

TOWN OF LOUISVILLE, TENNESSEE

ANNUAL FINANCIAL REPORT

June 30, 2020

TOWN OF LOUISVILLE, TENNESSEE
ANNUAL FINANCIAL REPORT
 June 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
SECTION ONE – INTRODUCTION:	
List of Principal Officials and Surety Bonds	1
SECTION TWO – FINANCIAL SECTION:	
Independent Auditors’ Report	2 – 3
Management’s Discussion and Analysis (required supplementary information)	4 – 8
Basic Financial Statements:	
Government – wide Financial Statements:	
Statement of Net Position	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheets – Governmental Funds.....	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Change In Fund Balance to the Statement of Activities	14
Statement of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual – General Fund, June 30, 2020	15 – 17
Notes to Financial Statements.....	18 – 25
Other Supplementary Information:	
Capital Assets Used in the Operation of Governmental Activities:	
Schedule of Changes by Function and Activity, June 30, 2020.....	26
Schedule of Capital Assets by Function and Activity, June 30, 2020	27
SECTION THREE – MISCELLANEOUS SCHEDULE:	
Schedule of Insurance in Force.....	28
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS	29 – 30
Schedule of Findings and Questioned Costs.....	31 – 32

TOWN OF LOUISVILLE, TENNESSEE

SECTION ONE

INTRODUCTORY SECTION

June 30, 2020

TOWN OF LOUISVILLE, TENNESSEE
LIST OF PRINCIPAL OFFICIALS AND SURETY BONDS
June 30, 2020

MAYOR

Tom Bickers
(Surety Bond Coverage - \$5,000)

ALDERMEN

Robert Smith (Vice Mayor)
Robert Gormley
Jill Robinson Pugh
Angie J. Holley

OTHER OFFICIALS

Michael G. Long - Town Recorder
(Surety Bond Coverage - \$5,000)

Linda Webb – Town Manager

TOWN OF LOUISVILLE, TENNESSEE

SECTION TWO

FINANCIAL SECTION

June 30, 2020



Whitlock & Company, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Louisville
Louisville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Louisville, Tennessee (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town'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 of America. 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 Town'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, and the major fund of the Town of Louisville as of June 30, 2020, and the respective changes in financial position thereof and the respective budgetary comparison 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 on pages 4 – 8 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Louisville, Tennessee's basic financial statements. The introduction section, other supplementary information, and miscellaneous schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introduction section, other supplementary information, and miscellaneous schedule have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2021, on our consideration of the Town of Louisville, Tennessee'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Louisville, Tennessee's internal control over financial reporting and compliance.

Whitlock & Company, PC

Alcoa, Tennessee
February 24, 2021



Town of Louisville
P.O. Box 215, Louisville, Tennessee 37777
Phone: 865-681-1983, Fax: 865-681-5541

Tom Bickers, Mayor
Robert Gormley, Vice Mayor
Michael Long, Recorder

Angie Holley, Alderman
Jill Robinson Pugh, Alderman
Robert Smith, Alderman

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Louisville's (the Town) Annual Financial Report presents a narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- ◆ The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,058,538 (net position). Of this amount, \$2,340,262 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ At June 30, 2020, the Town's governmental fund reported ending fund balance of \$2,452,076. At June 30, 2020 approximately 95% of this total amount, or \$2,328,404, is unassigned fund balance available for spending at the government's discretion.
- ◆ At June 30, 2020, total unassigned fund balance for the general fund was \$2,328,404. This amount was 203% of total general fund expenditures.
- ◆ The Town issued no new general obligation debt during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the financial statements. This report also contains **other supplementary information** in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The **statement of net position** presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include highways and streets, parks and recreation, and general government.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are reported in governmental funds. These statements, however, focus on near term inflows and outflows of spendable resources and spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains one individual governmental fund organized according to its type (general fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund (major fund).

The Town adopts an annual appropriated budget for the general fund. Budgetary comparison statements have been provided in the basic financial statements for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE STATEMENTS FINANCIAL ANALYSIS

The Town presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.

Assets	Net Position	
	Governmental Activities	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current and other assets	\$ 2,540,480	\$ 2,295,655
Capital assets, net	<u>2,606,462</u>	<u>2,666,374</u>
Total Assets	<u>5,146,942</u>	<u>4,962,029</u>
Deferred outflows of resources	-	-
Liabilities		
Long-term liabilities	-	-
Other liabilities	<u>87,954</u>	<u>40,893</u>
Total Liabilities	<u>87,954</u>	<u>40,893</u>
Deferred inflows of resources	-	-
Net Position		
Investment in capital assets	2,606,462	2,666,374
Restricted for State Street Aid	111,814	90,470
Unrestricted	<u>2,340,262</u>	<u>2,164,292</u>
Total Net Position	<u>\$ 5,058,538</u>	<u>\$ 4,921,136</u>

The Town’s net position increased by \$137,402 during the fiscal year ended June 30, 2020. These increases are explained in the governmental activities discussion below.

<u>Revenues</u>	Changes in Net Position	
	Governmental Activities	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Program Revenues:		
Charges for services	\$ 160,929	\$ 150,226
Operating grants and contributions	189,712	164,487
General Revenues:		
Sales taxes	720,273	602,186
State income taxes	72,700	222,171
Miscellaneous taxes	189,360	171,945
Interest earned	7,460	8,569
Other	<u>5,575</u>	<u>525</u>
Total Revenues	<u>1,346,009</u>	<u>1,320,109</u>
Expenses		
General government	412,373	320,753
Public Safety	256,035	258,206
Public works and streets	439,685	536,891
Recreation	<u>100,514</u>	<u>86,601</u>
Total expenses	<u>1,208,607</u>	<u>1,202,451</u>
Change in Net Position	137,402	117,658
Net Position at Beginning of Year	<u>4,921,136</u>	<u>4,803,478</u>
Net Position at End of Year	<u>\$ 5,058,538</u>	<u>\$ 4,921,136</u>

FUND STATEMENTS FINANCIAL ANALYSIS

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

Governmental Funds

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,328,404 (nonspendable portion equaled \$11,858, and the restricted portion equaled \$111,814), while total fund balance was \$2,452,076. As a measure of the General Fund's liquidity, it may be useful to compare both total unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 203% total general fund expenditures of \$1,148,695, while total fund balance represents 213% of that same amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental activities as of June 30, 2020 and 2019 amount to \$2,606,462 and \$2,666,374 respectively (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements, machinery and equipment, and construction in progress. The table below reflects the capital assets at the end of the fiscal year:

	Capital Assets, Net of Depreciation Governmental Activities	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Land	\$ 917,953	\$ 917,953
Buildings	1,687,010	1,687,010
Improvements	617,178	590,993
Equipment	<u>562,054</u>	<u>543,452</u>
Total Capital Assets	3,784,195	3,739,408
Less: Accumulated Depreciation	<u>(1,177,733)</u>	<u>(1,073,034)</u>
Capital Assets, net of depreciation	<u>\$ 2,606,462</u>	<u>\$ 2,666,374</u>

Major capital asset additions include the construction of a dog park during the fiscal year ended June 30, 2020 at a cost of \$22,269. Other major capital expenditures include installation of a new air conditioning unit (\$6,497), a new golf cart (\$4,000), and various smaller additions (totaling \$12,021).

For government-wide financial statement presentation, all depreciable capital assets are depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. Please refer to the Notes to the Financial Statements for further information regarding capital assets.

Debt Administration

At the end of the current fiscal year, the Town had no outstanding total long-term obligations. The Town issued no new debt during the current fiscal year.

OTHER MATTERS

The final budget for the fiscal year ended June 30, 2020 was \$2,058,500. The budget was amended during the fiscal year ended June 30, 2020 increasing the total budget by \$98,000.

The preliminary budget for the Town of Louisville for the fiscal year beginning July 1, 2020 and ending June 30, 2021 totals \$1,994,000, which represents a decrease of \$64,500 over last year's final budget.

The fiscal 2021 budget will provide the excellent services that the citizens of Louisville have grown accustomed to receiving. This level of service is directly attributable to the Town's well-trained and dedicated workforce coupled with the support of a progressive Town Commission.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, city commissioners, customers, investors, and creditors with a general overview of the Town's finances. If you have any questions about this report or need additional information, contact:

Town of Louisville, Tennessee
P. O. Box 215
Louisville, TN 37777
(865) 681-1983

TOWN OF LOUISVILLE, TENNESSEE
GOVERNMENT-WIDE FINANCIAL STATEMENTS
June 30, 2020

TOWN OF LOUISVILLE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2020
With Comparative Totals for June 30, 2019

ASSETS:	Governmental Activities	
	2020	2019
Current Assets:		
Cash	\$ 2,152,480	\$ 2,051,699
Accounts receivable	215,871	232,956
Prepaid expenses	11,858	11,000
Deferred Festival expenses	159,821	-
Total Current Assets	2,540,030	2,295,655
Capital Assets:		
Non depreciable	917,953	917,953
Depreciable, net of accumulated depreciation	1,688,509	1,748,421
Total Capital Assets	2,606,462	2,666,374
Total Assets	5,146,492	4,962,029
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES:		
Current Liabilities:		
Accounts payable	44,589	39,865
Accrued payroll and other taxes	2,585	1,028
Deferred Festival revenues	40,780	-
Total Current Liabilities	87,954	40,893
DEFERRED INFLOW OF RESOURCES	-	-
NET POSITION:		
Investment in capital assets	2,606,462	2,666,374
Restricted	111,814	90,470
Unrestricted	2,340,262	2,164,292
Total Net Position	<u>\$ 5,058,538</u>	<u>\$ 4,921,136</u>

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020
With Comparative Totals for the Year Ended June 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position Governmental Activities	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>2020</u>	<u>2019</u>
Governmental Activities:						
General Government.....	\$ (412,373)	\$ 98,022	\$ 34,695	\$ -	\$ (279,656)	\$ (240,503)
Public Safety.....	(256,035)	-	-	-	(256,035)	(258,206)
Public Works and Streets.....	(439,685)	-	154,325	-	(285,360)	(388,159)
Recreation.....	<u>(100,514)</u>	<u>62,907</u>	<u>692</u>	<u>-</u>	<u>(36,915)</u>	<u>(870)</u>
Total governmental activities ..	<u>\$(1,208,607)</u>	<u>160,929</u>	<u>\$ 189,712</u>	<u>\$ -</u>	<u>(857,966)</u>	<u>(887,738)</u>
General Revenues:						
Sales Tax.....					720,273	602,186
State income taxes					72,700	222,171
Miscellaneous taxes					189,360	171,945
Interest earned.....					7,460	8,569
Miscellaneous					<u>5,575</u>	<u>525</u>
Total General Revenues.....					<u>995,368</u>	<u>1,005,396</u>
Change in Net Position					137,402	117,658
Net Position – Beginning.....					4,921,136	4,803,478
Net Position – Ending.....					<u>\$ 5,058,538</u>	<u>\$ 4,921,136</u>

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE

FUND FINANCIAL STATEMENTS

June 30, 2020

TOWN OF LOUISVILLE, TENNESSEE
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2020
With Comparative Totals for June 30, 2019

ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>General Fund</u>	
	<u>2020</u>	<u>2019</u>
Assets:		
Cash in bank	\$ 2,152,480	\$ 2,051,699
Accounts receivable.....	215,871	232,956
Prepaid expenses	11,858	11,000
Deferred Festival expenses.....	<u>159,821</u>	<u>-</u>
Total Assets	<u>2,540,030</u>	<u>2,295,655</u>
Deferred Outflows of Resources.....	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,540,030</u>	<u>\$ 2,295,655</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 44,589	\$ 39,865
Accrued payroll and other taxes	2,585	1,028
Deferred Festival revenue.....	<u>40,780</u>	<u>-</u>
Total Liabilities.....	<u>87,954</u>	<u>40,893</u>
Deferred Inflow of Resources.....	<u>-</u>	<u>-</u>
Fund Balance:		
Nonspendable	11,858	11,000
Restricted for State Street Aid	111,814	90,470
Unassigned	<u>2,328,404</u>	<u>2,153,292</u>
Total Fund Balance	<u>2,452,076</u>	<u>2,254,762</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u>\$ 2,540,030</u>	<u>\$ 2,295,655</u>

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 June 30, 2020
 With Comparative Totals for June 30, 2019

	<u>2019</u>	<u>2018</u>
Fund balances – total governmental funds	\$ 2,452,076	\$ 2,254,762
<p>Amounts reported for the governmental activities in the statement of net position are different because:</p>		
Capital assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,606,462	2,666,374
Net position of governmental activities.....	<u>\$ 5,058,538</u>	<u>\$ 4,921,136</u>

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020
With Comparative Totals for the Year Ended June 30, 2019

	General Fund	
	<u>2020</u>	<u>2019</u>
Revenues:		
Sales tax	\$ 720,273	\$ 602,186
State income taxes	72,700	222,171
State street aid	146,344	140,750
State gas inspection fee	7,981	7,982
Miscellaneous taxes	189,360	171,945
Licenses and permits	81,430	53,333
Recreation	63,599	76,708
Interest earned	7,460	8,569
Donations	34,695	14,904
Other revenues	22,167	21,561
Total Revenues	1,346,009	1,320,109
Expenditures:		
General government:		
Financial Administration	129,002	116,761
Planning & Zoning	45,280	47,458
Town Hall Building	87,298	80,146
Other General Government	59,274	56,738
Public Safety	256,035	258,206
Highways & Streets	310,311	420,289
State Street Aid:		
Contract paving	125,000	120,000
Recreation and community events	113,683	90,246
Capital Expenditures	22,812	25,317
Total Expenditures	1,148,695	1,215,161
Change in Fund Balance	197,314	104,948
Fund Balance – July 1 st	2,254,762	2,149,814
Fund Balance – June 30th	\$ 2,452,076	\$ 2,254,762

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020
With Comparative Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Net change in fund balance – total governmental fund.....	\$ 197,314	\$ 104,948
<p>Amounts reported for the governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$44,787) exceeded depreciation (\$104,699) in the current period.</p>		
	_____ (59,912)	_____ 12,710
Change in net position of governmental activities.....	<u>\$ 137,402</u>	<u>\$ 117,658</u>

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE

GENERAL FUND

June 30, 2020

TOWN OF LOUISVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Totals for the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance – Favorable (Unfavorable)</u>	<u>Actual Total 2019</u>
REVENUES:					
TAXES:					
Local sales tax.....	\$ 200,000	\$ 250,000	\$ 356,189	\$ 106,189	\$ 246,490
State sales tax.....	330,000	330,000	364,084	34,084	355,696
State beer tax.....	2,000	2,000	1,883	(117)	1,861
State street aid.....	130,000	130,000	146,344	16,344	140,750
State gasoline inspection fee.....	8,000	8,000	7,981	(19)	7,982
TVA in lieu.....	45,000	45,000	49,444	4,444	47,604
State income tax.....	55,000	120,000	72,700	(47,300)	222,171
Wholesale beer tax.....	70,000	70,000	77,624	7,624	65,926
Cable TV franchise tax.....	35,000	35,000	39,938	4,938	38,511
Business tax.....	<u>10,000</u>	<u>10,000</u>	<u>20,471</u>	<u>10,471</u>	<u>18,042</u>
Total Taxes.....	<u>885,000</u>	<u>1,000,000</u>	<u>1,136,657</u>	<u>136,657</u>	<u>1,145,033</u>
LICENSES AND PERMITS:					
Building permits.....	55,000	55,000	80,831	25,831	52,333
Other licenses.....	<u>2,000</u>	<u>2,000</u>	<u>600</u>	<u>(1,400)</u>	<u>1,000</u>
Total Licenses and Permits.....	<u>57,000</u>	<u>57,000</u>	<u>81,431</u>	<u>24,431</u>	<u>53,333</u>
OTHER:					
Interest Earned.....	10,000	10,000	7,460	(2,540)	8,569
Poland Creek fees.....	75,000	74,100	62,907	(11,193)	75,857
Poland Creek ramp donations.....	-	900	692	(208)	851
Donations.....	20,000	20,000	34,695	14,695	14,905
Town Hall revenue.....	10,000	10,000	16,592	6,592	-
Festival revenue.....	1,100,000	1,100,000	-	(1,100,000)	-
Miscellaneous.....	<u>5,000</u>	<u>5,000</u>	<u>5,575</u>	<u>575</u>	<u>525</u>
Total Other.....	<u>1,220,000</u>	<u>1,220,000</u>	<u>127,921</u>	<u>(1,092,079)</u>	<u>121,743</u>
TOTAL REVENUES.....	<u>2,162,000</u>	<u>2,277,000</u>	<u>1,346,009</u>	<u>(930,992)</u>	<u>1,320,109</u>
EXPENDITURES:					
GENERAL GOVERNMENT:					
Legislative:					
MTAS codification service.....	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Board of Aldermen:					
Discretionary.....	<u>2,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
Financial Administration:					
Salaries and wages.....	79,000	95,000	95,287	(287)	87,563
Legal notice publications.....	3,000	2,000	1,110	890	-
Publicity, dues and subscriptions.....	4,000	4,000	3,195	805	5,087

(Continued)

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Totals for the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance – Favorable (Unfavorable)</u>	<u>Actual Total 2019</u>
EXPENDITURES (Continued):					
GENERAL GOVERNMENT (Cont):					
Financial Administration (Cont):					
Telephone	3,500	4,000	3,826	174	4,059
Education and training	-	500	528	(28)	1,043
Office supplies	8,000	13,500	13,326	174	8,278
Office equipment	5,000	5,000	2,534	2,466	1,050
Professional services.....	7,000	7,000	6,424	576	7,601
Internet and cable.....	500	-	-	-	-
Employee insurance reimbursement...	-	2,000	1,078	922	-
Repair and maintenance supplies.....	-	-	85	(85)	-
Repair and maintenance-equipment...	-	2,000	1,400	600	2,080
Other	-	-	210	(210)	-
Total Financial Administration	<u>110,000</u>	<u>135,000</u>	<u>129,002</u>	<u>5,997</u>	<u>116,761</u>
Town Hall Building:					
Wages	20,000	20,000	19,950	50	18,293
Electricity and Gas.....	20,000	20,000	18,935	1,065	19,259
Water	2,200	2,200	1,897	303	2,146
Waste disposal	2,000	2,000	1,982	18	1,852
Internet and cable.....	4,500	4,500	4,337	163	4,166
Operating supplies	6,200	6,200	4,570	1,630	6,022
Machinery and equipment	500	15,500	15,433	67	338
Repairs and maintenance	29,000	26,500	19,644	6,856	27,470
Other	600	600	550	50	600
Total Town Hall Building	<u>85,000</u>	<u>97,500</u>	<u>87,298</u>	<u>10,202</u>	<u>80,146</u>
Other General Government:					
Membership dues – TMC	1,500	1,500	1,750	(250)	1,398
OASI – employer’s share.....	21,000	24,000	24,005	(5)	20,475
Unemployment taxes	2,000	1,500	1,102	398	1,245
Auditing services	4,000	4,000	3,600	400	3,600
East Tennessee Development					
District.....	500	500	390	110	390
Town elections.....	1,500	-	-	-	1,500
Insurance.....	-	-	252	(252)	28,130
Legal services	<u>29,500</u>	<u>28,500</u>	<u>28,175</u>	<u>325</u>	<u>-</u>
Total Other General Government	<u>60,000</u>	<u>60,000</u>	<u>59,274</u>	<u>726</u>	<u>56,738</u>
Public Safety:					
Animal control.....	13,000	13,000	12,500	500	12,500
Fire services.....	90,000	130,000	130,000	-	86,850
Police services	<u>160,000</u>	<u>120,000</u>	<u>113,535</u>	<u>6,465</u>	<u>158,856</u>
Total Public Safety	<u>263,000</u>	<u>263,000</u>	<u>256,035</u>	<u>6,965</u>	<u>258,206</u>

(Continued)

See accompanying independent auditors’ report and notes.

TOWN OF LOUISVILLE, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020
With Comparative Actual Totals for the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance – Favorable (Unfavorable)</u>	<u>Actual Total 2019</u>
EXPENDITURES (Continued):					
GENERAL GOVERNMENT (Cont):					
Highways and Streets:					
Wages – Regular.....	80,000	95,000	94,442	558	75,158
Wages – Seasonal	22,500	40,000	39,712	288	29,937
Employee Insurance Reimbursement .	4,000	8,500	8,219	281	3,326
Road maintenance.....	30,000	30,000	28,231	1,769	47,392
Contract Paving	125,000	115,000	112,834	2,166	155,082
Gas and oil.....	10,000	12,000	10,864	1,136	11,435
Equipment maintenance and repairs ...	10,000	7,500	5,958	1,542	7,450
Other repairs and maintenance	5,000	6,000	5,179	821	6,606
Sign parts and supplies	5,000	5,000	903	4,097	12,014
Materials.....	5,000	2,000	651	1,349	1,298
Machinery and equipment	2,000	2,000	1,924	76	68,966
Utilities	1,500	1,500	1,289	211	1,287
Equipment Rental	-	500	105	396	338
Total Highways and Streets	<u>300,000</u>	<u>325,000</u>	<u>310,311</u>	<u>14,691</u>	<u>420,289</u>
State Street Aid:					
Contract paving	<u>120,000</u>	<u>125,000</u>	<u>125,000</u>	-	<u>120,000</u>
Planning and Zoning:					
Salaries	36,000	42,500	45,200	(2,700)	38,250
State and local planning.....	6,500	5,000	-	5,000	6,500
Office supplies.....	500	500	80	420	219
Operating Supplies	-	-	-	-	180
Legal Services	2,000	2,000	-	2,000	2,205
Publicity, dues, and subscriptions.....	-	-	-	-	104
Total Planning and Zoning	<u>45,000</u>	<u>50,000</u>	<u>45,280</u>	<u>4,720</u>	<u>47,458</u>
Recreation and Community Events	<u>910,000</u>	<u>922,000</u>	<u>113,683</u>	<u>808,317</u>	<u>90,246</u>
CAPITAL EXPENDITURES:					
Capital Outlay.....	<u>65,000</u>	<u>75,000</u>	<u>22,812</u>	<u>52,188</u>	<u>25,317</u>
TOTAL EXPENDITURES	<u>1,962,000</u>	<u>2,058,500</u>	<u>1,148,695</u>	<u>909,806</u>	<u>1,215,161</u>
Change in Fund Balance.....	200,00	218,500	197,314	(21,186)	104,948
FUND BALANCE – July 1, 2019	<u>2,254,762</u>	<u>2,254,762</u>	<u>2,254,762</u>	-	<u>2,149,814</u>
FUND BALANCE – June 30, 2020.....	<u>\$ 2,454,762</u>	<u>\$ 2,473,262</u>	<u>\$ 2,452,076</u>	<u>\$ (21,186)</u>	<u>\$ 2,254,762</u>

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

TOWN OF LOUISVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) DEFINITION OF REPORTING ENTITY:

The Town of Louisville, Tennessee, was incorporated under the laws of the State of Tennessee under Public Chapter 154 in 1991, and operates under an elected Mayor-Aldermen form of government. All funds under the control, authority, or oversight of the Town's governing body (Board of Aldermen) are included in these financial statements.

(B) FINANCIAL REPORTING ENTITY:

The accompanying financial statements present the Town of Louisville (primary government) and all funds, organizations, agencies, and offices that are a part of the primary government. The criteria for determining a primary government consist of the following:

- (1) A separately elected governing body
- (2) Separate legal standing – corporate power with the capacity to have a name; the right to sue and be sued in its own name without recourse to a state or local governmental unit; and, the right to buy, sell, lease, or mortgage property in its own name.
- (3) Fiscal independence of other state and local governments by determining its budget, levying taxes, setting rates or charges, and issuing bonded debt without approval by another government.

Based on applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement 14 – “The Financial Reporting Entity”, as amended by GASB Statement 39 – “Determining Whether Certain Organizations are Component Units”, there are no potential component units for inclusion in the primary government. The financial reporting entity includes all funds, agencies, offices and departments which are a part of the primary government.

(C) BASIC FINANCIAL STATEMENTS – GASB NO. 34:

The basic financial statements include both government-wide (based on the Town as a whole and its component units) and fund financial statements. Both the government-wide and fund financial statements categorize the Town’s activities as governmental activities. *Governmental activities* are normally supported by taxes and intergovernmental revenues. All activities are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets as well as long-term obligations. The government-wide financial statements focus more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

(Continued)

TOWN OF LOUISVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(C) **BASIC FINANCIAL STATEMENTS – GASB NO. 34 (Continued):**

The government-wide Statement of Activities demonstrates the degree to which the direct expenses, including depreciation, of the various departments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific department. Interest on general long-term debt and depreciation expense on assets shared by multiple departments, are not allocated to the various departments. Program revenues include revenues from fines and forfeitures, licenses and permit fees, special assessment taxes, certain intergovernmental grants, other entities participation and charges for services. Taxes and other items not properly included among program revenues are reported as general revenues.

Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The Town does not currently utilize an indirect cost allocation system. The General Fund charges certain administrative fees to departments within the operating fund to support general services used by those departments. The expenditures/expenses are recorded as a reduction of expense in the allocating department. Therefore, no elimination is required from either the government-wide or fund level financial statements. There are no non-major funds.

(D) **BASIS OF PRESENTATION:**

The Town uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid in the Town's financial management by segregating transactions related to certain functions or activities.

The following fund categories are used by the Town:

GOVERNMENTAL FUNDS: All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" (susceptible to accrual) when in the hands of intermediary collecting agencies and are recognized as revenues at that time. All other intergovernmental revenues are recorded as revenue when received. Expenditures are recognized when the related fund liability is incurred.

GENERAL FUND: The General Fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered a major fund in the basic financial statements.

(Continued)

TOWN OF LOUISVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(E) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the source and use of liquid resources, and 3) demonstrate how the Town's actual experience conforms to the biennial budget. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" is defined as collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Revenues susceptible to accrual include local sales tax, state-shared sales tax, highway user tax, vehicle license tax, franchise fees, special assessments and interest earned on investments. Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues are generally recorded as revenues when received in cash because they are not measurable until actually received. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for a specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town reports unearned revenues in the governmental funds if the potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Since the governmental fund financial statements are presented on a basis different than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

(Continued)

TOWN OF LOUISVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(E) **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenue include 1) charges to customers or users who purchase, use or directly benefit from goods or services provided by a particular department 2) operating grants and contributions that are restricted. Taxes, investment income and other revenues not identifiable with a particular department, are included as general revenues. The general revenues support the net costs of the departments not covered by the program revenues.

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources, as they are needed.

(F) **GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 34:**

The Town utilizes the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Government*. This statement affects the manner in which the Town records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

Management’s Discussion and Analysis – The financial statements are accompanied by a narrative introduction and analytical overview of the Town’s financial activities in the form of “management’s discussion and analysis” (MD&A).

Government-Wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the Town’s activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position – The statement of net position is designed to display the financial position of the primary government (government and business-type activities). The Town reports all capital assets in the government-wide statement of net position and reports depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net position of the Town are broken down into three categories – 1) investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Town’s functions. The expense of individual functions is compared to the revenue generated directly by the function.

Accordingly, the Town has recorded capital and certain other long-term assets and liabilities in the statement of net position, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

(Continued)

TOWN OF LOUISVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(G) BUDGETARY DATA:

Formal budgetary accounting is employed as a management control for the General Fund of the Town of Louisville, Tennessee. Annual operating budgets are adopted each fiscal year through passage of a budget ordinance, and amended as required using the same basis of accounting to reflect actual revenues and expenditures recognized in accordance with generally accepted accounting principles. The legal level of budgetary control is by function. All unencumbered budget appropriations lapse at the end of each fiscal year.

(H) FUND BALANCES:

Governmental fund equity is classified as fund balance. The Town classifies fund balance in accordance with Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance and Government Fund Type Definitions. Under this statement fund balances are classified into the following categories:

- a. Nonspendable fund balances comprise those amounts that are legally or contractually required to be maintained intact.
- b. Restricted fund balances comprise those amounts constrained to be used for a specific purpose by external parties, constitutional provisions or enabling legislation.
- c. Committed fund balances comprise those amounts constrained by the government itself using its highest level of governing body (Board of Aldermen) using its highest level of authority (ordinance).
- d. Assigned fund balances are amounts intended to be used for a specific purpose by the governing body through action other than the highest level of authority or an official expressly authorized by the governing body. This amount can also include amounts needed to balance the next year's budget when the budget is approved by ordinance.
- e. Unassigned fund balances are any amounts other than those described above and are available for any purpose.

The Town has no formal policy with regard to classifying expenditures among the various classifications. Thus, the default provision under GASB Statement 54 apply expenditures first to restricted resources, then to committed resources, then to assigned resources, and finally to unassigned resources. No Town official is granted the authority to assign fund balance. In addition, the Town has no formal policy with regard to stabilization funds.

(Continued)

TOWN OF LOUISVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(I) USE OF ESTIMATES:

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

NOTE 2 – SERVICE AGREEMENT:

Fire Protection Service Agreement:

Effective July 1, 1992, the Town of Louisville, Tennessee, entered into an agreement with the Blount County Fire Protection Unit (Fire Department) to provide a fire truck to protect the residences within the Town. The Fire Department has trained and equipped up to eight (8) volunteers for the fire protection service. The Town provides housing for the truck in the Town Hall facilities. The perpetual agreement is binding on both parties for as long as either of them exists, or until the Town undertakes to provide its own fire protection.

NOTE 3 – CASH:

In order to provide a safe temporary medium for investments of idle funds, municipalities are authorized by TCA 6-56-106 to invest in the following:

- (1) Bonds, notes, or treasury bills of the United States;
- (2) Non-convertible debt securities of certain issuers;
- (3) Other obligations which are guaranteed as to principal and interest by the United States or any of its agencies;
- (4) Certificates of Deposit at state and federal chartered banks and savings and loan associations;
- (5) Obligations of the United States or its agencies under a repurchase agreement if approved as an authorized investment by the State Director of Local Finance;
- (6) Money market funds whose portfolios consist of any of the foregoing investments if approved as an authorized investment by the State Director of Local Finance; and
- (7) The Local Government Investment Pool under which local monies are transferred to and invested with the State Treasurer's cash portfolio.

The Town has no legal restrictions governing cash deposits with financial institutions.

Custodial Credit Risk – The Town has no formal policy regarding custodial credit risk. However, cash and investments include bank balances and investments that at the balance sheet date were either entirely insured or collateralized with securities held by the Tennessee State Bank Collateral Pool.

(Continued)

TOWN OF LOUISVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 – CASH (Continued):

Total cash with a carrying value of \$2,152,480 at June 30, 2020 is summarized as follows:

Cash:	
Cash in checking:	
Smart Bank.....	\$ 607,164
Citizens Bank of Blount County	460,154
Pinnacle Bank	584,236
Cash in Savings:	
Citizens Bank of Blount County	<u>500,926</u>
Total Cash.....	<u>\$ 2,152,480</u>

NOTE 4 – RISK FINANCING ACTIVITIES:

It is the policy of the Town to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, and worker's compensation. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

NOTE 5 – RECEIVABLES:

Receivables at June 30, 2020 consist of the following:

Due from:	
State of Tennessee:	
State Income tax	\$ 72,700
Sales tax.....	31,234
State Street Aid.....	15,221
State Gas Inspection Fee	665
Other.....	6,269
Others:	
Wholesale beer tax	8,746
Local sales tax	71,007
Cable TV franchise tax.....	<u>10,029</u>
Total	<u>\$ 215,871</u>

NOTE 6 – CAPITAL ASSETS:

Capital assets used in governmental fund type operations are stated at historical cost or the fair market value at the date of donation. Infrastructure capital assets, such as streets, bridges, lighting systems and sidewalks, have not been retroactively stated. However, all infrastructure additions and improvements acquired after July 1, 2003 are recorded.

(Continued)

TOWN OF LOUISVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 – CAPITAL ASSETS (Continued):

Below is a summary of changes in Capital Assets used in Governmental Activities:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital Assets, non-depreciable:					
Land.....	\$ 917,953	\$ -	\$ -	\$ -	\$ 917,953
Capital Assets, depreciable:					
Buildings	1,687,010	-	-	-	1,687,010
Improvements.....	590,993	26,185	-	-	617,178
Equipment	<u>543,452</u>	<u>18,602</u>	-	-	<u>562,054</u>
Total Capital Assets, depreciable ..	2,821,455	44,787	-	-	2,866,242
Accumulated depreciation	<u>(1,073,034)</u>	<u>(104,699)</u>	-	-	<u>(1,177,733)</u>
Capital Assets, net of accumulated depreciation	<u>1,748,421</u>	<u>(59,912)</u>	-	-	<u>1,688,509</u>
Governmental Capital Assets	<u>\$ 2,666,374</u>	<u>\$(59,912)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,606,462</u>

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

Governmental activities:	
General government	\$ 68,707
Public works/streets	22,977
Recreation	<u>13,015</u>
Total depreciation expense – governmental activities.....	<u>\$ 104,699</u>

The Town uses the straight-line depreciation method for property, plant and equipment based on the following estimated useful lives by major class of depreciables:

<u>Class</u>	
Building and Improvements.....	40-50 years
Machinery and equipment.....	4-10 years
Infrastructure.....	20-50 years

NOTE 7 – SUBSEQUENT EVENTS:

The date to which events occurring after June 30, 2020, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is February 24, 2021, which is the date on which the financial statements were issued.

TOWN OF LOUISVILLE, TENNESSEE
OTHER SUPPLEMENTARY INFORMATION

June 30, 2020

TOWN OF LOUISVILLE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL ACTIVITIES

June 30, 2020

TOWN OF LOUISVILLE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2020

	CAPITAL ASSETS			
	Balance			Balance
	<u>7/1/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/20</u>
General Government – Land	\$ 917,953	\$ -	\$ -	\$ 917,953
General Government – Building	1,687,010	-	-	1,687,010
General Government – Equipment	35,365	769	-	36,134
General Government – Improvements	370,671	-	-	370,671
Recreation – Improvements	220,322	26,485	-	246,807
Streets – Equipment	<u>508,087</u>	<u>17,533</u>	<u>-</u>	<u>525,620</u>
Total	<u>\$ 3,739,408</u>	<u>\$ 44,787</u>	<u>\$ -</u>	<u>\$ 3,784,195</u>

	ACCUMULATED DEPRECIATION				
	Balance			Balance	Net Book
	<u>7/1/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/20</u>	<u>Value</u>
General Government – Land	\$ -	\$ -	\$ -	\$ -	\$ 917,953
General Government – Building	(496,954)	(42,175)	-	(539,129)	1,147,881
General Government – Equipment	(21,616)	(4,085)	-	(25,700)	10,434
General Government – Improvements	(99,160)	(22,447)	-	(121,607)	249,064
Recreation – Improvements	(85,408)	(13,015)	-	(98,423)	148,384
Streets - Equipment	<u>(369,896)</u>	<u>(22,977)</u>	<u>-</u>	<u>(392,873)</u>	<u>132,747</u>
Total	<u>\$(1,073,034)</u>	<u>\$ (104,699)</u>	<u>\$ -</u>	<u>\$(1,177,733)</u>	<u>\$2,606,462</u>

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
Schedule of Capital Assets by Function and Activity
For the Fiscal Year Ended June 30, 2020

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Total</u>
General Government –					
Building and Grounds	\$ 917,953	\$ 1,687,010	\$ 370,671	\$ -	\$ 2,975,634
Finance	-	-	-	36,134	36,134
Recreation.....	-	-	246,807	-	246,807
Streets	-	-	-	525,620	525,620
Total Capital Assets.....	917,953	1,687,010	617,478	561,754	3,784,195
Accumulated					
Depreciation	-	(539,129)	(220,030)	(418,574)	(1,177,733)
Net Capital Assets.....	<u>\$ 917,953</u>	<u>\$ 1,147,881</u>	<u>\$ 397,448</u>	<u>\$ 143,180</u>	<u>\$ 2,606,462</u>

See accompanying independent auditors' report and notes.

TOWN OF LOUISVILLE, TENNESSEE

SECTION THREE

MISCELLANEOUS SCHEDULE

June 30, 2020

TOWN OF LOUISVILLE, TENNESSEE
SCHEDULE OF INSURANCE IN FORCE
June 30, 2020

General Liability:

Liabilities created by the

Tennessee Governmental Tort Liability Act:

General – Bodily injury	\$300,000/700,000
General – Property damage	\$100,000
Automobiles – Bodily injury	\$300,000/700,000
Automobiles – Property damage	\$100,000

Liabilities for which a limit is not imposed by the

Tennessee Governmental Tort Liability Act:

Combined Single Limit	\$700,000
-----------------------------	-----------

Automobile Liability, Uninsured Motorist, and Comprehensive Coverage	\$500 deductible
--	------------------

Fire and Extended Coverage – 90% Co-insurance:

Office building and equipment.....	\$500 deductible
------------------------------------	------------------

Public Officials Personal Errors and Omissions Liability:

Liability limit (\$1,000 deductible)	\$700,000
--	-----------

Workmen’s Compensation and Employer’s Liability:

Workmen’s Compensation.....	Statutory
Employer’s Liability	\$300,000/700,000

See accompanying independent auditors’ report and notes.

TOWN OF LOUISVILLE, TENNESSEE

INDEPENDENT ACCOUNTS' 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*

June 30, 2020



Whitlock & Company, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' 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 STANDARD*

Honorable Mayor and Members
of the Board of Aldermen
Town of Louisville
Louisville, Tennessee

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 and the major fund of the Town of Louisville, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Louisville, Tennessee's basic financial statements, and have issued our report thereon dated February 24, 2021.

Internal Control Over Financial Reporting

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

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Louisville, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 matters that are required to be reported under *Government Auditing Standards*.

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.

Whitlock & Company, P.C.

Alcoa, Tennessee

February 24, 2021

TOWN OF LOUISVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

TOWN OF LOUISVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

B. PRIOR YEAR FINDINGS

None.