

TOWN OF JASPER, TENNESSEE

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

**JOHNSON, MURPHEY & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA, TENNESSEE**

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TOWN OF JASPER, TENNESSEE
Town Officials
June 30, 2019

Mayor Paul Wayne Evans

Vice Mayor..... Paul West

Alderman..... Mac Bumpus

Alderman..... Josh Jennings

Alderman..... Jason Turner

Town Recorder/CMFO Paula Turney

II. FINANCIAL SECTION



Certified Public
Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute
of Certified
Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Karen Hutcherson, CPA

Marianne Greene, CPA

Jennifer Waycaster, CPA

INDEPENDENT AUDITOR'S REPORT

Mayor and Aldermen
Town of Jasper, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Jasper, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jasper, Tennessee, as of June 30, 2019, and, the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jasper, Tennessee's basic financial statements. The Introductory Section, non-major governmental fund financial statements, financial schedules and Management's Corrective Action Plan are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The non-major governmental fund financial statements and financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major governmental fund financial statements and financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Management's Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2020, on our consideration of the Town of Jasper, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jasper, Tennessee's internal control over financial reporting and compliance.

Johnson, Murphy & Wright, P.C.

Chattanooga, Tennessee
March 4, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Jasper, Tennessee, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Jasper, Tennessee for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the Town of Jasper, Tennessee exceeded its liabilities and deferred inflows at June 30, 2019, by \$15,867,608 (net position). Of this amount \$5,001,998 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town has restricted \$29,903 for drug enforcement programs and \$121,786 for state street aid expenditures.

The Town's governmental activities operated at a surplus of \$374,334. The Town's business-type activities operated at a surplus of \$689,057.

As of the close of the current fiscal year, the Town of Jasper, Tennessee's governmental funds reported combined ending fund balances of \$1,643,704.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,492,015, or 75.14%, of total General Fund expenditures.

At the end of the current fiscal year, the Town's enterprise funds reported combined ending net position of \$12,447,970. Of that balance \$3,515,805, or 28.24%, is unrestricted. The remaining 71.76%, or \$8,932,165, is invested in capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction of the Town of Jasper, Tennessee's basic financial statements. The Town of Jasper, Tennessee's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements, and (3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Town of Jasper, Tennessee's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town of Jasper, Tennessee's assets, deferred outflows, liabilities and deferred inflows, 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 of Jasper, Tennessee 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 taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Jasper, Tennessee 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 of Jasper, Tennessee include general government, public safety made up of the police, fire and animal shelter departments, public works, and public welfare and recreation made up of the library and recreation departments. The business-type activities of the Town of Jasper, Tennessee include the Sanitation Fund, the Water Works Fund and the Waste Water Fund.

The government-wide financial statements can be found on pages 16 and 17 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 of Jasper, Tennessee, 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 of Jasper, Tennessee 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 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 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 governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The Town of Jasper, Tennessee 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 which is considered to be a major fund. Individual fund data for the non-major governmental funds is provided in the statements later in this report beginning on page 51.

The Town of Jasper, Tennessee adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major governmental fund, which is the General Fund to demonstrate compliance with this budget, as well as for non-major funds. The budgetary comparison statement for the major General Fund can be found beginning on page 22 of this report. The budgetary comparison statements for the non-major funds can be found beginning on page 53 of this report.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary Funds

The Town of Jasper, Tennessee maintains one type of proprietary fund: enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Jasper, Tennessee uses enterprise funds to account for its sanitation, water works and waste water operations. The Town adopts an annual budget for its enterprise funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Sanitation Fund, Water Works Fund and Waste Water Fund, which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages 29 through 31 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to 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 32 through 49 of this report.

Other Information

The statements referred to earlier in connection with non-major governmental funds can be found beginning on page 51.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**Net Position**

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 Jasper, Tennessee, assets and deferred outflows exceeded liabilities and deferred inflows by \$15,867,608 at the close of this fiscal year.

67.52 percent of the Town of Jasper, Tennessee's net position reflects its investment in capital assets (e.g., land, buildings and other improvements, infrastructure, plant in service and equipment), less any debt used to acquire those assets that is still outstanding. The Town of Jasper, Tennessee uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town of Jasper, Tennessee'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.

Approximately 0.96%, or \$151,689 of the Town of Jasper, Tennessee's net position represents resources that are subject to external restrictions on how they may be used. 31.52%, or \$5,001,998, in net position are unrestricted and can be used to meet the government's ongoing obligations.

At June 30, 2019, the Town of Jasper, Tennessee is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The table below provides a summary of the Town's net position broken down by governmental and business-type activities.

Town of Jasper, Tennessee's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Capital assets	\$ 1,781,756	\$ 1,714,978	\$ 11,028,031	\$ 10,485,336	\$ 12,809,787	\$ 12,200,314
Other assets	<u>2,343,191</u>	<u>2,918,593</u>	<u>4,047,131</u>	<u>4,437,691</u>	<u>6,390,322</u>	<u>7,356,284</u>
Total assets	<u>\$ 4,124,947</u>	<u>\$ 4,633,571</u>	<u>\$ 15,075,162</u>	<u>\$ 14,923,027</u>	<u>\$ 19,200,109</u>	<u>\$ 19,556,598</u>
Deferred outflows of resources	\$ -	\$ 533	\$ -	\$ 418	\$ -	\$ 951
Long-term liabilities	\$ 21,989	\$ 91,315	\$ 2,097,708	\$ 2,111,394	\$ 2,119,697	\$ 2,202,709
Other liabilities	<u>255,420</u>	<u>1,127,553</u>	<u>529,484</u>	<u>1,097,114</u>	<u>784,904</u>	<u>2,224,667</u>
Total liabilities	<u>\$ 277,409</u>	<u>\$ 1,218,868</u>	<u>\$ 2,627,192</u>	<u>\$ 3,208,508</u>	<u>\$ 2,904,601</u>	<u>\$ 4,427,376</u>
Deferred inflows of resources	<u>\$ 427,900</u>	<u>\$ 428,010</u>	<u>\$ -</u>	<u>\$ 1,658</u>	<u>\$ 427,900</u>	<u>\$ 429,668</u>
Net investment in capital assets	\$ 1,781,756	\$ 1,714,978	\$ 8,932,165	\$ 8,439,548	\$ 10,713,921	\$ 10,154,526
Restricted	151,689	139,163	-	-	151,689	139,163
Unrestricted	<u>1,486,193</u>	<u>1,133,085</u>	<u>3,515,805</u>	<u>3,273,731</u>	<u>5,001,998</u>	<u>4,406,816</u>
Total net position	<u>\$ 3,419,638</u>	<u>\$ 2,987,226</u>	<u>\$ 12,447,970</u>	<u>\$ 11,713,279</u>	<u>\$ 15,867,608</u>	<u>\$ 14,700,505</u>

Changes in Net Position

Governmental activities increased the Town of Jasper, Tennessee's net position by \$374,334.

Business-type activities increased the Town of Jasper, Tennessee's net position by \$689,057.

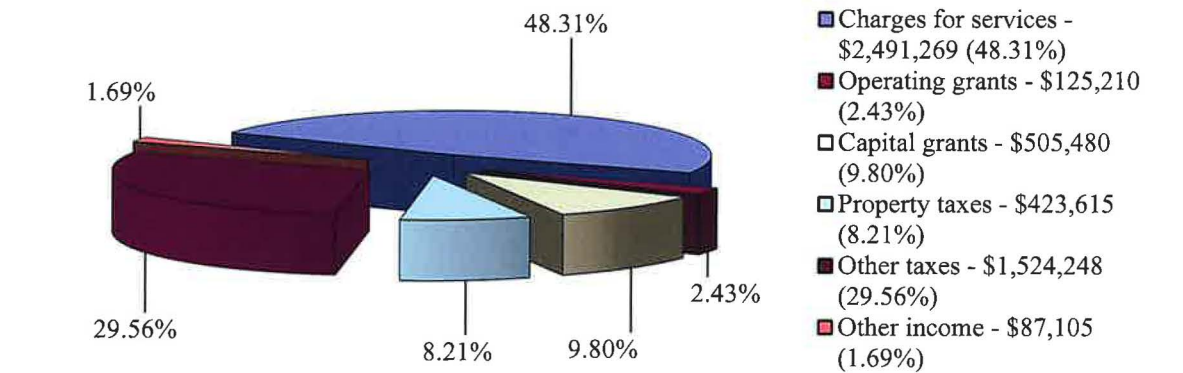
The table below provides a summary of the Town's net position broken down by governmental and business-type activities.

Town of Jasper, Tennessee's Changes in Net Position

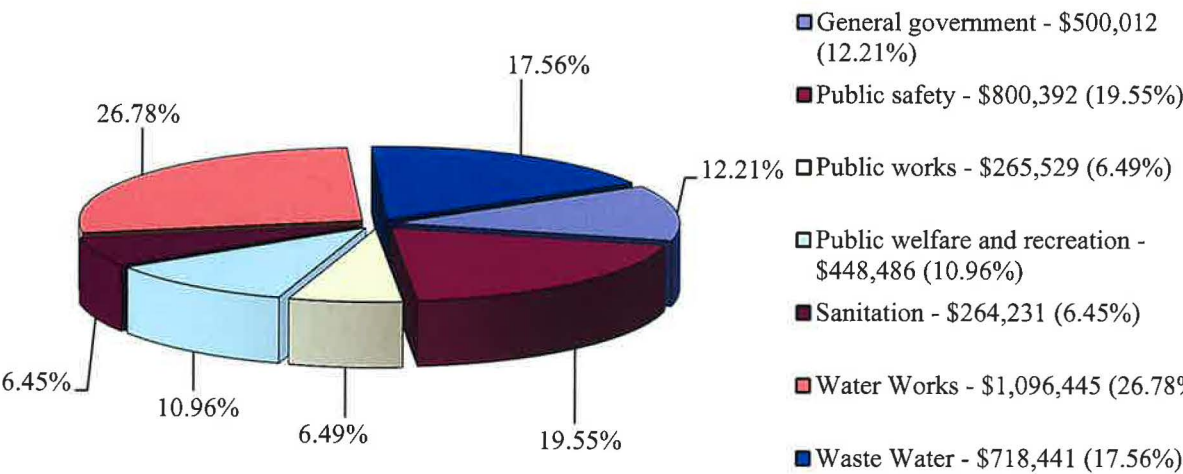
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 151,552	\$ 184,821	\$ 2,339,717	\$ 2,230,435	\$ 2,491,269	\$ 2,415,256
Operating grant and contributions	125,210	123,393	-	-	125,210	123,393
Capital grant and contributions	101,945	3,279	403,535	80,978	505,480	84,257
General revenues:						
Property taxes	423,615	426,857	-	-	423,615	426,857
Other taxes	1,524,248	1,405,009	-	-	1,524,248	1,405,009
Other income	62,183	54,639	24,922	10,637	87,105	65,276
Total revenues	<u>2,388,753</u>	<u>2,197,998</u>	<u>2,768,174</u>	<u>2,322,050</u>	<u>5,156,927</u>	<u>4,520,048</u>
Expenses:						
General government	500,012	528,162	-	-	500,012	528,162
Public safety	800,392	1,407,290	-	-	800,392	1,407,290
Public works	265,529	496,070	-	-	265,529	496,070
Public welfare and recreation	448,486	606,640	-	-	448,486	606,640
Sanitation	-	-	264,231	287,111	264,231	287,111
Water Works	-	-	1,096,445	1,134,003	1,096,445	1,134,003
Waste Water	-	-	718,441	735,540	718,441	735,540
Total expenses	<u>2,014,419</u>	<u>3,038,162</u>	<u>2,079,117</u>	<u>2,156,654</u>	<u>4,093,536</u>	<u>5,194,816</u>
Changes in net position	374,334	(840,164)	689,057	165,396	1,063,391	(674,768)
Net position - beginning (as restated)	<u>3,045,304</u>	<u>3,827,390</u>	<u>11,758,913</u>	<u>11,547,883</u>	<u>14,804,217</u>	<u>15,375,273</u>
Net position - end	<u>\$ 3,419,638</u>	<u>\$ 2,987,226</u>	<u>\$12,447,970</u>	<u>\$ 11,713,279</u>	<u>\$ 15,867,608</u>	<u>\$ 14,700,505</u>

The graphs below summarize the \$5,156,927 of town-wide revenue by source and the associated \$4,093,536 of expense by program. The graphs combine data from both governmental and business-type activities.

Town-Wide Sources of Revenue

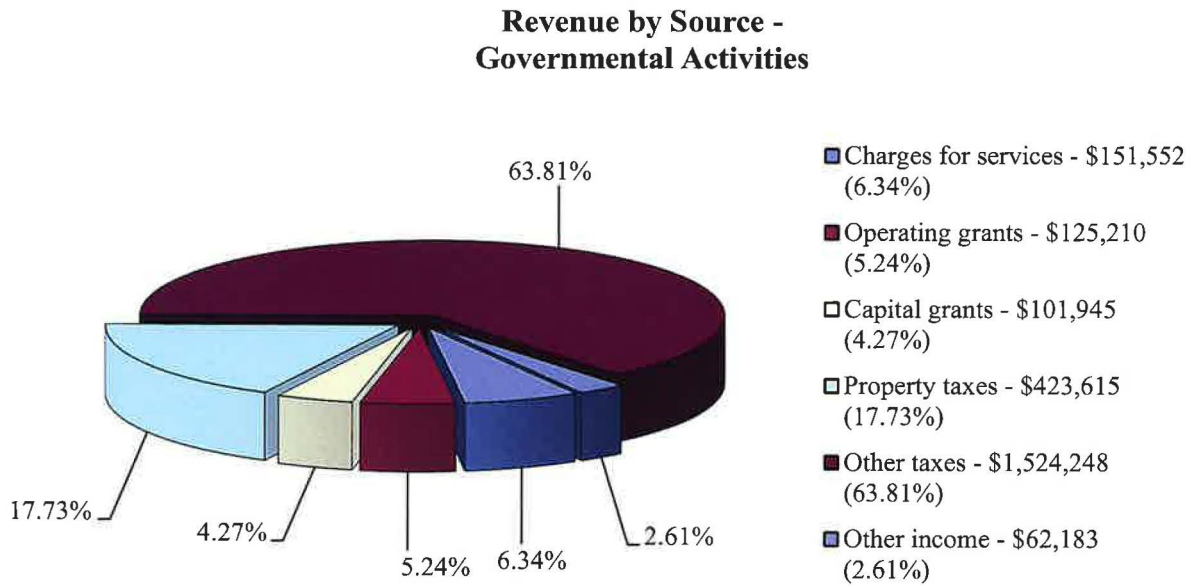


Town-Wide Program Expenses

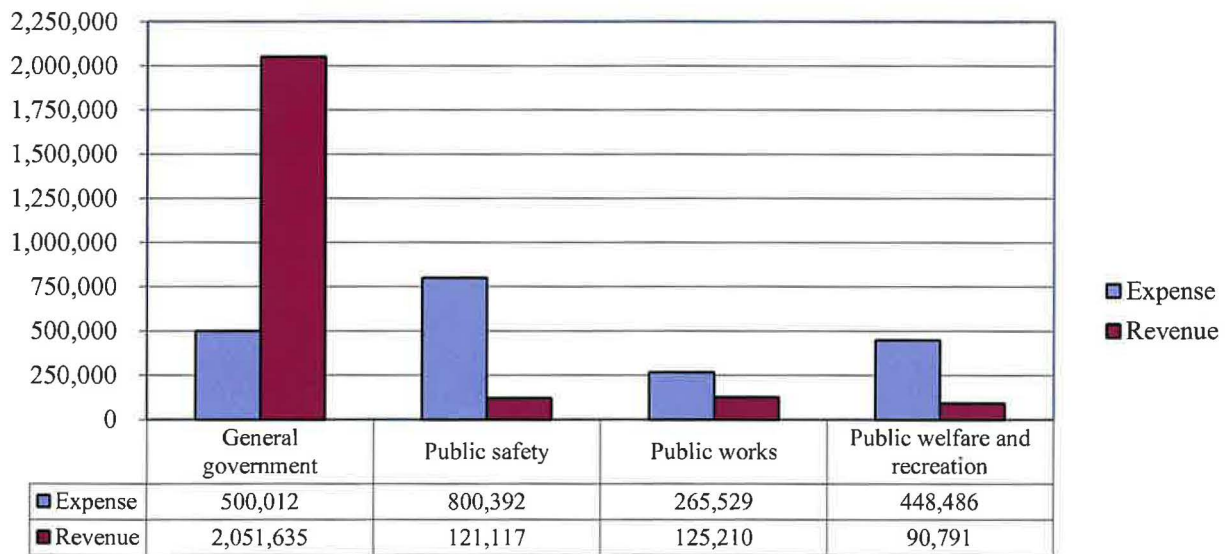


Governmental Activities

Governmental activities accounted for revenues of \$2,388,753. The following graph summarizes revenue by source.

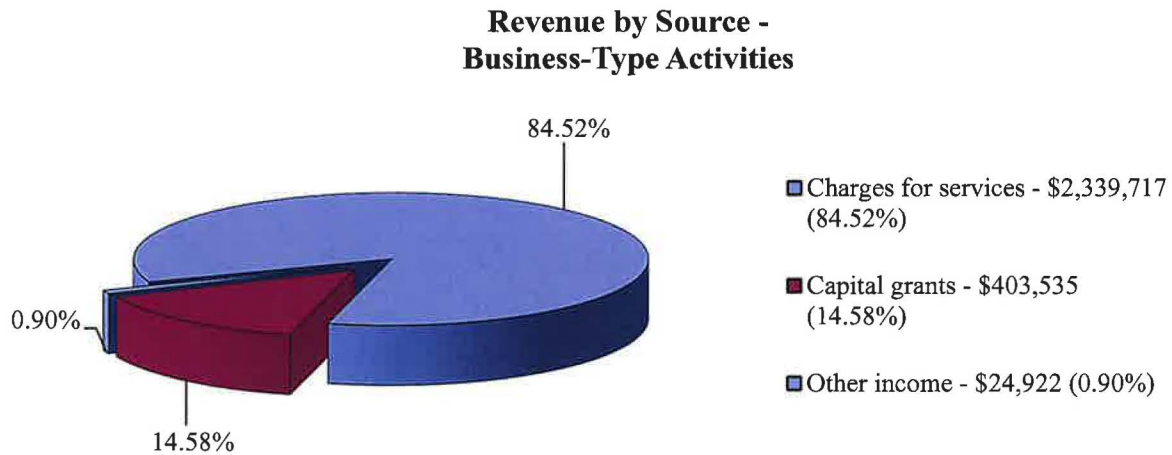


Expenses and Program Revenues - Governmental Activities

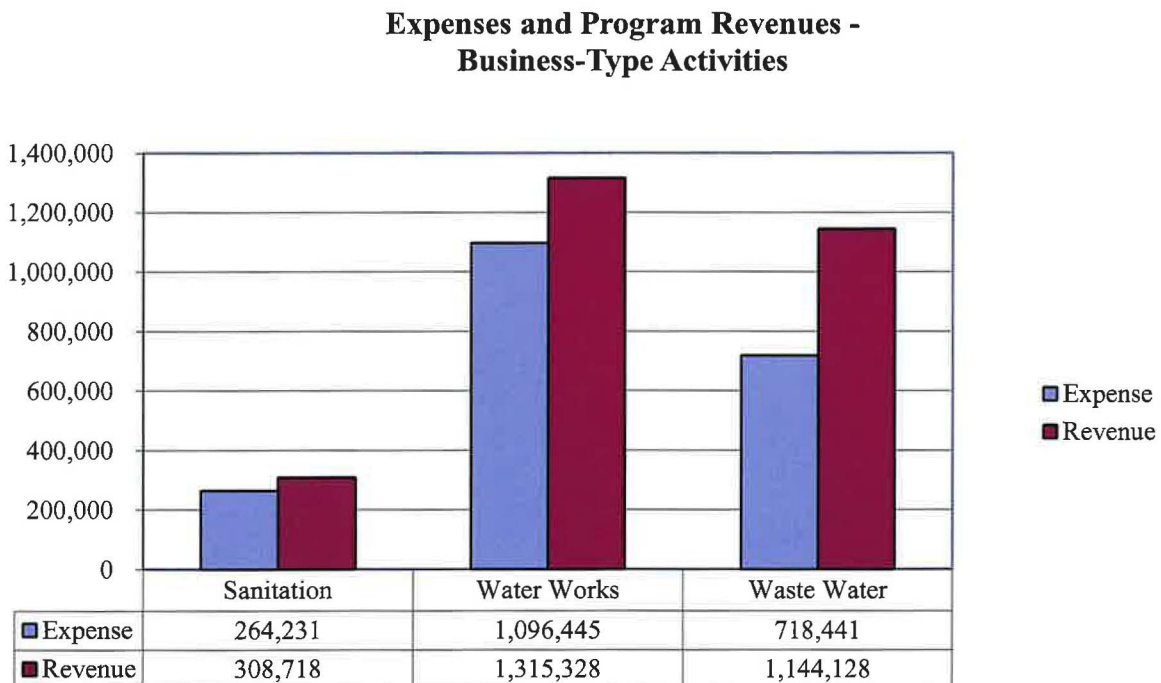


Business-type Activities

Business-type activities accounted for revenues of \$2,768,174. The following graph summarizes the revenue by source.



The following graph summarizes the revenue and related expense of operating the sanitation, water works and waste water systems.



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town of Jasper, Tennessee'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 of Jasper, Tennessee's financing requirements. The unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year for future unforeseen emergencies.

As of the end of the current fiscal year, the Town of Jasper, Tennessee's governmental funds reported combined ending fund balances of \$1,643,704. Approximately 90.77% of this total amount, or \$1,492,015, constitutes unassigned fund balance. Restricted funds consist of \$121,786 for the use of street expenditures and \$29,903 for use in investigations of drug-related violations and drug prevention programs.

The General Fund is the chief operating fund of the Town of Jasper, Tennessee. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,492,015. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 75.14 % of total General Fund expenditures.

Proprietary Funds

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

Unrestricted net position at the end of the year amounted to \$200,303 for the Sanitation Fund, \$1,955,019 for the Water Works Fund and \$1,360,483 for the Waste Water Fund.

General Fund Budgetary Highlights

The Town had several amendments to their original budget. The effect of those amendments netted to \$(370,500).

Departmental budget officers closely monitored expenditures during the fiscal year in order to minimize budget amendments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town of Jasper, Tennessee's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$12,809,787 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, water system and sewer system.

Major capital asset events during the current fiscal year include the following:

Pryor cove sewer	\$ 626,531
Sewer rehab	\$ 281,030
Sidewalks	\$ 173,589
Worm tower	\$ 39,202
2019 Dodge Durango	\$ 35,064

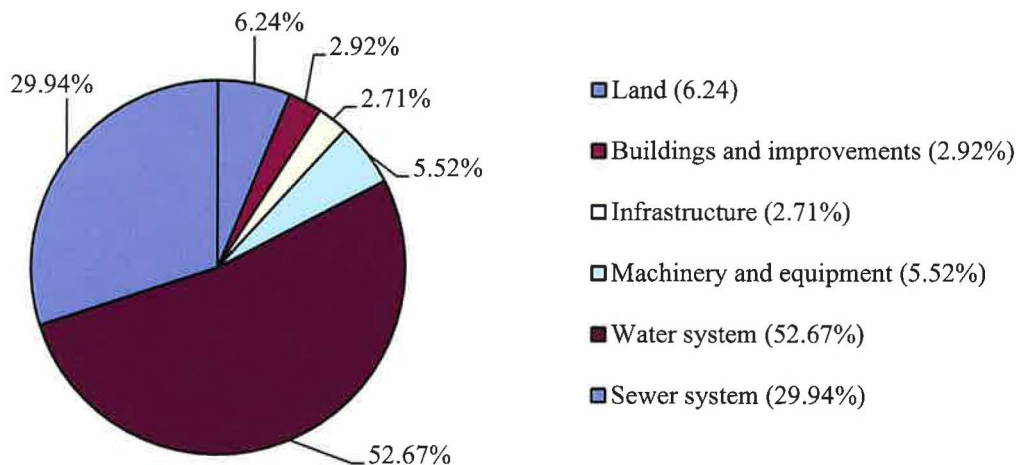
The table below summarizes the Town's investment in capital assets and is broken down by governmental and business-type activities.

**Town of Jasper, Tennessee's Capital Assets
(Net of Depreciation)**

	Governmental Activities	Business-type Activities	Total
Land	\$ 687,145	\$ 111,583	\$ 798,728
Buildings and improvements	374,205	-	374,205
Infrastructure	347,094	-	347,094
Machinery and equipment	373,312	333,432	706,744
Water system	-	6,746,463	6,746,463
Sewer system	-	3,836,553	3,836,553
	<u>\$ 1,781,756</u>	<u>\$ 11,028,031</u>	<u>\$ 12,809,787</u>

The following graph provides a breakdown of which assets make up the largest portion of the Town's total investment in capital assets. The graph combines assets used in both governmental and business-type activities.

Town-Wide Capital Assets



Additional information on the Town of Jasper, Tennessee's capital assets can be found in Note 8 on pages 41 and 42 of this report.

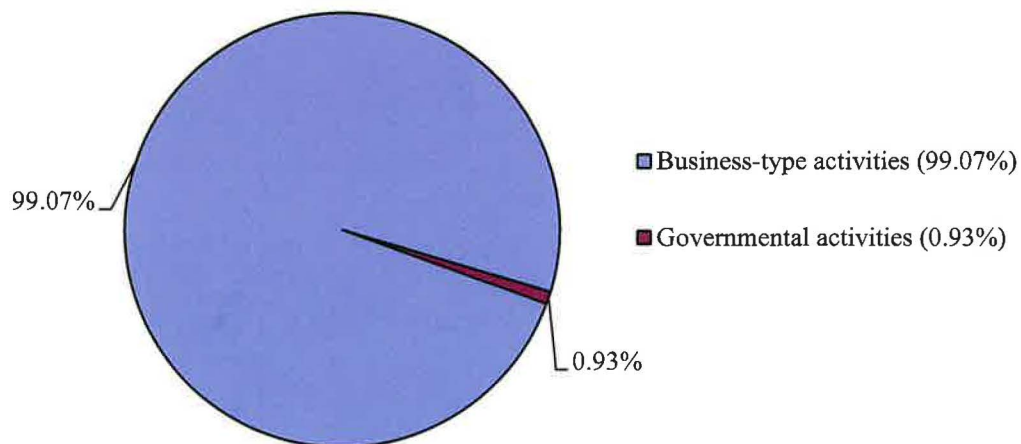
Town of Jasper, Tennessee's Outstanding Debt

At the end of the current fiscal year, the Town of Jasper, Tennessee had total long-term debt outstanding of \$2,371,053. Of that amount, \$251,356 is due in the next fiscal year.

	Governmental Activities	Business-type Activities	Total
Capital lease	\$ -	\$ 119,998	\$ 119,998
Note payable	-	454,542	454,542
Bonds payable	-	1,521,326	1,521,326
Customer deposits	-	239,823	239,823
Compensated absences	21,989	13,375	35,364
	21,989	2,349,064	2,371,053
Less current portion	-	(251,356)	(251,356)
Total long-term debt	<u>\$ 21,989</u>	<u>\$ 2,097,708</u>	<u>\$ 2,119,697</u>

As shown in the graph below, long-term debt is attributed greatly to the Town's Water Works Fund. Long-term debt of governmental activities only accounts for 0.93% of total long-term debt.

Long-Term Debt By Activity



Additional information on outstanding debt can be found in Note 9 on pages 42 through 46.

Currently Known Conditions Effecting Future Years

The Town has no upcoming plans or grants.

Requests for Information

This financial report is designed to provide a general overview of the Town of Jasper, 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 information may be addressed to the Town of Jasper, Tennessee, 4460 Main Street, Jasper, Tennessee, 37347.

BASIC FINANCIAL STATEMENTS

TOWN OF JASPER, TENNESSEE
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 1,291,543	\$ 2,145,589	\$ 3,437,132
Investments	100,000	1,907,835	2,007,835
Property tax receivable - net	445,374	-	445,374
Accounts receivable - net	235	230,844	231,079
Due from other governments	267,075	-	267,075
Due from grantor	1,827	-	1,827
Internal balances	237,137	(237,137)	-
Total current assets	<u>2,343,191</u>	<u>4,047,131</u>	<u>6,390,322</u>
Non-current assets			
Capital assets			
Land and construction in process	687,145	111,583	798,728
Other capital assets - net of accumulated depreciation	1,094,611	10,916,448	12,011,059
Total non-current assets	<u>1,781,756</u>	<u>11,028,031</u>	<u>12,809,787</u>
TOTAL ASSETS	<u>\$ 4,124,947</u>	<u>\$ 15,075,162</u>	<u>\$ 19,200,109</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 225,043	\$ 249,173	\$ 474,216
Accrued payroll liabilities	30,377	20,155	50,532
Other accrued liabilities	-	8,800	8,800
Note payable - due in one year	-	40,000	40,000
Bond payable - due in one year	-	152,286	152,286
Lease payable - due in one year	-	59,070	59,070
Total current liabilities	<u>255,420</u>	<u>529,484</u>	<u>784,904</u>
Non-current liabilities			
Customer deposits	-	239,823	239,823
Note payable	-	414,542	414,542
Bond payable	-	1,369,040	1,369,040
Lease payable	-	60,928	60,928
Compensated absences	21,989	13,375	35,364
Total non-current liabilities	<u>21,989</u>	<u>2,097,708</u>	<u>2,119,697</u>
TOTAL LIABILITIES	<u>\$ 277,409</u>	<u>\$ 2,627,192</u>	<u>\$ 2,904,601</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	<u>\$ 427,900</u>	<u>\$ -</u>	<u>\$ 427,900</u>
NET POSITION			
Net investment in capital assets	\$ 1,781,756	\$ 8,932,165	\$ 10,713,921
Restricted for non-recurring police expenditures	29,903	-	29,903
Restricted for state street aid	121,786	-	121,786
Unrestricted	1,486,193	3,515,805	5,001,998
TOTAL NET POSITION	<u>\$ 3,419,638</u>	<u>\$ 12,447,970</u>	<u>\$ 15,867,608</u>

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

TOWN OF JASPER, TENNESSEE
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Govern- mental Activities	Business- type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 500,012	\$ 41,589	\$ -	\$ -	\$ (458,423)	\$ -	\$ (458,423)
Public safety	800,392	19,172	-	101,945	(679,275)	-	(679,275)
Public works	265,529	-	125,210	-	(140,319)	-	(140,319)
Public welfare and recreation	448,486	90,791	-	-	(357,695)	-	(357,695)
Total governmental activities	<u>2,014,419</u>	<u>151,552</u>	<u>125,210</u>	<u>101,945</u>	<u>(1,635,712)</u>	<u>-</u>	<u>(1,635,712)</u>
Business-type activities:							
Sanitation	264,231	308,152	-	-	-	43,921	43,921
Water Works	1,096,445	1,302,685	-	-	-	206,240	206,240
Waste Water	718,441	728,880	-	403,535	-	413,974	413,974
Total business-type activities	<u>2,079,117</u>	<u>2,339,717</u>	<u>-</u>	<u>403,535</u>	<u>-</u>	<u>664,135</u>	<u>664,135</u>
Total primary government	<u>\$ 4,093,536</u>	<u>\$ 2,491,269</u>	<u>\$ 125,210</u>	<u>\$ 505,480</u>	<u>(1,635,712)</u>	<u>664,135</u>	<u>(971,577)</u>
General revenues:							
Property tax					423,615	-	423,615
Local sales tax					822,656	-	822,656
State sales tax					294,708	-	294,708
Business tax					89,790	-	89,790
Beer taxes					204,911	-	204,911
Franchise tax					49,458	-	49,458
Other taxes					62,725	-	62,725
Interest income					11,712	22,852	34,564
Miscellaneous					50,471	2,070	52,541
Total general revenue					<u>2,010,046</u>	<u>24,922</u>	<u>2,034,968</u>
Change in net position					374,334	689,057	1,063,391
Net position - beginning (as restated)					<u>3,045,304</u>	<u>11,758,913</u>	<u>14,804,217</u>
Net position - end					<u>\$ 3,419,638</u>	<u>\$ 12,447,970</u>	<u>\$ 15,867,608</u>

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

TOWN OF JASPER, TENNESSEE
Governmental Funds
Balance Sheet
June 30, 2019

	General Fund	Other Governmental Fund	Total Governmental Funds
ASSETS			
Cash	\$ 1,180,551	\$ 110,992	\$ 1,291,543
Investments	100,000	-	100,000
Property tax receivable - net	445,374	-	445,374
Accounts receivable	235	-	235
Due from other governments	267,075	-	267,075
Due from grantor	1,827	-	1,827
Due from other funds	237,137	72,971	310,108
TOTAL ASSETS	\$ 2,232,199	\$ 183,963	\$ 2,416,162
LIABILITIES			
Accounts payable	\$ 195,043	\$ 30,000	\$ 225,043
Accrued payroll liabilities	28,103	2,274	30,377
Due to other funds	72,971	-	72,971
TOTAL LIABILITIES	\$ 296,117	\$ 32,274	\$ 328,391
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	\$ 444,067	\$ -	\$ 444,067
FUND BALANCES			
Restricted	\$ -	\$ 151,689	\$ 151,689
Unassigned	1,492,015	-	1,492,015
TOTAL FUND BALANCES	\$ 1,492,015	\$ 151,689	\$ 1,643,704

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

TOWN OF JASPER, TENNESSEE
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balances per governmental funds balance sheet	\$ 1,643,704
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,781,756
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(21,989)
Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>16,167</u>
Net position of governmental activities	<u>\$ 3,419,638</u>

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

TOWN OF JASPER, TENNESSEE
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 1,458,873	\$ -	\$ 1,458,873
Intergovernmental	555,971	-	555,971
License and permits	89,049	-	89,049
Charges for services	-	119,164	119,164
Fines and forfeitures	17,441	1,631	19,072
Other	<u>153,063</u>	<u>13</u>	<u>153,076</u>
TOTAL REVENUES	<u>2,274,397</u>	<u>120,808</u>	<u>2,395,205</u>
EXPENDITURES			
Current expenditures			
General government	490,714	-	490,714
Public safety	747,798	-	747,798
Public works	315,598	108,282	423,880
Public welfare and recreation	367,458	-	367,458
Capital outlay	<u>64,177</u>	<u>-</u>	<u>64,177</u>
TOTAL EXPENDITURES	<u>1,985,745</u>	<u>108,282</u>	<u>2,094,027</u>
Excess (deficiency) of revenues over (under) expenditures	288,652	12,526	301,178
Fund balances - beginning	<u>1,203,363</u>	<u>139,163</u>	<u>1,342,526</u>
Fund balances - end	<u>\$ 1,492,015</u>	<u>\$ 151,689</u>	<u>\$ 1,643,704</u>

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

TOWN OF JASPER, 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, 2019

Net change in fund balances for total governmental funds	\$ 301,178
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	66,778
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(6,447)
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:	
Compensated absences	<u>12,825</u>
Change in net position of governmental activities	<u>\$ 374,334</u>

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

TOWN OF JASPER, TENNESSEE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property tax	\$ 411,500	\$ 411,500	\$ 425,275	\$ 13,775
Interest and penalties	4,700	4,700	4,787	87
Local beer tax	154,000	154,000	155,000	1,000
Local sales tax	750,000	750,000	822,656	72,656
Business tax	400	400	495	95
Liquor and mixed drink tax	46,000	46,000	50,660	4,660
Total taxes	1,366,600	1,366,600	1,458,873	92,273
Intergovernmental				
State sales tax	275,000	275,000	294,710	19,710
State income tax	8,000	8,000	13,674	5,674
Streets and transportation	6,800	21,800	6,048	(15,752)
State excise tax	7,500	7,500	9,700	2,200
State beer tax	1,600	1,600	-	(1,600)
State business tax	80,000	80,000	89,295	9,295
Federal grants	90,000	137,000	101,945	(35,055)
Gross receipts - TVA	37,000	37,000	39,351	2,351
Telecommunications tax	1,500	1,500	1,248	(252)
Total intergovernmental	507,400	569,400	555,971	(13,429)
License and permits				
Building permits and fees	6,000	20,000	38,114	18,114
Other permits	100	100	100	-
Beer permits	2,800	2,800	2,625	(175)
Cable franchise fees	44,000	44,000	48,210	4,210
Total license and permits	52,900	66,900	89,049	22,149
Fines and forfeitures				
Court fines and costs	28,500	28,500	17,441	(11,059)

(Continued)

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

TOWN OF JASPER, TENNESSEE**General Fund****Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)**
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES (Continued)				
Other				
Parks and recreation charges	\$ 26,000	\$ 26,000	\$ 24,360	\$ (1,640)
Concession income	50,000	50,000	66,431	16,431
Rent	18,200	18,200	23,658	5,458
Donations	-	-	1,265	1,265
Insurance proceeds	-	7,500	7,655	155
Sportsplex income	1,500	1,500	-	(1,500)
Miscellaneous revenue	10,200	10,200	17,995	7,795
Interest income	4,000	11,000	11,699	699
Total other	<u>109,900</u>	<u>124,400</u>	<u>153,063</u>	<u>28,663</u>
TOTAL REVENUES	<u>2,065,300</u>	<u>2,155,800</u>	<u>2,274,397</u>	<u>118,597</u>
EXPENDITURES				
Current expenditures				
General government				
Legislation				
Salaries	60,000	70,000	71,197	(1,197)
Payroll taxes	4,590	4,590	5,396	(806)
Employee insurance	8,200	12,200	12,076	124
Insurance	-	-	3	(3)
Total legislation	<u>72,790</u>	<u>86,790</u>	<u>88,672</u>	<u>(1,882)</u>

(Continued)

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

TOWN OF JASPER, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current expenditures (Continued)				
General government (Continued)				
Financial administration				
Salaries	\$ 51,813	\$ 51,813	\$ 51,767	\$ 46
Payroll taxes	3,964	3,964	3,701	263
Pension	4,500	4,500	6,116	(1,616)
Employee insurance	19,000	19,000	10,795	8,205
Contract services	27,700	102,700	86,042	16,658
Donations	3,500	3,500	100	3,400
Dues and subscriptions	16,000	16,000	7,636	8,364
Insurance	13,200	21,200	19,437	1,763
Legal and accounting	20,000	35,000	39,608	(4,608)
Maintenance and repairs	9,000	9,000	3,482	5,518
Miscellaneous	16,700	26,700	37,765	(11,065)
Postage	1,600	3,600	2,625	975
Printing and office supplies	10,000	10,000	9,033	967
Special events	22,000	22,000	9,783	12,217
Telephone	4,000	4,000	3,235	765
Training	1,200	1,200	8,686	(7,486)
Uniforms	-	2,000	1,020	980
Utilities	15,600	17,600	18,740	(1,140)
Vehicle	2,300	2,300	1,354	946
Total financial administration	242,077	356,077	320,925	35,152
Recorder and clerk				
Salaries	37,572	42,572	42,159	413
Payroll taxes	2,874	2,874	3,199	(325)
Employee insurance	7,900	7,900	7,866	34
Insurance	-	-	21	(21)
Total recorder and clerk	48,346	53,346	53,245	101
Other financial administration				
Salaries	6,262	6,262	4,400	1,862
Payroll taxes	479	479	337	142
Employee insurance	100	100	-	100
Insurance	-	-	13	(13)
Total other financial administration	6,841	6,841	4,750	2,091

(Continued)

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

TOWN OF JASPER, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current expenditures (Continued)				
General government (Continued)				
Codes and building				
Salaries	\$ 18,713	\$ 18,713	\$ 19,913	\$ (1,200)
Payroll taxes	1,432	1,432	1,523	(91)
Insurance	100	100	1,686	(1,586)
Total codes and building	<u>20,245</u>	<u>20,245</u>	<u>23,122</u>	<u>(2,877)</u>
 Total general government	 <u>390,299</u>	 <u>523,299</u>	 <u>490,714</u>	 <u>32,585</u>
 Public safety				
Police				
Salaries	343,400	353,400	347,941	5,459
Payroll taxes	26,270	26,270	26,019	251
Pension	57,100	57,100	-	57,100
Employee insurance	64,000	64,000	67,124	(3,124)
Contract services	3,400	3,400	600	2,800
911 dispatcher	58,000	58,000	53,167	4,833
Insurance	18,300	37,300	24,654	12,646
Legal services	2,000	2,000	909	1,091
Maintenance and repairs	6,200	6,200	8,704	(2,504)
Miscellaneous	5,000	5,000	3,532	1,468
Postage	200	200	500	(300)
Printing and office supplies	3,000	3,000	3,004	(4)
Telephone	4,000	4,000	3,503	497
Training	3,500	4,500	4,229	271
Uniforms	3,000	3,000	977	2,023
Utilities	-	-	839	(839)
Vehicle	<u>36,000</u>	<u>36,000</u>	<u>29,301</u>	<u>6,699</u>
Total police	<u>633,370</u>	<u>663,370</u>	<u>575,003</u>	<u>88,367</u>

(Continued)

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

TOWN OF JASPER, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)

Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public safety (Continued)				
Fire				
Salaries	\$ 26,220	\$ 26,220	\$ 18,870	\$ 7,350
Payroll taxes	1,700	1,700	1,173	527
Equipment	-	-	4,084	(4,084)
Insurance	5,500	14,500	19,037	(4,537)
Maintenance and repairs	1,500	31,500	40,068	(8,568)
Miscellaneous	4,000	4,000	8,265	(4,265)
Telephone	2,800	2,800	2,296	504
Training	1,500	1,500	-	1,500
Uniforms	5,800	5,800	21,173	(15,373)
Utilities	100	3,100	2,707	393
Vehicle	2,400	11,400	11,856	(456)
Total fire	51,520	102,520	129,529	(27,009)
Animal shelter				
Salaries	30,300	30,300	27,618	2,682
Payroll taxes	2,318	2,318	2,104	214
Pension	3,900	3,900	-	3,900
Employee insurance	4,000	4,000	4,869	(869)
Insurance	1,600	1,600	1,081	519
Maintenance and repairs	1,000	1,000	847	153
Miscellaneous	-	-	1,665	(1,665)
Shelter expenses	1,000	1,000	1,581	(581)
Telephone	100	100	8	92
Uniforms	100	100	80	20
Utilities	1,500	1,500	591	909
Vehicle	700	700	2,822	(2,122)
Total animal shelter	46,518	46,518	43,266	3,252
Total public safety	731,408	812,408	747,798	64,610

(Continued)

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

TOWN OF JASPER, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)

Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public works				
Salaries	\$ 37,774	\$ 37,774	\$ 34,217	\$ 3,557
Payroll taxes	2,890	2,890	2,618	272
Pension	6,100	6,100	-	6,100
Employee insurance	11,000	11,000	9,057	1,943
Insurance	1,300	11,300	8,102	3,198
Maintenance and repairs	220,000	380,000	202,934	177,066
Miscellaneous	1,500	1,500	2,542	(1,042)
Uniforms	200	200	-	200
Utilities	52,000	52,000	40,165	11,835
Vehicle	5,700	16,700	15,963	737
Total public works	338,464	519,464	315,598	203,866
Public welfare and recreation				
Library				
Salaries	114,000	114,000	106,171	7,829
Payroll taxes	8,721	8,721	7,562	1,159
Pension	12,000	12,000	-	12,000
Employee insurance	31,000	31,000	27,317	3,683
Books and tapes	5,500	5,500	8,155	(2,655)
Insurance	500	500	597	(97)
Maintenance and repairs	3,000	3,000	10,175	(7,175)
Miscellaneous	-	-	1,199	(1,199)
Printing and office supplies	2,400	2,400	2,137	263
Telephone	1,800	1,800	1,708	92
Utilities	10,400	10,400	15,464	(5,064)
Young adult program	1,000	1,000	1,723	(723)
Total library	190,321	190,321	182,208	8,113

(Continued)

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

TOWN OF JASPER, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public welfare and recreation (Continued)				
Recreation				
Salaries	\$ 42,723	\$ 42,723	\$ 37,233	\$ 5,490
Payroll taxes	3,268	3,268	2,818	450
Employee insurance	3,600	3,600	2,997	603
Concessions	30,000	42,000	52,111	(10,111)
Dixie youth	10,500	28,500	28,677	(177)
Insurance	3,100	11,100	12,155	(1,055)
Maintenance and repairs	20,000	20,000	15,620	4,380
Miscellaneous	3,000	13,000	7,278	5,722
Printing and office supplies	400	400	1,631	(1,231)
Telephone	3,000	3,000	1,029	1,971
Uniforms	400	400	266	134
Utilities	20,000	20,000	20,280	(280)
Vehicle	3,000	3,000	3,155	(155)
Total recreation	<u>142,991</u>	<u>190,991</u>	<u>185,250</u>	<u>5,741</u>
Total public welfare and recreation	<u>333,312</u>	<u>381,312</u>	<u>367,458</u>	<u>13,854</u>
Capital outlay				
General government	20,000	30,000	-	30,000
Public safety	33,000	33,000	41,777	(8,777)
Public works	34,000	34,000	14,500	19,500
Public welfare and recreation	-	8,000	7,900	100
Total capital outlay	<u>87,000</u>	<u>105,000</u>	<u>64,177</u>	<u>40,823</u>
TOTAL EXPENDITURES	<u>1,880,483</u>	<u>2,341,483</u>	<u>1,985,745</u>	<u>355,738</u>
Excess (deficiency) of revenues over (under) expenditures	184,817	(185,683)	288,652	474,335
Fund balances - beginning	<u>1,203,363</u>	<u>1,203,363</u>	<u>1,203,363</u>	<u>-</u>
Fund balances - end	<u>\$ 1,388,180</u>	<u>\$ 1,017,680</u>	<u>\$ 1,492,015</u>	<u>\$ 474,335</u>

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

TOWN OF JASPER, TENNESSEE
Proprietary Funds
Statement of Net Position
June 30, 2019

	Enterprise			
	Sanitation	Water Works	Waste Water	
	Fund	Fund	Fund	Total
ASSETS				
Current assets				
Cash	\$ 219,770	\$ 1,133,568	\$ 792,251	\$ 2,145,589
Investments	35,000	1,166,387	706,448	1,907,835
Accounts receivable - net	-	230,844	-	230,844
Due from other funds	71,834	-	85,695	157,529
Total current assets	<u>326,604</u>	<u>2,530,799</u>	<u>1,584,394</u>	<u>4,441,797</u>
Non-current assets				
Capital assets				
Land	-	45,600	65,983	111,583
Other capital assets - net of accumulated depreciation	221,665	6,766,577	3,928,206	10,916,448
Total non-current assets	<u>221,665</u>	<u>6,812,177</u>	<u>3,994,189</u>	<u>11,028,031</u>
TOTAL ASSETS	<u>\$ 548,269</u>	<u>\$ 9,342,976</u>	<u>\$ 5,578,583</u>	<u>\$ 15,469,828</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 26,732	\$ 124,866	\$ 97,575	\$ 249,173
Accrued payroll liabilities	4,561	10,997	4,597	20,155
Other accrued liabilities	-	8,800	-	8,800
Due to other funds	91,118	181,978	121,570	394,666
Note payable - due in one year	-	-	40,000	40,000
Bond payable - due in one year	-	134,816	17,470	152,286
Lease payable - due in one year	59,070	-	-	59,070
Total current liabilities	<u>181,481</u>	<u>461,457</u>	<u>281,212</u>	<u>924,150</u>
Non-current liabilities				
Customer deposits	-	239,823	-	239,823
Note payable	-	-	414,542	414,542
Bond payable	-	1,215,874	153,166	1,369,040
Lease payable	60,928	-	-	60,928
Compensated absences	3,890	9,316	169	13,375
Total non-current liabilities	<u>64,818</u>	<u>1,465,013</u>	<u>567,877</u>	<u>2,097,708</u>
TOTAL LIABILITIES	<u>\$ 246,299</u>	<u>\$ 1,926,470</u>	<u>\$ 849,089</u>	<u>\$ 3,021,858</u>
NET POSITION				
Net investment in capital assets	\$ 101,667	\$ 5,461,487	\$ 3,369,011	\$ 8,932,165
Unrestricted	200,303	1,955,019	1,360,483	3,515,805
TOTAL NET POSITION	<u>\$ 301,970</u>	<u>\$ 7,416,506</u>	<u>\$ 4,729,494</u>	<u>\$ 12,447,970</u>

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

TOWN OF JASPER, TENNESSEE
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019

	Enterprise			
	Sanitation Fund	Water Works Fund	Waste Water Fund	Total
OPERATING REVENUES				
Sanitation fees	\$ 308,152	\$ -	\$ -	\$ 308,152
Metered water sales	-	1,152,688	-	1,152,688
Waste water sales	-	-	641,743	641,743
Returned check charge	-	200	-	200
Connection and tap fees and permits	-	19,625	5,650	25,275
Interest and penalties	-	39,612	-	39,612
Transfer fees	-	850	-	850
Maintenance, servicing and inspection fees	-	88,962	7,660	96,622
Miscellaneous	-	748	73,827	74,575
Total operating revenues	<u>308,152</u>	<u>1,302,685</u>	<u>728,880</u>	<u>2,339,717</u>
OPERATING EXPENSES				
Operating and administration	238,998	795,887	526,788	1,561,673
Depreciation	19,658	256,979	183,808	460,445
Total operating expenses	<u>258,656</u>	<u>1,052,866</u>	<u>710,596</u>	<u>2,022,118</u>
Operating income	<u>49,496</u>	<u>249,819</u>	<u>18,284</u>	<u>317,599</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(5,575)	(43,579)	(7,845)	(56,999)
Interest income	566	12,643	9,643	22,852
Sale of supplies	-	-	2,070	2,070
Federal grants	-	-	403,535	403,535
Total non-operating revenues (expenses)	<u>(5,009)</u>	<u>(30,936)</u>	<u>407,403</u>	<u>371,458</u>
Changes in net position	44,487	218,883	425,687	689,057
Net position - beginning (as restated)	<u>257,483</u>	<u>7,197,623</u>	<u>4,303,807</u>	<u>11,758,913</u>
Net position - end	<u>\$ 301,970</u>	<u>\$ 7,416,506</u>	<u>\$ 4,729,494</u>	<u>\$12,447,970</u>

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

TOWN OF JASPER, TENNESSEE
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2019

	Enterprise			
	Sanitation Fund	Water Works Fund	Waste Water Fund	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 308,152	\$ 1,302,212	\$ 749,235	\$ 2,359,599
Payments to suppliers	(263,987)	(852,760)	(479,492)	(1,596,239)
Payments to employees	(100,704)	(273,121)	(159,297)	(533,122)
Net cash provided (used) by operating activities	(56,539)	176,331	110,446	230,238
Cash Flows from Non-capital Financing Activities				
Interfund loan receipts and payments	(12,709)	(62,670)	20,496	(54,883)
Cash Flows from Capital and Related Financing Activities				
Proceeds of borrowings for capital purposes	-	-	294,542	294,542
Proceeds of capital grants	-	-	403,535	403,535
Proceeds of capital contributions	-	-	2,070	2,070
Principal paid on debt	(57,268)	(130,536)	(56,660)	(244,464)
Interest paid on debt	(5,575)	(43,579)	(7,845)	(56,999)
Payments related to the acquisition of capital asset	-	(25,270)	(977,870)	(1,003,140)
Net cash provided (used) by capital and related financing activities	(62,843)	(199,385)	(342,228)	(604,456)
Cash Flows from Investing Activities				
Interest income	566	12,643	9,643	22,852
(Purchase) sale of investments	-	-	(152,581)	(152,581)
Net cash provided (used) by investing activities	566	12,643	(142,938)	(129,729)
Net increase (decrease) in cash	(131,525)	(73,081)	(354,224)	(558,830)
Cash - beginning	<u>351,295</u>	<u>1,206,649</u>	<u>1,146,475</u>	<u>2,704,419</u>
Cash - end	<u>\$ 219,770</u>	<u>\$ 1,133,568</u>	<u>\$ 792,251</u>	<u>\$ 2,145,589</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 49,496	\$ 249,819	\$ 18,284	\$ 317,599
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	19,658	256,979	183,808	460,445
(Increase) decrease in accounts receivable	-	(473)	-	(473)
(Increase) decrease in grants receivable	-	-	20,355	20,355
(Increase) decrease in prepaid expenses	-	9,656	9,656	19,312
Increase (decrease) in accounts payable	(123,665)	(337,259)	(110,635)	(571,559)
Increase (decrease) in accrued payroll liabilities	223	11	(2,718)	(2,484)
Increase (decrease) in other accrued liabilities	-	(283)	-	(283)
Increase (decrease) in compensated absences	(2,251)	(3,435)	(8,304)	(13,990)
Increase (decrease) in customer deposits	-	1,316	-	1,316
Total adjustments	(106,035)	(73,488)	92,162	(87,361)
Net cash provided (used) by operating activities	<u>\$ (56,539)</u>	<u>\$ 176,331</u>	<u>\$ 110,446</u>	<u>\$ 230,238</u>

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

TOWN OF JASPER, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Jasper, Tennessee have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Town of Jasper, Tennessee operates under a Mayor and Board of Aldermen form of government within the following departments: general government, public safety, public works, and public welfare and recreation.

The following is a summary of the more significant accounting policies:

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB issued Statement No. 14, *The Financial Reporting Entity*. This statement requires that the financial statements present the Town of Jasper, Tennessee (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board and the primary government is able to impose its will upon the potential component unit); or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

Based on the foregoing criteria, there are no entities, which meet the above criteria for inclusion in the Town of Jasper, Tennessee's financial statements.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. Both government-wide and fund financial statements categorize activities as either government activities or business-type activities.

Government-wide Statements - The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

Government-wide Statements (Continued)

The Statement of Activities presents both a gross and net cost comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The net cost (by function or business-type activity) is normally covered by general revenue (property or sales tax, intergovernmental revenues, interest income, etc.).

This government-wide focus is designed to view the Town as a complete entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Fund Financial Statements - The fund financial statements provide information about the Town's funds, including its governmental funds and enterprise funds. Separate statements for each fund category 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 non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise funds:

Sanitation Fund - This fund accounts for sanitation pick up fees and expenses associated with garbage services.

Water Works Fund - This fund accounts for providing water services to the citizens of the Town and surrounding areas.

Waste Water Fund - This fund accounts for the activities of maintaining sanitary sewer and storm drain systems within the Town and surrounding areas.

C. Measurement Focus - Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus - Basis of Accounting (Continued)

Government 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. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, gasoline taxes, wholesale beer taxes, income taxes, mixed drink taxes, and in-lieu of taxes are susceptible to accrual. Licenses and permits, fines and forfeitures, gross receipts taxes and excise taxes are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. 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 non-operating revenues and expenses.

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

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 needed.

D. Budgetary Data

Formal budgets are adopted for the General Fund and Special Revenue Funds on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Therefore, no adjustments are necessary to convert to the actual GAAP data from the budgetary basis. These formal budgets are adopted on a departmental basis. The Town Mayor is authorized to transfer budgeted amounts between departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by the Board of Aldermen.

Budgeted amounts reflected in the accompanying final and actual comparison are as originally adopted in accordance with GAAP, or as amended by the Aldermen throughout the year. Individual amendments are not material in relation to the original appropriations, which were amended. All appropriations which are not expended lapse at year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Data (Continued)

During the year, supplementary appropriations were necessary. The effect of the amendments netted to \$(370,500) in the General Fund and \$(72,000) in the Water Works Fund. No amendments were considered necessary in the State Street Aid, Drug, Sanitation or Waste Water funds.

Budgets for Enterprise Funds are adopted by the Aldermen as a management tool.

E. Cash and Cash Equivalents

Cash consists of cash on hand and on deposit with financial institutions. These are classified on the Statement of Net Position as "Cash". At June 30, 2019, the Town had no cash equivalents. For purposes of reporting cash on the Statement of Cash Flows, the Town considers unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

All investments are reported at fair value, which is based on quoted market prices. The Town is authorized by State Statutes to invest in the following:

Bonds, notes or treasury bills of the United States.

Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage

Association, the Federal Farm Credit Bank and the Student Loan Marketing Association.

Any obligation guaranteed by the United States or any of its agencies.

Certificates of deposit at state and federal chartered banks and savings and loan associations.

The Local Government Investment Pool created by Title 9.

G. Property Taxes

Property taxes are levied by the Town on January 1st on property value assessed for that calendar year. The billings are mailed October 1st and are considered due upon receipt by the taxpayer, however, the actual due date is based on a period ending approximately 60 days after calendar year end. On this date, March 1st, the bill becomes delinquent and penalties and interest may be assessed. Property taxes are recognized on the accrual basis in the government-wide financial statements, and in the governmental funds, they are recognized on the modified accrual basis. Proper allowances are made for estimated uncollectible and delinquent accounts when necessary. The tax rate for the 2019 levy is \$.4153 per \$100 of assessed valuation and the tax rate for the 2018 levy is \$.4153 per \$100 of assessed valuation.

Property taxes for the 2019 levy are considered to be owed to the Town as of the lien date on January 1, 2019. Therefore, the entire 2019 levy was recorded as a receivable and deferred revenue as of June 30, 2019, in both the government-wide financial statements and in the governmental fund statements.

H. Interfund Transactions

Interfund Receivables and Payables

Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts, classified as due to other funds or due from other funds in the fund financial statements, and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Transactions (Continued)

Transactions between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed. All other legally authorized transfers are not eliminated but treated as operating transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

I. Prepayment of Expenditures

Governmental fund expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods and reported as an expense of the period in which they relate.

J. Inventories

Supplies and materials are recorded as expenditures/expenses at the time items are purchased and are not inventoried at year-end due to lack of materiality.

K. Restricted Assets

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited. At year-end, there were no restricted assets to be reported.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), 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 initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings and improvements	15-40
Infrastructure	20
Machinery and equipment	3-39

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets (Continued)

Capital assets of the proprietary funds are accounted for in the proprietary fund and are stated at cost or estimated fair value when original cost is not available. Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

<u>Asset Class</u>	<u>Years</u>
Water system	10-50
Sewer system	7-50
Machinery and equipment	3-15

Donated capital assets are valued at their estimated fair value on the date donated. The Town's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

M. 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. Currently, the Entity has no type of item that qualifies for reporting in this category.

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. Currently, the Entity has one type of item that qualifies for reporting in this category: deferred revenue - property taxes.

N. Compensated Absences

Sick leave is earned at a rate of one day per month and can be carried over up to a maximum of 90 days. Any unused sick leave is lost in the event of termination of employment. Employees are eligible for vacation after one year of employment. Vacation leave ranges from two to four weeks depending on the number of years of service. Unused vacation leave cannot be carried over and taken in a later employment year without the approval of management. In the event of termination, in most cases, an employee will receive pay for any unused vacation leave that has accumulated.

O. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

P. Net Position

Net position is the residual of all elements presented in the Statement of Financial Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represent capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fund Balance

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable: The Town cannot spend these amounts due to form.

Restricted: The State or other sources can restrict funds to specific purposes by externally imposing restrictions or imposing by law through constitutional provisions or enabling legislation.

Committed: The Board of Aldermen has the authority to commit funds for a specific purpose.

Any funds set aside as committed fund balance requires, at a minimum, the passage of a resolution by a simple majority vote. An ordinance may also be used.

Assigned: The Board of Aldermen has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes.

Unassigned: Amounts not classified as nonspendable, restricted, committed, or assigned.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

When restricted, committed, assigned and unassigned funds are available for use, restricted funds should be spent first, committed funds second, assigned funds third and unassigned funds last.

R. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Events Occurring after Reporting Date

The Town has evaluated events and transactions that occurred between June 30, 2019, and March 4, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of bank failure the Town's deposits may not be returned to it. The Town does not have a deposit or investment policy for custodial credit risk, however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under TCA Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2019, the carrying amount of the Town's deposits was \$5,444,967, and the bank balance was \$7,085,292. At year-end, none of the Town's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The carrying amount of the Town's deposits is classified as follows on the Statement of Net Position:

Cash	\$ 3,437,132
Investments	<u>2,007,835</u>
Total	<u>\$ 5,444,967</u>

Investments

The Town's investments are carried at fair value, and consist of certificates-of-deposits totaling \$2,007,835.

NOTE 3 - PROPERTY TAXES RECEIVABLE - NET

Property taxes receivable as of June 30, 2019, consist of the following:

<u>Year of Levy</u>	
2019	\$ 427,900
2018	21,176
2017	11,962
2016	6,403
2015	2,430
2014	3,322
2013	2,998
2012	17
2011	-
2010	<u>-</u>
	476,208
Less: allowance for uncollectibles	<u>(30,834)</u>
Property taxes receivable - net	<u>\$ 445,374</u>

NOTE 4 - ACCOUNTS RECEIVABLE - NET

Accounts receivable - net at June 30, 2019, consists of the following:

	<u>General</u> <u>Fund</u>	<u>Water</u> <u>Works Fund</u>	<u>Total</u>
Customer receivables	\$ -	\$ 371,178	\$ 371,178
Less: allowance for doubtful accounts	-	(140,334)	(140,334)
Other	<u>235</u>	<u>-</u>	<u>235</u>
Total	<u>\$ 235</u>	<u>\$ 230,844</u>	<u>\$ 231,079</u>

Bad debt expense was \$0 for the year ended June 30, 2019.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2019, consists of the following:

Local sales tax	\$ 146,996
State sales tax	52,289
Gas and motor fuel tax	20,172
State income tax	13,674
Business tax	805
Beer/liquor/mixed drink taxes	20,040
Cable television	11,999
Town streets and transportation	<u>1,100</u>
Total	<u>\$ 267,075</u>

NOTE 6 - DUE FROM GRANTOR

Due from grantor at June 30, 2019, consists of \$1,827 due from the U.S. Department of Transportation.

NOTE 7 - INTERNAL BALANCES

Internal balances to be repaid within one year consist of the following:

	Due from:				Total
	General	Sanitation Fund	Water Works Fund	Waste Water Fund	
Due to:					
General Fund	\$ -	\$ 91,118	\$ 25,838	\$ 120,181	\$ 237,137
State Street Aid Fund	66,403	-	-	-	66,403
Drug Fund	6,568	-	-	-	6,568
Sanitation Fund	-	-	70,445	1,389	71,834
Waste Water Fund	-	-	<u>85,695</u>	-	<u>85,695</u>
Total	<u>\$ 72,971</u>	<u>\$ 91,118</u>	<u>\$ 181,978</u>	<u>\$ 121,570</u>	<u>\$ 467,637</u>

The internal balances are reimbursements of expenditures that will be repaid within one year.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$ 687,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 687,145</u>
Capital assets being depreciated:				
Buildings and improvements	1,379,655	-	-	1,379,655
Infrastructure	472,755	173,589	-	646,344
Machinery and equipment	<u>1,704,359</u>	<u>66,927</u>	<u>(6,867)</u>	<u>1,764,419</u>
Total capital assets being depreciated	<u>3,556,769</u>	<u>240,516</u>	<u>(6,867)</u>	<u>3,790,418</u>
Less accumulated depreciation for:				
Buildings and improvements	957,270	48,180	-	1,005,450
Infrastructure	271,272	27,978	-	299,250
Machinery and equipment	<u>1,300,394</u>	<u>97,580</u>	<u>(6,867)</u>	<u>1,391,107</u>
Total accumulated depreciation	<u>2,528,936</u>	<u>173,738</u>	<u>(6,867)</u>	<u>2,695,807</u>
Total capital assets being depreciated - net	<u>1,027,833</u>	<u>66,778</u>	<u>-</u>	<u>1,094,611</u>
Governmental activities capital assets - net	<u>\$1,714,978</u>	<u>\$ 66,778</u>	<u>\$ -</u>	<u>\$ 1,781,756</u>

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

General government	\$ 20,220
Public safety	52,595
Public works	27,794
Public welfare and recreation	<u>73,129</u>
Total	<u>\$ 173,738</u>

NOTE 8 - CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 111,583	\$ -	\$ -	\$ -	\$ 111,583
Construction in process	<u>96,419</u>	<u>-</u>	<u>-</u>	<u>(96,419)</u>	<u>-</u>
Total capital assets not being depreciated	<u>208,002</u>	<u>-</u>	<u>-</u>	<u>(96,419)</u>	<u>111,583</u>
Capital assets being depreciated:					
Water system	11,922,305	21,310	(17,175)	-	11,926,440
Sewer system	6,305,392	938,669	-	96,419	7,340,480
Machinery and equipment	<u>812,341</u>	<u>43,161</u>	<u>-</u>	<u>-</u>	<u>855,502</u>
Total capital assets being depreciated	<u>19,040,038</u>	<u>1,003,140</u>	<u>(17,175)</u>	<u>96,419</u>	<u>20,122,422</u>
Less accumulated depreciation for:					
Water system	4,948,870	248,282	(17,175)	-	5,179,977
Sewer system	3,334,140	169,787	-	-	3,503,927
Machinery and equipment	<u>479,694</u>	<u>42,376</u>	<u>-</u>	<u>-</u>	<u>522,070</u>
Total accumulated depreciation	<u>8,762,704</u>	<u>460,445</u>	<u>(17,175)</u>	<u>-</u>	<u>9,205,974</u>
Total capital assets being depreciated - net	<u>10,277,334</u>	<u>542,695</u>	<u>-</u>	<u>96,419</u>	<u>10,916,448</u>
Business-type activities capital assets - net	<u>\$ 10,485,336</u>	<u>\$ 542,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,028,031</u>

NOTE 9 - LONG-TERM DEBT**A. Governmental Debt**

Long-term debt, payable by the governmental funds, which consists of compensated absences, is summarized as follows:

	<u>Principal Balance</u>
Compensated absences	\$ 21,989
Less: current portion of governmental long-term debt	<u>-</u>
Total governmental long-term debt	<u>\$ 21,989</u>

A summary of changes in governmental long-term debt for the year ended June 30, 2019, are as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Amount Due Within One Year</u>
Compensated absences	\$ 34,814	\$ -	\$ (12,825)	\$ 21,989	\$ -
Less: current portion of governmental long-term debt				<u>-</u>	
Total governmental long-term debt				<u>\$ 21,989</u>	

Interest paid during the year ended June 30, 2019, on governmental long-term debt was \$0.

NOTE 9 - LONG-TERM DEBT (Continued)**A. Governmental Debt (Continued)**

The Town does not have unused lines of credit.

Note: A debt service requirements schedule is not required for compensated absences.

B. Business-Type Debt**Sanitation Fund**

Long-term debt, payable by the Sanitation Fund, which consists of compensated absences and a capital lease, is summarized as follows:

	<u>Principal Balance</u>
Capital lease, for garbage truck, bearing interest at 3.10%, payable in annual installments of \$62,844 through December 28, 2020	\$ 119,998
Compensated absences	<u>3,890</u>
	123,888
Less: current portion of sanitation long-term debt	<u>(59,070)</u>
Total sanitation long-term debt	<u>\$ 64,818</u>

A summary of changes in sanitation long-term debt, not including compensated absences, for the year ended June 30, 2019, are as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements	<u>\$ 177,266</u>	<u>\$ -</u>	<u>\$ (57,268)</u>	<u>\$ 119,998</u>	<u>\$ 59,070</u>

The capital lease is payable from the taxes levied by the Town. The Town's full faith and credit are pledged as collateral. If in default and there are insufficient funds from the taxes levied, the principal and interest will be paid from the current funds of the Town.

Interest paid during the year ended June 30, 2019, on sanitation long-term debt was \$5,575.

Sanitation Fund debt service requirements to maturity, including interest of \$5,690 are as follows:

<u>Year ended June 30,</u>	<u>Other Debt</u>		<u>Direct Borrowings and Direct Placements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ -	\$ -	\$ 59,070	\$ 3,774	\$ 62,844
2021	<u>-</u>	<u>-</u>	<u>60,928</u>	<u>1,916</u>	<u>62,844</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,998</u>	<u>\$ 5,690</u>	<u>\$ 125,688</u>

Note: A debt service requirements schedule is not required for compensated absences.

NOTE 9 - LONG-TERM DEBT (Continued)**B. Business-Type Debt (Continued)****Water Works Fund**

Long-term debt, payable by the Water Works Fund, which consists of bonds payable, customer deposits and compensated absences, is summarized as follows:

	<u>Principal Balance</u>
Refunding Water Revenue Bond, Series 2017, interest at 2.6%	\$ 963,164
Loan agreement dated September 13, 2004, interest at the adjustable rate payable monthly, principal is due annually on May 25th	165,526
Tennessee Municipal Bond Fund, Series 2013, dated September 16, 2013, interest at 3.72% through September 1, 2025	222,000
Customer deposits	239,823
Compensated absences	<u>9,316</u>
	1,599,829
Less: current portion of water works long-term debt	<u>(134,816)</u>
 Total water works long-term debt	 <u><u>\$ 1,465,013</u></u>

A summary of changes in water works long-term debt, not including customer deposits and compensated absences, for the year ended June 30, 2019, are as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements	<u>\$1,481,226</u>	<u>\$ -</u>	<u>\$(130,536)</u>	<u>\$ 1,350,690</u>	<u>\$ 134,816</u>

The 2017 Refunding Water Bond, the 2004 Revenue Bonds and the 2013 Tennessee Municipal Bond Fund have the same terms as the governmental debt but are also payable from, but not secured by, the income and revenues derived from the operation of the water works system.

Interest paid during the year ended June 30, 2019, on water works long-term debt was \$43,579.

Water Works Fund debt service requirements to maturity, including interest of \$189,896 are as follows:

<u>Year ended June 30,</u>	<u>Other Debt</u>		<u>Direct Borrowings and Direct Placements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ -	\$ -	\$ 134,816	\$ 35,331	\$ 170,147
2021	-	-	139,006	32,087	171,093
2022	-	-	144,300	28,749	173,049
2023	-	-	145,090	24,581	169,671
2024	-	-	140,496	19,252	159,748
2025-2029	-	-	603,192	41,812	645,004
2030-2033	<u>-</u>	<u>-</u>	<u>43,790</u>	<u>8,084</u>	<u>51,874</u>
 Total	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,350,690</u>	 <u>\$189,896</u>	 <u>\$ 1,540,586</u>

Note: The above debt service requirements schedule does not include customer deposits or compensated absences.

NOTE 9 - LONG-TERM DEBT (Continued)**B. Business-Type Debt (Continued)****Waste Water Fund**

Long-term debt, payable by the Waste Water Fund, which consists of bonds payable, a note payable and compensated absences is summarized as follows:

	<u>Principal Balance</u>
Loan agreement dated September 13, 2004, interest at the adjustable rate payable monthly, principal is due annually on May 25th	\$ 170,636
Capital outlay notes, Series 2012A, dated December 21, 2012, payable in 10 annual installments, interest at 1.94% through April 1, 2023	160,000
State Revolving Fund Note, in draw down phase	294,542
Compensated absences	<u>169</u>
	625,347
Less: current portion of waste water long-term debt	<u>(57,470)</u>
Total waste water long-term debt	<u>\$ 567,877</u>

A summary of changes in waste water long-term debt, not including compensated absence, for the year ended June 30, 2019, are as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements	<u>\$ 387,296</u>	<u>\$ 294,542</u>	<u>\$ (56,660)</u>	<u>\$ 625,178</u>	<u>\$ 57,470</u>

The 2004 Revenue Bonds, the 2012A Capital Outlay Notes, and State Revolving Fund Note have the same terms as the governmental debt but are also payable from, but not secured by, the income and revenues derived from the operation of the waste water system.

Interest paid during the year ended June 30, 2019, on waste water long-term debt was \$7,845.

Waste water debt service requirements to maturity, including interest of \$41,298 are as follows:

Year ended June 30,	<u>Other Debt</u>		<u>Direct Borrowings and Direct Placements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ -	\$ -	\$ 57,470	\$ 6,495	\$ 63,965
2021	-	-	58,321	5,884	64,205
2022	-	-	59,216	5,282	64,498
2023	-	-	56,431	3,965	60,396
2024	-	-	8,029	1,558	9,587
2025-2029	-	-	46,028	8,934	54,962
2030-2033	<u>-</u>	<u>-</u>	<u>45,141</u>	<u>9,180</u>	<u>54,321</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,636</u>	<u>\$ 41,298</u>	<u>\$ 371,934</u>

Note: The above debt service requirements schedule does not include the note that is still in the draw down phase or compensated absences.

NOTE 9 - LONG-TERM DEBT (Continued)

B. Business-Type Debt (Continued) Waste Water Fund

The Loan Agreement dated September 13, 2004, in the original amount of \$1,393,000 bears interest at an adjustable rate. This rate is adjusted monthly on the 15th of the month and is calculated by the Trustee based on the interest rates determined by the Remarketing Agent. The rate was 1.84% as of June 30, 2019. The anticipated interest rate used to compute the maturities of the debt over its remaining term is 3.25%.

NOTE 10 - DEFERRED REVENUE - PROPERTY TAX

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds as deferred inflows were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	<u>\$ 16,167</u>	<u>\$ 427,900</u>	<u>\$ 444,067</u>

Funds that are earned, but not available, are realized as revenue under GASB #33.

NOTE 11 - NET POSITION RESTRICTIONS

The Town can restrict net position to be maintained for specific purposes. The nature and purpose of these are explained as follows:

State street aid funds in the amount of \$121,786 are legally restricted for state street aid expenditures.

Drug funds in the amount of \$29,903 are legally restricted for non-recurring police expenditures.

NOTE 12 - FUND BALANCES

Fund balances are as follows:

Restricted: \$121,786 is legally restricted for state street aid expenditures and \$29,903 is legally restricted for non-recurring police expenditures.

Unassigned: In accordance with generally accepted accounting principles, the General Fund is the only fund at the Town that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the General Fund.

NOTE 13 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities:

The governmental fund Statement of Revenues, Expenditures and Changes in Fund balances, includes a reconciliation between net changes in fund balances for total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that, "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". The details of this \$66,778 difference are as follows:

Depreciation expense	\$(173,738)
Capital outlay	<u>240,516</u>
Net adjustment	<u>\$ 66,778</u>

NOTE 14 - RISK MANAGEMENT POOL

The Town is exposed to various risk of loss related to torts, errors and omissions, damages to assets, and injuries to employees. The Town has joined the Public Entity Partners Risk Management Pool (Pool). The membership allows the Town to share liability, motor vehicle, and employee injury risks.

The Pool is a governmental entity organized by Tennessee cities as a not-for-profit corporation to provide liability and workers' compensation coverage to Tennessee cities. Emphasis is on risk management and controlling losses, as all costs are shared by the Pool member cities. An extensive program of loss prevention, employee training, and legal counsel supplements experienced claims processing for member cities.

Coverage is as follows:

Property	\$ 26,878,187	
Workers compensation	\$ 1,000,000	per accident
	\$ 1,000,000	policy limit
	\$ 1,000,000	per employee
Liability	\$ 700,000	each other loss
		per occurrence

The responsibilities of the Town are as follows:

To pay all contributions or other sums due to the Pool at such times and in such amounts as shall be established by the Pool.

To allow the Pool and its agents reasonable access to all facilities of the Town and all records, including but not limited to financial records, which relate to the purposes of the Pool during the coverage period and up to (3) three years afterward.

To allow attorneys appointed by the Pool to represent the Town in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Town within the scope of loss protection furnished by the Pool.

NOTE 14 - RISK MANAGEMENT POOL (Continued)

To assist and cooperate in the defense and settlement of claims against the Town.

To furnish full cooperation to the Pool's attorneys, claims adjusters, and any agent, employee, officer or independent contractor of the Pool relating to the purposes of the Pool.

To follow all loss reduction and prevention procedures established by the Pool where possible.

To furnish to the Pool such operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any conditions issued, all incidents which could result in the Pool being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection in which the Town participates.

To allow the Pool to inspect and appraise any damaged property before its repair or disposition.

The Town must cooperate with the pool in any dispute resolutions with other insurance companies.

The responsibilities of the Pool are as follows:

The Pool will defend any suit against the Town or covered party seeking damages even if any of the allegations of the suit are groundless, false, or fraudulent.

The Pool's duty to pay on behalf of or to indemnify a covered party other than the Town does not apply to any act, error or omission:

- (1) That constitutes malfeasance in office;
- (2) That constitutes willful and wanton neglect of duty;
- (3) That constitutes dishonesty on the part of a covered party; or
- (4) That constitutes the willful violation of a statute or ordinance by any official, employee, or agent of the municipality.

The Town has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The Town is not aware of any claims which the Town is liable for (up to the applicable deductible) which were outstanding and unpaid at June 30, 2019. No provision has been made in the financial statements for the year ended June 30, 2019, for any estimate of potential unpaid claims.

NOTE 15 - COMMERCIAL INSURANCE

It is the policy of the Town to purchase commercial insurance for various risks of losses to which it is exposed. These risks include accident and employee health. Other risks of losses are covered under a risk management pool. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 16 - LITIGATION AND CLAIMS

Town management is not aware of any litigation or claims that would be material to the Town's financial statements.

**NOTE 17 - MATERIAL COMPLIANCE WITH FINANCE RELATED LEGAL
AND CONTRACTUAL PROVISIONS**

The Town's State Street Aid Fund had expenditures that exceeded the amount budgeted by \$12,472. The Town did not follow proper bidding procedures for several items. The water audit data validity score is below the required level.

NOTE 18 - PRIOR PERIOD ADJUSTMENTS

The Town has made the election to opt-out of the other postemployment benefits (OPEB) plan. This election eliminated all previously recorded net OPEB liabilities and deferred inflows/outflows related to OPEB. These eliminations resulted in the following prior period adjustments:

Governmental activities prior year ending net position	\$ 2,987,226
Adjustments for OPEB	<u>58,078</u>
Governmental activities beginning net position as restated	<u>\$ 3,045,304</u>
Business-type activities prior year ending net position	\$ 11,713,279
Adjustments for OPEB	<u>45,634</u>
Business-type activities beginning net position as restated	<u>\$ 11,758,913</u>
Sanitation Fund prior year ending net position	\$ 247,111
Adjustments for OPEB	<u>10,372</u>
Sanitation Fund beginning net position as restated	<u>\$ 257,483</u>
Water Works Fund prior year ending net position	\$ 7,174,807
Adjustments for OPEB	<u>22,816</u>
Water Works Fund beginning net position as restated	<u>\$ 7,197,623</u>
Waste Water Fund prior year ending net position	\$ 4,291,361
Adjustments for OPEB	<u>12,446</u>
Waste Water Fund beginning net position as restated	<u>\$ 4,303,807</u>

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

State Street Aid Fund:

All state-shared gasoline tax revenue received to provide for street lighting and road maintenance is accounted for in this fund.

Drug Fund:

This fund is used to account for confiscated drug monies and related expenditures.

TOWN OF JASPER, TENNESSEE
Non-major Governmental Fund
Combining Balance Sheet
June 30, 2019

	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Governmental Funds</u>
ASSETS			
Cash	\$ 87,657	\$ 23,335	\$ 110,992
Due from other funds	<u>66,403</u>	<u>6,568</u>	<u>72,971</u>
TOTAL ASSETS	<u>\$ 154,060</u>	<u>\$ 29,903</u>	<u>\$ 183,963</u>
 LIABILITIES			
Accounts payable	\$ 30,000	\$ -	\$ 30,000
Accrued payroll liabilities	<u>2,274</u>	<u>-</u>	<u>2,274</u>
TOTAL LIABILITIES	<u>\$ 32,274</u>	<u>\$ -</u>	<u>\$ 32,274</u>
 FUND BALANCES			
Restricted	<u>\$ 121,786</u>	<u>\$ 29,903</u>	<u>\$ 151,689</u>

TOWN OF JASPER, TENNESSEE
Non-major Governmental Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Governmental Funds</u>
REVENUES			
Charges for services	\$ 119,164	\$ -	\$ 119,164
Fines and forfeitures	-	1,631	1,631
Other	<u>-</u>	<u>13</u>	<u>13</u>
TOTAL REVENUES	<u>119,164</u>	<u>1,644</u>	<u>120,808</u>
EXPENDITURES			
Current expenditures			
Public works	<u>108,282</u>	<u>-</u>	<u>108,282</u>
TOTAL EXPENDITURES	<u>108,282</u>	<u>-</u>	<u>108,282</u>
Excess (deficiency) of revenues over (under) expenditures	10,882	1,644	12,526
Fund balance - beginning	<u>110,904</u>	<u>28,259</u>	<u>139,163</u>
Fund balance - end	<u>\$ 121,786</u>	<u>\$ 29,903</u>	<u>\$ 151,689</u>

TOWN OF JASPER, TENNESSEE
State Street Aid Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Charges for services				
Gas tax	\$ 96,000	\$ 96,000	\$ 119,164	\$ 23,164
TOTAL REVENUES	<u>96,000</u>	<u>96,000</u>	<u>119,164</u>	<u>23,164</u>
EXPENDITURES				
Current expenditures				
Public works				
Salaries	60,297	60,297	57,352	2,945
Payroll taxes	4,613	4,613	4,300	313
Pension	10,700	10,700	30,000	(19,300)
Employee insurance	19,500	19,500	16,073	3,427
Insurance	200	200	70	130
Printing and office supplies	200	200	98	102
Telephone	-	-	26	(26)
Uniforms	300	300	363	(63)
Total public works	<u>95,810</u>	<u>95,810</u>	<u>108,282</u>	<u>(12,472)</u>
TOTAL EXPENDITURES	<u>95,810</u>	<u>95,810</u>	<u>108,282</u>	<u>(12,472)</u>
Excess (deficiency) of revenues over (under) expenditures	190	190	10,882	10,692
Fund balances - beginning	<u>110,904</u>	<u>110,904</u>	<u>110,904</u>	<u>-</u>
Fund balances - end	<u>\$ 111,094</u>	<u>\$ 111,094</u>	<u>\$ 121,786</u>	<u>\$ 10,692</u>

TOWN OF JASPER, TENNESSEE
Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures				
Drug related fines	\$ 5,900	\$ 5,900	\$ 1,631	\$ (4,269)
Other				
Interest income	3	3	13	10
TOTAL REVENUES	<u>5,903</u>	<u>5,903</u>	<u>1,644</u>	<u>(4,259)</u>
EXPENDITURES				
Current expenditures				
Public safety				
Police				
Date processing	3,000	3,000	-	3,000
TOTAL EXPENDITURES	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Excess (deficiency) of revenues over (under) expenditures	2,903	2,903	1,644	(1,259)
Fund balances - beginning	<u>28,259</u>	<u>28,259</u>	<u>28,259</u>	<u>-</u>
Fund balances - end	<u>\$ 31,162</u>	<u>\$ 31,162</u>	<u>\$ 29,903</u>	<u>\$ (1,259)</u>

FINANCIAL SCHEDULES

TOWN OF JASPER, TENNESSEE
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Grant/Program Number	Accrued (Receivable) 7/1/2018	Grant Receipts	Grant Expenditures	Accrued (Receivable) 6/30/2019
Federal						
U.S. Department of Transportation thru TN Department of Transportation						
High Visibility Enforcement	20.607	Z18THS156	\$ (676)	\$ 1,631	\$ 955	\$ -
High Visibility Enforcement	20.607	Z19THS137	-	1,511	3,338	(1,827)
Transportation Enhancement - Sidewalk	20.605	STP-EW-5800 (43)	(16,018)	113,670	97,652	-
Total U.S. Department of Transportation			<u>(16,694)</u>	<u>116,812</u>	<u>101,945</u>	<u>(1,827)</u>
U.S. Department of Economic and Community Development thru State of Tennessee - 2017 CDBG Sewer	14.228	33004-56917	<u>(20,355)</u>	<u>423,890</u>	<u>403,535</u>	<u>-</u>
Total Federal Awards			<u>(37,049)</u>	<u>540,702</u>	<u>505,480</u>	<u>(1,827)</u>
State						
Department of Environment and Conservation State Revolving Loan Program		CG3 2018-400	<u>-</u>	<u>294,542</u>	<u>294,542</u>	<u>-</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ (37,049)</u>	<u>\$ 835,244</u>	<u>\$ 800,022</u>	<u>\$ (1,827)</u>

TOWN OF JASPER, TENNESSEE
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the Town of Jasper, Tennessee and is presented on the modified accrual basis of accounting.

NOTE 2 - INDIRECT COST RATE

The Town of Jasper, Tennessee has not allocated any direct cost.

NOTE 3 - LOAN BALANCE

	<u>Balance</u>
Department of Environment and Conservation	\$ 294,542

TOWN OF JASPER, TENNESSEE
Sanitation Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
OPERATING REVENUES				
Sanitation fees	\$ 277,500	\$ 277,500	\$ 308,152	\$ 30,652
OPERATING EXPENSES				
Operating and administration				
Salaries	111,000	111,000	100,704	10,296
Payroll taxes	8,492	8,492	7,446	1,046
Pension	17,500	17,500	10,976	6,524
Employee insurance	34,400	34,400	36,938	(2,538)
Disposal	45,000	45,000	43,256	1,744
Insurance	1,700	1,700	11,131	(9,431)
Maintenance and repairs	1,500	1,500	8,126	(6,626)
Miscellaneous	5,000	5,000	-	5,000
Postage	100	100	-	100
Printing and office supplies	300	300	-	300
Telephone	600	600	415	185
Uniforms	500	500	256	244
Vehicle	10,800	10,800	19,750	(8,950)
Total operating and administration	236,892	236,892	238,998	(2,106)
Depreciation	30,800	30,800	19,658	11,142
Total operating expenses	267,692	267,692	258,656	9,036
Operating income	9,808	9,808	49,496	39,688
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(9,200)	(9,200)	(5,575)	3,625
Interest income	200	200	566	366
Total non-operating revenues (expenses)	(9,000)	(9,000)	(5,009)	3,991
Changes in net position	808	808	44,487	43,679
Net position - beginning (as restated)	257,483	257,483	257,483	-
Net position - end	\$ 258,291	\$ 258,291	\$ 301,970	\$ 43,679

TOWN OF JASPER, TENNESSEE
Water Works Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
OPERATING REVENUES				
Metered water sales	\$ 1,044,000	\$ 1,044,000	\$ 1,152,688	\$ 108,688
Returned check charge	800	800	200	(600)
Connection and tap fees	21,000	21,000	19,625	(1,375)
Interest and penalties	33,000	33,000	39,612	6,612
Transfer fees	800	800	850	50
Maintenance and servicing fees	88,000	88,000	88,962	962
Miscellaneous	6,000	6,000	748	(5,252)
Total operating revenues	<u>1,193,600</u>	<u>1,193,600</u>	<u>1,302,685</u>	<u>109,085</u>
OPERATING EXPENSES				
Operating and administration				
Salaries	309,000	309,000	273,121	35,879
Payroll taxes	23,639	23,639	20,891	2,748
Pension	58,000	58,000	90,609	(32,609)
Employee insurance	69,000	69,000	51,350	17,650
Chemicals	55,000	55,000	51,426	3,574
Contract services	17,700	27,700	22,082	5,618
Insurance	6,600	38,600	54,822	(16,222)
Legal and accounting	16,000	16,000	-	16,000
Maintenance and repairs	103,400	103,400	53,740	49,660
Membership fees	7,500	7,500	6,754	746
Miscellaneous	1,000	12,000	11,962	38
Postage	15,000	15,000	6,487	8,513
Printing and office supplies	5,000	13,000	17,700	(4,700)
Telephone	7,000	7,000	5,724	1,276
Training	1,000	1,000	1,198	(198)
Uniforms	1,000	1,000	569	431
Utilities	125,000	125,000	101,350	23,650
Vehicle	13,000	17,000	11,574	5,426
Water sample analysis	9,000	16,000	14,528	1,472
Total operating and administration	<u>842,839</u>	<u>914,839</u>	<u>795,887</u>	<u>118,952</u>
Depreciation	<u>251,000</u>	<u>251,000</u>	<u>256,979</u>	<u>(5,979)</u>
Total operating expenses	<u>1,093,839</u>	<u>1,165,839</u>	<u>1,052,866</u>	<u>112,973</u>
Operating income	<u>99,761</u>	<u>27,761</u>	<u>249,819</u>	<u>222,058</u>
(Continued)				

TOWN OF JASPER, TENNESSEE
Water Works Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual (Continued)
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	\$ (102,000)	\$ (102,000)	\$ (43,579)	\$ 58,421
Interest income	<u>6,000</u>	<u>6,000</u>	<u>12,643</u>	<u>6,643</u>
Total non-operating revenues (expenses)	<u>(96,000)</u>	<u>(96,000)</u>	<u>(30,936)</u>	<u>65,064</u>
Changes in net position	3,761	(68,239)	218,883	287,122
Net position - beginning (as restated)	<u>7,197,623</u>	<u>7,197,623</u>	<u>7,197,623</u>	<u>-</u>
Net position - end	<u>\$ 7,201,384</u>	<u>\$ 7,129,384</u>	<u>\$ 7,416,506</u>	<u>\$ 287,122</u>

TOWN OF JASPER, TENNESSEE
Waste Water Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
OPERATING REVENUES				
Waste water sales	\$ 630,000	\$ 630,000	\$ 641,743	\$ 11,743
Connection fees and permits	7,300	7,300	5,650	(1,650)
Inspection and maintenance fees	7,200	7,200	7,660	460
Miscellaneous	72,000	72,000	73,827	1,827
Total operating revenues	<u>716,500</u>	<u>716,500</u>	<u>728,880</u>	<u>12,380</u>
OPERATING EXPENSES				
Operating and administration				
Salaries	204,500	204,500	159,297	45,203
Payroll taxes	15,644	15,644	12,873	2,771
Pension	25,000	25,000	60,000	(35,000)
Employee insurance	29,100	29,100	21,053	8,047
Analysis and lab expenses	25,000	25,000	18,135	6,865
Chemicals	38,000	38,000	52,344	(14,344)
Contract services	11,700	11,700	22,233	(10,533)
Insurance	15,300	15,300	20,699	(5,399)
Legal and accounting	10,200	10,200	2,675	7,525
Maintenance and repairs	465,900	465,900	45,296	420,604
Membership fees	6,500	6,500	4,840	1,660
Miscellaneous	11,600	11,600	2,958	8,642
Postage	100	100	19	81
Printing and office supplies	1,000	1,000	297	703
Telephone	6,000	6,000	1,451	4,549
Training	1,500	1,500	175	1,325
Uniforms	800	800	608	192
Utilities	78,000	78,000	93,184	(15,184)
Vehicle	6,500	6,500	8,651	(2,151)
Total operating and administration	<u>952,344</u>	<u>952,344</u>	<u>526,788</u>	<u>425,556</u>
Depreciation	<u>162,000</u>	<u>162,000</u>	<u>183,808</u>	<u>(21,808)</u>
Total operating expenses	<u>1,114,344</u>	<u>1,114,344</u>	<u>710,596</u>	<u>403,748</u>
Operating income	<u>(397,844)</u>	<u>(397,844)</u>	<u>18,284</u>	<u>416,128</u>
(Continued)				

TOWN OF JASPER, TENNESSEE
Waste Water Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual (Continued)
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	\$ (14,100)	\$ (14,100)	\$ (7,845)	\$ 6,255
Interest income	3,500	3,500	9,643	6,143
Sale of supplies	-	-	2,070	2,070
Federal grants	<u>968,500</u>	<u>968,500</u>	<u>403,535</u>	<u>(564,965)</u>
Total non-operating revenues (expenses)	<u>957,900</u>	<u>957,900</u>	<u>407,403</u>	<u>(550,497)</u>
Changes in net position	560,056	560,056	425,687	(134,369)
Net position - beginning (as restated)	<u>4,303,807</u>	<u>4,303,807</u>	<u>4,303,807</u>	<u>-</u>
Net position - end	<u>\$ 4,863,863</u>	<u>\$ 4,863,863</u>	<u>\$ 4,729,494</u>	<u>\$ (134,369)</u>

TOWN OF JASPER, TENNESSEE
Schedule of Property Taxes Receivable
General Fund
June 30, 2019

Year of Levy

2019	\$ 427,900
2018	21,176
2017	11,962
2016	6,403
2015	2,430
2014	3,322
2013	2,998
2012	17
2011	-
2010	-
	<hr/> 476,208
Less allowance for uncollectibles	(30,834)
	<hr/>
Property taxes receivable - net	<u>\$ 445,374</u>

TOWN OF JASPER, TENNESSEE
Schedule of Changes in Property Taxes Receivable
General Fund
June 30, 2019

	Taxes Receivable July 1, 2018	Taxes Levied	Pickups	Releases	Collections	Taxes Receivable June 30, 2019
2019	\$ -	\$ 427,900	\$ -	\$ -	\$ -	\$ 427,900
2018	425,900	-	1,994	-	(406,718)	21,176
2017	26,655	-	-	-	(14,693)	11,962
2016	11,435	-	-	-	(5,032)	6,403
2015	4,673	-	-	-	(2,243)	2,430
2014	3,891	-	-	-	(569)	3,322
2013	3,347	-	-	-	(349)	2,998
2012	17	-	-	-	-	17
2011	-	-	-	-	-	-
2010	-	-	-	-	-	-
Total	<u>\$ 475,918</u>	<u>\$ 427,900</u>	<u>\$ 1,994</u>	<u>\$ -</u>	<u>\$ (429,604)</u>	<u>\$ 476,208</u>

TOWN OF JASPER, TENNESSEE
Schedule of Debt Service Requirements
Sanitation Fund
June 30, 2019

CAPITAL LEASE - GARBAGE TRUCK
\$286,618 - 3.10%

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 59,070	\$ 3,774	\$ 62,844
2021	<u>60,928</u>	<u>1,916</u>	<u>62,844</u>
Total	<u>\$ 119,998</u>	<u>\$ 5,690</u>	<u>\$ 125,688</u>

TOWN OF JASPER, TENNESSEE
Schedule of Debt Service Requirements
Water Works Fund
June 30, 2019

REFUNDING WATER REVENUE BOND, SERIES 2017
\$1,170,500 - 2.6%

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 89,869	\$ 23,784	\$ 113,653
2021	92,233	21,420	113,653
2022	94,660	18,993	113,653
2023	97,151	16,502	113,653
2024	99,707	13,946	113,653
2025	102,330	11,322	113,652
2026	105,023	8,630	113,653
2027	107,786	5,867	113,653
2028	110,622	3,031	113,653
2029	<u>63,783</u>	<u>428</u>	<u>64,211</u>
Total	<u>\$ 963,164</u>	<u>\$ 123,923</u>	<u>\$ 1,087,087</u>

TOWN OF JASPER, TENNESSEE
Schedule of Debt Service Requirements
Water Works Fund
June 30, 2019

**49.24% OF ADJUSTABLE RATE POOLED
FINANCING REVENUE BONDS, SERIES 2004**

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 16,947	\$ 3,289	\$ 20,236
2021	17,773	3,450	21,223
2022	18,640	3,618	22,258
2023	15,939	3,094	19,033
2024	7,789	1,512	9,301
2025	8,144	1,581	9,725
2026	8,518	1,653	10,171
2027	8,910	1,729	10,639
2028	9,322	1,809	11,131
2029	9,754	1,893	11,647
2030	10,209	1,981	12,190
2031	10,687	2,074	12,761
2032	11,188	2,171	13,359
2033	<u>11,706</u>	<u>1,858</u>	<u>13,564</u>
Total	<u>\$ 165,526</u>	<u>\$ 31,712</u>	<u>\$ 197,238</u>

TOWN OF JASPER, TENNESSEE
Schedule of Debt Service Requirements
Water Works Fund
June 30, 2019

TENNESSEE MUNICIPAL BOND FUND - SERIES 2013
\$348,300 WATER CONSTRUCTION 3.72%

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 28,000	\$ 8,258	\$ 36,258
2021	29,000	7,217	36,217
2022	31,000	6,138	37,138
2023	32,000	4,985	36,985
2024	33,000	3,794	36,794
2025	34,000	2,567	36,567
2026	<u>35,000</u>	<u>1,302</u>	<u>36,302</u>
 Total	 <u>\$ 222,000</u>	 <u>\$ 34,261</u>	 <u>\$ 256,261</u>

TOWN OF JASPER, TENNESSEE
Schedule of Debt Service Requirements
Waste Water Fund
June 30, 2019

**50.76% OF ADJUSTABLE RATE POOLED
FINANCING REVENUE BOND, SERIES 2004**

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 17,470	\$ 3,391	\$ 20,861
2021	18,321	3,556	21,877
2022	19,216	3,730	22,946
2023	16,431	3,189	19,620
2024	8,029	1,558	9,587
2025	8,396	1,630	10,026
2026	8,781	1,704	10,485
2027	9,185	1,783	10,968
2028	9,610	1,865	11,475
2029	10,056	1,952	12,008
2030	10,522	2,042	12,564
2031	11,015	2,138	13,153
2032	11,531	2,238	13,769
2033	<u>12,073</u>	<u>2,762</u>	<u>14,835</u>
Total	<u>\$ 170,636</u>	<u>\$ 33,538</u>	<u>\$ 204,174</u>

TOWN OF JASPER, TENNESSEE
Schedule of Debt Service Requirements
Waste Water Fund
June 30, 2019

CAPITAL OUTLAY NOTES, SERIES 2012A
\$377,000 - 1.94%

<u>Maturing June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 40,000	\$ 3,104	\$ 43,104
2021	40,000	2,328	42,328
2022	40,000	1,552	41,552
2023	<u>40,000</u>	<u>776</u>	<u>40,776</u>
Total	<u>\$ 160,000</u>	<u>\$ 7,760</u>	<u>\$ 167,760</u>

TOWN OF JASPER, TENNESSEE
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2019
Business-Type Activities									
Notes Payable through Waste Water Fund									
Capital Outlay Notes, Series 2012A	\$ 377,000	1.94%	12/21/12	04/01/23	\$ 200,000	\$ -	\$ (40,000)	\$ -	\$ 160,000
State Revolving Fund Note		1.45%	04/20/19		-	294,542	-	-	294,542
Total Notes Payable through Waste Water Fund					<u>\$ 200,000</u>	<u>\$ 294,542</u>	<u>\$ (40,000)</u>	<u>\$ -</u>	<u>\$ 454,542</u>
Bonds Payable through Water Works Fund									
Refunding Water Revenue Bond, Series 2017	\$1,170,500	2.60%	12/01/16	12/01/28	\$1,050,539	\$ -	\$ (87,375)	\$ -	\$ 963,164
Financing Revenue Bonds, Series 2004	\$ 685,813	variable	09/13/04	05/25/33	181,687	-	(16,161)	-	165,526
Tennessee Municipal Bond Fund, Series 2013	\$ 348,300	3.72%	09/16/13	09/01/25	249,000	-	(27,000)	-	222,000
Total Bonds Payable through Water Works Fund					<u>\$1,481,226</u>	<u>\$ -</u>	<u>\$ (130,536)</u>	<u>\$ -</u>	<u>\$1,350,690</u>
Bonds Payable through Waste Water Fund									
Financing Revenue Bonds, Series 2004	\$ 707,187	variable	09/13/04	05/25/33	<u>\$ 187,296</u>	<u>\$ -</u>	<u>\$ (16,660)</u>	<u>\$ -</u>	<u>\$ 170,636</u>

The State Revolving Fund Note is currently still in the draw down phase, therefore, the original amount of issue and last maturity date is unknown at year-end.

TOWN OF JASPER, TENNESSEE
Tax Rates and Assessed Valuation Applicable to Last Ten Years
June 30, 2019

<u>Year of Levy</u>	<u>Per \$100</u>	<u>Values</u>	<u>Assessment</u>
2019	\$.4153	\$ 177,706,870	\$427,900
2018	\$.4153	\$ 103,032,521	\$427,894
2017	\$.4153	\$ 102,528,346	\$425,800
2016	\$.4153	\$ 101,037,274	\$419,608
2015	\$.40	\$ 102,904,895	\$411,620
2014	\$.30	\$ 107,591,003	\$322,773
2013	\$.30	\$ 104,061,437	\$312,184
2012	\$.30	\$ 100,267,180	\$300,802
2011	\$.30	\$ 94,102,175	\$282,306
2010	\$.30	\$ 93,933,398	\$281,800

NOTE: On July 1, 2018, the Town of Jasper approved the levy for the year ended June 30, 2019, for residents on record as of January 1, 2019. The 2019 levy was recorded as a receivable and deferred revenue for the year ended June 30, 2019.

DELIQUENT TAXES FILED

The Town has filed uncollected delinquent taxes.

TOWN OF JASPER, TENNESSEE
Schedule of Municipal Utility Rates and Number of Customers
June 30, 2019

Sanitation system

Rate: \$15.00 per month

Number of customers: 1,537

Water works system

Rate inside Town: \$7.00 for 1-2,000 gallons

\$3.50 for each 1,000 gallons over 2,000

Rate outside Town: \$15.00 for 1-2,000 gallons

\$5.00 for each 1,000 gallons over 2,000

Number of customers: 3,751

Waste water system

Rate: minimum \$9.00 for 1-1,000 gallons

\$5.00 for each 1,000 gallons over 1,000

Rate for Whitwell and Shellmound areas: minimum \$17.00 for 1-1,000 gallons

\$9.00 for each 1,000 gallons over 1,000

Number of customers: 1,314

TOWN OF JASPER, TENNESSEE
Schedule of Insurance
June 30, 2019

<u>Description</u>	<u>Policy #</u>	<u>Policy Term</u>	<u>Coverage</u>
Property	PPR-4391-20	2-6-19/20	\$26,878,187
Workers compensation	PWC-0542-20	4-26-19/20	\$1,000,000 per accident \$1,000,000 policy limit \$1,000,000 per employee
Liability	TML-0144-19	8-27-18/19	\$ 700,000 each other loss per occurrence
Employee surety bonds			\$ 20,000 City Recorder

TOWN OF JASPER, TENNESSEE
Schedule of Unaccounted for Water
June 30, 2019

AWWA Free Water Audit Software:

Water Audit Report for: **Town of Jasper, TN (0000325)**
Report Period: **2019** **7/2018 - 6/2019**

Please enter data in the white cells below. Where available, metered values should be used, if metered values are unavailable please estimate a value. Indicate
All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each

WATER SUPPLIED: 404.357 MG/Yr

Volume from own sources: 8 404.357 MG/Yr
Water imported: 0 0 MG/Yr
Water exported: 0 0 MG/Yr

Master Meter and Supply Error Adjustments
Pcnt: Value: MG/Yr
Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION
Billed metered: 7 253.119 MG/Yr
Billed unmetered: 0 0.000 MG/Yr
Unbilled metered: 8 21.027 MG/Yr
Unbilled unmetered: 8 1.636 MG/Yr

AUTHORIZED CONSUMPTION: 275.782 MG/Yr

WATER LOSSES (Water Supplied - Author) 128.575 MG/Yr

Apparent Losses
Unauthorized consumption: 0 0.000 MG/Yr

Customer metering inaccuracies: 7 0.000 MG/Yr
Systematic data handling errors: 5 0.633 MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed.

Apparent Losses: 0.633 MG/Yr

Real Losses (Current Annual Real Losses or CARL)
Water Losses - Apparent Losses: 127.942 MG/Yr

WATER LOSSES: 128.575 MG/Yr

NON-REVENUE WATER
NON-REVENUE WATER: 151.238 MG/Yr
= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA
Length of mains: 7 94.3 miles
AND inactive service connections: 8 3.751
Service connection density: 40 connections/mile main
Are customer service lines beyond the property boundary? Yes
Average length of customer service line has been set to zero and a data grading score of 10 has been applied.
Average operating pressure: 8 100.0 psi

COST DATA
Total cost of operating water system: 8 \$/Year
Cost (applied to Apparent Losses): 8 \$4.95 \$/1000 gallons (US)
Cost (applied to Real Losses): 8 \$447.62 \$/1000 gallons (US)

WATER AUDIT DATA VALIDITY SCORE:
*** YOUR SCORE IS: 76 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY
Based on the information provided, audit accuracy can be improved by addressing the following components:
1: Volume from own sources
2: Billed metered
3: Unauthorized consumption

TOWN OF JASPER, TENNESSEE
Schedule of Unaccounted for Water (Continued)
June 30, 2019

AWWA Free Water Audit Software: WAS v5.0	
Audit Report for:	Name of City / Utility: (PWSID / Other ID:)
Reporting Year:	<div style="display: inline-block; width: 40%; border: 1px solid black; padding: 2px;">2019</div> <div style="display: inline-block; width: 60%; border: 1px solid black; padding: 2px;">7/2018 - 6/2019</div>
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 10 out of 100 ***	
System Attributes:	
Apparent Losses:	1.644 MG/Yr
+	Real Losses:
	126.931 MG/Yr
=	Water Losses:
	128.575 MG/Yr
Unavoidable Annual Real Losses (UARL):	39.16 MG/Yr
Annual cost of Apparent Losses:	\$8,136
Annual cost of Real Losses:	\$56,817
	Valued at Variable Production Cost <small>Return to Reporting Worksheet to change this assumption</small>
Performance Indicators:	
Non-revenue water as percent by volume of Water Supplied:	37.4%
Non-revenue water as percent by cost of operating system:	6.3% Real Losses valued at Variable Production Cost
Apparent Losses per service connection per day:	1.20 gallons/connection/day
Operational Real Losses per service connection per day:	92.71 gallons/connection/day
Real Losses per length of main per day*:	N/A
Real Losses per service connection per day per meter (head) pressure:	0.93 gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):	126.93 million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:	3.24
<small>* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline</small>	

III. INTERNAL CONTROL AND COMPLIANCE SECTION



Certified Public
Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute
of Certified
Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Karen Hutcherson, CPA

Marianne Greene, CPA

Jennifer Waycaster, CPA

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

To the Board of Mayor and Aldermen
Town of Jasper, 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, each major fund and the aggregate remaining fund information of the Town of Jasper, Tennessee as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Jasper, Tennessee's basic financial statements, and have issued our report thereon dated March 4, 2020.

Internal Control over Financial Reporting

In planning and performing our audit the financial statements, we considered the Town of Jasper, Tennessee's internal control over financial reporting (internal control) to determine 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 of Jasper, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Jasper, Tennessee's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies, and are listed as items 2019-001 and 2019-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jasper, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are listed in the accompanying Schedule of Findings and Responses as items 2019-003 through 2019-005.

Town of Jasper, Tennessee's Response to Findings

The Town of Jasper, Tennessee's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Town of Jasper, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
March 4, 2020

TOWN OF JASPER, TENNESSEE
Schedule of Findings and Responses
June 30, 2019

SUMMARY OF AUDITOR'S RESULTS

Opinion on Financial Statements:

Unmodified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America.

Internal Control Deficiencies:

During the audit of the financial statements, two deficiencies in internal controls were disclosed.

Material Noncompliance:

Three instances of material noncompliance were disclosed.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

INTERNAL CONTROL

Finding 2019-001 - Approvals and Documentation

Criteria:

Government Auditing Standards Chapter A.06(h) states that "inadequate controls for the safeguarding of assets..." is a control deficiency.

Condition:

1. Cash on hand is not reconciled on a timely basis.
2. Internal balances are not reconciled on a timely basis.
3. Not all bank balances are reconciled to the general ledger.
4. Not all odometer readings are entered correctly at the fueling station.
5. Not all time sheets are initialed by their supervisors.
6. The Mayor approved his own routine sewer bill adjustment for his swimming pool and he approved credit card statements from cards that are used by city employees.
7. Not all bank statements were initialed as reviewed by someone other than the preparer.

Cause: Overall, the accounting department is understaffed.

1. A reconciliation process is not in place so that cash on hand is reconciled monthly.
2. A reconciliation process is not in place so that internal balances are reconciled monthly.
3. A reconciliation process is not in place so that bank balances are reconciled to the general ledger.
4. Odometer readings are not reconciled and corrected timely.
5. A Commissioner or Mayor did not initial all time sheets, in addition to the department head.
6. There is not a process in place so that a commissioner must sign the Mayor's sewer bill adjustments and credit card statements.
7. An approval process is not followed so that all bank statements are initialed as approved by a supervisor.

TOWN OF JASPER, TENNESSEE
Schedule of Findings and Responses (Continued)
June 30, 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (Continued)

INTERNAL CONTROL (Continued)

Finding 2019-001 - Approvals and Documentation (Continued)

Effect:

1. Without a reconciliation process in place, cash on hand could be over or understated.
2. Without a reconciliation process in place, due to/from amounts are not paid to the proper fund timely.
3. Without a reconciliation process in place, bank accounts are not reconciled to the general ledger.
4. Without correcting odometer readings in a timely manner, fuel usage could be incorrect.
5. Without a supervisor approving all time sheets along with the department head, time sheets do not have dual approvals.
6. Without a commissioner's approval, the Mayor's sewer bill adjustments and credit card statements are unverified.
7. If the approval process is not followed, bank statements may not be properly approved.

Management's Response:

We concur. We will make every effort to correct the areas as noted.

Finding 2019-002 - Inadequate Controls for the Safeguarding of Assets

Criteria:

Government Auditing Standards A.05(h).

Condition:

A majority of the Fire Department vehicles (3 of 4) were limited or out of service. In addition, much of the turnout gear to be worn by the firemen was expired or did not meet current standards.

Cause:

The Town did not have adequate controls in place for the proper maintenance and repair of their fire apparatus, and the timely replacement of turnout gear.

Effect:

The Town was forced to repair all the inoperable fire engines and purchase new turnout gear by "emergency purchase" [TCA 6-56-304(3)], instead of following the Town's approved purchasing by advertising and bidding. The State Division of Local Government Audit is of the opinion that these did not qualify as emergency purchases under [TCA 6-56-304(3)].

Managements Response:

We have already appointed new co-chiefs that are in the process of evaluating and repairing all the Fire Department equipment so that we can continue to provide adequate fire protection for the citizens of Jasper, and follow proper purchasing procedures.

TOWN OF JASPER, TENNESSEE
Schedule of Findings and Responses (Continued)
June 30, 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (Continued)

COMPLIANCE

Finding 2019-003 - Expenditures Exceeded Budget

Criteria:

Tennessee Code Annotated (TCA) Section 6-56-203 states that no municipality may expend any moneys regardless of their source except in accordance with a budget ordinance.

Condition:

Expenditures in the State Street Aid Fund exceeded the amount budgeted by \$12,472.

Cause:

The Town's budget was not amended to account for all expenditures.

Effect:

Without following proper procedures, the Town has failed to authorize all expenditures by the end of the fiscal year.

Management's Response:

We concur. We will make every effort in the future to provide for all expenditures in our budget.

Finding 2019-004 - Failure to Bid Purchase

Criteria:

Municipal Purchasing Law 6-56-301 through 306.

Condition:

The Town did not obtain proper bids for 13 sets of firefighter turnout gear, work performed on 3 fire engines and one ladder truck, and LED wiring and lighting installed on two fire trucks.

Cause:

The Town did not follow normal bidding procedures for the above items.

Effect:

The Town violated Municipal Purchasing Law 6-56-301 through 306.

Management's Response:

We concur. However, the turnout gear and the fire engine repairs were discussed by the Board and Town Attorney as possibly being an "Emergency Purchase" due to the absence of adequate fire protection for the citizens. We will make every effort to follow the normal bidding procedures in the future.

Auditor Response:

Even though the Town was trying to have a quick response to the fire department situation, the equipment and gear issues that developed over time did not qualify as an emergency purchase according to the Tennessee Comptroller of the Treasury, Division of Local Government Audit.

TOWN OF JASPER, TENNESSEE
Schedule of Findings and Responses (Continued)
June 30, 2019

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE
REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING
STANDARDS** (Continued)

COMPLIANCE (Continued)

Finding 2019-005 - Water Audit Data Validity Score

Criteria:

Tennessee Code Annotated 7-28-401 and 68-221-1010

Condition:

The water audit data validity score was a 76.

Cause:

The Town has a score of 76 which is below the acceptable level of 80.

Effect:

The Town is not in compliance with the TCA code.

Management's Response:

We concur. We will make every effort in the future to raise our water audit data validity score.

TOWN OF JASPER, TENNESSEE
Schedule of Prior Audit Findings
June 30, 2019

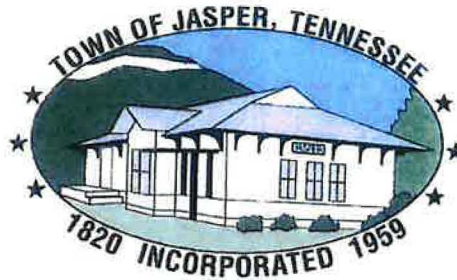
<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2018-001	Approvals and Documentation (Original finding 2016-001)	Partially corrected
2018-002	Expenditures Exceeded Budget (Original finding 2016-002)	Repeated
2018-003	Enterprise Fund Operating at a Loss (Original finding 2017-003)	Corrected

PAUL W. EVANS - MAYOR

4460 MAIN STREET
JASPER, TN 37347

(423) 942-3180

(423) 942-3110 Fax



LEON RASH - Vice Mayor

ALDERMEN:
MAC BUMPUS
PAUL WEST
JOSH JENNINGS

MANAGEMENT'S CORRECTIVE ACTION PLAN

Management's Correction Action Plan for our June 30, 2019 audit is as follows:

2019-001 - Approvals and Documentation

We concur. The Town Recorder will make sure cash on hand is reconciled timely, that internal balances are reconciled timely, that bank balances are reconciled to the general ledger, that a Commissioner approves the Mayor's credit card statement and sewer bill adjustments, that odometer readings are entered correctly, that time sheets are initialed by a Commissioner or the Mayor and that all bank statements are initialed by the Mayor. These changes will be implemented as of the date of this letter.

2019-002 - Inadequate Controls for the Safeguarding of Assets

We concur. The Mayor and Board will ensure that evaluation and repair procedures are followed for Fire Department assets as of the date of this letter.

2019-003 - Expenditures Exceeded Budget

We concur. The Town expensed its pension payout. The Town Recorder failed to make this last minute amendment to the budget and will make every effort in the future to provide for all expenditures in the budget.

2019-004 - Failure to Bid Purchase

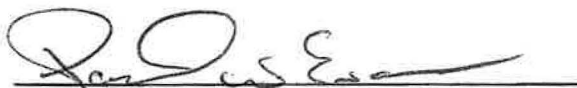
We concur. The Mayor and Commissioners will ensure that the Municipal Purchasing Law is followed as of the date of this letter.

2019-005 - Water Audit Data Validity Score

We concur. The water department supervisor will ensure as of the date of this letter that the validity score is in the process of being raised.

Respectfully submitted,

TOWN OF JASPER, TENNESSEE


Paul Wayne Evans, Mayor