

**TOWN OF NOLENSVILLE, TENNESSEE**

Annual Financial Report

For the Year Ended June 30, 2017

**TOWN OF NOLENSVILLE, TENNESSEE**

Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Officials of the Town of Nolensville, Tennessee . . . . .	i
FINANCIAL SECTION:	
Independent Auditor's Report . . . . .	1-2
Management's Discussion and Analysis . . . . .	3-10
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position . . . . .	11
Statement of Activities . . . . .	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds . . . . .	14
Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities . . .	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds . .	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance Of Governmental Funds to the Statement of Activities . . . . .	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) And Actual	
General Fund . . . . .	18-20
State Street Aid Fund . . . . .	21
Drug Fund . . . . .	22
Facilities Tax Fund . . . . .	23
Impact Fund . . . . .	24
Facilities School Tax Fund . . . . .	25
Notes to Financial Statements . . . . .	26-40

TOWN OF NOLENSVILLE, TENNESSEE

Table of Contents, Continued

	<u>Page Number</u>
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Changes in Net Pension Liability (Asset) .....	42
Schedule of Contributions to the Employee Pension Plan .....	43
SUPPLEMENTAL INFORMATION:	
Capital Assets Used in the Operation of the Governmental Funds:	
Schedule of Changes in Capital Assets .....	45
Schedule of Capital Assets by Function and Activity .....	46
Schedule of Cash and Cash Equivalents - All Funds .....	47
Schedule of Changes in Property Taxes Receivable .....	48
Schedule of State and Federal Financial Assistance .....	49
Schedule of Bonds - Principal Officials .....	50
Schedule of Debt Service Requirements .....	51
COMPLIANCE AND INTERNAL CONTROL:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	53-54
Schedule of Disposition of Prior Year Comments .....	55

# INTRODUCTORY SECTION

**TOWN OF NOLENSVILLE, TENNESSEE**

Officials of the Town of Nolensville, Tennessee

June 30, 2017

<u>Name</u>	<u>Title</u>
Elected Officials:	
Jimmy Alexander	Mayor
Jason Patrick	Vice -Mayor
Larry Felts	Alderman
Brian Snyder	Alderman
Tommy Dugger	Alderman
Management:	
Ken McLawhorn	Town Administrator
Kali Mogul	Town Recorder
Julie Wilson	Finance Director, CMFO Designate

# FINANCIAL SECTION

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**Independent Auditor's Report**

Mayor and Board of Aldermen of the  
Town of Nolensville, Tennessee  
Nolensville, Tennessee

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Nolensville, Tennessee as of and for the year ended June 30, 2017, 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**

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

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

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

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Nolensville, Tennessee as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund, State Street Aid Fund, Drug Fund, Facilities Tax Fund, Impact Fund, and the Facilities School Tax Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters -Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information which includes the Management's Discussion and Analysis and the Schedule of Schedule of Changes in Net Pension Liability (Asset) and the Schedule of Contributions to the Employee Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **Other Matters -Other Information**

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Introductory Section and the Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Introductory Section and the Supplementary Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Introductory Section and the Supplementary Information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2017 on the consideration of the Town of Nolensville's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

John R Poole, CPA

October 31, 2017

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

## TOWN OF NOLENSVILLE, TENNESSEE

### Management's Discussion and Analysis

As management of the Town of Nolensville, Tennessee (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

#### **Financial Highlights:**

The assets of the Town of Nolensville exceeded its liabilities at the close of the most recent fiscal year by \$16,372,007. Of this amount, \$5,062,086 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$3,133,225 due to increased revenues combined with increased expenses as the Town continues to see growth. Revenues were \$533,886 more in the current year primarily as a result of increased sales tax and building fee revenues. Expenses were \$325,739 more in the current year as a result of capital asset purchases of \$753,198.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$15,055,413 an increase of \$2,572,695 in comparison to the prior year. The increase was due to increased revenues by the Town. Expenses were higher in the current year as a result of capital asset purchases in the Facilities School Tax Fund. During the year the Town repaid \$154,520 in debt related to the Town Hall loan. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,906,745.

#### **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the Town of Nolensville'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.

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 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 the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax). Both of the government-wide financial statements distinguish functions of the 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 of Nolensville include general government, personnel, finance, planning, police, fire, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The Town of Nolensville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The Town of Nolensville adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14-25 of this report. The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-40 of this report.

## Financial Analysis of the Financial Statements -- Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Nolensville, assets exceeded liabilities by \$16,372,007 at the close of the most recent fiscal year. By far the largest portion of the Town's assets reflects its investment in cash and capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Financial Analysis of the Financial Statements --Town of Nolensville's Net Position-2017

Current assets	\$ 15,923,265
Capital assets	<u>6,471,044</u>
Total assets	22,394,309
Deferred Outflows	266,523
Long-term debt	5,282,480
Other liabilities	<u>441,191</u>
Total liabilities	5,723,671
Deferred Inflows	565,154
Net position:	
Net investment in capital assets	1,188,564
Restricted	10,121,357
Unrestricted	<u>5,062,086</u>
Total net position	\$ 16,372,007

**Financial Analysis of the Financial Statements --Town of Nolensville's Net Position-2016**

Current assets	\$ 13,002,522
Capital assets	<u>6,044,291</u>
Total assets	19,046,813
Deferred Outflows	124,970
Long-term debt	5,437,000
Other liabilities	<u>87,471</u>
Total liabilities	5,524,471
Deferred Outflows	408,530
Net position:	
Net investment in capital assets	607,291
Restricted	8,607,780
Unrestricted	<u>4,023,711</u>
Total net position	\$ 13,238,782

Comparison between years 2017 and 2016

	2017 Governmental <u>Activities</u>	2016 Governmental <u>Activities</u>	Change Between <u>Years</u>
Revenues:			
Program revenues:			
Charges for services	3,300,469	2,971,517	328,952
Operating grants and contributions	327,054	296,284	30,770
Capital grants and contributions	0	0	0
General revenues:			
Property taxes	600,043	475,568	124,475
Sales taxes	1,156,037	1,101,149	54,888
Other local taxes	370,675	352,520	18,155
Other state shared taxes	40,878	87,281	(46,403)
Other	120,226	97,177	23,049
Total revenues	<u>5,915,382</u>	<u>5,381,496</u>	<u>533,886</u>
Expenses:			
General government	992,212	795,437	196,775
Police department	686,120	581,461	104,659
Fire department	169,814	149,575	20,239
Codes department	499,629	550,085	(50,456)
Highways and streets	434,382	379,860	54,522
Total expenses	<u>2,782,157</u>	<u>2,456,418</u>	<u>325,739</u>
Change in net position	<u>3,133,225</u>	<u>2,925,078</u>	<u>208,147</u>

## Governmental Funds

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,906,745. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

## General Fund Budgetary Highlights

The Town amended some of its departmental budgets during the year. A budget amendment was made during the year to account for certain expenditures. See pages 18-25.

## Capital Asset and Debt Administration

### Capital Assets

The Town of Nolensville's investment in capital assets from its governmental activities at June 30, 2017, amounts to \$6,471,044 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, infrastructure, machinery and equipment.

### Town of Nolensville's Capital Assets-

	2016 Governmental Activities	2017 Governmental Activities
Land	\$ 278,753	278,753
Building	4,570,055	4,570,055
Furniture	31,525	31,525
Infrastructure	2,806,155	3,490,802
Machinery and equipment	<u>346,515</u>	<u>415,066</u>
Less accumulated depreciation	(1,988,712)	(2,315,157)
Net Capital Assets	\$ <u>6,044,291</u>	<u>6,471,044</u>

Additional information on the Town of Nolensville's capital assets can be found in the notes to the financial statements section of this report.

## **Debt**

The Town has \$5,282,480 in long-term debt at year end. The debt was used to finance the construction of capital assets. During the year the Town refinanced the Town Hall debt (to reduce interest costs). During the year the Town reduced its outstanding debt by \$154,520.

Additional information on the Town of Nolensville's long-term debt can be found in the notes to the financial statements section of this report.

## **Economic Factors and Next Year's Budget and Rates**

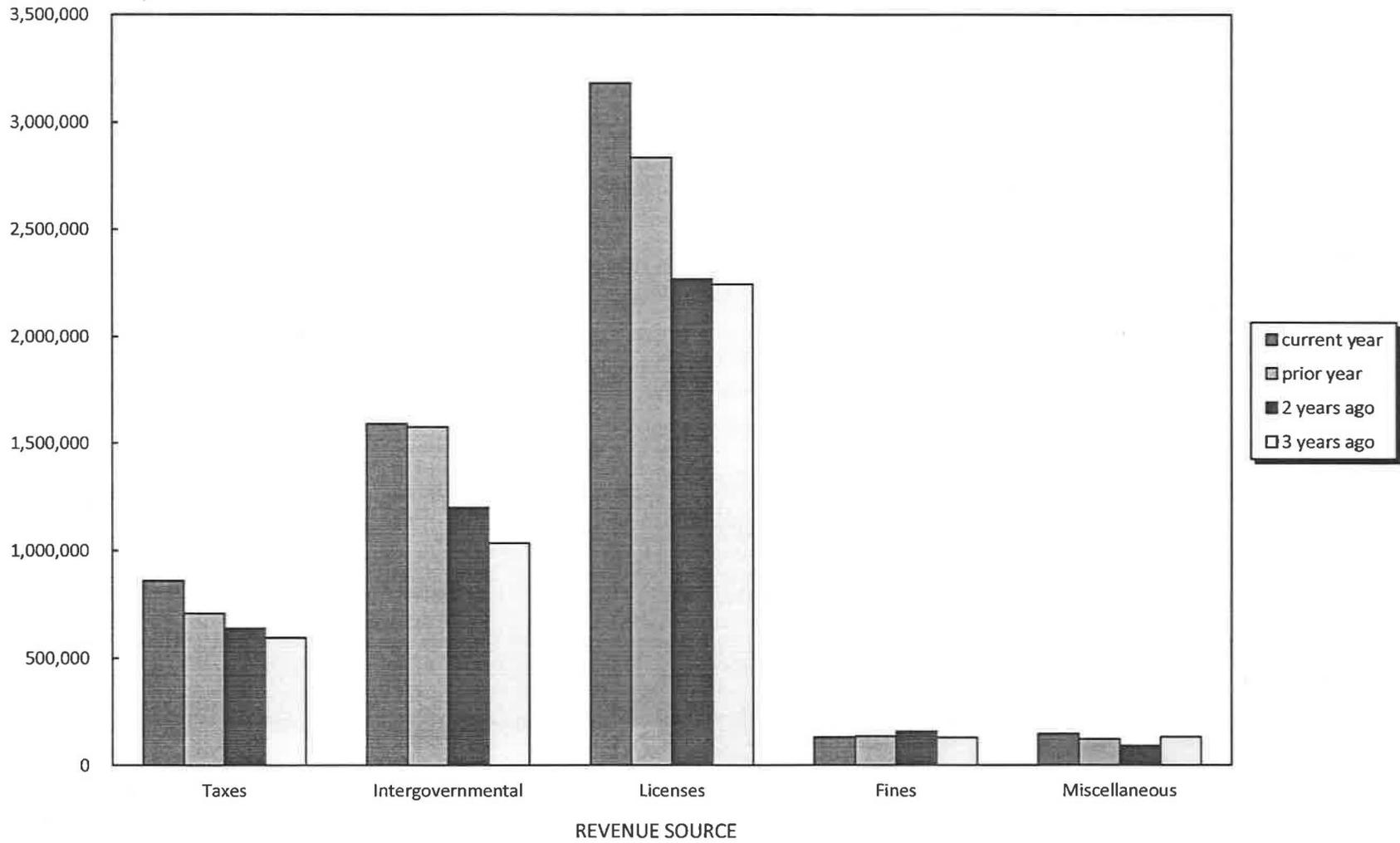
In the 2017-2018 budget, General fund revenues are budgeted to increase from the 2016-2017 budget year primarily due to increases in local revenues. This factor was considered in preparing the Town's budget for the 2017-2018 fiscal year.

## **Requests for Information**

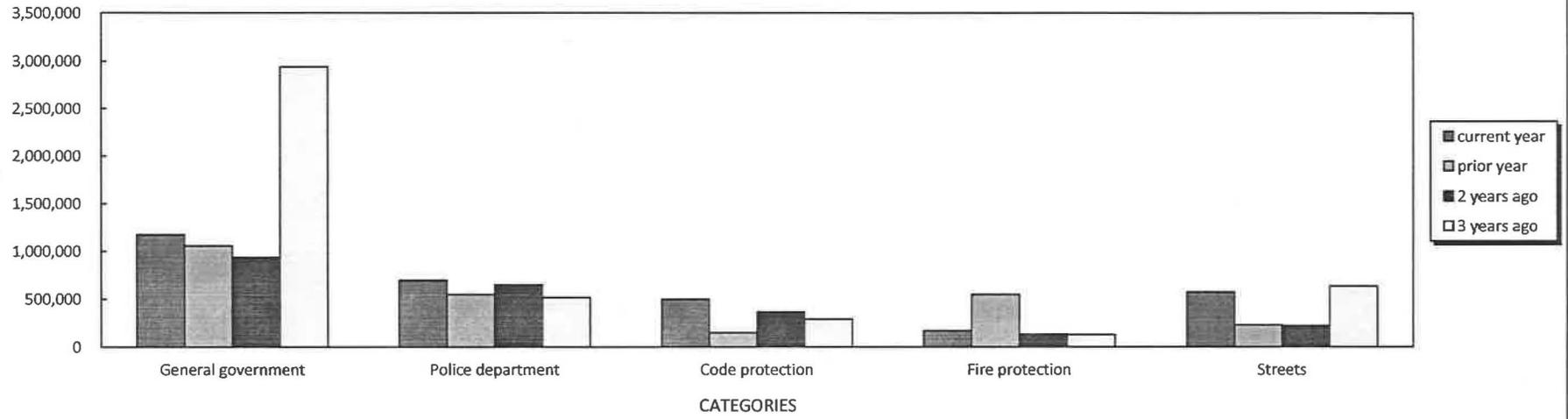
This financial report is designed to provide a general overview of the Town of Nolensville, Tennessee's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed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

Julie Wilson  
Town of Nolensville

**TOWN OF NOLENSVILLE, TENNESSEE**  
GOVERNMENTAL FUND REVENUES



**TOWN OF NOLENSVILLE**  
GOVERNMENTAL FUND EXPENDITURES



# BASIC FINANCIAL STATEMENTS

**TOWN OF NOLENSVILLE, TENNESSEE**

**Statement of Net Position**

**June 30, 2017**

<u>Assets</u>	<u>Governmental Activities</u>	<u>Total</u>
Cash and cash equivalents	\$15,023,064	15,023,064
Accounts receivable	872,890	872,890
Prepaid assets	27,311	27,311
Capital assets not being depreciated	278,753	278,753
Capital assets, net of accumulated depreciation	<u>6,192,291</u>	<u>6,192,291</u>
Total Assets	<u>\$22,394,309</u>	<u>22,394,309</u>
Deferred Outflows:		
Deferred outflow of resources - pension	<u>266,523</u>	<u>266,523</u>
Total Deferred Outflows	<u>266,523</u>	<u>266,523</u>
Liabilities:		
Accounts payable	\$213,002	213,002
Net pension liability	228,189	228,189
Long-term liabilities:		
Due within one year	185,580	185,580
Due in more than one year	<u>5,096,900</u>	<u>5,096,900</u>
Total Liabilities	<u>5,723,671</u>	<u>5,723,671</u>
Deferred Inflows:		
Deferred inflow of resources - property taxes	565,154	565,154
Deferred inflow of resources - pension	<u>0</u>	<u>0</u>
Total Deferred Inflows	<u>565,154</u>	<u>565,154</u>
Net Position:		
Investment in capital assets, net of related debt	1,188,564	1,188,564
Restricted - state street	357,869	357,869
Restricted - drug fund	5,515	5,515
Restricted - facilities tax	4,509,306	4,509,306
Restricted - impact	5,199,802	5,199,802
Restricted - facilities school	48,865	48,865
Unrestricted	<u>5,062,086</u>	<u>5,062,086</u>
Total Net Position	<u>16,372,007</u>	<u>16,372,007</u>

See accompanying notes to financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2017

<u>Function/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Government Activities:						
General government	992,212	3,182,814	27,611	0	2,218,213	2,218,213
Police department	686,120	117,655	38,842	0	(529,623)	(529,623)
Fire department	169,814	0	0	0	(169,814)	(169,814)
Codes, planning and engineering	499,629	0	0	0	(499,629)	(499,629)
Highways and streets	434,382	0	260,601	0	(173,781)	(173,781)
Total Governmental Activities	<u>2,782,157</u>	<u>3,300,469</u>	<u>327,054</u>	<u>0</u>	<u>845,366</u>	<u>845,366</u>
General Revenues						
Property taxes					509,778	509,778
Public property taxes					90,265	90,265
Sales taxes					1,156,037	1,156,037
Alcohol taxes					191,025	191,025
Income and excise taxes					40,878	40,878
Franchise taxes					179,650	179,650
Interest income					110,954	110,954
Other income					9,272	9,272
Total general revenues					<u>2,287,859</u>	<u>2,287,859</u>
Change in net position					3,133,225	3,133,225
Net Position - beginning of year					13,238,782	13,238,782
Net position - end of year					<u>16,372,007</u>	<u>16,372,007</u>

See accompanying notes to financial statements.

FUND FINANCIAL  
STATEMENTS

TOWN OF NOLENSVILLE, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2017

<u>Assets</u>	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Facilities Tax Fund</u>	<u>Impact Fund</u>	<u>Facilities School Tax</u>	<u>Total</u>
Cash and cash equivalents	\$4,885,050	\$338,642	\$5,515	\$4,486,026	\$5,235,586	\$72,245	\$15,023,064
Accounts receivable	833,190	39,700	0	0	0	0	872,890
Prepaid assets	27,311	0	0	0	0	0	27,311
Due from other funds	0	0	0	23,280	0	104,329	127,609
Total Assets	\$5,745,551	\$378,342	\$5,515	\$4,509,306	\$5,235,586	\$176,574	\$16,050,874
<u>Liabilities, Deferred Inflows and Fund Balance</u>							
Liabilities:							
Accounts payable	\$49,509	\$0	\$0	\$0	\$35,784	\$127,709	\$213,002
Due to other funds	127,609	0	0	0	0	0	127,609
Total Liabilities	177,118	0	0	0	35,784	127,709	340,611
Deferred Inflow of Resources:							
Deferred current property taxes	565,154	0	0	0	0	0	565,154
Deferred delinquent property taxes	7,623	0	0	0	0	0	7,623
Other deferred/unavailable- other governments	61,600	20,473	0	0	0	0	82,073
Total Deferred Inflow of Resources	634,377	20,473	0	0	0	0	654,850
Fund balance:							
Restricted	0	357,869	5,515	4,509,306	5,199,802	48,865	10,121,357
Non-spendable	27,311	0	0	0	0	0	27,311
Unassigned	4,906,745	0	0	0	0	0	4,906,745
Total Fund Balance	4,934,056	357,869	5,515	4,509,306	5,199,802	48,865	15,055,413
Total Liabilities, Deferred Inflow and Fund Balance	\$5,745,551	\$378,342	\$5,515	\$4,509,306	\$5,235,586	\$176,574	\$16,050,874

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

**TOWN OF NOLENSVILLE, TENNESSEE**

**Reconciliation of the Balance Sheet to the Statement of Net Position  
of Governmental Activities**

**June 30, 2017**

Amounts reported for fund balance - total governmental funds	\$ 15,055,413
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, including bonds payable and accrued contingencies are not due and payable in the current period and therefore are not recorded in the funds	
Long-term debt	(5,282,480)
Pension related accounts - governmental funds to not record these post-benefit obligations	
Net pension liability	(228,189)
Deferred outflow - pension	266,523
Deferred inflow - pension	0
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	
	89,696
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	
Investment in capital assets, net of accumulated depreciation	<u>6,471,044</u>
Net position of governmental activities	\$ <u><u>16,372,007</u></u>

TOWN OF NOLENSVILLE, TENNESSEE

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

For the Year Ended June 30, 2017

	General Fund	State Street Aid Fund	Drug Fund	Facilities Tax Fund	Impact Fund	Facilities School Tax	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$859,392	0	0	0	0	0	859,392
Intergovernmental	1,360,198	221,172	0	0	0	23,380	1,604,750
Licenses and permits	880,047	0	0	1,060,311	1,127,896	114,560	3,182,814
Fines and fees	116,800	0	855	0	0	0	117,655
Miscellaneous	70,273	2,634	48	34,473	38,051	1,858	147,337
Total Revenues	<u>3,286,710</u>	<u>223,806</u>	<u>903</u>	<u>1,094,784</u>	<u>1,165,947</u>	<u>139,798</u>	<u>5,911,948</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	576,385	0	0	20,595	171,014	7,500	775,494
Police department	640,127	0	2,497	0	0	0	642,624
Fire department	169,814	0	0	0	0	0	169,814
Codes, planning and engineering	499,629	0	0	0	0	0	499,629
Highway and streets	235,556	33,622	0	0	0	0	269,178
<b>Capital outlay:</b>							
General government	7,985	0	0	0	0	0	7,985
Police department	52,871	0	7,695	0	0	0	60,566
Highway and streets	0	283,672	0	0	0	0	283,672
Facilities tax fund	0	0	0	0	0	400,975	400,975
<b>Debt service:</b>							
Principal	0	0	0	3,605,100	0	0	3,605,100
Interest	0	0	0	74,796	0	0	74,796
Total Expenditures	<u>2,182,367</u>	<u>317,294</u>	<u>10,192</u>	<u>3,700,491</u>	<u>171,014</u>	<u>408,475</u>	<u>6,789,833</u>
Excess (deficiency) of revenues over expenditures	<u>1,104,343</u>	<u>(93,488)</u>	<u>(9,289)</u>	<u>(2,605,707)</u>	<u>994,933</u>	<u>(268,677)</u>	<u>(877,885)</u>
Other financing sources: Operating transfer	(127,709)	0	0	0	0	127,709	0
Other financing sources: loan proceeds	0	0	0	3,450,580	0	0	3,450,580
Net change in fund balance	<u>976,634</u>	<u>(93,488)</u>	<u>(9,289)</u>	<u>844,873</u>	<u>994,933</u>	<u>(140,968)</u>	<u>2,572,695</u>
Fund Balance, Beginning of year	<u>3,957,422</u>	<u>451,357</u>	<u>14,804</u>	<u>3,664,433</u>	<u>4,204,869</u>	<u>189,833</u>	<u>12,482,718</u>
Fund Balance, End of Year	<u>4,934,056</u>	<u>357,869</u>	<u>5,515</u>	<u>4,509,306</u>	<u>5,199,802</u>	<u>48,865</u>	<u>15,055,413</u>

See accompanying notes to financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds:	\$ 2,572,695
Amounts reported for governmental activities in the statement of net position are different because:	
Expenses in the governmental funds that decrease long-term debt	
Loan principal payments	3,605,100
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,934
Revenues in the fund financial statements of activities that increases long-term debt	(3,450,580)
Expenses reported in the statement of activities that affect accrued liabilities that are not reported as expenditures in the governmental funds	
Change in pension plan accrual	(23,677)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition of capital assets	753,198
Depreciation expense	<u>(326,445)</u>
Change in net position of governmental activities	\$ <u>3,133,225</u>

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Taxes:				
Property taxes	\$373,122	\$373,122	\$506,395	133,273
Alcohol taxes	167,720	167,720	172,898	5,178
Cable and gas franchise	150,000	150,000	179,650	29,650
Penalty and interest	500	500	449	(51)
Total Taxes	<u>691,342</u>	<u>691,342</u>	<u>859,392</u>	<u>168,050</u>
Intergovernmental:				
TVA in lieu	92,851	92,851	90,265	(2,586)
Local sales tax	420,000	420,000	501,601	81,601
State sales tax	619,008	619,008	654,436	35,428
Grants	5,000	5,000	35,842	30,842
State supplement	6,000	6,000	3,000	(3,000)
State income tax	75,000	75,000	40,878	(34,122)
State beer and alcohol tax	25,568	25,568	18,127	(7,441)
State special petroleum tax	16,269	16,269	16,049	(220)
Total Intergovernmental Revenue	<u>1,259,696</u>	<u>1,259,696</u>	<u>1,360,198</u>	<u>100,502</u>
Licenses and Permits	<u>497,425</u>	<u>497,425</u>	<u>880,047</u>	<u>382,622</u>
Fines and fees	<u>139,500</u>	<u>139,500</u>	<u>116,800</u>	<u>(22,700)</u>
Miscellaneous:				
Other income	5,675	5,675	8,772	3,097
Donations	22,300	22,300	27,611	5,311
Interest income	15,000	15,000	33,890	18,890
Total Miscellaneous	<u>42,975</u>	<u>42,975</u>	<u>70,273</u>	<u>27,298</u>
Total Revenues	<u>2,630,938</u>	<u>2,630,938</u>	<u>3,286,710</u>	<u>655,772</u>

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

**TOWN OF NOLENSVILLE, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

**General Fund**

**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Expenditures:				
General Government:				
Current:				
Personnel costs	211,490	211,490	201,589	(9,901)
Payroll taxes	16,179	16,179	15,655	(524)
Employee benefits	36,849	42,849	40,825	(2,024)
Board of Mayor and Aldermen	143,230	143,230	142,002	(1,228)
Supplies	2,000	2,000	1,429	(571)
Professional services	14,800	32,800	33,251	451
Repair and maintenance	3,095	3,095	8,624	5,529
Office expense	3,820	3,820	5,084	1,264
Dues and subscription	3,636	3,636	3,269	(367)
Travel and auto	2,650	2,650	3,652	1,002
Insurance	4,406	4,406	4,429	23
Building	104,776	104,776	113,850	9,074
Miscellaneous	10,800	10,800	2,726	(8,074)
	<u>557,731</u>	<u>581,731</u>	<u>576,385</u>	<u>(5,346)</u>
Capital outlay	23,045	23,045	7,985	(15,060)
Total General Government	<u>580,776</u>	<u>604,776</u>	<u>584,370</u>	<u>(20,406)</u>
Public Safety:				
Police department:				
Personnel costs	439,853	393,853	317,845	(76,008)
Payroll taxes	33,228	33,228	24,910	(8,318)
Employee benefits	98,070	98,070	74,829	(23,241)
Contract services	15,066	15,066	13,127	(1,939)
Memberships and dues	8,848	8,848	3,756	(5,092)
Supplies	2,650	2,650	17,426	14,776
Repair and maintenance	7,273	7,273	33,994	26,721
Uniforms	9,500	9,500	5,941	(3,559)
Auto expenses	44,750	44,750	12,735	(32,015)
Utilities	4,924	4,924	4,347	(577)
Insurance	39,572	39,572	33,730	(5,842)
Court	94,754	104,254	97,460	(6,794)
Miscellaneous	3,800	3,800	27	(3,773)
	<u>802,288</u>	<u>765,788</u>	<u>640,127</u>	<u>(125,661)</u>
Capital outlay	35,750	35,750	52,871	17,121
Total Police department	<u>838,038</u>	<u>801,538</u>	<u>692,998</u>	<u>(108,540)</u>

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

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued

General Fund

For the Year Ended June 30, 2017

Continued,	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Codes, Planning and Engineering department:				
Personnel costs	268,421	278,421	287,204	8,783
Payroll taxes	20,515	20,515	22,450	1,935
Employee benefits	41,612	41,612	51,330	9,718
Memberships	2,655	2,655	2,387	(268)
Professional services	140,290	140,290	104,221	(36,069)
Supplies and maintenance	11,274	11,274	15,791	4,517
Vehicle expense	1,980	1,980	1,177	(803)
Insurance	13,959	13,959	12,617	(1,342)
Travel	2,652	2,652	1,191	(1,461)
Miscellaneous	0	0	1,261	1,261
	<u>503,358</u>	<u>513,358</u>	<u>499,629</u>	<u>(13,729)</u>
Capital outlay	16,600	16,600	0	(16,600)
Total Codes, Planning and Engineering	<u>519,958</u>	<u>529,958</u>	<u>499,629</u>	<u>(30,329)</u>
Street department:				
Personnel costs	137,412	137,412	139,739	2,327
Payroll taxes	10,413	10,413	10,976	563
Employee benefits	20,719	20,719	23,923	3,204
Repair and maintenance	15,323	15,323	19,284	3,961
Supplies	9,070	9,070	13,362	4,292
Street lighting and utilities	5,680	5,680	4,584	(1,096)
Insurance	9,877	9,877	7,679	(2,198)
Vehicle expense	11,800	11,800	5,375	(6,425)
Contractual services	8,787	8,787	8,787	0
Miscellaneous	2,260	2,260	1,847	(413)
	<u>231,341</u>	<u>231,341</u>	<u>235,556</u>	<u>4,215</u>
Capital outlay	4,250	4,250	0	(4,250)
Total Street department	<u>235,591</u>	<u>235,591</u>	<u>235,556</u>	<u>(35)</u>
Fire protection:	<u>168,325</u>	<u>170,825</u>	<u>169,814</u>	<u>(1,011)</u>
Total Expenditures	<u>2,342,688</u>	<u>2,342,688</u>	<u>2,182,367</u>	<u>(160,321)</u>
Excess (deficiency) of Revenues over Expenditures	288,250	288,250	1,104,343	816,093
Other financing sources: Operating transfer	<u>0</u>	<u>0</u>	<u>(127,709)</u>	<u>(127,709)</u>
Net change in fund balance	<u>288,250</u>	<u>288,250</u>	<u>976,634</u>	<u>688,384</u>
Fund Balance, July 1, 2016	3,957,422	3,957,422	3,957,422	0
Fund Balance, June 30, 2017	<u>\$4,245,672</u>	<u>\$4,245,672</u>	<u>\$4,934,056</u>	<u>\$688,384</u>

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

**TOWN OF NOLENSVILLE, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual**

**State Street Aid Fund**

**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
<b>Revenues:</b>				
Intergovernmental:				
Gasoline .03 tax	45,000	45,000	45,175	175
Gasoline 1989 tax	25,000	25,000	24,340	(660)
Gasoline and motor fuel	152,208	152,208	151,657	(551)
	222,208	222,208	221,172	(1,036)
Miscellaneous				
Interest	0	0	2,634	2,634
<b>Total Revenues</b>	<b>222,208</b>	<b>222,208</b>	<b>223,806</b>	<b>1,598</b>
<b>Expenditures:</b>				
Streets:				
Street maintenance	1,328,800	1,328,800	33,622	(1,295,178)
Capital outlay	0	0	283,672	283,672
<b>Total Expenditures</b>	<b>1,328,800</b>	<b>1,328,800</b>	<b>317,294</b>	<b>(1,011,506)</b>
Excess (deficiency) of revenues over expenditures	(1,106,592)	(1,106,592)	(93,488)	1,013,104
Other financing sources: Loan proceeds	1,000,000	1,000,000	0	(1,000,000)
Net change in fund balance	(106,592)	(106,592)	(93,488)	13,104
Fund Balance, July 1, 2016	451,357	451,357	451,357	-
Fund Balance, June 30, 2017	<b>344,765</b>	<b>344,765</b>	<b>357,869</b>	<b>13,104</b>

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

**TOWN OF NOLENSVILLE, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual**

**Drug Fund**

**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Miscellaneous				
Fines	\$1,000	\$1,000	\$855	(145)
Interest	0	0	48	48
Total Revenues	1,000	1,000	903	(97)
Expenditures:				
Supplies	0	0	2,497	2,497
Capital outlay	9,000	9,000	7,695	(1,305)
Total Expenditures	9,000	9,000	10,192	1,192
Excess (deficiency) of revenues over expenditures	(8,000)	(8,000)	(9,289)	1,289
Fund Balance, July 1, 2016	14,804	14,804	14,804	-
Fund Balance, June 30, 2017	\$6,804	\$6,804	5,515	(1,289)

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

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual

Facilities Tax Fund

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Miscellaneous				
Licenses and permits	\$637,800	\$637,800	\$1,060,311	422,511
Interest	<u>10,000</u>	<u>10,000</u>	<u>34,473</u>	<u>24,473</u>
Total Revenues	<u>647,800</u>	<u>647,800</u>	<u>1,094,784</u>	<u>446,984</u>
Expenditures:				
Debt Service	502,850	3,953,430	3,679,896	(273,534)
Professional services	<u>0</u>	<u>0</u>	<u>20,595</u>	<u>20,595</u>
Total Expenditures	<u>502,850</u>	<u>3,953,430</u>	<u>3,700,491</u>	<u>(252,939)</u>
Excess (deficiency) of revenues over expenditures	144,950	(3,305,630)	(2,605,707)	699,923
Other financing sources: Loan proceeds	<u>0</u>	<u>3,450,580</u>	<u>3,450,580</u>	<u>0</u>
Net change in fund balance	<u>144,950</u>	<u>144,950</u>	<u>844,873</u>	<u>699,923</u>
Fund Balance, July 1, 2016	<u>3,664,433</u>	<u>3,664,433</u>	<u>3,664,433</u>	<u>-</u>
Fund Balance, June 30, 2017	<u><u>3,809,383</u></u>	<u><u>3,809,383</u></u>	<u><u>4,509,306</u></u>	<u><u>699,923</u></u>

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

**TOWN OF NOLENSVILLE, TENNESSEE**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual**

**Impact Fund**

**For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Revenues:				
Miscellaneous				
Licenses and permits	759,200	759,200	1,127,896	368,696
Interest	<u>5,000</u>	<u>5,000</u>	<u>38,051</u>	<u>33,051</u>
Total Revenues	<u>764,200</u>	<u>764,200</u>	<u>1,165,947</u>	<u>401,747</u>
Expenditures:				
Professional services	3,270,000	3,270,000	171,014	3,098,986
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>3,270,000</u>	<u>3,270,000</u>	<u>171,014</u>	<u>3,098,986</u>
Excess (deficiency) of revenues over expenditures	(2,505,800)	(2,505,800)	994,933	3,500,733
 Fund Balance, July 1, 2016	 <u>4,204,869</u>	 <u>4,204,869</u>	 <u>4,204,869</u>	 <u>-</u>
Fund Balance, June 30, 2017	<u>1,699,069</u>	<u>1,699,069</u>	<u>5,199,802</u>	<u>3,500,733</u>

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

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual

Facilities School Tax Fund

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Revenues:				
Miscellaneous				
Licenses and permits	108,000	108,000	114,560	6,560
Grants	1,124,760	1,124,760	23,380	(1,101,380)
Interest	500	500	1,858	1,358
Total Revenues	<u>1,233,260</u>	<u>1,233,260</u>	<u>139,798</u>	<u>(1,093,462)</u>
Expenditures:				
Professional services	1,312,033	1,312,033	7,500	(1,304,533)
Capital outlay	<u>0</u>	<u>0</u>	<u>400,975</u>	<u>400,975</u>
Total Expenditures	<u>1,312,033</u>	<u>1,312,033</u>	<u>408,475</u>	<u>(903,558)</u>
Excess (deficiency) of revenues over expenditures	(78,773)	(78,773)	(268,677)	(189,904)
Other financing sources	<u>0</u>	<u>0</u>	<u>127,709</u>	<u>127,709</u>
Change in fund balance	<u>(78,773)</u>	<u>(78,773)</u>	<u>(140,968)</u>	<u>(62,195)</u>
Fund Balance, July 1, 2016	<u>189,833</u>	<u>189,833</u>	<u>189,833</u>	<u>-</u>
Fund Balance, June 30, 2017	<u><u>111,060</u></u>	<u><u>111,060</u></u>	<u><u>48,865</u></u>	<u><u>(62,195)</u></u>

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

# NOTES TO THE FINANCIAL STATEMENTS

# TOWN OF NOLENSVILLE, TENNESSEE

## Notes to Financial Statements

June 30, 2017

### (1) Summary of Significant Accounting Policies

The Town of Nolensville, Tennessee, was incorporated under the Private Act of the Tennessee General Assembly. The Town provides the following services, as authorized by its charter and duly passed ordinances: public safety, streets, public improvements, and general administrative services. The accounting policies of the Town of Nolensville, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

#### Reporting Entity:

In evaluating the Town as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has no component units at yearend.

#### Accounting Pronouncements:

Effective July 1, 2003 the Town adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34, Statement No. 38, Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements. The requirements of these statements represent a significant change in the financial reporting model used by the Town. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. Other significant changes include the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

#### Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part the effect of the interfund activity has been removed from these statements. Government activities are normally supported by taxes and intergovernmental revenues.

# TOWN OF NOLENSVILLE, TENNESSEE

## Notes to Financial Statements

June 30, 2017

### (1) Summary of Significant Accounting Policies, Continued

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers most governmental revenues as available if received within 45 days of years end. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

# TOWN OF NOLENSVILLE, TENNESSEE

## Notes to Financial Statements

June 30, 2017

### (1) Summary of Significant Accounting Policies, Continued

The government reports the following major funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

State Street Aid Fund - To account for the receipt and usage of the Town's share of State gasoline taxes.

Drug Fund - To account for the activity in the Town's Drug fund.

Facilities Tax Fund – To account for the Town Facility Tax and the expenditures related to the tax.

Impact Fund – To account for the Impact fee assessed on new developments.

Facilities School Tax – To account for the Town facility Tax to be used on future school infrastructure improvements.

#### Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less and amounts held by the State Local Government Investment Pool. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Town uses committed, assigned then unassigned funds.

#### Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

#### Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

# TOWN OF NOLENSVILLE, TENNESSEE

## Notes to Financial Statements

### (1) Summary of Significant Accounting Policies, Continued

#### Property Tax

The Town's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$0.15 per \$100 of assessed valuation for the fiscal year ended June 30, 2017. Payments may be made during the period from October 1 through February 28. Current tax collections of \$492,629 for the fiscal year ended June 30, 2017 were approximately 99 percent of the tax levy.

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Furniture and Equipment	5-10 years

#### Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental fund.

#### Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit, with original maturities three months or less and amounts held by local financial institutions.

# TOWN OF NOLENSVILLE, TENNESSEE

## Notes to Financial Statements

June 30, 2017

### (1) Summary of Significant Accounting Policies, Continued

#### Estimates

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

#### Credit Risk

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist principally of cash and accounts receivable. The Town places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

#### Unavailable Revenue

Unavailable revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to resources, the Unavailable revenue is removed from the balance sheet and revenue is recognized.

#### Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The Town Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the Town Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

# TOWN OF NOLENSVILLE, TENNESSEE

## Notes to Financial Statements

June 30, 2017

### (1) Summary of Significant Accounting Policies, Continued

#### Fund Balance

The Town implemented GASB 54, which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable fund balances – amounts that are not in a spendable form, Restricted fund balance – amounts constrained to specific purposes by their providers, provisions, or by enabling legislation, Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint, Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority(Mayor), Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

Only by Board approval (via ordinance) can fund balance amounts be classified as committed or assigned. Board approval (via ordinance) is required to establish, modify or rescind a fund balance requirement.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has deferred outflows related to its pension plan reporting.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for intergovernmental shared revenues, which do not meet the availability criteria in governmental funds. The Town has deferred inflows related to pension plan reporting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

# TOWN OF NOLENSVILLE, TENNESSEE

## Notes to Financial Statements

June 30, 2017

### (1) Summary of Significant Accounting Policies, Continued

#### Pension

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

### (2) Cash and Cash Equivalents

The Town is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the Town invested funds that were not immediately needed in certificates of deposits, savings accounts and investments in the State of Tennessee Local Government Investment Pool. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the town. The Town's deposits with financial institutions are fully insured or collateralized by securities held by the depository bank in the government's name. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage (FDIC).

**TOWN OF NOLENSVILLE, TENNESSEE**

Notes to Financial Statements

June 30, 2017

**(3) Accounts Receivable**

Accounts receivable at June 30, 2017, consist of the following:

<u>Fund</u>	<u>Other Government</u>	<u>Property Taxes</u>	<u>Total</u>
General Fund	\$ 260,413	572,777	833,190
State Street Aid	<u>39,700</u>	<u>-</u>	<u>39,700</u>
Total	\$ <u>300,113</u>	<u>572,777</u>	<u>872,890</u>

**(4) Capital Assets**

A summary of changes in general capital assets as presented in the governmental activities column of the government-wide financial statement is as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Land	\$ 278,753	-	-	278,753
Building	4,570,055	-	-	4,570,055
Furniture	31,525	-	-	31,525
Infrastructure	2,806,155	684,647	-	3,490,802
Equipment	<u>346,515</u>	<u>68,551</u>	<u>-</u>	<u>415,066</u>
Total	\$ <u>8,033,003</u>	<u>753,198</u>	<u>-</u>	<u>8,786,201</u>
Accumulated depreciation	<u>(1,988,712)</u>			<u>(2,315,157)</u>
Capital Assets, net	<u>6,044,291</u>			<u>6,471,044</u>

All assets are being depreciated except land of \$278,753.

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

General Fund:

Police department	43,496
General government	117,745
Highways and streets	<u>165,204</u>
Total	<u>326,445</u>

**TOWN OF NOLENSVILLE, TENNESSEE**

Notes to Financial Statements

June 30, 2017

**(5) Risk Management**

The Town of Nolensville is exposed to various risks to general liability and property and casualty losses. The Town has decided it is more economically feasible to be in a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The Town participates in the TML Insurance Pool which is a public entity risk pool established by the Tennessee Municipal League, and association of member municipalities. The Town pays an annual premium to the TML for its general liability and property and casualty insurance coverage. The pool reinsures through commercial insurance companies.

The Town has not had any claims in excess of insurance coverage during the last three years.

**(6) Long-Term Debt**

The following schedule reflects the changes in general long-term debt, for the fiscal year ending June 30, 2017.

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Recreation center loan	1,900,000	-	68,100	1,831,900
Building construction loan	<u>3,537,000</u>	<u>3,450,580</u>	<u>3,537,000</u>	<u>3,450,580</u>
Total	5,437,000	3,450,580	3,605,100	5,282,480

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2017 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2018	185,580	44,716
2019	195,000	42,985
2020	204,000	41,174
2021	214,000	39,453
2022	225,000	37,275
2023-2027	1,302,000	152,759
2028-2032	1,649,000	85,514
2033-2036	<u>1,307,900</u>	<u>15,325</u>
Total	<u>5,282,480</u>	<u>459,201</u>

**TOWN OF NOLENSVILLE, TENNESSEE**

Notes to Financial Statements

June 30, 2017

**(7) Pension Plan**

**General Information about the Pension Plan**

*Plan description.* Employees of Nolensville are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapter 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Employees covered by benefit terms.* At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>18</u>
Total	<u>34</u>

## TOWN OF NOLENSVILLE, TENNESSEE

### Notes to Financial Statements, Continued

June 30, 2017

#### (7) Pension Plan, Continued

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be charged by the Tennessee General Assembly. Employees contribute 5 percent of salary. Nolensville makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, actuarially determined contribution (ADC) for Nolensville were (\$41,320) based on a rate of (4.84%) percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Nolensville's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### Net Pension Liability (Asset)

Nolensville's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

*Inflation* 3.0 percent

*Salary increases* Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation averaging 4.25 percent.

*Investment rate of return* 7.5 percent, net of pension plan investment expenses, including inflation.

*Cost-of-Living Adjustment* 2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

## TOWN OF NOLENSVILLE, TENNESSEE

### Notes to Financial Statements, Continued

June 30, 2017

#### (7) Pension Plan, Continued

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<i>Long-term Expected</i> <u>Asset class</u>	<u>Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real Estate	4.73%	7%
Short-term securities	0.00%	<u>1%</u>
Total		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Nolensville will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF NOLENSVILLE, TENNESSEE**

Notes to Financial Statements

(7) Pension, Continued

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
<b>Balance at 6/30/15</b>	\$838,275	\$808,846	\$29,429
<b>Changes for the year:</b>			
Service cost	68,656		68,656
Interest	67,215		67,215
Differences between expected and actual experience	150,790		150,790
Contributions-employer		22,272	(22,272)
Contributions-employees		44,902	(44,902)
Net investment income		22,047	(22,047)
Benefit payments, including refunds of employee contributions	(21,455)	(21,455)	-
Administrative expense		(1,320)	1,320
Other changes		-	-
<b>Net changes</b>	<u>265,206</u>	<u>66,446</u>	<u>198,760</u>
<b>Balance at 6/30/16</b>	<u>\$1,103,481</u>	<u>\$875,292</u>	<u>\$228,189</u>

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of Nolensville calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Nolensville's net pension Liability (asset)	391,695	228,189	93,813

**TOWN OF NOLENSVILLE, TENNESSEE**

Notes to Financial Statements

June 30, 2017

**(7) Pension, Continued**

**Pension Expense (income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension expense.* For the year ended June 30, 2017, Nolensville recognized pension expense of \$64,587.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2017, Nolensville reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	195,130	-
Net difference between projected and Actual earning on pension plan		
Investments	30,073	-
Contributions subsequent to the Measurement date of June 30, 2015	<u>41,320</u>	<u>-</u>
Total	<u>266,523</u>	<u>-</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2016,” will be recognized as a reduction (increase) to net position liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	34,626
2018	34,626
2019	45,803
2020	39,069
2021	31,013
Thereafter	40,068

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**TOWN OF NOLENSVILLE, TENNESSEE**

Notes to Financial Statements

June 30, 2017

**(8) Commitments and Contingencies**

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

Litigation:

The Town has no lawsuits in which the outcome would be material to the financial statements.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

# TOWN OF NOLENSVILLE, TENNESSEE

## Schedule of Required Supplementary Information

### Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS

Last Fiscal Year ending June 30

	2014	2015	2016
Total pension liability (asset)			
Service cost	\$ 42,778	\$ 44,681	\$ 68,656
Interest	\$ 45,363	\$ 57,205	\$ 67,215
Changes in benefit terms	-	-	\$ -
Differences between actual & expected experience	\$ 78,351	\$ 18,960	\$ 150,790
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	\$ (19,734)	\$ (1,259)	\$ (21,455)
<b>Net change in total pension liability (asset)</b>	<b>\$ 146,758</b>	<b>\$ 119,587</b>	<b>\$ 265,206</b>
<b>Total pension liability (asset)-beginning</b>	<b>\$ 571,930</b>	<b>\$ 718,688</b>	<b>\$ 838,275</b>
<b>Total pension liability (asset)-ending (a)</b>	<b>\$ 718,688</b>	<b>\$ 838,275</b>	<b>\$ 1,103,481</b>
<b>Plan fiduciary net position</b>			
Contributions-employer	\$ 24,710	\$ 16,345	\$ 22,272
Contributions-employee	\$ 28,079	\$ 32,955	\$ 44,902
Net investment income	\$ 102,339	\$ 23,459	\$ 22,047
Benefit payments, including refunds of employee contributions	\$ (19,734)	\$ (1,259)	\$ (21,455)
Administrative expense	\$ (474)	\$ (689)	\$ (1,320)
Other	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 134,920</b>	<b>\$ 70,811</b>	<b>\$ 66,446</b>
<b>Plan fiduciary net position-beginning</b>	<b>\$ 603,115</b>	<b>\$ 738,035</b>	<b>\$ 808,846</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 738,035</b>	<b>\$ 808,846</b>	<b>\$ 875,292</b>
<b>Net Pension Liability (asset)-ending (a) - (b)</b>	<b>\$ (19,347)</b>	<b>\$ 29,429</b>	<b>\$ 228,189</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>102.69%</b>	<b>96.49%</b>	<b>79.32%</b>
<b>Covered payroll</b>	<b>\$ 561,578</b>	<b>\$ 659,088</b>	<b>\$ 898,048</b>
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>-3.45%</b>	<b>4.47%</b>	<b>25.41%</b>

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**TOWN OF NOLENSVILLE, TENNESSEE**

**Schedule of Contributions Based on Participation in the  
Public Employee Pension Plan of TCRS**

**For the Year Ended June 30, 2017**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	<u>24,710</u>	<u>16,345</u>	<u>22,272</u>	<u>41,320</u>
Contributions in relation to the actuarially determined contribution	<u>24,710</u>	<u>16,345</u>	<u>22,272</u>	<u>41,320</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-employee payroll	<u>561,578</u>	<u>659,088</u>	<u>898,048</u>	<u>853,719</u>
Contributions as a percentage covered-employee payroll	<u>4.40%</u>	<u>2.48%</u>	<u>2.48%</u>	<u>4.84%</u>

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively, and years will be added to this schedule in future fiscal years until 10 years of information is available.

**Notes to Schedule**

Valuation date: Actuarially determined contributions rates for fiscal year 2017 were calculated based on the June 30, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.98 to 3.71 percent based on age, including inflation
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

SUPPLEMENTAL  
INFORMATION

TOWN OF NOLENSVILLE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds:

Schedule of Changes in Capital Assets

June 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Land	278,753	0	0	\$278,753
Building	4,570,055	0	0	4,570,055
Furniture	31,525	0	0	31,525
Infrastructure	2,806,155	684,647	0	3,490,802
Equipment	<u>346,515</u>	<u>68,551</u>	<u>0</u>	<u>415,066</u>
Total capital assets	<u>8,033,003</u>	<u>753,198</u>	<u>0</u>	<u>8,786,201</u>

TOWN OF NOLENSVILLE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds:

Schedule of Capital Assets by Function and Activity

June 30, 2017

	<u>General Government</u>	<u>Police Department</u>	<u>Streets</u>	<u>Total</u>
Land	278,753	0	0	\$278,753
Building	4,474,881	0	95,174	4,570,055
Furniture	31,525	0	0	31,525
Infrastructure	3,490,802	0	0	3,490,802
Equipment	<u>20,485</u>	<u>274,254</u>	<u>120,327</u>	<u>415,066</u>
Total capital assets	<u><u>8,296,446</u></u>	<u><u>274,254</u></u>	<u><u>215,501</u></u>	<u><u>8,786,201</u></u>

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Cash and Cash Equivalents  
All Funds

June 30, 2017

	<u>Carrying Value</u>
General Fund:	
Demand deposits	\$4,881,257
State Investment Pool	3,793
Total General Fund	<u>4,885,050</u>
Special Revenue Funds	
State Street Aid Fund:	
Demand deposits	333,011
State Investment Pool	5,631
Total State Street Aid Fund	<u>338,642</u>
Drug Fund:	
Demand deposits	5,515
Total Drug Fund	<u>5,515</u>
Facilities Tax Fund:	
Demand deposits	4,486,026
Total Facilities Tax Fund	<u>4,486,026</u>
Impact Fund:	
Demand deposits	5,235,586
Total Facilities Tax Fund	<u>5,235,586</u>
Facilities School Tax Fund:	
Demand deposits	72,245
Total Facilities Tax Fund	<u>72,245</u>
Total Special Revenue Funds	<u>10,138,014</u>
Total - All funds	<u>\$15,023,064</u>

**TOWN OF NOLENSVILLE, TENNESSEE**

**Schedule of Changes in Property Taxes Receivable**

**For the Year Ended June 30, 2017**

<u>Tax Year</u>	<u>Balance July 1, 2016</u>	<u>Levy</u>	<u>Collections and Changes in Assessment</u>	<u>Balance June 30, 2017</u>
2017	\$ -	565,154	0	565,154
2016	375,000	123,479	492,629	5,850
2015	2,243	0	1,769	474
2014	243	0	215	28
2013	133	0	103	30
2012	121	0	0	121
2011	65	0	0	65
2010	103	0	0	103
2009	719	0	0	719
2008	233	0	0	233
2007	829	0	829	0
	<u>\$379,689</u>	<u>688,633</u>	<u>495,545</u>	<u>572,777</u>

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Tax Collections and Adjustments</u>	<u>Outstanding Taxes</u>
2017	0.15	565,154	0	565,154
2016	0.15	498,479	492,629	5,850
2015	0.15	372,915	372,441	474
2014	0.15	337,915	337,887	28
2013	0.15	320,342	320,312	30
2012	0.15	292,845	292,724	121
2011	0.15	273,574	273,509	65
2010	0.15	250,085	249,982	103
2009	0.15	230,061	229,342	719
2008	0.06	83,134	82,901	233
2007	0.06	69,449	69,449	0

All delinquent taxes have been filed with the County Trustee.

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of State and Federal Financial Assistance

For the Year Ended June 30, 2017

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance July 1, 2016</u>	<u>Grant Receipts</u>	<u>Other Receipts</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2017</u>
<b>State Program:</b>								
N/A	Z17GHS430	Highway Safety Police Grant	Tennessee Department of Transportation	<u>0</u>	<u>11,937</u>	<u>0</u>	<u>11,937</u>	<u>0</u>
N/A	Z16GHS430	Highway Safety Police Grant	Tennessee Department of Transportation	<u>0</u>	<u>8,905</u>	<u>0</u>	<u>8,905</u>	<u>0</u>
N/A	N/A	JAG	Tennessee Department of Finance and Administration	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>	<u>0</u>
N/A	STP-M-9400(56)	Street Improvements	Tennessee Department of Transportation	<u>0</u>	<u>23,380</u>	<u>0</u>	<u>23,380</u>	<u>0</u>
Total				<u>0</u>	<u>59,222</u>	<u>0</u>	<u>59,222</u>	<u>0</u>

This schedule prepared on the modified basis of accounting.

**TOWN OF NOLENSVILLE, TENNESSEE**

Schedule of Bonds - Principal Officials

June 30, 2017

Mayor

Jimmy Alexander \$ 150,000\*

Town Administrator

Ken McLawhorn \$ 150,000\*

Finance Director

Julie Wilson \$ 150,000\*

\*Covered by Blanket Insurance Policy

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Debt Service Requirements

June 30, 2017

Year	TENNESSEE MUNICIPAL BOND FUND		TENNESSEE MUNICIPAL BOND FUND		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 114,580	24,565	71,000	20,151	185,580	44,716
2019	120,000	23,692	75,000	19,293	195,000	42,985
2020	126,000	22,774	78,000	18,400	204,000	41,174
2021	132,000	21,811	82,000	17,642	214,000	39,453
2022	139,000	20,797	86,000	16,478	225,000	37,275
2023	145,000	19,738	90,000	15,448	235,000	35,186
2024	153,000	18,620	95,000	14,361	248,000	32,981
2025	160,000	17,450	100,000	13,217	260,000	30,667
2026	168,000	16,221	105,000	12,015	273,000	28,236
2027	176,000	14,933	110,000	10,756	286,000	25,689
2028	183,000	13,578	116,000	9,429	299,000	23,007
2029	192,000	12,157	121,000	8,044	313,000	20,201
2030	202,000	10,661	127,000	6,591	329,000	17,252
2031	212,000	9,092	134,000	5,058	346,000	14,150
2032	222,000	7,448	140,000	3,456	362,000	10,904
2033	234,000	5,716	147,000	1,774	381,000	7,490
2034	245,000	3,902	154,900	918	399,900	4,820
2035	257,000	1,999			257,000	1,999
2036	270,000	1,016			270,000	1,016
	\$ <u>3,450,580</u>	<u>266,170</u>	<u>1,831,900</u>	<u>193,031</u>	<u>5,282,480</u>	<u>459,201</u>

Both loans have variable interest rates.

# COMPLIANCE AND INTERNAL CONTROL

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

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HENDERSONVILLE, TN 37075

(615) 822-4177

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

Mayor and Board of Aldermen  
Town of Nolensville, Tennessee  
Nolensville, Tennessee

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Nolensville's basic financial statements, and have issued a report thereon dated October 31, 2017.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Town of Nolensville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Nolensville's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Nolensville's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control that I consider to be a material weakness (2017-001 Lack of Separation of Duties).

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 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. 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. I consider the deficiency described below (2017-001) to be a material weakness.

The material weakness is as follows:

2017-001 Separation of Duties

Condition: The Town cannot fully segregate the record-keeping and custodial functions of its internal controls due to the size of its staff.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Recommendation: We realize that the staff size will not allow the Town to completely segregate the duties to the optimum level desired. However, the accounting functions should be segregated as much as possible. Management needs to be aware that this weakness exists in the system of internal accounting control.

Response and Corrective Action Plan: We agree. This comment is related to our size. It is not economically feasible at this time to hire a sufficient number of people to adequately separate the duties. We do continue to monitor our finances and internal control. We (Board) are the contact related to this information.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Nolensville's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Response to Findings**

The Town of Nolensville's response to the finding identified in the audit is described above. The Town of Nolensville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*John R. Poole, CPA*

October 31, 2017

**TOWN OF NOLENSVILLE, TENNESSEE**

Schedule of Disposition of Prior Year Comments

June 30, 2017

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
1998-001	Separation of Duties	Repeated

The original finding number was 1998-001. The current finding number is 2017-001.