

**TOWN OF SAULSBURY, TENNESSEE**

**REPORT ON FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

**YEAR ENDED JUNE 30, 2020**

TOWN OF SAULSBURY, TENNESSEE  
ELECTED OFFICIALS  
JUNE 30, 2020

Jim Daniel	Mayor
Rich Emerson	Vice-Mayor
Johnny Smith	Alderman/Treasurer
Jan Ward	Alderman/Recorder
Carl Hayes	Alderman
Lillie Reece	Alderman

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**ROBERT A. DOLL, JR.**

CERTIFIED PUBLIC ACCOUNTANT

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SOMERVILLE, TN. 38068

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Board of Aldermen  
Town of Saulsbury, Tennessee

I have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Saulsbury, Tennessee as of and for the year ended June 30, 2020, and the notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit includes performing procedures to obtain 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 these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An

audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Saulsbury, Tennessee as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Street Aid Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

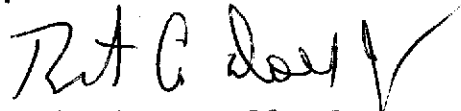
#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 2 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with Government Auditing Standards, I have also issued a report dated December 28, 2020 on my consideration of the Town of Saulsbury's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is solely to describe the scope of my 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's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "R A Doll Jr", with a large checkmark flourish at the end.

Robert A. Doll, Jr.  
Certified Public Accountant

December 28, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Saulsbury, Tennessee we offer readers of the Town of Saulsbury, Tennessee's financial statements this narrative overview and analysis of the financial activities of the Town of Saulsbury for the fiscal year ended June 30, 2020. Comparative analysis of key elements of total governmental funds and total enterprise funds has been provided.

### FINANCIAL HIGHLIGHTS

- The assets of the Town of Saulsbury exceeded liabilities at the close of the most recent fiscal year by \$264,074 (net position). Of this amount, \$140,187 (unrestricted net position) may be used to meet the government's ongoing obligation to citizens and creditors.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$147,587. This was an increase of \$6,320 from the prior year's fund balance.
- 

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of the following components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

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

- *The Statement of Net Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- *The Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government and street aid. The Town has no business-type activities. The government-wide financial statements can be found on pages 5-6 of this report.

### Fund Financial Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as 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 Balance Sheet -Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances- provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 8-13 of this report.

The Town maintains two individual governmental funds. Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances- Government Funds for all funds which are considered to be major funds and in the aggregate for non-major funds. The major governmental funds of the Town are the general fund and the state street aid fund. There are no non-major funds.

**Proprietary Funds.** The Town does not maintain any type of proprietary fund.

**Notes To 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 14-19 of the report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position** - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Saulsbury, assets exceeded liabilities by \$264,074 at the close of the most recent fiscal year. The Town's capital position represents 47% of its net assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

At the end of the current fiscal year, the Town is able to report positive balances in both categories of net position.

**Town of Saulsbury, Tennessee  
Condensed Statement of Net Position**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Current and Other Assets	\$ 148,257	\$ 141,387
Capital Assets	<u>\$ 116,487</u>	<u>\$ 124,099</u>
Total Assets	\$ 264,744	\$ 265,486
<b>Net Assets</b>		
Invested in Capital Assets	\$ 116,487	\$ 124,099
Restricted	\$ 7,400	\$ 6,352
Unrestricted	<u>\$ 140,187</u>	<u>\$ 134,915</u>
Total Net Assets	\$ 264,074	\$ 265,366



**Town of Saulsbury Tennessee**  
**Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 2,560	\$ 15,600
Operating Grants & Contributions	\$ 4,186	\$ 4,244
<b>General Revenues:</b>		
Sales Tax	\$ 13,343	\$ 11,179
Other Taxes	\$ 2,033	\$ 2,614
Other Sources	<u>\$ 4,592</u>	<u>\$ 2,005</u>
Total Revenues	\$ 26,714	\$ 35,642
<b>Expenses:</b>		
General Government	\$ 15,717	\$ 16,510
Public Safety	\$ 1,341	\$ 6,460
Highway & Streets	<u>\$ 10,948</u>	<u>\$ 12,721</u>
Total Expenses	\$ 28,006	\$ 35,691
Decrease in net position	\$ (1,292)	\$ (49)
Net position - beginning	<u>\$ 265,366</u>	<u>\$ 265,415</u>
Net position - ending	\$ 264,074	\$ 265,336

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

**Governmental Funds-** the focus of the Town's governmental funds is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund equity may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund accounts for 85% of governmental fund revenues. Accordingly, this discussion will focus on the general fund. General Fund balance was \$140,187 at the end of the current fiscal year. All of that balance is available to meet the day-to-day needs of the Town. Revenues in the general fund decreased from last year by \$8,970.

**Budgetary Highlights** – Actual revenues were under the final budgeted amounts by \$199 in the General Fund. Expenditures were \$7,050 under budget in the General Fund. There were no significant variances.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – At the end of Fiscal Year 2020, the Town had invested \$116,487 net of accumulated depreciation in a variety of capital assets. Additional information on the Town's capital assets can be found on pages 16-18 of this report.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Saulsbery's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the Town's finances. Questions concerning any information provided in this report or requests for any additional information should be directed to the Office of the City Recorder, Town of Saulsbery, 57 Goddard Street, P.O. Box 105, Saulsbery, Tennessee 38067.

TOWN OF SAULSBURY, TENNESSEE  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Total Governmental <u>Activities</u>
<b><u>ASSETS</u></b>	
Cash-in bank and on hand	\$ 26,393
Certificate of deposit	119,605
Accounts receivable	2,239
Utility deposit	20
Capital assets, net of accumulated depreciation	<u>116,487</u>
	<u>\$ 264,744</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	<u>\$ 670</u>
<b><u>NET POSITION</u></b>	
Investment in capital assets	116,487
Restricted for streets and highways	7,400
Unrestricted	<u>140,187</u>
Total Net Position	<u>264,074</u>
	<u>\$ 264,744</u>

See accompanying notes to financial statements.

TOWN OF SAULSBURY, TENNESSEE  
 STATEMENT OF GOVERNMENTAL ACTIVITIES  
YEAR ENDED JUNE 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u> Charges For Services	Operating Grants & Donations	Net (Expenses)/ Revenues & Changes in Net Position
<b>FUNCTIONS/PROGRAM:</b>				
General government	\$ 15,717	\$	\$	\$ (15,717)
Fire	1,341	2,560		1,219
Streets and highways	<u>10,948</u>	<u>          </u>	<u>4,186</u>	<u>(6,762)</u>
	<u>\$ 28,006</u>	<u>\$ 2,560</u>	<u>\$ 4,186</u>	<u>(21,260)</u>
 General Revenues:				
Sales taxes				13,343
Interest earnings				4,079
TVA replacement tax				1,378
Income tax				603
Franchise fee				513
Beer tax				<u>52</u>
Total general revenues				<u>19,968</u>
Change in net position				(1,292)
Net Position, July 1, 2019				<u>265,366</u>
Net Position, June 30, 2020				<u>\$ 264,074</u>

See accompanying notes to financial statements.

TOWN OF SAULSBURY, TENNESSEE  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2020

	Total Governmental Funds	General	Street Ald
<b>ASSETS</b>			
Cash-in bank and on hand	\$ 26,393	\$ 19,393	\$ 7,090
Certificate of deposit	119,605	119,605	310
Accounts receivable	2,239	1,929	
Utility deposit	20	20	
	<u>\$ 148,257</u>	<u>\$ 140,857</u>	<u>\$ 7,400</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 670	\$ 670	\$
<b>FUND BALANCES</b>			
Fund balances	7,400	140,187	7,400
Restricted	140,187	140,187	7,400
Unassigned	147,587	140,857	7,400
	<u>\$ 148,257</u>	<u>\$ 140,857</u>	<u>\$ 7,400</u>

See accompanying notes to financial statements

TOWN OF SAULSBURY, TENNESSEE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2020

Total Governmental Funds Balances	\$ 147,587
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	<u>116,487</u>
Total Net Position- Governmental Funds	<u>\$ 264,074</u>

See accompanying notes to financial statements.

TOWN OF SAULSBURY, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Street Aid</u>	<u>Total</u>
<b>REVENUES:</b>			
Intergovernmental	\$ 12,399	\$ 3,964	\$ 16,363
Taxes	3,199		3,199
Service fees	2,560		2,560
Miscellaneous	<u>4,584</u>	<u>8</u>	<u>4,592</u>
	<u>22,742</u>	<u>3,972</u>	<u>26,714</u>
<b>EXPENDITURES:</b>			
Current:			
General government	14,479		14,479
Streets and highways	1,650	2,924	4,574
Fire department	<u>1,341</u>		<u>1,341</u>
	<u>17,470</u>	<u>2,924</u>	<u>20,394</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>5,272</u>	<u>1,048</u>	<u>6,320</u>
<b>NET CHANGE IN FUND BALANCE</b>	5,272	1,048	6,320
<b>FUND BALANCE, July 1, 2019</b>	<u>134,915</u>	<u>6,352</u>	<u>141,267</u>
<b>FUND BALANCE, June 30, 2020</b>	<u>\$ 140,187</u>	<u>\$ 7,400</u>	<u>\$ 147,587</u>

See accompanying notes to financial statements.

TOWN OF SAULSBURY, 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, 2020

NET CHANGE IN FUND BALANCES- TOTAL GOVERNMENTAL FUNDS	\$ 6,320
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:	
Governmental Funds report capital outlays as expenditures. In the Statement of Activities the cost is allocated over the estimated useful lives and reported as depreciation.	<u>(7,612)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$(1,292)</u>

See accompanying notes to financial statements.



TOWN OF SAULSBURY, TENNESSEE  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE- BUDGET AND ACTUAL  
 GENERAL FUND  
YEAR ENDED JUNE 30, 2020

	Budgeted			Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>REVENUES:</b>				
Intergovernmental:				
Sales tax	\$ 10,005	\$ 10,005	\$ 10,144	\$ 139
TVA replacement tax	1,321	1,321	1,378	57
Income tax	2,300	2,300	603	(1,697)
Petroleum special	224	224	222	(2)
Beer tax	<u>56</u>	<u>56</u>	<u>52</u>	<u>(4)</u>
	<u>13,906</u>	<u>13,906</u>	<u>12,399</u>	<u>(1,507)</u>
Service Fees:				
Fire calls	<u>7,200</u>	<u>7,200</u>	<u>2,560</u>	<u>(4,640)</u>
Taxes:				
Sales	<u>1,000</u>	<u>1,000</u>	<u>3,199</u>	<u>2,199</u>
Miscellaneous:				
Interest earned	35	35	4,071	4,036
Franchise fee	300	300	513	213
Other	<u>500</u>	<u>500</u>	<u>4,584</u>	<u>(500)</u>
	<u>835</u>	<u>835</u>	<u>4,584</u>	<u>3,749</u>
<b>TOTAL REVENUES</b>	<u>22,941</u>	<u>22,941</u>	<u>22,742</u>	<u>(199)</u>
<b>EXPENDITURES:</b>				
General Government:				
Utilities	4,500	4,500	4,280	(280)
Insurance	5,000	5,000	3,994	(1,006)
Professional services	3,700	3,700	3,600	(100)
Mosquito control	1,500	1,500	1,440	(60)
Dues	350	350	400	50
CMFO Training	400	400	250	(150)
Repairs and maintenance	1,500	1,500	1,500	(1,500)
Office and miscellaneous	<u>750</u>	<u>750</u>	<u>515</u>	<u>(235)</u>
	<u>17,700</u>	<u>17,700</u>	<u>14,479</u>	<u>(3,221)</u>

TOWN OF SAULSBURY, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2020

	Budgeted			Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
EXPENDITURES (CONTINUED):				
Fire Department				
Volunteer per diem	\$ 1,620	\$ 1,620	\$ 900	\$ (720)
Repairs and supplies	<u>3,000</u>	<u>3,000</u>	<u>441</u>	<u>(2,559)</u>
	<u>4,620</u>	<u>4,620</u>	<u>1,341</u>	<u>(3,279)</u>
Streets and Highways:				
Maintenance	<u>2,000</u>	<u>2,000</u>	<u>1,650</u>	<u>(350)</u>
Library:				
Supplies and maintenance	<u>200</u>	<u>          </u>	<u>          </u>	<u>(200)</u>
TOTAL EXPENDITURES	<u>24,520</u>	<u>24,520</u>	<u>17,470</u>	<u>(7,050)</u>
EXCESS REVENUES (EXPENDITURES)	<u>(1,579)</u>	<u>(1,579)</u>	<u>5,272</u>	<u>6,851</u>
NET CHANGE IN FUND BALANCE	(1,579)	(1,579)	5,272	6,851
FUND BALANCE, July 1, 2019	<u>134,915</u>	<u>134,915</u>	<u>134,915</u>	<u>          </u>
FUND BALANCE, June 30, 2020	<u>\$ 133,336</u>	<u>\$ 133,336</u>	<u>\$ 140,187</u>	<u>\$ 6,851</u>

See accompanying notes to financial statements.

TOWN OF SAULSBURY, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- BUDGET AND ACTUAL  
STREET AID FUND  
YEAR ENDED JUNE 30, 2020

	Budgeted			Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>REVENUES:</b>				
Gas and motor fuel tax	\$ 2,150	\$ 2,150	\$ 2,040	\$ (110)
Gas 2017	800	800	1,004	204
Gas 3 cent tax	640	640	598	(42)
Gas 1989 tax	350	350	322	(28)
Interest earned	<u>10</u>	<u>10</u>	<u>8</u>	<u>(2)</u>
	<u>3,950</u>	<u>3,950</u>	<u>3,972</u>	<u>22</u>
<b>EXPENDITURES:</b>				
Street lights	2,750	2,750	2,692	(58)
Repairs and maintenance	<u>2,750</u>	<u>2,750</u>	<u>232</u>	<u>(2,518)</u>
	5,500	5,500	2,924	(2,576)
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>(1,550)</u>	<u>(1,550)</u>	<u>1,048</u>	<u>2,598</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,550)	(1,550)	1,048	2,598
<b>FUND BALANCE, July 1, 2019</b>	<u>6,352</u>	<u>6,352</u>	<u>6,352</u>	<u>        </u>
<b>FUND BALANCE, June 30, 2020</b>	<u>\$ 4,802</u>	<u>\$ 4,802</u>	<u>\$ 7,400</u>	<u>\$ 2,598</u>

See accompanying notes to financial statements.

TOWN OF SAULSBURY, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The financial statements of the Town of Saulsbury have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Reporting Entity

The financial statements of the Town consist only of the funds of the Town. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. There are no blended or discrete component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town had no business-type activities.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

TOWN OF SAULSBURY, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

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Measurement Focus, Basis of Accounting and Financial  
Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt services expenditures are recorded only when payment is due.

State shared revenues and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenues are considered to be measurable and available only when cash is received.

The major governmental funds of the Town of Saulsbury are the General Fund and the Street Aid Fund. The General Fund is the primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Street Aid Fund accounts for all revenue and expenditures from the Town's share of state gasoline taxes. State law requires these receipts be kept in a separate account and used for the construction and maintenance of Town streets and certain related street expenditures.

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

TOWN OF SAULSBURY, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

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

Budget Compliance and Accountability

The Town operates through the use of a formal operating budget which is adopted by the Mayor and Commissioners at the beginning of the fiscal year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Amendments to the budget are proposed and adopted as needed to reflect certain events or changes in operating conditions. All annual appropriations lapse at fiscal year end.

Inventory

Inventory of supplies and materials for all funds of the Town are considered by management to not be material. No inventory is reflected on the financial statements.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All trade receivables are shown net of any allowance for uncollectible.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest is expensed when paid and thus not a part of the capitalized cost.

Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	30 years
Equipment	15 years
Infrastructure	25 years

TOWN OF SAULSBURY ,TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds for the Town of Saulsbury consist of the following:

Restricted- Includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Unassigned fund balance- The residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted and then unassigned.

Vacation and sick leave

The Town has no paid employees who would qualify for vacation or sick leave. No policies currently exist relative to vacation or sick leave.

NOTE 2- CASH AND INVESTMENTS

The Town's deposits at year end were entirely covered by federal depository insurance or collateralized with securities held by its agent in the Town's name. Investments are stated at cost. A detail of the certificate of deposit is as follows:

<u>Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
900415	2.25%	12/2/21	<u>\$ 119,605</u>

TOWN OF SAULSBURY, TENNESSEE  
 NOTES TO FINANCIAL STATEMENTS  
 (CONTINUED)

NOTE 3- CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u> 7/1/19	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 6/30/20
Depreciated:				
Building	\$ 46,761	\$	\$	\$ 46,761
Infrastructure	231,123			231,123
Equipment	<u>229,819</u>	<u>          </u>	<u>          </u>	<u>229,819</u>
	507,703			507,703
Less Accum. Depr.	<u>(383,603)</u>	<u>7,612</u>	<u>          </u>	<u>(391,215)</u>
	<u>\$ 124,100</u>	<u>\$ 7,612</u>	<u>\$          </u>	<u>\$ 116,488</u>

Depreciation was charged to governmental functions as follows:

Streets and highways	\$ 6,374
General government	<u>1,238</u>
	<u>\$ 7,612</u>

NOTE 4- INTERFUND TRANSFERS

There were no interfund transfers during the year ended June 30, 2020.

NOTE 5- TOWN ADMINISTRATION

The Town operates under the authority of a Board of Mayor and Aldermen who are elected at large. Other administrative officials are appointed by the Commissioners. The Mayor and Aldermen receive no compensation.

NOTE 6- RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town joined the Tennessee Municipal League Risk Pool, which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The Town pays annual premiums to the Pool for its general, auto, property and errors and omissions policies. The Pool provides specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The Town's premiums are calculated based on its claim history.



TOWN OF SAULSBURY, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

It is the policy of the Town to purchase commercial insurance for the risk of employee dishonesty. Settled claims have not exceeded this commercial coverage or the coverage provided by the Pool in any of the past three years.

NOTE 7- Subsequent Events

The subsequent events of the Town of Saulsbury have been evaluated as of December 28, 2020, which is the date the report was available to be issued.

ROBERT A. DOLL, JR.

CERTIFIED PUBLIC ACCOUNTANT

PO BOX 475

SOMERVILLE, TN. 38068

(901) 465-9300

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

Honorable Mayor and Board of Aldermen  
Town of Saulsbury, Tennessee

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Town of Saulsbury, Tennessee, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 28, 2020.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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 charges with governance.

My consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify

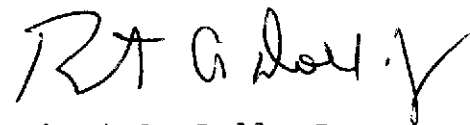
all deficiencies in internal control that might be material deficiencies or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiency.

#### **Compliance and Other Matters**

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

#### **Purpose of this Report**

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



Robert A. Doll, Jr.  
Certified Public Accountant

December 28, 2020

TOWN OF SAULSBURY, TENNESSEE  
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS  
JUNE 30, 2020

There were no prior year findings.