

**TOWN OF EASTVIEW,
TENNESSEE**

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

**TOWN OF EASTVIEW, TENNESSEE
ANNUAL FINANCIAL REPORT
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YEAR ENDED JUNE 30, 2023**

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TOWN OF EASTVIEW, TENNESSEE
ROSTER OF PUBLICLY ELECTED AND MANAGEMENT OFFICIALS
JUNE 30, 2023

PUBLICLY ELECTED OFFICIALS

Elvis Butler	Mayor
Chase Koehler	Vice Mayor
Jackie Suggs	Alderman
Jeff Coln	Alderman
Jarrold Luke Robbins	Alderman
Jeff Walker	Alderman

MANAGEMENT OFFICIALS

Debbie Sanders	City Recorder CMFO designee
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Independent Auditor's Report

The Mayor and Board of Aldermen
Town of Eastview
Eastview, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Eastview, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Eastview, Tennessee, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Industrial Park Fund, and State Street Aid Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 – 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Eastview, Tennessee's basic financial statements. The supplemental information (pages 37 – 38) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2024, on our consideration of the Town of Eastview, 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 the Town of Eastview, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Eastview, Tennessee's internal control over financial reporting and compliance.

 Y. Adwin : Associates, PLLC

February 19, 2024

**TOWN OF EASTVIEW, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

As management of the Town of Eastview, Tennessee, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Eastview, Tennessee, for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

Financial Highlights

- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,377,936 (*net position*). Of this amount, \$2,394,908 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens.
- The Town's total net position increased \$221,049 or 5.18%.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$1,978,267, an increase of \$129,351 or 7.0% in comparison with the prior year's total of \$1,848,917. Approximately, 78% of this amount (\$1,551,389) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$1,551,389.
- The Town had no deficit fund balances at year end.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town of Eastview's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplemental information intended to furnish additional detail to support 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 of Eastview's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 Town'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Eastview 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 (*business-type activities*). The governmental activities of the Town include general government, public safety, and public works. The business-type activities of the Town include a Water Authority.

The government-wide financial statements can be found on pages 12 – 13 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 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. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are 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 spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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 *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 three 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 for the general fund, the state street aid fund, and the industrial park fund, which are considered to be major funds. The Town has no nonmajor funds.

The Town adopts an annual appropriated budget for its general, state street aid, and industrial park funds. A budgetary comparison statement has been provided for the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 – 20 of this report.

Proprietary Funds. The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its Water Systems.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water System, which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found on pages 21 – 24 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 36 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents supplemental information that can be found on pages 37 – 38.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$4,377,936 at the close of the fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,986,543	\$ 1,849,890	\$ 911,597	\$ 814,373	\$ 2,898,140	\$ 2,664,263
Capital Assets	836,459	767,868	726,890	793,477	1,563,349	1,561,345
Total Assets	2,823,002	2,617,758	1,638,487	1,607,850	4,461,489	4,225,608
Deferred Outflows of Resources	-	-	-	-	-	-
Current liabilities	8,276	973	75,277	67,747	83,553	68,720
Long-term liabilities	-	-	-	-	-	-
Total Liabilities	8,276	973	75,277	67,747	83,553	68,720
Deferred Inflows of Resources	-	-	-	-	-	-
Net Position:						
Investment in capital assets	836,459	767,868	726,890	793,477	1,563,349	1,561,345
Restricted	419,679	392,843	-	-	419,679	392,843
Unrestricted	1,558,588	1,456,074	836,320	746,626	2,394,908	2,202,700
Total Net Position	\$ 2,814,726	\$ 2,616,785	\$ 1,563,210	\$ 1,540,103	\$ 4,377,936	\$ 4,156,888

By far, the largest portion of the Town's net position (36%) reflects its investment in capital assets (land, buildings, machinery, equipment, and vehicles). The Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

An additional portion of the Town's net position (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,394,908 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental activities and business-type activities. The same situation held true for the prior fiscal year.

The Town's overall net position increased by \$221,049 from the prior fiscal year, which is an increase of 5%. Total assets and liabilities increased during the current fiscal. The reasons for these changes are discussed in the following section for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$197,941 from the prior fiscal year for an ending balance of \$2,814,726. The revenues for the Town's governmental activities increased by 9% (\$38,527), while total expenses decreased by 14% (\$46,985).

Business-type Activities. For the Town's business-type activities, in the current fiscal year the overall net position increased to reach an ending balance of \$1,563,210. The total increase in net position for business-type activities (water) was \$23,108 or 1.5% from the prior fiscal year.

The following schedule presents a summary of the Town's operations for the fiscal year ended June 30, 2023 with comparative totals for year ended June 30, 2022.

TOWN OF EASTVIEW'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		TOTAL	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Fees, fines and charges for services	\$ -	\$ -	\$ 330,690	\$ 324,417	\$ 330,690	\$ 324,417
Operating grants and contributions	185,357	159,389	-	-	185,357	159,389
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Sales taxes	256,729	267,004	-	-	256,729	267,004
Rent	2,430	1,305	-	-	2,430	1,305
Insurance recovery	7,214	-	-	2,444	7,214	2,444
Miscellaneous	500	1,262	-	-	500	1,262
Investment earnings	20,997	9,366	15,655	22,773	36,652	32,139
Sale of supplies	3,625	-	-	-	3,625	-
Total revenues	<u>476,852</u>	<u>438,326</u>	<u>346,345</u>	<u>349,634</u>	<u>823,197</u>	<u>787,960</u>
Expenses:						
General government	157,702	86,553	-	-	157,702	86,553
Public safety	101,192	101,874	-	-	101,192	101,874
Public works	20,017	137,469	-	-	20,017	137,469
Water	-	-	323,237	313,928	323,237	313,928
Total expenses	<u>278,911</u>	<u>325,896</u>	<u>323,237</u>	<u>313,928</u>	<u>602,148</u>	<u>639,824</u>
Increase (decrease) in net position	197,941	112,430	23,108	35,706	221,049	148,136
Net position - beginning, original	<u>2,616,785</u>	<u>2,506,799</u>	<u>1,540,102</u>	<u>1,548,702</u>	<u>4,156,887</u>	<u>4,055,501</u>
Prior period adjustment	-	(2,444)	-	(44,305)	-	(46,749)
Net position - beginning, restated	<u>2,616,785</u>	<u>2,504,355</u>	<u>1,540,102</u>	<u>1,504,397</u>	<u>4,156,887</u>	<u>4,008,752</u>
Net position at end of year	<u>\$ 2,814,726</u>	<u>\$ 2,619,229</u>	<u>\$ 1,563,210</u>	<u>\$ 1,584,408</u>	<u>\$ 4,377,936</u>	<u>\$ 4,203,637</u>

Financial Analysis of Governmental Funds

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 spendable resources. 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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town's Board.

At June 30, 2023, the Town's governmental funds reported combined fund balances of \$1,978,267, a 7% increase in comparison with the prior year. Approximately, 78% of this amount (\$1,551,389) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is 1) not in spendable form (\$7,199) or 2) restricted for particular purposes (\$419,679).

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 \$1,551,389, while total fund balance increased to \$1,558,588. 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 general fund expenditures.

The fund balance of the Town's general fund increased \$102,515 during the current fiscal year.

The Industrial Park fund, a major fund, had a \$5,381 increase in fund balance during the current fiscal year.

The State Street Aid fund, a major fund, had a \$21,455 increase in fund balance during the current fiscal year.

The following schedule presents a summary of the general fund and special revenues fund's revenues and expenses for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	June 30, 2023	Percent of Total	Increase (Decrease) from June 30, 2022
Taxes	\$ 119,205	25.00%	\$ (9,819)
Intergovernmental	320,043	67.12%	25,512
Other revenues	37,604	7.89%	22,835
Total Revenues	\$ 476,852	100.00%	\$ 38,528

Expenditures	June 30, 2023	Percent of Total	Increase (Decrease) from June 30, 2022
General government	\$ 136,538	39.29%	\$ 57,215
Public Safety	28,473	8.19%	(1,094)
Public Works	7,990	2.30%	(117,452)
Capital Outlay	174,500	50.22%	160,080
Total Expenditures	\$ 347,501	100.00%	\$ 98,749

Revenues increased in the current year. Taxes and intergovernmental revenues decreased during the current year. Other revenues increased during the current year due to greater amount of interest earned.

Expenses increased in the current year. Public safety decreased in the current year. Capital outlay increased during the current year.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Department at the end of the year was \$836,320. The increase in net position for the fund was \$23,108.

General Fund Budgetary Highlights

Original budget compared to final budget. The Town amended the budget once in the current year.

Actual expenditures were within the appropriation amount.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$1,563,349 (net of accumulated depreciation). This investment in capital assets includes buildings, parks facilities, a water treatment plant and various other equipment.

Additional information on the Town's capital assets can be found in Note 3.C. on page 35 of this report.

Debt

At year-end, the Town had no outstanding long-term debt.

Economic Factors. In the 2023-2023 budget, General Fund revenues are budgeted to approximate from the 2022-2023 budget year primarily due to increases in utility user charges and increases in state shared revenues. All of these factors were considered in preparing the Town's budget for the 2023-2024 fiscal year.

Requests of Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town of Eastview, 199 Hwy West, Ramer, Tennessee 38367.

Debbie Sanders
Town Recorder

TOWN OF EASTVIEW, TENNESSEE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 694,441	\$ 571,317	\$ 1,265,758
Investments	1,227,565	295,080	1,522,645
Receivables:			
Accounts receivable	-	38,177	38,177
Interest receivables	10,102	4,229	14,331
Prepaid expenses	7,199	2,794	9,993
Due from other governments	47,236	-	47,236
Capital assets (net of accumulated depreciation):			
Nondepreciable	12,850	2,000	14,850
Depreciable	823,609	724,890	1,548,499
Total assets	<u>2,823,002</u>	<u>1,638,487</u>	<u>4,461,489</u>
LIABILITIES			
Accounts payable	7,500	16,018	23,518
Accrued expenses	776	4,378	5,154
Customer deposits	-	54,881	54,881
Total liabilities	<u>8,276</u>	<u>75,277</u>	<u>83,553</u>
NET POSITION			
Investment in capital assets	836,459	726,890	1,563,349
Restricted for:			
Industrial park	353,531	-	353,531
State street aid	66,148	-	66,148
Unrestricted	1,558,588	836,320	2,394,908
Total net position	<u>\$ 2,814,726</u>	<u>\$ 1,563,210</u>	<u>\$ 4,377,936</u>

**TOWN OF EASTVIEW, TENNESSEE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Program Activities	Expenses	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General Government	\$ 157,702	\$ -	\$ 104,888	\$ -	\$ (52,814)	\$ -	\$ (52,814)
Public Safety	101,192	-	53,963	-	(47,229)	-	(47,229)
Public Works	20,017	-	26,506	-	6,490	-	6,490
Total governmental activities	278,911	-	185,357	-	(93,553)	-	(93,553)
Business-type activities:							
Water Fund	323,237	330,690	-	-	-	7,453	7,453
Total business-type activities	323,237	330,690	-	-	-	7,453	7,453
Total government	\$ 602,148	\$ 330,690	\$ 185,357	\$ -	(93,553)	7,453	(86,100)
General revenues:							
Sales and use taxes					256,729	-	256,729
Rent					2,430	-	2,430
Miscellaneous					500	-	500
Insurance recovery					7,214	-	7,214
Investment earnings					20,996	15,655	36,651
Sale of supplies					3,625	-	3,625
Total general revenues					291,494	15,655	307,149
Change in net position					197,941	23,108	221,049
Net position - beginning, original					2,616,785	1,540,102	4,156,887
Net position - ending					\$ 2,814,726	\$ 1,563,210	\$ 4,377,936

**TOWN OF EASTVIEW, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Industrial Park</u>	<u>State Street Aid</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 613,215	\$ 19,843	\$ 61,383	\$ 694,441
Investments	898,546	329,019	-	1,227,565
Prepaid insurance	7,199	-	-	7,199
Interest receivable	5,433	4,669	-	10,102
Due from other governments	42,471	-	4,765	47,236
TOTAL ASSETS	<u>\$ 1,566,864</u>	<u>\$ 353,531</u>	<u>\$ 66,148</u>	<u>\$ 1,986,543</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued expenses	\$ 8,276	\$ -	\$ -	\$ 8,276
TOTAL LIABILITIES	<u>8,276</u>	<u>-</u>	<u>-</u>	<u>8,276</u>
FUND BALANCE				
Nonspendable				
Prepaid items	7,199	-	-	7,199
Restricted				
Industrial Park Fund	-	353,531	-	353,531
State Street Aid Fund	-	-	66,148	66,148
Unassigned	1,551,389	-	-	1,551,389
TOTAL FUND BALANCES	<u>1,558,588</u>	<u>353,531</u>	<u>66,148</u>	<u>1,978,267</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,566,864</u>	<u>\$ 353,531</u>	<u>\$ 66,148</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

836,459

Net position of governmental activities

\$ 2,814,726

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

TOWN OF EASTVIEW, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Industrial Park</u>	<u>State Street Aid</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 119,205	\$ -	\$ -	\$ 119,205
Intergovernmental revenues	292,139	-	27,904	320,043
Other revenues	30,682	5,381	1,541	37,604
Total revenues	<u>442,026</u>	<u>5,381</u>	<u>29,445</u>	<u>476,852</u>
Expenditures				
Current:				
General government	136,538	-	-	136,538
Public safety	28,473	-	-	28,473
Public works	-	-	7,990	7,990
Capital outlay	174,500	-	-	174,500
Total expenditures	<u>339,511</u>	<u>-</u>	<u>7,990</u>	<u>347,501</u>
Excess of Revenues over (under) Expenditures	<u>102,515</u>	<u>5,381</u>	<u>21,455</u>	<u>129,351</u>
Net Change in Fund Balances	<u>102,515</u>	<u>5,381</u>	<u>21,455</u>	<u>129,351</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>1,456,073</u>	<u>348,150</u>	<u>44,693</u>	<u>1,848,916</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,558,588</u>	<u>\$ 353,531</u>	<u>\$ 66,148</u>	<u>\$ 1,978,267</u>

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

TOWN OF EASTVIEW, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$ 129,351
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded for the current period.	174,500
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in government funds.	<div style="border-top: 1px solid black;">(105,909)</div>
Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 197,942</div>

TOWN OF EASTVIEW, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes				
Local sales tax	\$ 110,000	\$ 110,000	\$ 119,205	\$ 9,205
Total Taxes	<u>110,000</u>	<u>110,000</u>	<u>119,205</u>	<u>9,205</u>
Intergovernmental				
ARP Funds Grant	-	-	104,888	104,888
State of Tennessee				
- Firefighter Grant	-	-	51,125	51,125
- Beer tax allocation	580	580	748	168
- Sportsbetting	-	-	1,548	1,548
- Sales tax allocation	70,000	70,000	90,776	20,776
- TVA payments in lieu of taxes	6,000	6,000	9,174	3,174
- Wholesale beer tax	25,000	25,000	33,880	8,880
Total Intergovernmental Revenues	<u>101,580</u>	<u>101,580</u>	<u>292,139</u>	<u>190,559</u>
Other revenues				
Fire dept	6,800	6,800	2,838	(3,962)
Rent	9,005	9,005	2,430	(6,575)
Interest	7,500	7,500	14,075	6,575
Miscellaneous	900	900	500	(400)
Insurance Recoveries	-	-	7,214	7,214
Sale of Supplies	-	-	3,625	3,625
Total Other Revenues	<u>24,205</u>	<u>24,205</u>	<u>30,682</u>	<u>6,477</u>
TOTAL REVENUES	<u>235,785</u>	<u>235,785</u>	<u>442,026</u>	<u>206,241</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Salaries	40,000	55,500	50,089	5,411
Payroll taxes	10,000	14,200	3,927	10,273
Legal fee	3,000	3,000	1,260	1,740
Audit	7,000	7,650	7,650	-
Computer program	8,000	10,000	9,359	641
Repair and maintenance	30,000	51,000	20,575	30,425
Office supplies	1,000	1,000	778	222
Insurance and bonds	13,000	14,500	4,802	9,698
Miscellaneous	13,000	30,500	28,346	2,154
Training	500	500	50	450
Utilities	10,000	11,000	9,702	1,298
Capital outlay	-	-	29,500	(29,500)
Total General Government	<u>135,500</u>	<u>198,850</u>	<u>166,038</u>	<u>32,812</u>

**TOWN OF EASTVIEW, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (cont.)
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
PUBLIC SAFETY				
Fire Department				
Utilities	5,000	8,000	5,441	2,559
Repair and maintenance	30,000	22,000	16,623	5,377
Insurance and bonds	5,000	10,000	6,409	3,591
Capital outlay	-	196,125	145,000	51,125
TOTAL PUBLIC SAFETY	<u>40,000</u>	<u>236,125</u>	<u>173,473</u>	<u>62,652</u>
 PUBLIC WORKS				
Highways and Streets				
Repair and maintenance	50,000	50,000	-	50,000
TOTAL PUBLIC WORKS	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
 TOTAL EXPENDITURES	<u>225,500</u>	<u>484,975</u>	<u>339,511</u>	<u>145,464</u>
 Excess of revenues over expenditures	<u>10,285</u>	<u>(249,190)</u>	<u>102,515</u>	<u>351,705</u>
 Fund Balances - Beginning of Year	<u>1,456,073</u>	<u>1,456,073</u>	<u>1,456,073</u>	<u>-</u>
 Fund Balances - End of Year	<u><u>\$ 1,466,358</u></u>	<u><u>\$ 1,206,883</u></u>	<u><u>\$ 1,558,588</u></u>	<u><u>\$ 351,705</u></u>

TOWN OF EASTVIEW, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL- INDUSTRIAL PARK FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Interest income	\$ 1,000	\$ 1,000	\$ 5,381	\$ 4,381
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>5,381</u>	<u>4,381</u>
EXPENDITURES				
Miscellaneous	1,000	1,000	-	1,000
TOTAL EXPENDITURES	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>5,381</u>	<u>5,381</u>
FUND BALANCE - BEGINNING OF YEAR	<u>348,150</u>	<u>348,150</u>	<u>348,150</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 348,150</u>	<u>\$ 348,150</u>	<u>\$ 353,531</u>	<u>\$ 5,381</u>

TOWN OF EASTVIEW, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-STATE STREET AID FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental revenues:				
Gasoline and motor fuel tax	\$ 12,360	\$ 12,360	\$ 13,596	\$ 1,236
Gas 3 cent	3,090	3,090	3,929	839
Gas 1989	1,957	1,957	2,128	171
2017 gas tax	4,635	4,635	6,853	2,218
Petroleum special tax	1,236	1,236	1,398	162
Interest	100	100	1,541	1,441
TOTAL REVENUES	<u>23,378</u>	<u>23,378</u>	<u>29,445</u>	<u>6,067</u>
EXPENDITURES				
Traffic lights	1,236	1,236	897	339
Street lights	8,034	8,034	7,093	941
Street repair	14,000	14,000	-	14,000
TOTAL EXPENDITURES	<u>23,270</u>	<u>23,270</u>	<u>7,990</u>	<u>15,280</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	<u>108</u>	<u>108</u>	<u>21,455</u>	<u>21,347</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>44,693</u>	<u>44,693</u>	<u>44,693</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 44,801</u>	<u>\$ 44,801</u>	<u>\$ 66,148</u>	<u>\$ 21,347</u>

**TOWN OF EASTVIEW, TENNESSEE
WATER SYSTEMS
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 571,317
Certificates of deposit	295,080
Accounts receivable, net of doubtful accounts	38,177
Prepaid insurance	2,794
Interest receivables	<u>4,229</u>

TOTAL CURRENT ASSETS	<u>911,597</u>
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CAPITAL ASSETS

Water plant improvements	1,958,172
Land	2,000
Office equipment	15,578
Software	1,903
Equipment	97,965
Vehicles	39,728
Less Accumulated Depreciation	<u>(1,388,456)</u>

TOTAL CAPITAL ASSETS	<u>726,890</u>
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TOTAL ASSETS	<u>1,638,487</u>
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**TOWN OF EASTVIEW, TENNESSEE
WATER SYSTEMS
STATEMENT OF NET POSITION
JUNE 30, 2023**

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

(Payable from Current Assets)

Accrued expenses	\$ 4,378
Accounts payable	16,018
Customer deposits	<u>54,881</u>
TOTAL CURRENT LIABILITIES	<u><u>75,277</u></u>

TOTAL LIABILITIES	<u><u>75,277</u></u>
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NET POSITION

Investment in capital assets	726,890
Unrestricted	<u>836,320</u>

TOTAL NET POSITION	<u><u>\$ 1,563,210</u></u>
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**TOWN OF EASTVIEW, TENNESSEE
WATER SYSTEMS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES

Charges for services

Water sales	\$ 316,019
Tap fees	6,000
Reconnection fees	950
Penalties	6,947
Multiple use	774
TOTAL OPERATING REVENUES	<u>330,690</u>

OPERATING EXPENSES

Water purchases	128,402
Salaries	59,004
Payroll taxes	4,613
Contract labor	8,744
Bank and accounting fees	108
Billing expense	4,883
Utilities	8,251
Software support	7,019
Repairs and maintenance	10,543
Small tools and supplies	140
Professional services	14,244
Vehicle repair expense	1,290
Fuel expense	2,091
Office expense	206
Insurance	7,113
Depreciation	66,586
TOTAL OPERATING EXPENSES	<u>323,237</u>

OPERATING INCOME (LOSS)	<u>7,453</u>
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NONOPERATING REVENUES (EXPENSES)

Interest income	<u>15,655</u>
NET NONOPERATING REVENUES (EXPENSES)	<u>15,655</u>

CHANGE IN NET POSITION	23,108
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NET POSITION AT BEGINNING OF YEAR	<u>1,540,103</u>
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NET POSITION AT END OF YEAR	<u><u>\$ 1,563,211</u></u>
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**TOWN OF EASTVIEW, TENNESSEE
WATER SYSTEMS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 332,861
Cash payments to suppliers for goods and services	(186,145)
Cash payments to employees for services	<u>(62,899)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>83,817</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Insurance recovery	<u>-</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on cash and investments	14,767
Reinvested in certificates of deposits	<u>(1,790)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>12,977</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

96,794

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

474,523

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 571,317

**RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 7,453
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:	
Depreciation and amortization	66,586
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	2,171
(Increase) decrease in prepaid insurance	77
Increase (decrease) in accrued liabilities	718
Increase (decrease) in accounts payable	4,730
Increase (decrease) in customer deposits	<u>2,082</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 83,817</u></u>

TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

1. B. REPORTING ENTITY

The Town of Eastview (government) is a municipal corporation governed by an elected mayor and five-member governing council (council). The accompanying financial statements present the government. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that is legally separate from the government. Currently, the Town has no blended or discretely presented component units.

1. C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

The effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

1. D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The fund financial statements provided information about the government's funds. Separate statements for each fund category – governmental, and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

The *industrial park fund* accounts for the resources accumulated and payments made for administering loans made to industries.

The *state street aid fund* accounts for the State gas tax revenue and the expenditures legally restricted to street maintenance.

The government reports the following major enterprise funds:

The *water fund* accounts for the activities associated with the water distribution system.

The Town has no nonmajor funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

1.E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*.

TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

1.F. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, industrial park fund, and state street aid fund.

**TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

The Town adopts its budget in accordance with the State's legal requirement which is the level of classification detail at which expenditures may not legally exceed appropriations.

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

- Prior to May 1, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- The proposed budget is published in the local newspaper with invitations for the public to attend the budget hearings.
- Prior to July 1, the budget is legally adopted by the Mayor and Board of Aldermen through adoption of the appropriation ordinance upon two readings.
- The Mayor is responsible for controlling expenditures of the various agencies of the Town government within the appropriated amounts. No expenditures shall be made in excess of the appropriations.

Budgeted amounts are shown as originally adopted and after final amendments by the Board of Aldermen. Budget appropriations lapse at year end. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, of the all funds are presented as fund financial statements.

**1.G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES,
AND NET POSITION/FUND BALANCE**

Cash and Cash Equivalents

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

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. The Town has no items that qualify for reporting in this category.

TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Inventories and Prepaid Expense

Inventories of office materials and supplies of all funds of the Town were deemed to be immaterial and were not inventoried or reflected in the records.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost in excess of \$500 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of some assets. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives in years: Buildings 10-40, Equipment 10-17, Vehicles 5-7, and Water distribution system 10-40.

Deferred outflows/inflows of revenues

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources

TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(expense/expenditure) until then. The Town has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *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 Town has no items that qualify for reporting in this category.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) 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 government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of restricted or investment in capital assets.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by the formal action of the government's highest level of decision-making authority. The board of aldermen is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used for the government for specific purposes but do not meet the criteria to be classified as committed. The board of aldermen (board) has by resolution authorized the mayor to assign fund balance. The board of aldermen may also assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to remove or revise a commitment.

1.H. REVENUES AND EXPENDITURES/ EXPENSES

Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for sales and services. The water funds also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Sales Tax

McNairy County presently levies a two and one-fourth percent sales tax on taxable sales within the County, of which the Town receives one half of the collected amount through the statutory formula indicated in *Tennessee Code Annotated*. The sales tax is collected by the Tennessee Department of Revenue and remitted to the Town in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the General Fund. Sales tax remitted to the Town in July and August has been accrued and is included under the caption "Due from other governments."

Expenditures/ Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, governmental funds expenditures are classified by character such as current (further classified by function), capital outlay, and debt service. In the fund financial statements, governmental funds report expenditures of financial resources.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the Town is subject to various federal, state, and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

**TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

2.A. DEPOSITS AND INVESTMENTS – LAWS AND REGULATIONS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Tennessee or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. The Town has no policy regarding custodial credit risk for deposits.

The Town's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts. Collateral is required for demand deposits, certificates of deposits, and repurchase agreements at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its subdivisions. The Town has no policy that further limits allowable investments.

2.B. REVENUE RESTRICTIONS

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Gasoline Excise Tax	Street Purposes
Grants	Grant Program Expenditures

2.C. FUND EQUITY RESTRICTIONS

Deficit Prohibition

The State of Tennessee discourages the creation of a deficit fund balance in any individual fund. The Town complied with this guideline in all material respects at year end.

2.D. BUDGETARY INFORMATION

Tennessee statutes prohibit expenses in excess of budget appropriations. The Town was in compliance with this statute at year end in all funds.

TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits

Custodial credit risk deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The Town's deposits at year-end were exposed to custodial credit risk due to not being entirely covered by federal depository insurance and pledged collateral.

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable. Receivables detail at June 30, 2023, is as follows:

	<u>Business-type Activities</u>
Accounts receivable	\$ 48,177
Allowance for doubtful accounts	<u>(10,000)</u>
Net accounts receivable	<u><u>\$ 38,177</u></u>

TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

3.C. CAPITAL ASSETS

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

	Balance 7/1/22	Additions/ Completions	Retirements/ Adjustments	Balance 6/30/23
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 19,900	\$ -	\$ 7,050	\$ 12,850
Total Capital assets not being depreciated	19,900	-	7,050	12,850
Capital assets being depreciated				
Buildings	396,471	-	-	396,471
Furniture and Equipment	1,110,309	145,000	-	1,255,309
Improvements	220,149	36,550	-	256,699
Roads	481,066	-	-	481,066
Total Capital assets being depreciated	2,207,995	181,550	-	2,389,545
Less accumulated depreciation for:				
Buildings	(229,053)	(7,444)	-	(236,497)
Furniture and Equipment	(956,836)	(75,074)	-	(1,031,910)
Improvements	(186,811)	(11,364)	-	(198,175)
Roads	(87,327)	(12,027)	-	(99,354)
Total accumulated depreciation	(1,460,027)	(105,909)	-	(1,565,936)
Total capital assets, being depreciated, net	747,968	75,641	-	823,609
Governmental activities capital assets, net	\$ 767,868	\$ 75,641	\$ 7,050	\$ 836,459
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Total Capital assets not being depreciated	2,000	-	-	2,000
Capital assets being depreciated				
Office equipment	15,578	-	-	15,578
Other equipment	97,965	-	-	97,965
Software	1,903	-	-	1,903
Vehicles	39,728	-	-	39,728
Water plant improvements	1,958,172	-	-	1,958,172
Total Capital assets being depreciated	2,113,346	-	-	2,113,346
Less accumulated depreciation for:				
Office equipment	(14,330)	(582)	-	(14,912)
Other equipment	(88,506)	(2,415)	-	(90,921)
Software	(1,903)	-	-	(1,903)
Vehicles	(32,436)	(5,148)	-	(37,584)
Water plant improvements	(1,184,694)	(58,442)	-	(1,243,136)
Total accumulated depreciation	(1,321,869)	(66,587)	-	(1,388,456)
Total capital assets, being depreciated, net	791,477	(66,587)	-	724,890
Business-type activities capital assets, net	\$ 793,477	\$ (66,587)	\$ -	\$ 726,890

Depreciation expense was charged to governmental activities as follows:

Governmental Function	
General government	\$ 21,163
Public safety	72,719
Public works	12,027
Total depreciation expense	<u>\$ 105,909</u>

**TOWN OF EASTVIEW, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

3.D. ACCRUED LIABILITIES

Accrued liabilities reported by the governmental and business type funds at June 30, 2023, includes payroll taxes due.

3.E. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is carried for employees bonds and certain property destruction and employee health and accident claims. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

3.F. FUND BALANCE

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following.

1. *Nonspendable* fund balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. *Restricted* fund balance – includes amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
3. *Committed* fund balance – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal ordinance of the Board of Aldermen (the government's highest level of decision-making authority and shall remain binding unless removed in the same manner.
4. *Assigned* fund balance – includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The Board of Aldermen makes assignments.
5. *Unassigned* fund balance – the residual classification of the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general and state street aid funds.

TOWN OF EASTVIEW, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
JUNE 30, 2023

Inside City Limits

0 - 2,000 gallons	\$	14.10	minimum bill
Over 2,000 gallons	\$	6.19	per thousand

Outside City Limits

0 - 2,000 gallons	\$	15.10	minimum bill
Over 2,000 gallons	\$	6.19	per thousand

Number of Customers

827

TOWN OF EASTVIEW TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Contract Number	Expenditures
<u>FEDERAL AWARDS</u>			
American Rescue Plan Grant	21.027	N/A	\$ 104,888
TOTAL FEDERAL AWARDS			<u>104,888</u>
<u>STATE AWARDS</u>			
Volunteer Firefighter Equipment & Training Grant Program	N/A	N/A	<u>51,125</u>
TOTAL STATE AWARDS			<u>51,125</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 156,013</u>

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the Town of Eastview under programs of the federal and state governments for the year ended June 30, 2023. The schedule is presented under the modified accrual basis of accounting.

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



**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 Eastview, Tennessee

We 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, the business-type activities, and each major fund of the Town of Eastview, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of 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, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

2023 – 001 INADEQUATE SEGREGATION OF DUTIES

Condition: There is not sufficient segregation of duties to accomplish an adequate internal control structure. This was a finding in the prior year.

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

Cause: Lack of accounting staff.

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

Recommendation: Management should try to compensate for this by requiring preparation of monthly reports in key areas. These reports should be reviewed and maintained by management.

Management's Response: The Board will review monthly reports for all funds and departments.

Report on Compliance and Other Matters

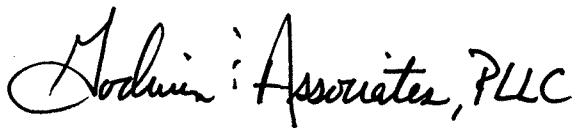
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 did not disclose an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Town of Eastview's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described above. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Modine & Associates, PLLC". The signature is written in a cursive, flowing style.

February 19, 2024

TOWN OF EASTVIEW, TENNESSEE
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Financial Statement Findings

Finding Number	Finding Title	Status
2022-001	Inadequate segregation of duties (original finding #2002-001)	Repeated/ 2023-001
2022-002	Uninsured and Uncollateralized Deposits (original finding #2002-002)	Corrected

Town of Eastview
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MANAGEMENT'S CORRECTIVE ACTION PLAN

2023 - 001 INADEQUATE SEGREGATION OF DUTIES

Responsible party

Mrs. Debbie Sanders, Town Recorder and Mr. Elvis Butler, Mayor

Corrective action planned

The Board of Aldermen will continue to monitor and make changes where possible.

Anticipated completion date

6/30/2024

A handwritten signature in black ink, appearing to read "Elvis Butler", written over a horizontal line.

Elvis Butler, Mayor

A handwritten signature in black ink, appearing to read "Debbie Sanders", written over a horizontal line.

Debbie Sanders, Town Recorder