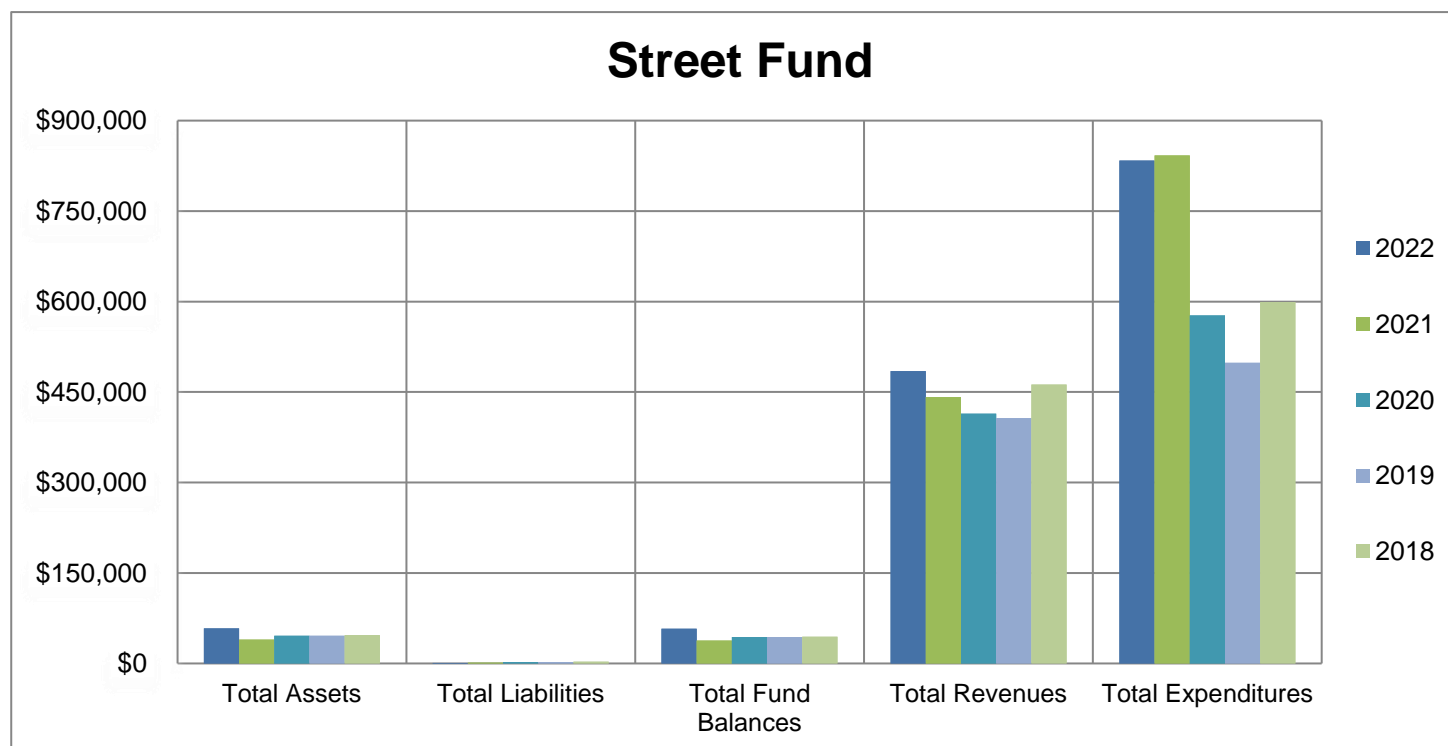
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 1,766,999	\$ 1,452,424	\$ 1,127,489	\$ 776,432	\$ 755,107
Total Liabilities	11,746	15,813	16,804	21,585	17,896
Total Fund Balances	1,755,253	1,436,611	1,110,685	754,847	737,211
Total Revenues	3,986,889	3,619,957	3,303,699	3,308,079	2,976,457
Total Expenditures	3,113,422	2,831,348	2,455,684	3,063,807	2,563,975
Total Other Financing Sources/Uses	(554,825)	(462,683)	(503,555)	(226,636)	(419,350)



CITY OF NASHVILLE, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 3-2

<u>Street</u>	2022	2021	2020	2019	2018
Total Assets	\$ 58,069	\$ 39,338	\$ 45,980	\$ 46,088	\$ 47,103
Total Liabilities	705	1,488	2,174	2,438	2,949
Total Fund Balances	57,364	37,850	43,806	43,650	44,154
Total Revenues	484,608	441,803	414,251	406,942	462,258
Total Expenditures	833,603	842,077	576,763	498,646	599,508
Total Other Financing Sources/Uses	368,509	394,318	162,668	91,200	160,110



CITY OF NASHVILLE, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2022
(Unaudited)

Schedule 3-3

Other Funds in the Aggregate	2022	2021	2020	2019	2018
Total Assets	\$ 1,258,561	\$ 2,169,952	\$ 2,358,131	\$ 605,190	\$ 612,564
Total Liabilities	150,919	106,537	703,353	95,256	86,165
Total Fund Balances	1,107,642	2,063,415	1,654,778	509,934	526,399
Total Revenues	851,334	898,649	394,810	421,160	358,975
Total Expenditures	1,962,978	656,478	3,009,801	582,590	525,189
Total Other Financing Sources/Uses	155,871	166,466	3,759,835	144,965	143,581

