AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

CITY OF SPARTA, TENNESSEE

For the Year Ended
June 30, 2019

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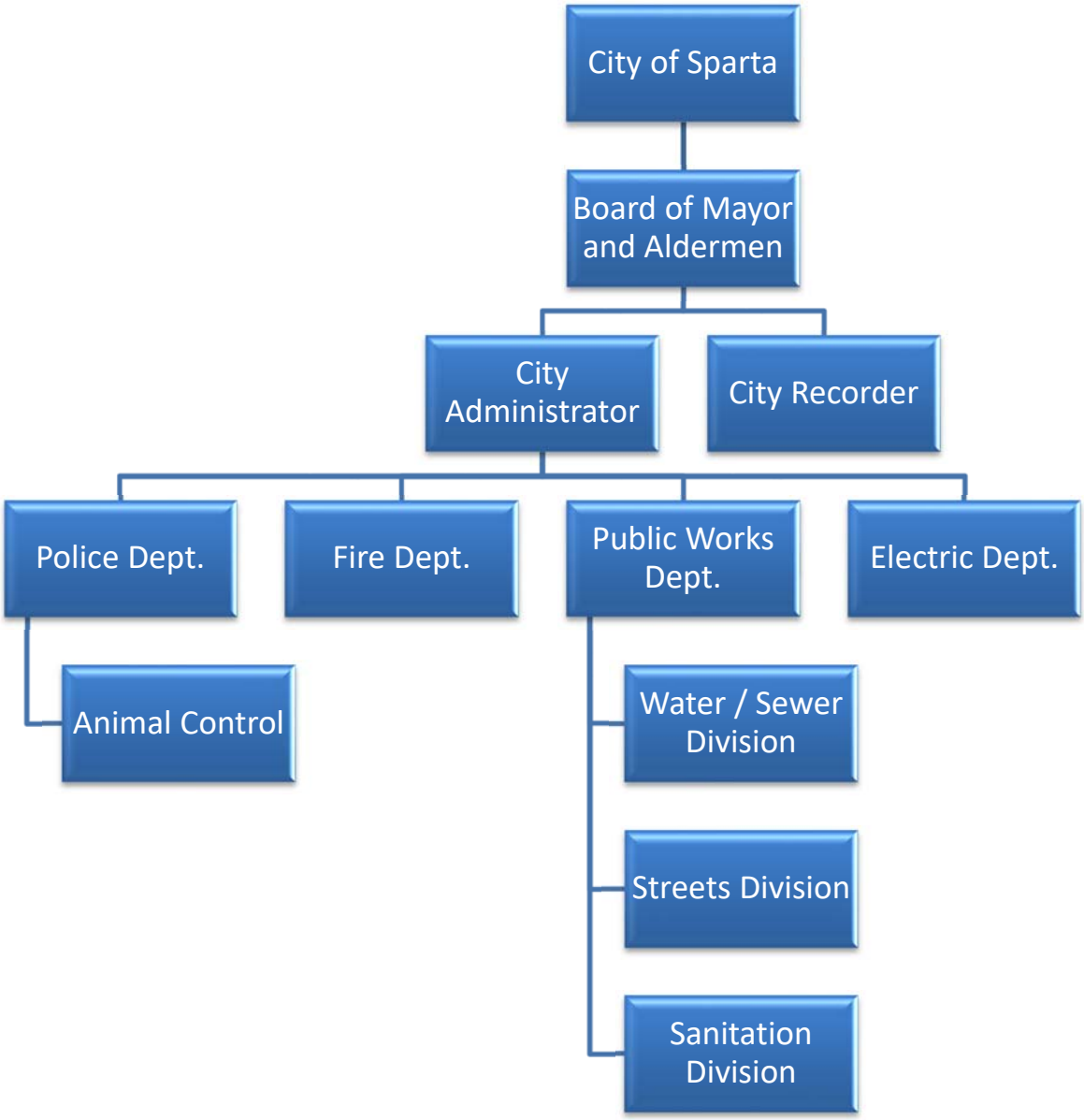
INTRODUCTORY SECTION (UNAUDITED)

CITY OF SPARTA, TENNESSEE
PRINCIPAL OFFICIALS
June 30, 2019

Mayor	Jeff Young
Vice-Mayor	Jim Floyd
Board of Aldermen	Robert Officer Judy Payne Chad Griffen Jerry Lowery Hoyte Jones
City Administrator	Christopher Dorsey, through May 21, 2019 Brad Hennessee, as of July 22, 2019
City Recorder and CMFO	Tonya R. Tindle
City Attorney	Lynn Omohundro
Public Works Director	Dillard Quick

CITY OF SPARTA
ORGANIZATION CHART



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
City of Sparta, Tennessee
Sparta, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General fund and each major fund of the City of Sparta, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City'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 an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my 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, the aggregate remaining fund information, and the respective budgetary comparison for the General fund and each major fund of the City of Sparta, Tennessee as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof 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 and the schedules of changes in net pension liability (asset) and related ratios and contributions based on participation in the public employee pension plan of TCRS on pages 11 through 19 and page 65 through 67, respectively, 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 our inquiries, the basic financial statements, and other knowledge I obtained during my 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 Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sparta, Tennessee's basic financial statements. The information presented as the "Introductory Section," "Supplementary Information," and "Other Financial Information" in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information described as "Supplementary Information" in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information described as "Supplementary Information" is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information described as the "Introductory Section" and the "Other Financial Information" in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report date January 17, 2020, on my consideration of the City of Sparta, Tennessee's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report solely is 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 the City of Sparta, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sparta, Tennessee's internal control over financial reporting and compliance.

Allen R. Dicus

Certified Public Accountant

Sparta, Tennessee
January 17, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Sparta, Tennessee we offer readers of the City of Sparta, Tennessee's financial statements this narrative overview and analysis of the financial activities of the City of Sparta for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in the basic financial statements and the accompanying notes to those financial statements. All amounts, unless otherwise indicated, are expressed in actual dollars.

FINANCIAL HIGHLIGHTS

Management believes the City of Sparta's financial condition is adequate and improving. The City follows the financial policies and guidelines set by the Board and management. The following are key financial highlights.

The assets and deferred outflows of the City of Sparta exceeded liabilities and deferred inflows at the close of the most recent fiscal year by $44,231,056. Of this amount, $15,448,174 (unrestricted net position) may be used to meet the government's ongoing obligation to citizens and creditors.

At June 30, 2019, the City's governmental funds reported combined ending fund balances of $7,543,776, an increase of $705,040 in comparison with the prior year. $6,538,661 is available for spending at the government's discretion (unassigned fund balance).

At June 30, 2019 unassigned fund balance for the General Fund was $6,538,661 or 192.57% of total general fund expenditures.

The City's total debt decreased by a net $685,504 during the year ended June 30, 2019. Of this amount, general long-term debt decreased by net $223,970; water and sewer long-term debt decreased by $461,534.

The City's total net position increased by $2,915,066 during the year ended June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the city's financial condition and activities. Summary financial statement data, key financial and operational indicators, budget and other management tools were used for this analysis. The City'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 "Required Supplementary Information" and 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 City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents the financial position of the City on a full accrual, historical cost basis. The statement of net position provides information on all the City'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 City in improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets 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 City 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 City include general government, public safety, highways and streets, drug enforcement, parks and recreation, airport, economic development and sanitation services. The business-type activities of the City include the operations of the electric, water and sewer facilities.

The government-wide financial statements can be found on pages 21-22 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 City, 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 City 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 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 the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds. Eight of these governmental funds are classified as nonmajor and are summarized under the heading "Other Governmental Funds" in the governmental fund presentation. 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, as well as nonmajor governmental funds, all of which are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriations budget for its general fund and all nonmajor funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 23-28 of this report.

Proprietary funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric, Water and Sewer activities.

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 Electric, Water and Sewer activities of the City, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 29-32 of this report.

Notes to the financial statements. The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the government-wide and fund financial statements. The notes present information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found on pages 36-63 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain "required supplementary information" concerning the City's general fund budget and the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 33-35 and 65-67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Sparta, assets exceeded liabilities by $44,231,056 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (64%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At year end 1% of the City's net position represented resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($15,448,174) may be used to meet the government's ongoing obligations to citizens and creditors.

At June 30, 2019, the City 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 City's overall financial position improved during fiscal year 2019.

The national economic upturn increased revenues, particularly sales taxes funding basic services. The City's government activities rely heavily on sales tax. Revenue met the budget projections for 2018 and 2019. And operating expenses have increased slightly.

Business-type activities realized continuing benefits from cost of service and rate design "phase-in" programs.

Summary of Net Position

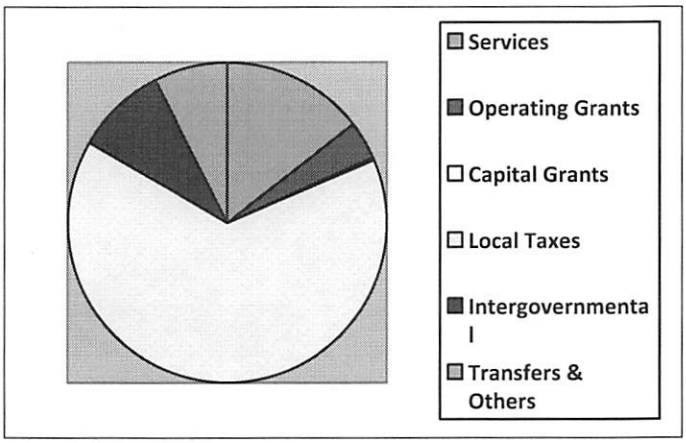
	Governmental Activities		Business-type Activities		Totals		Total Change Increase (Decrease)
	2019	2018	2019	2018	2019	2018	
Current and other assets	$ 9,039,233	$ 8,141,771	$ 9,771,200	$ 9,242,779	$ 18,810,434	$ 17,384,550	$ 1,425,883
Capital assets	8,604,097	8,548,946	26,797,722	26,695,646	35,401,820	35,244,592	157,228
Total assets	$ 17,643,331	$ 16,690,717	$ 36,568,923	$ 35,938,425	$ 54,212,253	$ 52,629,142	$ 1,583,111
Deferred outflows of resources -	$ 543,532	$ 612,503	$ 422,764	$ 464,912	$ 966,296	$ 1,077,415	$ (111,120)
Long-term liabilities	$ 1,000,464	$ 843,509	$ 6,255,498	$ 6,269,732	$ 7,255,961	$ 7,113,241	$ 142,720
Other liabilities	307,767	907,772	1,826,241	3,094,941	2,134,009	4,002,712	(1,868,703)
Total liabilities	$ 1,308,231	$ 1,751,281	$ 8,081,739	$ 9,364,672	$ 9,389,970	$ 11,115,953	$ (1,725,983)
Deferred inflows of resources	$ 1,396,196	$ 1,232,758	$ 161,326	$ 41,855	$ 1,557,523	$ 1,274,614	$ 282,909
Net position							
Net investment in capital assets	$ 7,760,648	$ 7,481,527	$ 20,587,169	$ 19,630,780	$ 28,347,817	$ 27,112,307	$ 1,235,509
Restricted	192,526	144,875	242,540	810,828	435,066	955,703	(520,638)
Unrestricted	7,529,261	6,692,779	7,918,913	6,555,201	15,448,174	13,247,980	2,200,194
Total net position	$ 15,482,435	$ 14,319,181	$ 28,748,621	$ 26,996,810	$ 44,231,056	$ 41,315,991	$ 2,915,066

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the City's changes in net assets for the year ended June 30, 2019.

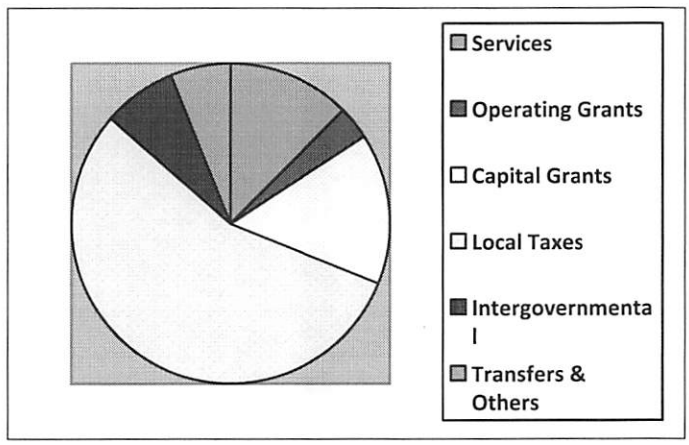
City of Sparta, Tennessee's Changes in Net Position

	Governmental activites		Business-type activities		Totals		Total
	2019	2018	2019	2018	2019	2018	Change
Revenues:							
Program Revenues:							
Charges for Services	$ 776,819	$ 772,957	$ 16,187,120	$ 15,530,869	$ 16,963,939	$ 16,303,826	$ 660,113
Operating grants and contributions	215,443	216,959	-	-	215,443	216,959	(1,516)
Capital grants and contributions	6,129	963,237	35,995	-	42,124	963,237	(921,113)
General Revenues:							
Local taxes	3,486,538	3,435,363	-	-	3,486,538	3,435,363	51,175
Intergovernmental	481,858	474,225	-	-	481,858	474,225	7,632
Interest on investments	125,705	62,115	119,884	86,211	245,589	148,326	97,263
Other	278,538	296,861	4,862	44,092	283,400	340,953	(57,553)
Total revenues	$ 5,371,029	$ 6,221,717	$ 16,347,862	$ 15,661,172	$ 21,718,891	$ 21,882,889	$ (163,999)
Expenses:							
General government	$ 894,555	$ 900,247	$ -	$ -	$ 894,555	$ 900,247	$ (5,692)
Public Safety	1,662,369	1,608,562	-	-	1,662,369	1,608,562	53,807
Highway and Streets	978,737	832,470	-	-	978,737	832,470	146,266
Airport	28,000	28,000	-	-	28,000	28,000	-
Parks and recreation	305,153	285,030	-	-	305,153	285,030	20,124
Interest on long-term debt	29,268	35,973	-	-	29,268	35,973	(6,704)
Economic Development	16,916	11,795	-	-	16,916	11,795	5,121
Sanitation	430,492	482,899	-	-	430,492	482,899	(52,407)
Electric	-	-	11,146,964	10,903,227	11,146,964	10,903,227	243,737
Water and sewer	-	-	3,311,371	3,162,460	3,311,371	3,162,460	148,911
Total expenses	4,345,490	4,184,976	14,458,335	14,065,687	18,803,825	18,250,663	553,162
Increase (Decrease) in net position before capital contributions and transfers	$ 1,025,539	$ 2,036,741	$ 1,889,527	$ 1,595,485	$ 2,915,066	$ 3,632,226	$ (717,161)
Capital Contributions and Transfers:							
Operating Transfers In	137,716	137,716	-	-	137,716	137,716	-
Operating Transfers Out	-	-	(137,716)	(137,716)	(137,716)	(137,716)	-
			-				
Increase in Net Position	$ 1,163,255	$ 2,174,457	$ 1,751,811	$ 1,457,769	$ 2,915,066	$ 3,632,226	$ (717,161)
Net position - July 1	14,319,181	12,144,724	26,996,810	25,539,040	41,315,991	37,683,764	3,632,226
Net position - June 30	$ 15,482,435	$ 14,319,181	$ 28,748,621	$ 26,996,810	$ 44,231,056	$ 41,315,991	$ 2,915,066

2019 Governmental Revenues



2018 Governmental Revenues



This graph shows the percentages of revenues collected for the governmental funds for the year ended June 30, 2019 and June 30, 2018. As discussed earlier, the City relies heavily on local taxes, such as sales tax. Capital grants decreased by $921,113.

Governmental activities. Governmental activities increased the City of Sparta's net position by $1,163,255, which accounts for 39.90% of the total growth in the net position of the City of Sparta in FY 2019. Key elements of this increase are as follows:

Decreases in expenses and increases in service and grant revenues resulted in an increase in net position in these funds for the year ended June 30, 2019.

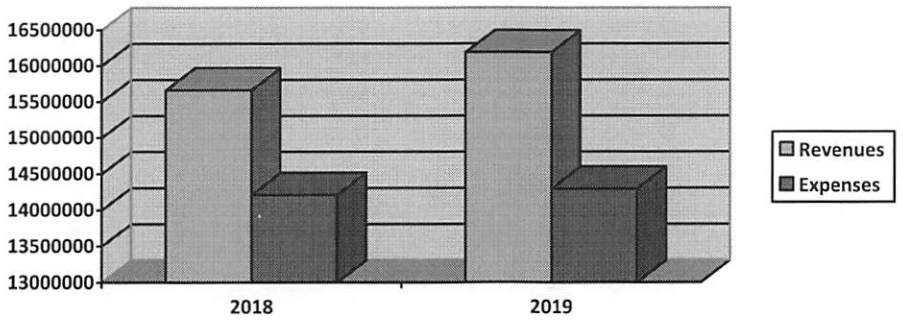
Business-type activities. Business-type activities increased the City's net position by $1,751,811 accounting for a 60.10% increase in the total growth in the government's net position. Key elements of the increase are as follows:

The program revenues for the Electric, Water and Sewer activities were $1,728,785 more than the expenses of those services for the fiscal year ended June 30, 2019.

Financial Analysis of the Government's Funds:

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

Business-type activities Revenues verses Expenses



Business-type activities are shown comparing cost to revenues generated by related services. Electric, water and sewer utilities are intended to be self-supporting with user charges and other revenues designed to recover costs. Sewer charges did not fully recover depreciation associated with the significant investment in capital assets for either year. Expenses increased in 2019 by $392,648, while revenues increased by $650,694.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $7,543,776 an increase of $705,040 in comparison with the prior year. $6,538,661 of this amount constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $6,538,661. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 192.57% of total general fund expenditures, while total fund balance represents 193.4%.

The fund balance of the City's general fund increased by $822,694 as a result of the current fiscal year operations.

Proprietary funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Electric, Water and Sewer funds at the end of the year amounted to $7,918,913. The total increase in net position for the Electric, Water and Sewer funds were $1,751,811. Other factors concerning the finances have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for expenses were minor and can be briefly summarized as follows:

	Budget:	Increase to:
General Fund 110	$4,403,127	$ 4,539,656
Equipment Fund 120	192,800	219,000
Solid Waste Fund 125	596,278	800,000

Capital Asset and Debt Administration

At the end of fiscal year 2019, the City had $35,401,820 (net of accumulated depreciation) invested in a broad range of capital assets. This investment includes land and land improvements, buildings, utility system, equipment and infrastructure.

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

Purchase of additional various equipment and vehicles
Extensive side walk project completed.
Major improvements to water plant completed.
Construction of a new picnic Pavilion

Additional information on the City's capital assets can be found in Note E on page 48 of this report.

The following tables summarize the City's capital assets for the year ended June 30, 2019. These changes are presented in detail in Note E to the financial statements.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Buildings	$ 3,329,319	$ 3,329,319	$ -	$ -	$ 3,329,319	$ 3,329,319
Construction in Progress	-	961,733	435,976	4,314,086	435,976	5,275,819
Land	731,769	731,769	265,412	265,412	997,181	997,181
Improvements, other than buildings	4,674,955	4,647,218	5,615,071	5,555,635	10,290,027	10,202,853
Infrastructure	2,755,843	1,563,650	-	-	2,755,843	1,563,650
Utility System			38,264,270	33,584,872	38,264,270	33,584,872
Equipment	5,123,992	4,889,118	3,487,582	3,386,442	8,611,574	8,275,560
Less: Accumulated Depreciation	(8,011,781)	(7,573,862)	(21,270,589)	(20,410,801)	(29,282,370)	(27,984,663)
Total	$ 8,604,097	$ 8,548,946	$ 26,797,722	$ 26,695,646	$ 35,401,820	$ 35,244,591

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $7,028,622. All debt is backed by the full faith and credit of the government.

	Governmental Activities		Business-type Activities		Total		Total Change
	2019	2018	2019	2018	2019	2018	
General obligation bonds	$ 843,449	$ 1,067,419	$ 973,761	$ 1,283,384	$ 1,817,211	$ 2,350,802	$ (533,592)
Revenue bonds	-	-	5,211,411	5,363,324	5,211,411	5,363,324	(151,912)
Total	$ 843,449	$ 1,067,419	$ 6,185,173	$ 6,646,707	$ 7,028,622	$ 7,714,126	$ (685,504)

The City's total bonded debt decreased a net of $685,504 during the current fiscal year. Of this amount, general obligation debt decreased by a net of $223,970, while water and sewer bonded debt decreased by $461,534.

Additional information on the City's long-term debt can be found in Note F, beginning on pages 50.

Economic Factors and Next Year's Budget and Rates

Factors considered in preparing the City's budget for the 2019 fiscal year include the following:

- The 2019 unemployment rate for Sparta and White County was 4.40 %, compared to the State's rate of 3.30% and the national average unemployment rate of 4.00 %.
- Sales tax revenues has consistently increased over the last year making revenue budget projections easier to rely on with the ever constant and growing expenses.
- Budgeting with a slight increase in taxes to be able to meet the demand of services provided by the City to the taxpayers will be a challenge.

At June 30, 2019 the unassigned fund balance in the general fund was $6,554,573. The property tax rate was $1.05 per $100 of assessed value of property. Electric rates increased, as did Water and Sewer rates.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government'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 Administrator, City of Sparta, Post Office Box 30, Sparta, Tennessee 38583.

BASIC FINANCIAL STATEMENTS

CITY OF SPARTA, TENNESSEE
GOVERNMENT WIDE STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
ASSETS			
Cash and cash equivalents - Note C	$ 7,114,349.41	$ 7,573,524.51	$ 14,687,873.92
Property taxes receivable, less allowance for doubtful taxes ($8,865.02) - Note B	1,283,441.33	-	1,283,441.33
Accounts receivable - net	-	1,136,309.56	1,136,309.56
Unbilled revenue	-	558,387.04	558,387.04
Other receivables	29,533.84	86,380.12	115,913.96
Due from other governments	488,733.33	35,995.26	524,728.59
Internal balances	107,763.46	(107,763.46)	-
Inventories	-	386,698.91	386,698.91
Prepaid expenses and other current assets	15,411.88	101,668.34	117,080.22
Capital assets - Note E:			
Land and construction in progress	731,768.56	701,387.68	1,433,156.24
Buildings and equipment, net of depreciation	7,872,328.69	26,096,334.77	33,968,663.46
TOTAL ASSETS	$ 17,643,330.50	$ 36,568,922.73	$ 54,212,253.23
DEFERRED OUTFLOWS OF RESOURCES -			
Deferred outflows related to pensions	543,532.00	422,763.66	966,295.66
LIABILITIES			
Accounts payable	$ 202,226.60	$ 869,050.30	$ 1,071,276.90
Accounts payable - construction	-	30,275.38	30,275.38
Customer deposits	-	579,345.00	579,345.00
Accrued expenses	3,301.76	266,078.80	269,380.56
Net pension liability	102,239.00	81,491.87	183,730.87
Long-term liabilities - Note F			
Due within one year	387,010.42	514,460.12	901,470.54
Due in more than one year	613,453.20	5,741,037.53	6,354,490.73
TOTAL LIABILITIES	1,308,230.98	8,081,739.00	9,389,969.98
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue - current property taxes	$ 1,190,186.16	$ -	$ 1,190,186.16
Deferred inflows related to pensions	206,010.00	161,326.42	367,336.42
TOTAL DEFERRED INFLOWS OF RESOURCES	1,396,196.16	161,326.42	1,557,522.58
NET POSITION			
Net investment in capital assets	$ 7,760,648.10	$ 20,587,168.51	$ 28,347,816.61
Restricted for:			
Drug fund	75,853.53	-	75,853.53
Highways and streets	116,672.27	-	116,672.27
Debt service	-	242,539.77	242,539.77
Unrestricted	7,529,261.46	7,918,912.69	15,448,174.15
TOTAL NET POSITION	$ 15,482,435.36	$ 28,748,620.97	$ 44,231,056.33

See the notes to financial statements.

CITY OF SPARTA, TENNESSEE
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary Government:							
Governmental activities:							
General government	$ 894,554.96	$ 81,631.02	$ 2,000.00	$ -	$ (810,923.94)	$ -	$ (810,923.94)
Public safety	1,662,369.00	121,613.06	3,600.00	-	(1,537,155.94)	-	(1,537,155.94)
Highways, streets and public works	978,736.50	-	191,232.91	6,128.99	(781,374.60)	-	(781,374.60)
Sanitation	430,491.76	558,450.00	-	-	127,958.24	-	127,958.24
Leisure and culture	305,153.20	15,125.00	18,610.00	-	(271,418.20)	-	(271,418.20)
Airport	28,000.00	-	-	-	(28,000.00)	-	(28,000.00)
Economic development	16,916.01	-	-	-	(16,916.01)	-	(16,916.01)
Interest and fees on long-term debt	29,268.17	-	-	-	(29,268.17)	-	(29,268.17)
Total governmental activities	$ 4,345,489.60	$ 776,819.08	$ 215,442.91	$ 6,128.99	$ (3,347,098.62)	$ -	$ (3,347,098.62)
Business-type activities							
Water and sewer	$ 3,296,074.36	$ 4,228,568.17	$ -	$ 35,995.26	$ -	$ 968,489.07	$ 968,489.07
Electric	11,146,964.25	11,958,552.13	-	-	-	811,587.88	811,587.88
Total business-type activities	$ 14,443,038.61	$ 16,187,120.30	$ -	$ 35,995.26	$ -	$ 1,780,076.95	$ 1,780,076.95
Total primary government	$ 18,788,528.21	$ 16,963,939.38	$ 215,442.91	$ 42,124.25			
General revenues:							
Taxes:							
Property taxes, penalty and interest					$ 1,199,692.79	$ -	$ 1,199,692.79
Payments in lieu of taxes					135,824.50	-	135,824.50
Local option sales tax					1,871,397.03	-	1,871,397.03
Wholesale beer & liquor tax					279,623.33	-	279,623.33
State sales tax					450,672.72	-	450,672.72
State income tax					15,083.06	-	15,083.06
State beer and alcoholic beverage tax					4,905.77	-	4,905.77
State telecom tax					11,195.99	-	11,195.99
State corporate excise tax					73,664.50	-	73,664.50
Business taxes, penalty and interest					195,421.21	-	195,421.21
Miscellaneous					9,451.88	4,862.09	14,313.97
Gain (Loss) on sale of capital assets					-	(15,296.66)	(15,296.66)
Unrestricted interest earnings					125,704.74	119,884.43	245,589.17
Transfers					137,715.60	(137,715.60)	-
Total general revenues					$ 4,510,353.12	$ (28,265.74)	$ 4,482,087.38
Change in net position					$ 1,163,254.50	$ 1,751,811.21	$ 2,915,065.71
Net position - beginning					14,319,180.86	26,996,809.76	41,315,990.62
Net position - ending					$ 15,482,435.36	$ 28,748,620.97	$ 44,231,056.33

Interest incurred during the year in the business type activities totaled $183,391.01, of which $148,779.33 was charged to expense and $34,611.68 was capitalized.

See the notes to financial statements.

CITY OF SPARTA, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	GOVERNMENTAL FUND TYPES			
ASSETS	**General**	**Debt Service**	**Nonmajor Funds**	**Total Government Funds**
Cash and cash equivalents - Note A	$ 5,818,774.91	$ 112,741.87	$ 1,182,832.63	$ 7,114,349.41
Property taxes receivable, less allowance for doubtful taxes ($8,865.02) - Note B	1,283,441.33	-	-	1,283,441.33
Other receivables	29,533.84	-	-	29,533.84
Due from other governments	452,270.15	-	36,463.18	488,733.33
Due from other funds	450,858.84	-	60,695.19	511,554.03
Other assets	15,411.88	-	-	15,411.88
Total assets	$ 8,050,290.95	$ 112,741.87	$ 1,279,991.00	$ 9,443,023.82
LIABILITIES				
Accounts payable	$ 189,076.70	$ -	$ 13,149.90	$ 202,226.60
Unearned revenue - other revenue	8,028.89	-	-	8,028.89
Due to other funds	13,411.19	-	390,379.38	403,790.57
				-
Total liabilities	$ 210,516.78	$ -	$ 403,529.28	$ 614,046.06
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ 1,285,201.51	$ -	$ -	$ 1,285,201.51
FUND BALANCES				
Nonspendable fund balance:	$ 15,411.88	$ -	$ -	$ 15,411.88
Restricted fund balances:				
Drug fund	-	-	75,853.53	75,853.53
Highways and streets	-	-	116,672.27	116,672.27
Committed fund balances:				
Industrial development fund	-	-	626,553.01	626,553.01
Solid waste fund	-	-	(3,618.84)	(3,618.84)
Assigned fund balances:				
General fund	500.00	-	-	500.00
Equipment fund	-	-	35,297.20	35,297.20
Liberty square fund	-	-	25,704.55	25,704.55
Debt service fund	-	112,741.87	-	112,741.87
Unassigned fund balance:	6,538,660.78	-	-	6,538,660.78
Total fund balances	$ 6,554,572.66	$ 112,741.87	$ 876,461.72	$ 7,543,776.25
	$ 8,050,290.95	$ 112,741.87	$ 1,279,991.00	$ 9,443,023.82

See the notes to financial statements.

CITY OF SPARTA, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total fund balances for governmental funds			$ 7,543,776.25
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			8,604,097.25
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds:			
Property taxes	$	95,015.35	
State income taxes		8,028.89	103,044.24
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances at June 30, 2019 are as follows:			
Bonds and notes payable	$	(843,449.15)	
Accrued interest on bonds		(3,301.76)	
Compensated absences		(157,014.47)	(1,003,765.38)
Pension liabilities, including deferred inflows and outflows, are not due and payable in the current period and, therefore, are not reported in the funds.			235,283.00
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES			$ 15,482,435.36

CITY OF SPARTA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year ended June 30, 2019

	General	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenues:					
Taxes and tax equivalents	$ 3,646,233.29	$ -	$ -	$ -	$ 3,646,233.29
Licenses and permits	37,821.00	-	-	-	37,821.00
Intergovernmental	669,335.91	-	-	178,087.45	847,423.36
Fines and costs	48,520.12	-	-	2,752.75	51,272.87
Charges for services	54,355.15	-	-	558,246.00	612,601.15
Rent	4,500.00	-	-	-	4,500.00
Interest	109,100.79	2,469.51	-	14,134.44	125,704.74
Contributions	2,000.00	-	-	18,610.00	20,610.00
Other	3,150.37	-	-	13,261.19	16,411.56
TOTAL REVENUES	$ 4,575,016.63	$ 2,469.51	$ -	$ 785,091.83	$ 5,362,577.97
Expenditures:					
Board of Aldermen	$ 9,877.76	$ -	$ -	$ -	$ 9,877.76
City Court	31,166.85	-	-	-	31,166.85
Mayor	16,534.06	-	-	-	16,534.06
Boards and commissions	700.00	-	-	-	700.00
City Administrator	97,761.55	-	-	-	97,761.55
Financial Administration	7,082.66	-	-	-	7,082.66
City Recorder	43,179.11	-	-	-	43,179.11
City Attorney	4,379.40	-	-	-	4,379.40
GIS System	6,480.59	-	-	-	6,480.59
City Hall buildings	34,156.11	-	-	-	34,156.11
General election	653.00				653.00

CITY OF SPARTA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (CONT'D)
Year ended June 30, 2019

	General	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Industrial park	636.27	-	-	5,379.74	6,016.01
Public works	37,971.49	-	6,509.98	-	44,481.47
Planning	21,122.88	-	-	-	21,122.88
General government	197,750.27	-	-	-	197,750.27
Police	951,621.48	-	-	30,923.29	982,544.77
Traffic control	14,183.37	-	-	-	14,183.37
Contribution to E-911	69,954.00	-	-	-	69,954.00
Fire Department	423,936.73	-	-	25,927.95	449,864.68
Protective inspection	67,379.57	-	-	-	67,379.57
Rescue squad	3,300.00	-	-	-	3,300.00
Highways and streets	665,554.31	-	-	184,927.88	850,482.19
Sanitation	-	-	-	593,011.73	593,011.73
Animal control	38,642.57	-	-	-	38,642.57
Direct assistance	121,961.24	-	-	-	121,961.24
Civic Center	40,831.63	-	-	-	40,831.63
Oldham Theater	17,616.02	-	-	-	17,616.02
Little League Ballparks	19,524.89	-	-	-	19,524.89
Swimming Pool - YMCA	44,297.62	-	-	-	44,297.62
Liberty Square Celebrations	-	-	-	32,456.73	32,456.73
Sock hop	2,212.80	-	-	-	2,212.80
Amphitheater concerts	7,849.61	-	-	-	7,849.61
Parks	46,210.12	-	15,237.86	-	61,447.98
Economic development and assistance	600.00	-	-	10,000.00	10,600.00
Other	-			300.00	300.00
Senior Citizens	558.73				558.73

CITY OF SPARTA, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (CONT'D)
Year ended June 30, 2019

	General	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Weed and mosquito control	2,086.90	-	-	-	2,086.90
Insurance	313,100.88	-	-	-	313,100.88
Municipal Airport	28,000.00	-	-	-	28,000.00
Calfkiller Riverwalk	-	-	3,158.76	-	3,158.76
Sidewalk Projects	-	-	244,346.94	-	244,346.94
Debt service:					
Principal payments	4,391.80	219,577.70	-	-	223,969.50
Interest	2,182.20	28,046.70	-	-	30,228.90
TOTAL EXPENDITURES	$ 3,395,448.47	$ 247,624.40	$ 269,253.54	$ 882,927.32	$ 4,795,253.73
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,179,568.16	$ (245,154.89)	$ (269,253.54)	$ (97,835.49)	$ 567,324.24
Other financing sources (uses):					
Operating transfers in	137,715.60	247,624.40	269,253.54	145,402.57	799,996.11
Operating transfers (out)	(494,589.69)	-	-	(167,690.82)	(662,280.51)
CHANGE IN FUND BALANCE	$ 822,694.07	$ 2,469.51	$ -	$ (120,123.74)	$ 705,039.84
Fund balance at July 1, 2018	5,731,878.59	110,272.36	-	996,585.46	6,838,736.41
FUND BALANCE AT JUNE 30, 2019	$ 6,554,572.66	$ 112,741.87	$ -	$ 876,461.72	$ 7,543,776.25

See the notes to financial statements.

CITY OF SPARTA, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

Net change in fund balance - total governmental funds		$ 705,039.84
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($545,517.34) exceeded depreciation ($490,365.63) for the current period.		55,151.71
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		799.02
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		223,969.50
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes in two balances.		
Compensated absences	$ (2,468.30)	
Accrued interest on bonds	960.73	(1,507.57)
Pension expense for the prior year is not reported in the governmental funds but is reported in the statement of activities. Current year pension contributions are reported as an expense in the governmental funds but are not reported in the statement of activities		179,802.00
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,163,254.50

CITY OF SPARTA, TENNESSEE
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
For the year ended June 30, 2019

	Sparta Electric System	Sparta Water and Sewer System	Totals
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 3,768,241.69	$ 3,805,282.82	$ 7,573,524.51
Accounts receivable, net of allowance ($6,073.12)	1,136,309.56	-	1,136,309.56
Unbilled revenue	354,252.87	204,134.17	558,387.04
Other receivables	32,036.25	-	32,036.25
Grants receivable	-	35,995.26	35,995.26
Inventories	208,679.87	178,019.04	386,698.91
Prepaid expenses and other current assets	47,613.57	54,054.77	101,668.34
TOTAL CURRENT ASSETS	$ 5,547,133.81	$ 4,277,486.06	$ 9,824,619.87
NONCURRENT ASSETS:			
Capital assets net of accumulated depreciation - Note E	5,496,975.93	21,300,746.52	26,797,722.45
Other receivables	54,343.87	-	54,343.87
TOTAL ASSETS	$ 11,098,453.61	$ 25,578,232.58	$ 36,676,686.19
DEFERRED OUTFLOWS OF RESOURCES - Pension plan	183,502.04	239,261.62	422,763.66
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 11,281,955.65	$ 25,817,494.20	$ 37,099,449.85
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable - Trade	$ 768,347.02	$ 100,703.28	$ 869,050.30
Accounts payable - Construction	30,275.38	-	30,275.38
Due to water and sewer	368,487.23	(368,487.23)	-
Due to other funds	67,440.54	40,322.92	107,763.46
Customer deposits	429,390.00	149,955.00	579,345.00
Tennessee sales tax payable	25,943.00	11,512.00	37,455.00
Accrued salaries and wages	32,445.69	35,826.49	68,272.18
Accrued vacation	65,393.73	55,716.75	121,110.48
Accrued interest payable	-	32,325.39	32,325.39
Other current liabilities	4,145.62	2,770.13	6,915.75
Current portion of long-term debt	-	514,460.12	514,460.12
	$ 1,791,868.21	$ 575,104.85	$ 2,366,973.06
NONCURRENT LIABILITIES - Note F			
Bonds and notes payable - net of current portion	44,943.71	5,696,093.82	5,741,037.53
Net pension liability	41,972.07	39,519.80	81,491.87
TOTAL LIABILITIES	$ 1,878,783.99	$ 6,310,718.47	$ 8,189,502.46
DEFERRED INFLOWS OF RESOURCES - Pension plan	65,977.03	95,349.39	161,326.42
NET POSITION			
Net investment in capital assets	$ 5,496,975.93	$ 15,090,192.58	$ 20,587,168.51
Restricted for debt service	-	242,539.77	242,539.77
Unrestricted	3,840,218.70	4,078,693.99	7,918,912.69
TOTAL NET POSITION	9,337,194.63	19,411,426.34	28,748,620.97
TOTAL LIABILITIES, NET POSITION, AND DEFERRED INFLOWS OF RESOURCES	$ 11,281,955.65	$ 25,817,494.20	$ 37,099,449.85

See the notes to financial statements.

CITY OF SPARTA, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
Year ended June 30, 2019

	Sparta Electric System	Sparta Water and Sewer System	Total
Operating revenue:			
Revenue billings	$ 11,687,175.99	$ 4,076,883.25	$ 15,764,059.24
Other operating revenue	271,376.14	151,684.92	423,061.06
TOTAL OPERATING REVENUE	$ 11,958,552.13	$ 4,228,568.17	$ 16,187,120.30
Operating expenses:			
Purchased power	$ 9,426,864.40	$ -	$ 9,426,864.40
Operations and maintenance	1,414,115.47	2,427,730.83	3,841,846.30
Depreciation - straight-line	251,873.39	649,610.85	901,484.24
Taxes	46,893.54	77,170.80	124,064.34
TOTAL OPERATING EXPENSES	$ 11,139,746.80	$ 3,154,512.48	$ 14,294,259.28
OPERATING INCOME	$ 818,805.33	$ 1,074,055.69	$ 1,892,861.02
Non-operating revenue (expense):			
Interest income	58,879.46	61,004.97	119,884.43
Amortization of bond premium	-	1,416.63	1,416.63
Other non-operating revenue	3,445.46	-	3,445.46
Loss on disposal of capital assets	-	(15,296.66)	(15,296.66)
Interest expense	(7,217.45)	(141,561.88)	(148,779.33)
NET INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	$ 873,912.80	$ 979,618.75	$ 1,853,531.55
Operating transfers out	(105,715.68)	(31,999.92)	(137,715.60)
Community Development Block Grant	-	35,995.26	35,995.26
INCREASE IN NET POSITION	$ 768,197.12	$ 983,614.09	$ 1,751,811.21
Net position at July 1, 2018	8,568,997.51	18,427,812.25	26,996,809.76
NET POSITION AT JUNE 30, 2019	$ 9,337,194.63	$ 19,411,426.34	$ 28,748,620.97

Interest incurred during the year totaled $183,391.01, of which $148,779.33 was charged to expense and $34,611.68 was capitalized.

See the notes to financial statements.

CITY OF SPARTA, TENNESSEE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended June 30, 2019

	Sparta Electric System	Sparta Water & Sewer System	Totals
Cash flows from operating activities:			
Receipts from customers and users	$ 11,933,108.21	$ 4,175,167.05	$ 16,108,275.26
Payments to suppliers	(10,619,860.61)	(1,156,810.06)	(11,776,670.67)
Payments to employees	(457,633.16)	(1,419,499.21)	(1,877,132.37)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 855,614.44	$ 1,598,857.78	$ 2,454,472.22
Cash flows from noncapital financing activities -			
Net decrease in energy service loan advances from TVA	$ (12,817.49)	$ -	$ (12,817.49)
Operating transfers	(105,715.68)	(31,999.92)	(137,715.60)
Other non-operating income	3,445.46	-	3,445.46
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	$ (115,087.71)	$ (31,999.92)	$ (147,087.63)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	$ (500,914.28)	$ (1,022,976.72)	$ (1,523,891.00)
Principle paid on long-term debt	-	(461,534.56)	(461,534.56)
Interest and fees paid on long-term debt	-	(140,134.32)	(140,134.32)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	$ (500,914.28)	$ (1,624,645.60)	$ (2,125,559.88)
Cash flows from investing activities:			
Interest from investments	$ 58,879.46	$ 61,004.97	$ 119,884.43
Payment on CSA loan	(633.19)	-	(633.19)
Net advances on energy service loans	12,817.49	-	12,817.49
NET CASH PROVIDED BY INVESTING ACTIVITIES	$ 71,063.76	$ 61,004.97	$ 132,068.73
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 310,676.21	$ 3,217.23	$ 313,893.44
Cash and cash equivalents, July 1, 2018	3,457,565.48	3,802,065.59	7,259,631.07
CASH AND CASH EQUIVALENTS AT JUNE 30, 2019	$ 3,768,241.69	$ 3,805,282.82	$ 7,573,524.51

See the notes to financial statements.

CITY OF SPARTA, TENNESSEE
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS
For the year ended June 30, 2019

	Sparta Electric System	Sparta Water & Sewer System	Totals
Reconciliation of operating income to net cash provided by operating activities			
Operating income	$ 818,805.33	$ 1,074,055.69	$ 1,892,861.02
Adjustments to reconcile net income to net cash provided from operating activities			
Provision for depreciation	365,546.55	649,610.85	1,015,157.40
Change in net pension liability	(124,033.78)	(183,214.12)	(307,247.90)
Change in deferred outflows - pension expense	9,802.88	32,345.86	42,148.74
Change in deferred inflows - pension expense	48,991.77	70,479.21	119,470.98
Interest paid on customer deposits	(7,217.45)	(2,447.43)	(9,664.88)
Bad debts	5,133.82		5,133.82
Change in current assets and current liabilities:			
(Increase) decrease in accounts receivable	(60,212.65)	-	(60,212.65)
(Increase) decrease in inventory	(39,917.75)	(37,671.80)	(77,589.55)
(Increase) decrease in due from Sparta Electric System	-	(28,420.35)	(28,420.35)
(Increase) decrease in unbilled revenue	-	(27,121.74)	(27,121.74)
(Increase) decrease in prepaid assets and other assets	(7,762.07)	(9,488.42)	(17,250.49)
Increase (decrease) in accounts payable	(163,722.39)	61,296.68	(102,425.71)
Increase (decrease) in due to other funds	(5,986.55)	(7,689.60)	(13,676.15)
Increase (decrease) in accrued payroll and vacation		(5,127.78)	(5,127.78)
Increase (decrease) in customer deposits	18,510.00	11,180.00	29,690.00
Increase (decrease) in other current liabilities	(2,323.27)	1,070.73	(1,252.54)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 855,614.44	$ 1,598,857.78	$ 2,454,472.22

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note A)	Final Budget - Positive (Negative)
TOTAL REVENUES	$ 3,961,697	$ 3,961,697	$ 4,575,017	$ 613,320
Expenditures:				
General Government:				
Board of Aldermen	$ 21,293	$ 21,293	$ 9,878	$ 11,415
City Court	61,962	61,962	31,167	30,795
Mayor	28,379	28,379	16,534	11,845
Boards and Commissions	1,300	1,300	700	600
City Administrator	250,652	250,652	97,762	152,890
Financial administration	8,836	8,836	7,083	1,753
City Recorder	102,374	102,374	43,179	59,195
City Attorney	10,479	10,479	4,379	6,100
Personnel administration	1,000	1,000	-	1,000
Engineering - GIS	71,138	71,138	6,481	64,657
Planning and zoning	21,123	21,123	21,123	0
City Hall building	61,515	61,515	34,156	27,359
Industrial Parks	600	800	636	164
Other general government	237,508	237,508	198,962	38,546
Public Safety:				
Police	978,141	990,000	951,621	38,379
Traffic control	2,500	14,800	14,183	617
Emergency communication services	69,954	69,954	69,954	-
Fire	430,038	450,000	423,937	26,063
Inspection	93,127	93,127	67,380	25,747
Rescue Squad	3,300	3,300	3,300	-
Public Works:				
Administrative	134,183	134,183	37,971	96,212
Highways and streets	658,475	700,000	665,554	34,446
Mosquito control	2,000	2,500	2,087	413
Animal control	41,330	41,330	38,643	2,687
Direct assistance	134,179	134,179	121,961	12,218

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON STATEMENT - GENERAL FUND (Cont'd)
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note A)	Final Budget - Positive (Negative)
Leisure and culture:				
Senior Citizens activities	-	2,500		
Civic Center	38,516	45,500	40,832	4,668
Oldham's Theater	28,644	28,644	17,616	11,028
Little league ballparks	10,070	25,000	19,525	5,475
Swimming Pool	39,750	50,000	44,298	5,702
Sock hop	3,000	3,000	2,213	787
Amphitheater concerts	7,050	9,600	7,850	1,750
Parks	43,530	47,500	46,210	1,290
Airport	28,000	28,000	28,000	-
Economic development	4,500	4,500	600	3,900
Insurance, employers share	350,872	350,872	313,101	37,771
Debt Service:				
Principal	4,392	4,392	4,392	0
Interest	2,182	2,182	2,182	(0)
TOTAL EXPENDITURES	$ 3,985,892	$ 4,113,422	$ 3,395,448	$ 715,474
REVENUES OVER (UNDER) EXPENDITURES	$ (24,195)	$ (151,725)	$ 1,179,568	$ 1,331,293
Other financing sources (uses):				
Operating transfers in:				
Electric System	105,716	105,716	105,716	-
Water and Sewer System	32,000	32,000	32,000	(0)
Other funds	303,713	303,713	-	(303,713)
Operating transfers out:				
Debt Service	(139,434)	(139,434)	(139,434)	0
Liberty Square fund	(20,000)	(20,000)	(20,000)	-
Other funds	(257,800)	(257,800)	(335,156)	(77,356)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	$ (0)	$ (127,530)	$ 822,694	$ 950,224
Fund balance at July 1, 2018	5,731,879	5,731,879	5,731,879	-
FUND BALANCE AT JUNE 30, 2019	$ 5,731,878	$ 5,604,348	$ 6,554,573	$ 950,224

See the notes to financial statements.

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON STATEMENT - CAPITAL PROJECT FUND
Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	$ -	$ -	$ -	$ -
Expenditures:				
Paved streets	$ 50,000	$ 50,000	$ 6,510	$ 43,490
Sidewalks and crosswalks	283,000	283,000	244,347	38,653
Recreational facilities	40,000	40,000	18,397	21,603
TOTAL EXPENDITURES	$ 373,000	$ 373,000	$ 269,254	$ 103,746
EXCESS OF EXPENDITURES OVER REVENUES	$ (373,000)	$ (373,000)	$ (269,254)	$ (103,746)
Operating transfer in	373,000	373,000	269,254	103,746
CHANGE IN FUND BALANCE	$ -	$ -	$ -	$ -

See the notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of the City of Sparta, Tennessee (City), are disclosed in subsequent sections of this note. The remainder of the Notes is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2019.

2. REPORTING ENTITY

The identification of a financial reporting entity is built around the concept of financial accountability. That is, if a primary government is financially accountable for another entity, that entity's financial statements must be included in the financial statements of the reporting entity. While financial accountability is central to the identification of component units, even if it does not exist, an entity will be considered a component unit if that entity's relationship with the primary government is such that its exclusion would create misleading or incomplete financial statements.

Based upon this concept, the City of Sparta has no component units.

3. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

NOTE A (Cont'd):

3. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program users. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

4. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

NOTE A (Cont'd):

4. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Cont'd)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated on these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services which are billed monthly. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

NOTE A (Cont'd):

4. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Cont'd)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. See Note D for information describing restricted assets.

5. FUND TYPES AND MAJOR FUNDS

The accounts of the City are organized in funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

GOVERNMENTAL FUNDS

The City reports the following major governmental funds:

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

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Capital Projects Fund - The capital project fund is used to account for the construction and acquisition of major capital facilities, primarily infrastructure assets such as streets and sidewalks.

The other governmental funds of the City are as follows:

Special Revenue Funds – The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

NOTE A (Cont'd):

5. FUND TYPES AND MAJOR FUNDS (Cont'd)

PROPRIETARY FUNDS

The City reports the following major enterprise funds:

Sparta Electric System – accounts for the operating activities of the City's electric utilities services.

Sparta Water and Sewer System – accounts for the operating activities of the City's water supply system and of its sewage treatment plant, pumping stations, and collection system.

6. FUND BALANCES

Non-spendable Fund Balance – Fund balances reported as non-spendable in the accompanying financial statements represent amounts for inventory, prepaid expenditures, encumbrances, advances to other funds and noncurrent notes receivables.

` **Restricted Fund Balance** – Fund balances reported as restricted are the result of externally imposed restrictions placed upon current resources by state statutes, creditors, bond covenants, donors or grantors.

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

Committed Fund Balance – Fund balances reported as committed are self-imposed restrictions placed upon certain resources by the Board of Mayor and Aldermen. Formal action, a resolution, must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance – Fund balances reported as assigned are intended for certain purposes as approved by Board of Mayor and Aldermen or management.

NOTE A (Cont'd):

6. FUND BALANCES (cont'd)

Unassigned Fund Balance – In accordance with GAAP, the general fund is the only governmental fund that reports an unassigned fund balance. The unassigned fund balance has not been restricted, committed, or assigned to a specific purpose within the general fund.

When committed, assigned or unassigned fund balance amounts are available for use, it is the City's policy to use the committed fund balance first; the assigned fund balance second; and then the unassigned fund balance as they are needed.

7. CAPITAL ASSETS AND DEPRECIATION

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost, or estimated cost if actual cost is not available, and comprehensively reported in the government-wide financial statements. Capital assets are depreciated over the estimated useful life of the asset using the straight-line method of depreciation. Cost consists of all direct costs related to the construction or acquisition of the assets. Donated capital assets are valued at their estimated fair value on the date donated. In addition, the City capitalizes interest costs related to qualified expenditures for projects under construction.

Maintenance and repairs, which do not significantly extend the value or life of the property, plant, and equipment, are expensed as incurred.

Capital policy for the City is items purchased or betterment, not repairs, in excess of $2,500.00 and having a useful life of one year or more will be capitalized.

General infrastructure assets acquired prior to July 1, 2004, are not reported in the basic financial statements.

NOTE A (Cont'd):

7. CAPITAL ASSETS AND DEPRECIATION (Cont'd)

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

	Years
Buildings	39
Improvements, other than buildings	20-39
Equipment	5-12
Streets and sidewalks	50

Depreciation of all exhaustible capital assets used by the proprietary fund is charged as an expense against operations. Accumulated depreciation is reported on the proprietary fund statements of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Years
Buildings	15-40
Improvements, other than buildings	10-40
Equipment	3-10

8. BUDGETS AND BUDGETARY ACCOUNTING

Prior to July 1, the budget is legally enacted through passage of a resolution. Each fund's budget is prepared on the basis where current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed appropriations authorized by the resolution. The City Administrator is authorized to transfer line item amounts within any department; however, any revisions that alter the total expenditures to exceed the original budgeted amount must be approved by the Board of Mayor and Aldermen. All appropriations lapse at the end of each year.

The City's budgetary basis of accounting is consistent with generally accepted accounting principles.

NOTE A (Cont'd):

9. CASH EQUIVALENTS

For purpose of the statement of cash flows, all highly liquid investments with a maturity with a maturity date of three months or less when purchased are considered to be cash equivalents.

10. INVENTORIES

Sparta Electric System inventories are valued at average cost accumulated in perpetual inventory records which are periodically adjusted to physical counts.

Sparta Water and Sewer System inventories are priced at cost based on the first-in, first-out method.

11. CREDIT RISK

The City of Sparta provides water, sewer, electrical power and governmental type services for residential, commercial and industrial customers and citizens in the City of Sparta, Tennessee.

12. COMPENSATED ABSENCES

The City allows employees to accumulate unused sick leave. An employee terminated from service is not paid accumulated sick leave; therefore, sick leave has not been accrued because the amount cannot be reasonably estimated. Earned vacation time can be accrued up to certain maximums based upon years of service. Compensated absences are reported as accrued in the government-wide and proprietary financial statements.

13. USES OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Accordingly, actual results could differ from those estimates.

NOTE A (Cont'd):

14. CONTRIBUTIONS

Contributions are recognized in the Statement of Revenues, Expenditures, and Changes in Net Position when earned. Contributions include developer contributed utility systems and federal, state and local grants in support of system improvements.

15. NET POSITION

Net position contains the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified as net investment in capital assets; restricted for capital activity and debt service; and unrestricted position. Net investment in capital asset is all capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of the assets; debt related to unspent proceeds or other restricted cash and investments is not included in this determination.

Restricted for capital activity and debt service includes net position restricted by external parties such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Unrestricted is the net position that do not meet the definition of net investment in capital assets or restricted for capital activity and debt service.

16. PROVISION FOR UNCOLLECTIBLE ACCOUNTS

Management has made an allowance for uncollectible accounts receivable. The allowance is based on prior years' experience.

17. NET POSITION FLOW ASSUMPTION

Sometimes the system will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTE A (Cont'd):

18. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the statement of financial 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.

For the year ended June 30, 2019, the City's governmental funds report unavailable revenue from property taxes. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City also reports deferred outflows and deferred inflows from pensions.

19. PENSIONS

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

NOTE B - PROPERTY TAXES

Property taxes attach as an enforceable lien as of January 1. Taxes are levied on October 1, and are payable before March 1. The City bills and collects its own property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables.

NOTE C – BANK DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's deposit policy for custodial risk is as follows:

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool.

The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the City.

Investments are held in the State of Tennessee's Local Government Investment Pool ("LGIP") and are not subject to categorization. LGIP investments are reported at cost.

NOTE C – (Cont'd):

Statutes authorize the City to invest in direct obligations of the United States Treasury, its agencies and instrumentalities; money market funds; and, the state treasurer's investment pool (Tennessee Local Government Investment Pool), prime commercial paper, bankers' acceptance notes and certificates of deposit. The state treasurer's investment pool (LGIP) is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Accordingly, the City's investments in the pool have been based on the pool's share price. The City's amounts included in the pool are reported at the fair value of its position in the pool, which approximates the value of the shares of amortized cost.

The bank balance at June 30, 2019 totaled $3,395,043.70.
The LGIP balance at June 30, 2019 totaled $11,253,922.91.

NOTE D – RESTRICTED ASSETS

Certain proprietary fund assets are restricted for construction funded through long-term debt and federal grant revenues. Net position restricted for debt service includes the excess of assets over certain liabilities restricted for the debt service on bonds. Governmental funds report restricted assets for cash deposited in bank accounts legally restricted for specified uses such as the payment of debt service on long-term debt.

NOTE E- CHANGES IN CAPITAL ASSETS

	Balance at July 1	Additions	Reductions	Balance at June 30
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 731,768.56	$ -	$ -	$ 731,768.56
Construction in progress	961,733.07	225,741.89	1,187,474.96	-
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	$ 1,693,501.63	$ 225,741.89	$ 1,187,474.96	$ 731,768.56
Capital Assets Being Depreciated:				
Buildings	$ 3,329,319.25	$ -	$ -	$ 3,329,319.25
Improvements, other than buildings	4,647,217.78	27,737.37	-	4,674,955.15
Infrastructure	1,563,650.49	1,192,192.96	-	2,755,843.45
Equipment	4,889,118.13	279,668.57	44,794.60	5,123,992.10
Total capital assets being depreciated	$ 14,429,305.65	$ 1,499,598.90	$ 44,794.60	$ 15,884,109.95
Less Accumulated Depreciation for:				
Buildings	$ (1,804,803.79)	$ (72,291.15)	$ -	$ (1,877,094.94)
Improvements, other than buildings	(2,141,438.32)	(79,722.61)	-	(2,221,160.93)
Infrastructure	(241,746.37)	(55,175.11)	-	(296,921.48)
Equipment	(3,385,873.26)	(283,176.76)	(52,446.11)	(3,616,603.91)
Total accumulated depreciation	$ (7,573,861.74)	$ (490,365.63)	$ (52,446.11)	$ (8,011,781.26)
Total capital assets being depreciated, net	$ 6,855,443.91	$ 1,009,233.27	$ (7,651.51)	$ 7,872,328.69
***Governmental activities* : capital assets, net**	$ 8,548,945.54	$ 1,234,975.16	$ 1,179,823.45	$ 8,604,097.25
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 265,412.11	$ -	$ -	$ 265,412.11
Construction in progress	4,314,086.05	200,222.80	4,078,333.28	435,975.57
Total capital assets not being depreciated	$ 4,579,498.16	$ 200,222.80	$ 4,078,333.28	$ 701,387.68
Capital Assets Being Depreciated:				
Structures and improvements	$ 5,555,635.19	$ 68,599.26	$ 9,163.00	$ 5,615,071.45
Transportation equipment	2,473,507.39	63,767.37	-	2,537,274.76
Plant and improvements	33,584,872.24	4,825,025.82	145,628.34	38,264,269.72
Furniture and equipment	343,280.94	3,177.87	-	346,458.81
Machinery and equipment	569,653.26	34,195.28	-	603,848.54
Total capital assets being depreciated	$ 42,526,949.02	$ 4,994,765.60	$ 154,791.34	$ 47,366,923.28
Less Accumulated Depreciation for:				
Structures and improvements	$ (3,214,146.67)	$ (137,201.44)	$ (3,481.94)	$ (3,347,866.17)
Transportation equipment	(1,773,748.96)	(149,564.81)	-	(1,923,313.77)
Plant and improvements	(14,681,353.62)	(696,381.70)	(151,888.12)	(15,225,847.20)
Furniture and equipment	(293,355.86)	(5,355.65)	-	(298,711.51)
Machinery and equipment	(448,196.06)	(26,653.80)	-	(474,849.86)
Total accumulated depreciation	$ (20,410,801.17)	$ (1,015,157.40)	$ (155,370.06)	$ (21,270,588.51)
Total capital assets being depreciated, net	$ 22,116,147.85	$ 3,979,608.20	$ (578.72)	$ 26,096,334.77
***Business-type activities* : capital assets, net**	$ 26,695,646.01	$ 4,179,831.00	$ 4,077,754.56	$ 26,797,722.45
CAPITAL ASSETS, NET	$ 35,244,591.55	$ 5,414,806.16	$ 5,257,578.01	$ 35,401,819.70

NOTE E (Cont'd):

Depreciation Expense

Depreciation expense was charged to functions of the City as follows:

Governmental activities		*Business-type activities*	
General government	$ 14,498.92	Electric	$ 365,546.55
Public safety	145,278.68	Water and sewer	649,610.85
Highways and streets	136,580.68		
Culture and recreation	121,085.80		$ 1,015,157.40
Sanitation	72,921.55		
		Charged to depreciation expense	$ 901,484.13
	$ 490,365.63	Allocated to transportation expense	113,673.27
			$ 1,015,157.40

CONSTRUCTION IN PROGRESS

Construction in progress at June 30, 2019 consisted of:

	Actual to date	Remaining Commitment
Business-type activities:		
2018 CDBG project	$ 43,367.81	$ 555,368.61
Wilson Sporting Goods lift station	450.80	330,549.20
Automatic Metering - Electric Department	392,156.96	301,635.04
	$ 435,975.57	$ 1,187,552.85

The 2018 CDBG project is funded by CDBG funds and existing reserves
The Wilson Sporting Goods lift station is funded with ARC funds.
The electric department project will is being funded with existing funds.

NOTE F- LONG-TERM DEBT

Bonds are issued to provide funds for the acquisition and construction of capital assets.

Changes in long-term indebtedness of City of Sparta consists of:

	Amount at July 1	Amount Issued	Amount Retired	Amount at June 30	Current Portion
TML Bond Pool Note, 2017	$ 202,000.00	-	$ 30,900.00	$ 171,100.00	$ 32,000.00
General Obligation Bonds, 2001	47,102.35	-	4,391.80	42,710.55	4,537.35
Refunding Bonds, Series 2012A	656,616.30	-	158,377.70	498,238.60	162,158.60
Capital Outlay Notes, Series 2016	161,700.00	-	30,300.00	131,400.00	31,300.00
TOTAL	$ 1,067,418.65	$ -	$ 223,969.50	$ 843,449.15	$229,995.95
Accrued vacation payable				157,014.47	157,014.47
				$ 1,000,463.62	$ 387,010.42
Net pension obligation				102,239.00	
				$ 1,102,702.62	$ 387,010.42

General long-term debt is liquidated by resources in the General and the Solid Waste funds.

Changes in long-term indebtedness of the enterprise funds consists of:

	Amount at July 1	Amount Issued	Amount Retired	Amount at June 30	Current Portion
General Obligation Refunding Bonds, Series 2012A	906,383.70	-	218,622.30	687,761.40	223,841.40
Water & Sewer Revenue Bonds, Series 2017	3,850,000.00	-	125,000.00	3,725,000.00	170,000.00
General Obligation Note, Series 2012B	377,000.00	-	91,000.00	286,000.00	93,000.00
Water and Sewer Revenue and Tax Bonds, Series 2011	1,513,323.51	-	26,912.26	1,486,411.25	27,618.72
TOTAL NOTES AND BONDS	$ 6,646,707.21	$ -	$ 461,534.56	$ 6,185,172.65	$ 514,460.12
Unamortized premium				25,381.29	-
Advances from TVA for home weatherization loans				44,943.71	-
				$ 6,255,497.65	$ 514,460.12
Net pension obligation				81,491.87	-
				$ 6,336,989.52	$ 514,460.12

NOTE F (Cont'd):

Additional debt disclosure:

At June 30, 2019, long-term indebtedness of City of Sparta consists of:

	Amount Issued	Amount Outstanding	Interest Rate	Payment
General Obligation Bonds, Series 2001, (matures in 2027)	$ 95,000.00	$ 42,710.55	4.75%	annual
General Obligation Refunding Bonds, Series 2012A (matures 2022)	1,529,164.00	498,238.60	2.43%	annual
TML Bond Pool Note, 2017 (matures 2024)	231,833.00	171,100.00	3.40%	annual
Capital Outlay Note, Series 2016 (matures 2023)	218,413.00	131,400.00	3.23%	annual
TOTAL NOTES AND BONDS PAYABLE		$ 843,449.15		
Net pension obligation		102,239.00		
Accrued vacation		157,014.47		
		$ 1,102,702.62		

At June 30, 2019, long-term indebtedness of the enterprise funds consists of:

	Amount Issued	Amount Outstanding	Interest Rate	Payment
General Obligation Refunding Bonds, Series 2012A (matures 2022)	$ 2,110,836.00	$ 687,761.40	2.43%	annual
General Obligation Note, Series 2012B (matures 2022)	876,000.00	286,000.00	2.43%	annual
Water and Sewer, Series 2017 Bond	3,850,000.00	3,725,000.00	varies	annual
Water and Sewer Revenue and Tax Bond, Series 2011 (matures 2052)	1,590,000.00	1,486,411.25	2.625%	$5,553.08 (monthly)
Unamortized premium		25,381.29		
Advances from TVA for home weatherization loans		44,943.71		
TOTAL BONDS AND NOTES PAYABLE		$ 6,255,497.65		
Net pension liability		81,491.87		
		$ 6,336,989.52		

NOTE F (Cont'd):

Debt service requirements to maturity:

A summary of the City of Sparta debt service requirements for principal and interest at June 30, 2019, is as follows:

Year ending June 30	Principal	Interest	Total
2020	$ 229,995.95	$ 24,205.47	$ 254,201.42
2021	236,092.37	17,950.51	254,042.88
2022	242,719.13	11,523.72	254,242.85
2023	74,915.12	4,911.20	79,826.32
2024	41,962.83	2,352.17	44,315.00
2025-2028	17,763.75	1,869.40	19,633.15
TOTAL	$ 843,449.15	$ 62,812.47	$ 906,261.62

The $498,238.60 owed by the City of Sparta and the $687,761.40 owed by Sparta Water and Sewer System is the balance remaining on the $3.64 million General Obligation Refunding Bonds, Series 2012A. This money was borrowed on January 25, 2013 to refinance the 2006 and 2008 TML bond pool notes.

The $286,000.00 is the balance of the $876,000.00 General Obligation Note, Series 2012B, issued by Sparta Water and Sewer System for the purpose of refurbishing the water tanks.

On October 6, 2011, the City authorized the issuance of $1,590,000 Water and Sewer Revenue and Tax Bond, Series 2011. The Bond is issued to finance the construction of sewer system improvements and bears interest at the rate of 2.625%. The unpaid balance as of June 30, 2019 was $1,486,411.25

During the year ended June 30, 2019, the City issued $3,725,000 in Water and Sewer Revenue Bonds, Series 2017, for water plant improvements. The interest rate varies between 1.8% and 3.25%. The unpaid balance as of June 30, 2019 is $3,725,000.00.

NOTE F (Cont'd):

The $131,400.00 is the balance of the $218,413.00 Capital Outlay Note, Series 2016, issued by the City of Sparta for the purpose of purchasing a garbage truck.

The $171,100.00 is the balance of the $231,833.00 TML Bond Pool Note, 2017, issued by the City of Sparta for the purpose of purchasing a garbage truck. The first payment is to be made after year-end.

The $42,710.55 is the balance of the $95,000.00 General Obligation Bonds, Series 2001, issued by the City of Sparta for the Senior Citizens building.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

A schedule showing maturities and debt-service requirements of Sparta Water and Sewer System's outstanding bonds and interest bearing notes is included in the supplementary information section of this report.

Amounts required to amortize long-term debt outstanding as of June 30, 2019:

Year ending June 30	Principal	Interest	Total
2020	$ 514,460.12	$ 164,015.68	$ 678,475.80
2021	522,404.18	152,191.48	674,595.66
2022	536,947.23	140,172.76	677,119.99
2023	209,851.28	128,170.72	338,022.00
2024	210,634.86	123,967.14	334,602.00
2025-2029	1,135,667.37	546,442.63	1,682,110.00
2030-2034	1,308,583.12	375,414.38	1,683,997.50
2035-2039	974,668.70	166,868.80	1,141,537.50
2040-2045	244,362.51	88,822.49	333,185.00
2045-2049	278,163.61	55,021.39	333,185.00
2050-2054	249,429.67	16,559.29	265,988.96
TOTAL	$ 6,185,172.65	$ 1,957,646.76	$ 8,142,819.41
Unamortized premium	25,381.29		
	$ 6,210,553.94		

Note G – JOINT VENTURE

The Upper Cumberland Regional Airport was established as a joint venture between Putnam County, White County, the City of Cookeville and the City of Sparta. The Upper Cumberland Regional Airport operates the regional airport for the two county area. The seven-member board of the Airport is composed of one member appointed by each participating government; chief executive officer of one of the participating governments in each county on a two year rotating basis; and a representative from the pilot's committee who is selected by the pilot's committee, subject to the approval of the other members of the board. Each participant retains a 25% ownership in the Airport; however, they do not retain an equity interest in the Airport. During the year ended June 30, 2019, the City appropriated an operating subsidy of $28,000 to the Airport. Complete financial statements for the Upper Cumberland Regional Airport can be obtained from the Upper Cumberland Regional Airport's administrative office at 750 Airport Road, Sparta, Tennessee 38583, or from the City Administrator's office at the Sparta City Hall.

Note H - JOINTLY GOVERNED ORGANIZATION

The City and the White County Board of Commissioners participate in The White County 911 Emergency Communications District, a component unit of White County, Tennessee (County). Any short fall between the District's budgeted revenues and operating expenses are subsidized by the City and County, 25% and 75%, respectively. The Board of Directors of the District is appointed by the City and County in the same proportion as each entity contributes to the funding of the District. During the year ended June 30, 2019, the City contributed $64,954.00 to the operations of the District.

Note I – RELATED ORGANIZATION

Sparta Housing Authority – The Board of the Sparta Housing Authority is appointed by the Mayor and Board of Aldermen, but the City provides no funding and has no means to impose will upon the operations of the Authority.

NOTE J - GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description. Employees of Sparta are provided a defined benefit plan through the Public Employee Retirement Plan, an agent multi-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.state.tn.gov/Retirement /Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

NOTE J - (Cont'd):

Employees covered by benefit terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	41
Active employees	83
	179

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Sparta makes employer contributions at a rate, in excess of the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, employer contributions for Sparta were $492,814.43 based on a rate of 14.00 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Sparta's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Sparta's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25 percent

NOTE J - (Cont'd):

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31.00%
Developed market international equity	5.29%	14.00%
Emerging market international equity	6.36%	4.00%
Private equity and strategic lending	5.79%	20.00%
U.S. fixed income	2.01%	20.00%
Real estate	4.32%	10.00%
Short-term securities	0.00%	1.00%
		100.00%

NOTE J - (Cont'd):

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Sparta will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE J - (Cont'd):

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
Balance at 06/30/17	$ 14,984,318	$ 14,092,053	$ 892,265
Changes for the year:			
Service cost	$ 288,950	$ -	$ 288,950
Interest	1,078,267	-	1,078,267
Differences between expected and actual experience	(289,000)	-	(289,000)
Changes in assumptions	-	-	-
Contributions - employer	-	465,694	(465,694)
Contributions - employees	-	166,320	(166,320)
Net investment income	-	1,162,382	(1,162,382)
Benefit payments, including refunds of employee contributions	(801,241)	(801,241)	-
Administrative expense	-	(7,645)	7,645
Net changes	276,976	985,510	(708,534)
Balance at 06/30/18	$ 15,261,294	$ 15,077,563	$ 183,731

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Sparta calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

NOTE J - (Cont'd):

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Sparta's net pension liability (asset)	$ 2,160,741	$ 183,731	$ (1,462,894)

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

Pension expense. For the year ended June 30, 2019, Sparta recognized pension expense of $167,383.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2019, Sparta reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 148,957	$ 312,347
Net difference between projected and actual earnings on pension plan investments	-	54,989
Changes in assumptions	324,524	-
Contributions subsequent to the measurement date of June 30, 2018	492,814	(not applicable)
Total	$ 966,295	$ 367,336

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2018," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

NOTE J - (Cont'd):

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

Year Ended June 30:	
2020	$ 172,322
2021	61,622
2022	(100,619)
2023	20,980
2024	(48,167)
Thereafter	-

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

Payable to the Pension Plan

At June 30, 2019, Sparta reported no payable for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

NOTE K - MULTIPLE-EMPLOYER DEFINED CONTRIBUTIONS PLANS

Tennessee State Deferred Compensation Plan and Trust - 457(b)

Participation in this plan is optional and is 100% funded by participant's elective contributions. The Board does not make employer contributions to this plan. Plan benefits are dependent solely on amounts contributed by participants plus investment earnings. Employees are eligible to participate on the first day of employment.

At June 30, 2019 there is 13 active participants. During the year participant contributions amounted to $59,442.

NOTE L - LITIGATION

There were no lawsuits pending in which the City is involved, which could result in any liability to the City.

NOTE M- RISK FINANCING ACTIVITIES

The City's risks of loss relating to general liability, property and casualty and workers' compensation are covered by participation in a public entity risk pool. The City joined the Tennessee Municipal League Risk Management Pool, which is a public entity risk pool established by the Tennessee Municipal League, an association of member municipalities. The City pays an annual premium to the TML Pool for its insurance coverage. The creation of the TML Pool provides for it to be self-sustaining through member premiums.

The City continues to carry commercial insurance for surety bond coverage. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE N - SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

Due from:

	General Fund	Electric Fund	Water and Sewer Fund	Solid Waste	Total
Due to:					
General fund	$	$ 20,156.54	$ 40,322.92	$ 390,379.38	$ 450,858.84
Liberty Square fund	150.00	-	-	-	150.00
Drug fund	13,261.19	-	-	-	13,261.19
Solid Waste	-	47,284.00	-	-	47,284.00
Water & Sewer	-	368,487.23	-	-	368,487.23
	$ 13,411.19	$ 435,927.77	$ 40,322.92	$ 390,379.38	$ 880,041.26

Interfund receivables and payables are the result of transactions, including the receipt of grant money, purchase or construction of capital assets, collection of customer payments, and payment of trade accounts payable, which are paid for or received in one fund on behalf of a different fund.

NOTE O – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019, were as follows:

Transfer from:	General	Electric	Water & Sewer	Solid Waste	Total
Transfer to:					
General	$ -	$ 105,715.68	$ 31,999.92	$ -	$ 137,715.60
Liberty Square	20,000.00	-	-	-	20,000.00
Equipment	65,902.57	-	-	59,500.00	125,402.57
Capital Project	269,253.54	-	-	-	269,253.54
Debt Service	139,433.58	-	-	108,190.82	247,624.40
TOTAL	$ 494,589.69	$ 105,715.68	$ 31,999.92	$ 167,690.82	$ 799,996.11

Transfers between funds are made for payments in lieu of tax from the proprietary funds and to move unrestricted general fund revenues to finance programs that the City accounts for in other funds, such as equipment purchases and solid waste expenditures.

NOTE P – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Funds with deficit fund balances:

Solid Waste Fund $ (3,618.84)

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Changes in Sparta's Net Pension Liability (Asset)
and Related Ratios Based on Participation in the
Public Employee Pension Plan of TCRS
Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018
Total pension liability					
Service cost	$ 284,379	$ 275,523	$ 263,138	$ 286,348	$ 288,950
Interest	917,743	967,598	1,004,997	1,031,950	1,078,267
Changes in benefit terms	-	-	-	-	-
Differences between actual & expected experience	207,860	59,413	(143,028)	104,642	(289,000)
Change of assumptions	-	-	-	486,786	-
Benefit payments including refunds of employee contributions	(670,898)	(801,900)	(781,079)	(796,798)	(801,241)
Net change in total pension liability	$ 739,084	$ 500,634	$ 344,028	$ 1,112,928	$ 276,976
Total pension liability - beginning	12,287,644	13,026,728	13,527,362	13,871,390	14,984,318
Total pension liability - ending (a)	$ 13,026,728	$ 13,527,362	$ 13,871,390	$ 14,984,318	$ 15,261,294
Plan fiduciary net position					
Contributions - employer	$ 382,840	$ 364,614	$ 366,987	$ 420,653	$ 465,694
Contributions - employee	165,559	161,764	183,901	161,790	166,320
Net investment income	1,809,764	385,678	335,533	1,445,579	1,162,382
Benefit payments, including refunds of employee contributions	(670,898)	(801,900)	(781,079)	(796,798)	(801,241)
Administrative expense	(3,539)	(4,142)	(6,121)	(6,637)	(7,645)
Net change in plan fiduciary net position	$ 1,683,726	$ 106,014	$ 99,221	$ 1,224,587	$ 985,510
Plan fiduciary net position - beginning	10,978,505	12,662,231	12,768,245	12,867,466	14,092,053
Plan fiduciary net position - ending (b)	$ 12,662,231	$ 12,768,245	$ 12,867,466	$ 14,092,053	$ 15,077,563
Net Pension Liability (asset) - ending (a) - (b)	$ 364,497	$ 759,117	$ 1,003,924	$ 892,265	$ 183,731
Plan fiduciary net position as a percentage of total pension liability	97.20%	94.39%	92.76%	94.05%	98.80%
Covered-employee payroll	$ 3,306,048	$ 3,235,257	$ 3,256,312	$ 3,235,792	$ 3,326,385
Net pension liability (asset) as a percentage of covered-employee payroll	11.03%	23.46%	30.83%	27.57%	5.52%

Changes of assumptions . In 2018, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementations of GASB 68.

Schedule of Sparta's Contributions
Based on Participation in the Public Employee Pension Plan of TCRS
Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	$ 382,840	$ 364,758	$ 366,987	$ 364,674	$ 432,763	$ 457,965
Contributions in relation to the actuarially determined contribution	382,840	364,758	366,987	420,653	465,695	492,814
Contribution deficiency (excess)	$ -	$ -	$ -	$ (55,979)	$ (32,932)	$ (34,849)
Covered-employee payroll	$ 3,306,048	$ 3,236,539	$ 3,256,312	$ 3,235,792	$ 3,326,390	$ 3,520,103
Contributions as a percentage covered-employee payroll	11.58%	11.27%	11.27%	13.00%	14.00%	14.00%

*GASB 68 requires a 10-year schedule for this data to be presented starting with the implementations of GASB 68.

Notes to Schedule

Valuation date : Actuarially determined contribution rates for 2019 were calculated based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

SUPPLEMENTARY INFORMATION

CITY OF SPARTA, TENNESSEE
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	State Street Aid Fund	Solid Waste Fund	Equipment Fund	Drug Fund	Liberty Square Fund	Industrial Development Fund	Total Special Revenue
				ASSETS			
Cash	$ 86,127.30	$ 352,387.96	$ 35,297.20	$ 62,592.34	$ 25,554.55	$ 620,873.28	$ 1,182,832.63
Due from other governments	30,783.45	-	-	-	-	5,679.73	36,463.18
Due from other funds	-	47,284.00	-	13,261.19	150.00	-	60,695.19
	$ 116,910.75	$ 399,671.96	$ 35,297.20	$ 75,853.53	$ 25,704.55	$ 626,553.01	$ 1,279,991.00
				LIABILITIES AND FUND BALANCE			
Liabilities:							
Accounts payable	$ 238.48	$ 12,911.42	$ -	$ -	$ -	$ -	$ 13,149.90
Due to other funds	-	390,379.38	-	-	-	-	390,379.38
TOTAL LIABILITIES	$ 238.48	$ 403,290.80	$ -	$ -	$ -	$ -	$ 403,529.28
Fund balance:							
Restricted	$ 116,672.27	$ -	$ -	$ 75,853.53	$ -	$ -	$ 192,525.80
Committed	-	(3,618.84)	-	-	-	626,553.01	622,934.17
Assigned	-	-	35,297.20	-	25,704.55	-	61,001.75
TOTAL FUND EQUITY	$ 116,672.27	$ (3,618.84)	$ 35,297.20	$ 75,853.53	$ 25,704.55	$ 626,553.01	$ 876,461.72
	$ 116,910.75	$ 399,671.96	$ 35,297.20	$ 75,853.53	$ 25,704.55	$ 626,553.01	$ 1,279,991.00

CITY OF SPARTA, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2019

	SPECIAL REVENUE FUNDS						
	State Street Aid Fund	Solid Waste Fund	Equipment Fund	Drug Fund	Liberty Square Fund	Industrial Development Fund	Total Special Revenue
Revenues:							
Intergovernmental revenues	$ 178,087.45	$ -	$ -	$ -	$ -	$ -	$ 178,087.45
Interest income	400.37	-	53.16	472.46	-	13,208.45	14,134.44
Services	-	558,246.00	-	-	-	-	558,246.00
Fines and costs	-	204.00	-	2,548.75	-	-	2,752.75
Contributions	-	-	-	-	18,610.00	-	18,610.00
Other	-	-	-	13,261.19	-	-	13,261.19
TOTAL REVENUES	$ 178,487.82	$ 558,450.00	$ 53.16	$ 16,282.40	$ 18,610.00	$ 13,208.45	$ 785,091.83
Expenditures:							
Street lights	$ 136,829.76	$ -	$ -	$ -	$ -	$ -	$ 136,829.76
Street equipment	8,123.50	-	39,974.62	-	-	-	48,098.12
Economic development and assistance	-	-	-	-	-	10,000.00	10,000.00
Salaries and related benefits	-	302,204.88	-	-	-	-	302,204.88
Utilities	-	7,603.86	-	-	-	-	7,603.86
Repairs and maintenance	-	47,040.02	-	-	-	5,379.74	52,419.76
Gas, oil and diesel	-	29,344.56	-	-	-	-	29,344.56
Police	-	-	28,757.24	2,166.05	-	-	30,923.29
Fire	-	-	25,927.95	-	-	-	25,927.95
Public works	-	-	-	-	-	-	-
Public relations	-	-	-	-	32,456.73	-	32,456.73
General purpose machinery	-	128,736.41	59,500.00	-	-	-	188,236.41
Miscellaneous	-	18,582.00	-	-	-	300.00	18,882.00
TOTAL EXPENDITURES	$ 144,953.26	$ 533,511.73	$ 154,159.81	$ 2,166.05	$ 32,456.73	$ 15,679.74	$ 882,927.32
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 33,534.56	$ 24,938.27	$ (154,106.65)	$ 14,116.35	$ (13,846.73)	$ (2,471.29)	$ (97,835.49)
Net operating transfers	-	(167,690.82)	125,402.57	-	20,000.00	-	(22,288.25)
INCREASE (DECREASE) IN FUND BALANCE	$ 33,534.56	$ (142,752.55)	$ (28,704.08)	$ 14,116.35	$ 6,153.27	$ (2,471.29)	$ (120,123.74)
Fund balance at July 1, 2018	83,137.71	139,133.71	64,001.28	61,737.18	19,551.28	629,024.30	996,585.46
FUND BALANCE AT JUNE 30, 2019	$ 116,672.27	$ (3,618.84)	$ 35,297.20	$ 75,853.53	$ 25,704.55	$ 626,553.01	$ 876,461.72

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	$ -	$ -	$ 2,470	$ 2,470
Expenditures:				
Retirement of bonds	$ 556,112	$ 556,112	$ 219,578	$ 336,534
Interest on bonds	327,793	327,793	28,050	299,743
TOTAL EXPENDITURES	$ 883,905	$ 883,905	$ 247,627	$ 636,278
EXCESS OF EXPENDITURES OVER REVENUES	$ (883,905)	$ (883,905)	$ (245,158)	$ 638,747
Operating transfer	883,905	883,905	247,624	(636,281)
CHANGE IN FUND BALANCE	$ -	$ -	$ 2,467	$ 2,467

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - STATE STREET AID FUND
Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	$ 185,518	$ 185,518	$ 178,087	$ (7,431)
Interest earnings	-	-	400	400
TOTAL REVENUES	$ 185,518	$ 185,518	$ 178,488	$ (7,030)
Expenditures:				
Street lighting	185,518	185,518	144,953	$ 40,565
CHANGE IN FUND BALANCE	$ -	$ -	$ 33,535	$ 33,535

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - SOLID WASTE FUND
Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Refuse collection	$ 530,000	$ 530,000	$ 558,246	$ 28,246
Other	-	-	204	204
TOTAL REVENUES	$ 530,000	$ 530,000	$ 558,450	$ 28,450
Expenditures:				-
Salaries and related expenses	$ 316,945	$ 316,945	$ 302,205	$ 14,740
Repairs and maintenance	39,000	74,122	47,040	27,082
Gas, oil and diesel	25,000	29,400	29,345	55
Utilities	5,441	7,641	7,604	37
General purpose machinery	20,000	170,000	128,736	41,264
Miscellaneous	6,701	18,701	18,582	119
TOTAL EXPENDITURES	413,087	616,809	533,512	83,297
EXCESS OF EXPENDITURES OVER REVENUES	$ 116,913	$ (86,809)	$ 24,938	$ 111,747
Operating transfer out	(183,191)	(183,191)	(167,691)	15,500
CHANGE IN FUND BALANCE	$ (66,278)	$ (270,000)	$ (142,753)	$ 127,247

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - DRUG FUND
Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest earnings	$ -	$ -	$ 472	$ 472
Fines	5,000	5,000	2,549	(2,451)
Other	-	-	13,261	13,261
TOTAL REVENUES	$ 5,000	$ 5,000	$ 16,282	$ 11,282
Special Investigations funds	5,000	5,000	2,166	2,834
CHANGE IN FUND BALANCE	$ -	$ -	$ 14,116	$ 14,116

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - LIBERTY SQUARE FUND
Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Contributions and donations	$ 15,000	$ 20,000	$ 18,610	$ (1,390)
Expenditures:				
Public Relations	$ 35,000	$ 35,000	$ 32,457	$ 2,543
EXCESS OF EXPENDITURES OVER REVENUES	$ (20,000)	$ (15,000)	$ (13,847)	$ (3,933)
Operating transfers in	20,000	20,000	20,000	-
CHANGE IN FUND BALANCE	$ -	$ 5,000	$ 6,153	$ 1,153

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - INDUSTRIAL DEVELOPMENT FUND
Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest earnings	$ 1,750	$ 1,750	$ 13,208	$ 11,458
Note repayments	6,120	13,250	-	(13,250)
TOTAL REVENUES	$ 7,870	$ 15,000	$ 13,208	$ (1,792)
Expenditures:				
Economic development and assistance	30,000	30,000	15,680	14,320
Revenues over (under) Expenditures	$ (22,130)	$ (15,000)	$ (2,471)	$ 16,112
Conversion to GAAP Basis	(6,120)	(13,250)	-	(13,250)
CHANGE IN FUND BALANCE	$ (28,250)	$ (28,250)	$ (2,471)	$ 29,362

CITY OF SPARTA, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - EQUIPMENT FUND
Year ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue: -				
Interest Income	$ -	$ -	$ 53	$ 53
Disposal of assets	-	-	-	-
TOTAL REVENUES	$ -		$ 53	$ 53
Expenditures:				
Transportation Equipment and Machinery	192,800	219,000	154,160	64,840
EXCESS OF EXPENDITURES OVER REVENUES	$ (192,800)	$ (219,000)	$ (154,107)	$ 64,893
Operating transfer in	192,800	192,800	125,403	(67,397)
CHANGE IN FUND BALANCE	$ -	$ (26,200)	$ (28,704)	$ (2,504)

CITY OF SPARTA, 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
Governmental Activities									
BONDS PAYABLE									
Payable through the general fund									
2001 General Obligation Bonds	$ 95,000.00	4.75%	02/27/02	02/27/27	$ 47,102.35	$ -	$ 4,391.80	$ -	$ 42,710.55
Payable through the debt service fund									
2012A General Obligation Bonds	$ 1,592,164.00	2.43%	01/25/13	06/01/22	656,616.30	-	158,377.70	-	498,238.60
Total bonds payable, governmental activities					$ 703,718.65	-	$ 162,769.50	-	$ 540,949.15
NOTES PAYABLE									
Payable through the debt service fund									
2016 Capital Outlay Note	$ 218,413.00	3.23%	06/28/16	06/01/23	161,700.00	-	30,300.00	-	131,400.00
2017 Tennessee Municipal Bond Fund	231,833.00	3.40%	03/15/17	03/01/24	202,000.00	-	30,900.00	-	171,100.00
Total notes payable, governmental activities					$ 363,700.00	-	$ 61,200.00	-	$ 302,500.00
Business-Type Activities									
BONDS PAYABLE									
Water & Sewer Series 2017	$ 3,850,000.00	1.800% - 3.250%	03/31/17	06/01/37	$ 3,850,000.00	$ -	$ 125,000.00	$ -	$ 3,725,000.00
General Obligation Refunding Bonds	2,110,836.00	2.430%	01/25/13	06/01/22	906,383.70	-	218,622.30	-	687,761.40
General Obligation Bonds	876,000.00	2.430%	01/25/13	06/01/22	377,000.00	-	91,000.00	-	286,000.00
Water & Sewer Series 2011	1,590,000.00	2.625%	12/09/14	12/09/52	1,513,323.51	-	26,912.26	-	1,486,411.25
Total bonds, businesss-type activities					$ 6,646,707.21	$ -	$ 461,534.56	$ -	$ 6,185,172.65

CITY OF SPARTA, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended June 30, 2019

Federal Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Federal Awards			
U.S. Department of Housing and Urban Development			
Community Development Block Grant	14.228	NA	$ 35,995.26
State Financial Assistance			
TN Department of Transportation	N/A	93LPLM-F3-021	6,128.99
TOTAL FEDERAL AND STATE AWARDS			$ 42,124.25

NOTE A - LOANS OUTSTANDING:
At June 30, 2019, there was an outstanding balance of $42,710.55 on a loan obtained in a previous year through the U.S. Department of Agriculture. Payments during the current fiscal year totaled $6,574.00.

At June 30, 2019, there was an outstanding balance of $1,486,411.25 on a loan obtained in a previous year through the U.S. Department of Agriculture. Payments during the current fiscal year totaled $66,637.00

NOTE B - BASIS OF PRESENTATION:
The accompanying Schedule of Federal Awards and State Financial Assistance summarizes the expenditures of the City of Sparta under programs of the federal and state governments for the year ended June 30, 2019. The schedule is presented using the accrual basis of accounting.

OTHER FINANCIAL INFORMATION (UNAUDITED)

CITY OF SPARTA, TENNESSEE
LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2019

Maturities During Year Ending June 30,	General Obligation 2/27/2002		General Obligation 1/25/2013		Capital Outlay Note 6/28/2016		TML Bond 3/15/2017		
	Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Total**
2020	$ 4,537.35	$ 2,036.65	$ 162,158.60	$ 12,107.20	$ 31,300.00	$ 4,244.22	$ 32,000.00	$ 5,817.40	$ 254,201.42
2021	4,752.87	1,821.13	165,939.50	8,166.74	32,300.00	3,233.24	33,100.00	4,729.40	254,042.88
2022	4,978.63	1,595.37	170,140.50	4,134.41	33,400.00	2,189.94	34,200.00	3,604.00	254,242.85
2023	5,215.12	1,358.88			34,400.00	1,111.12	35,300.00	2,441.20	79,826.32
2024	5,462.83	1,111.17					36,500.00	1,241.00	44,315.00
2025	5,722.32	851.68							6,574.00
2026	5,994.13	579.87							6,574.00
2027	6,047.30	437.85							6,485.15
	$ 42,710.55	$ 9,792.60	$ 498,238.60	$ 24,408.35	$ 131,400.00	$ 10,778.52	$ 171,100.00	$ 17,833.00	$ 906,261.62

CITY OF SPARTA, TENNESSEE
SPARTA WATER AND SEWER SYSTEM
BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS
June 30, 2019

Maturities During Year Ending June 30,	General Obligation Note, Series 2012B 1/25/2013 $876,000.00		General Obligation Note, Series 2012A 1/25/2013 $2,110,836.00		Water and Sewer, Series 2017 3/30/2017 $3,850,000.00		Water and Sewer Revenue and Tax Bond, Series 2011 12/9/2014 $1,590,000.00		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	$ 93,000.00	$ 6,949.80	$ 223,841.40	$ 16,712.60	$ 170,000.00	$ 101,335.00	$ 27,618.72	$ 39,018.28	$ 678,475.80
2021	95,000.00	4,689.90	229,060.50	11,273.26	170,000.00	97,935.00	28,343.68	38,293.32	674,595.66
2022	98,000.00	2,381.40	234,859.50	5,707.09	175,000.00	94,535.00	29,087.73	37,549.27	677,119.99
2023					180,000.00	91,385.00	29,851.28	36,785.72	338,022.00
2024					180,000.00	87,965.00	30,634.86	36,002.14	334,602.00
2025					185,000.00	84,365.00	31,439.03	35,197.97	336,002.00
2026					190,000.00	80,480.00	32,264.29	34,372.71	337,117.00
2027					195,000.00	76,300.00	33,111.24	33,525.76	337,937.00
2028					195,000.00	71,815.00	33,980.41	32,656.59	333,452.00
2029					205,000.00	65,965.00	34,872.40	31,764.60	337,602.00
2030					210,000.00	59,815.00	35,787.78	30,849.22	336,452.00
2031					215,000.00	53,515.00	36,727.22	29,909.78	335,152.00
2032					225,000.00	46,527.50	37,691.33	28,945.67	338,164.50
2033					230,000.00	39,215.00	38,680.70	27,956.30	335,852.00
2034					240,000.00	31,740.00	39,696.09	26,940.91	338,377.00
2035					245,000.00	23,940.00	40,738.10	25,898.90	335,577.00
2036					255,000.00	16,222.50	41,807.47	24,829.53	337,859.50
2037					260,000.00	8,190.00	42,904.92	23,732.08	334,827.00
2038							44,031.20	22,605.80	66,637.00
2039							45,187.01	21,449.99	66,637.00
2040							46,373.15	20,263.85	66,637.00
2041							47,590.46	19,046.54	66,637.00
2042							48,839.71	17,797.29	66,637.00
2043							50,121.74	16,515.26	66,637.00
2044							51,437.45	15,199.55	66,637.00
2045							52,787.66	13,849.34	66,637.00
2046							54,173.34	12,463.66	66,637.00
2047							55,595.38	11,041.62	66,637.00
2048							57,054.76	9,582.24	66,637.00
2049							58,552.47	8,084.53	66,637.00
2050							60,089.48	6,547.52	66,637.00
2051							61,666.83	4,970.17	66,637.00
2052							63,285.57	3,351.43	66,637.00
2053							64,387.79	1,690.17	66,077.96
	$ 286,000.00	$ 14,021.10	$ 687,761.40	$ 33,692.95	$ 3,725,000.00	$ 1,131,245.00	$ 1,486,411.25	$ 778,687.71	$ 8,142,819.41

CITY OF SPARTA, TENNESSEE
PROPERTY TAXES
Year ended June 30, 2019

Tax rates and taxes assessed for the ten most current years were:

Year	Tax Rate	Tax Assessed
2018	$1.05	$ 1,185,187
2017	$1.05	1,150,783
2016	$1.05	1,158,368
2015	$1.05	1,260,616
2014	$1.05	1,119,149
2013	$1.05	1,110,686
2012	$1.05	1,131,242
2011	$1.05	1,089,662
2010	$1.05	1,082,881
2009	$1.10	1,043,073

A summary of changes in property taxes receivable during the year follows:

	Balance at July 1	Assessment	Collections	Adjustments	Balance at June 30
2018		$ 1,185,187.00	$ 1,114,246.00	$ (999.00)	$ 69,942.00
2017	$ 74,651.00		$ 59,381.00	1,901.35	17,171.35
2016	19,547.00	-	14,328.00	-	5,219.00
2015	4,236.00	-	2,647.61	(294.00)	1,294.39
2014	2,481.61	-	-	(314.00)	2,167.61
2013	489.00	-	-	(314.00)	175.00
2012	484.00	-	-	(314.00)	170.00
	$ 101,888.61	$ 1,185,187.00	$ 1,190,602.61	$ (333.65)	$ 96,139.35
				Add 2018 assessed taxes	1,196,167.00
					$ 1,292,306.35

All uncollected taxes for years prior to 2018 have been turned over to the Clerk and Master for collection.

2019 Taxes assessed	$ 1,196,167.00
Estimated uncollectible taxes	(5,980.84)
DEFERRED PROPERTY TAX REVENUE	$ 1,190,186.16

AWWA Free Water Audit Software:
Reporting Worksheet

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+ Click to add a comment

Water Audit Report for: SPARTA WATER SYSTEM
Reporting Year: 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 your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

Master Meter and Supply Error Adjustments

WATER SUPPLIED

<---------- Enter grading in column 'E' and 'J' ---------->

Volume from own sources:	+ ?	9	849.266	MG/Yr	+ ?	9	1.00%			MG/Yr
Water imported:	+ ?		0.000	MG/Yr	+ ?					MG/Yr
Water exported:	+ ?	9	428.028	MG/Yr	+ ?					MG/Yr

Pcnt: Value:

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: 412.829 MG/Yr

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

					Pcnt:	Value:	
Billed metered:	+ ?	8	231.319	MG/Yr			
Billed unmetered:	+ ?		0.000	MG/Yr			
Unbilled metered:	+ ?	8	7.034	MG/Yr			
Unbilled unmetered:	+ ?		5.160	MG/Yr	1.25%		MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: ? 243.513 MG/Yr

Use buttons to select percentage of water supplied **OR** value

WATER LOSSES (Water Supplied - Authorized Consumption)

169.316 MG/Yr

Apparent Losses

					Pcnt:	Value:	
Unauthorized consumption:	+ ?		1.032	MG/Yr	0.25%		MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+ ?	8	12.545	MG/Yr	5.00%		MG/Yr
Systematic data handling errors:	+ ?		0.578	MG/Yr	0.25%		MG/Yr

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

Apparent Losses: ? 14.155 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 155.161 MG/Yr

WATER LOSSES: 169.316 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? 181.510 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+ ?	7	109.0	miles
Number of active AND inactive service connections:	+ ?	7	3,300	
Service connection density:	?		30	conn./mile main

Are customer meters typically located at the curbstop or property line? Yes

Average length of customer service line: + ? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: + ? 7 50.0 psi

COST DATA

Total annual cost of operating water system:	+ ?	10	$1,911,813	$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	8	$2.32	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	7	$1.70	$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

#Z DWHU#DXGLW#GDWD#DOOLGLW\#VFRUH=

—#\RXU#VFRUH#V=#$4#rxw#i#433#—

D#zhljkwhg#vfdohg#ru#Ukh#Frp srqhqw#rI#Frqvxp swlrq#bg#Z dwu#rvv#Ulpfoxghg#Ip#Wkh#Fdofxodwlrq#rI#Wkh#Z dwu#Dxgl W#Gdwd#Vdpsohv#Vfruh

#SUIRUW\#DUHDV#IRU#DWWHQWLRQ=

#Edvhg#rq#Wkh#Ipinu dwlrq#suryghg/#bxgl Wlffxudf|#Fdq#eh#Ip suryhg#|#bggluvvlbj#Wkh#rqoz bj#Frp srqhqw=

###4=#Xqdxwkrul}hg#Frqvxp swlrq

###5=#V|wwhp dwd#gdwd#kdgqdqj#uurusv

###6=#Vroqp h#urp #zg#vrxufhv

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.
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Water Audit Report for: SPARTA WATER SYSTEM
Reporting Year: 2019 | 7/2018 - 6/2019

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 81 out of 100 ***

System Attributes:

Apparent Losses:	14.155	MG/Yr
+ Real Losses:	155.161	MG/Yr
= Water Losses:	169.316	MG/Yr
? Unavoidable Annual Real Losses (UARL):	19.80	MG/Yr
Annual cost of Apparent Losses:	$32,840	
Annual cost of Real Losses:	$264	Valued at Variable Production Cost

Return to Reporting Worksheet to change this assumpiton

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	44.0%	
	Non-revenue water as percent by cost of operating system:	1.7%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	11.75	gallons/connection/day
	Real Losses per service connection per day:	N/A	gallons/connection/day
	Real Losses per length of main per day*:	3,899.98	gallons/mile/day
	Real Losses per service connection per day per psi pressure:	N/A	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL):	155.16	million gallons/year
? Infrastructure Leakage Index (ILI) [CARL/UARL]:	7.84	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND REVENUES
Year ended June 30, 2019

	General Fund	Special Revenue Funds
Taxes:		
Property taxes	$ 1,183,877.96	$ -
Interest and penalties on property taxes	14,041.09	-
In lieu of taxes - industry	45,859.80	-
Local option sales tax	1,871,397.03	-
Wholesale beer and liquor tax	279,623.33	-
Business tax	195,421.21	-
Cable TV franchise tax	56,012.87	-
TOTAL TAXES	$ 3,646,233.29	$ -
Licenses and permits:		
Beer & liquor licenses	$ 4,251.00	$ -
Building and related permits	33,570.00	-
TOTAL LICENSES OR PERMITS	$ 37,821.00	$ -
Intergovernmental revenue:		
TVA in lieu of taxes	$ 60,430.29	$ -
State sales tax	450,672.72	-
State income tax	16,057.78	-
State beer tax	2,347.52	-
State alcoholic beverage tax	2,558.25	-
State gasoline inspection fee	10,068.84	-
Salary supplement	3,600.00	-
Housing Authority in lieu of taxes	29,534.41	-
Corporate excise tax	73,664.50	-
State grants	6,128.99	-
Other state revenue allocations	11,195.99	-
TML grant	3,076.62	-
State gasoline and motor fuel tax	-	96,019.83
State gasoline 1989	-	15,317.77
2017 Gas increases	-	37,445.30
State gasoline 3 cent	-	29,304.55
TOTAL INTERGOVERNMENTAL REVENUE	$ 669,335.91	$ 178,087.45

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND REVENUES (CONTINUED)
Year ended June 30, 2019

	General Fund	Special Revenue Funds
Charges for services:		
Special fire protection	$ 17,273.00	$ -
Civic Center and Park rental	15,125.00	-
Animal control charges	100.00	-
Accident reports	490.00	-
Sanitation	-	558,246.00
Clerks fee - Business tax	21,367.15	-
TOTAL CHARGES FOR SERVICES	$ 54,355.15	$ 558,246.00
Fines and penalties	$ 48,520.12	$ 2,752.75
Interest	109,100.79	14,134.44
Contributions	2,000.00	18,610.00
Rent	4,500.00	-
Miscellaneous	3,150.37	13,261.19
TOTAL REVENUE	$ 4,575,016.63	$ 785,091.83

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND EXPENDITURES
Year ended June 30, 2019

	General Fund	Special Revenue Funds
BOARD OF ALDERMEN		
Salaries	$ 1,750.00	$ -
Per diem	4,075.00	-
Payroll taxes	445.55	-
Travel	1,119.02	-
Memberships and registration fees	2,401.50	-
Education and training	86.69	-
	$ 9,877.76	-
CITY COURT		
Salaries	$ 19,356.50	$ -
Payroll taxes	1,480.23	-
Retirement	2,037.86	-
Fees	3,570.60	-
Contractual services	4,455.00	-
Other	266.66	-
	$ 31,166.85	$ -
MAYOR		
Salaries	$ 3,550.00	$ -
Payroll taxes	485.77	-
Public relations	8,648.32	-
Travel and automobile allowance	2,156.08	-
Other	1,693.89	-
	$ 16,534.06	$ -
BOARDS AND COMMISSIONS		
Per diem and travel	$ 700.00	$ -

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND
EXPENDITURES (CONTINUED)
Year ended June 30, 2019

	General Fund	Special Revenue Funds
CITY ADMINISTRATOR		
Salaries	$ 67,401.05	$ -
Payroll taxes	5,317.90	-
Retirement	9,445.32	-
Travel and automobile allowance	2,768.84	-
Office supplies and materials	1,664.87	-
Equipment rental	1,950.80	-
Machinery and equipment	6,298.65	-
Other	2,914.12	-
	$ 97,761.55	$ -
FINANCIAL ADMINISTRATION		
Contractual services	$ 7,082.66	$ -
CITY RECORDER		
Salaries	$ 32,215.20	$ -
Payroll taxes	2,448.65	-
Retirement	4,510.23	-
Travel	342.02	-
Other	3,663.01	-
	$ 43,179.11	$ -
CITY ATTORNEY		
Salaries	$ 3,600.00	$ -
Payroll taxes	275.40	-
Retirement	504.00	-
	$ 4,379.40	$ -

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND
EXPENDITURES (CONTINUED)
Year ended June 30, 2019

	General Fund	Special Revenue Funds
GIS		
Salaries	$ 4,162.76	$ -
Payroll taxes	317.07	-
Retirement	(216.64)	-
Other	2,217.40	-
	$ 6,480.59	$ -
CITY HALL BUILDINGS		
Salaries	$ 12,728.32	$ -
Payroll taxes	973.83	-
Utilities	13,261.46	-
Repairs and maintenance	1,962.19	-
Janitorial and operating supplies	1,963.88	-
Contractual services	3,060.14	-
Other	206.29	-
	$ 34,156.11	$ -
GENERAL ELECTION	$ 653.00	$ -
INDUSTRIAL PARK		
Electric	$ 636.27	$ -
Repairs and maintenance	-	5,379.74
	$ 636.27	$ 5,379.74
PUBLIC WORKS		
Salaries	$ 19,227.56	$ -
Payroll taxes	1,467.51	-
Retirement	2,691.88	-
Contracted services	258.75	-
Utilities	2,451.20	-
Uniforms	709.71	-
Vehicle expenses	1,462.34	-
Equipment	1,689.99	-
Other	8,012.55	-
	$ 37,971.49	$ -

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND
EXPENDITURES (CONTINUED)
Year ended June 30, 2019

	General Fund	Special Revenue Funds
PLANNING		
Consultant fees	$ 21,122.88	$ -
GENERAL GOVERNMENT		
Insurance	$ 141,871.57	$ -
Telephone	24,715.17	-
Auditing	8,000.00	-
Public relations	2,467.30	-
Postage	1,781.85	-
Printing and stationary	4,729.53	-
Publication of documents	4,512.48	-
Fees	1,717.78	-
Other	7,954.59	-
	$ 197,750.27	$ -
POLICE		
Salaries	$ 681,621.61	$ -
Payroll taxes	52,668.19	-
Retirement	96,247.58	-
Education and training	326.84	-
Utilities	8,086.78	-
Repairs and maintenance	10,456.52	-
Travel	4,194.63	-
Supplies	9,993.74	-
Uniforms	3,541.02	-
Fire arm supplies	5,915.09	-
Gasoline and oil	27,726.22	-
Vehicle repairs	4,730.46	-
Contractual services	4,965.08	-
Machinery and equipment	28,516.23	30,923.29
Public relations	520.04	-
Other	12,111.45	-
	$ 951,621.48	$ 30,923.29

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND
EXPENDITURES (CONTINUED)
Year ended June 30, 2019

	General Fund	Special Revenue Funds
TRAFFIC CONTROL		
Utilities	$ 14,183.37	$ -
COMMUNICATIONS SERVICES		
White County 911 Emergency Communications District	$ 69,954.00	$ -
FIRE PROTECTION		
Salaries	$ 246,001.24	$ -
Payroll taxes	18,656.01	-
Retirement	33,557.89	-
Volunteer firemen	12,999.98	-
Utilities	18,206.86	-
Repairs and maintenance	29,085.25	-
Supplies	6,706.46	-
Travel	3,340.68	-
Gasoline, oil and diesel fuel	6,348.69	-
Vehicle repairs	1,641.27	-
Uniforms	11,816.20	-
Machinery and equipment	9,241.21	25,927.95
Education and training	2,561.00	-
Insurance	13,631.00	-
Contractual services	5,795.45	-
Other	4,347.54	-
	$ 423,936.73	$ 25,927.95
PROTECTIVE INSPECTION		
Salaries	$ 53,072.54	$ -
Payroll taxes	4,060.15	-
Retirement	7,430.12	-
Vehicle expense	705.95	-
Other	2,110.81	-
	$ 67,379.57	$ -

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND
EXPENDITURES (CONTINUED)
Year ended June 30, 2019

	General Fund	Special Revenue Funds
RESCUE SQUAD		
Donation	$ 3,300.00	$ -
HIGHWAYS AND STREETS		
Salaries	$ 415,152.38	$ -
Payroll taxes	31,650.22	-
Retirement	57,679.47	-
Contracted services	264.00	-
Utilities	7,083.83	-
Repairs and maintenance	19,060.85	-
Gas, oil and diesel fuel	27,665.28	-
Vehicle repair	28,313.11	-
Supplies	22,791.65	-
Uniforms	3,920.00	-
Culverts, stone, salt and asphalt	34,509.71	-
Sealing and striping	345.00	-
Machinery and equipment	15,319.62	48,098.12
Street lights	-	136,829.76
Other	1,799.19	-
	$ 665,554.31	$ 184,927.88
SANITATION		
Salaries	$ -	$ 215,932.41
Payroll taxes	-	16,439.08
Retirement	-	30,363.81
Utilities	-	7,603.86
Supplies	-	7,210.40
Gas, oil and diesel fuel	-	29,344.56
Vehicle repairs and maintenance	-	38,675.75
Repairs and maintenance	-	20,873.26
Fees	-	2,046.00
Employee insurance	-	39,469.58
Uniforms	-	2,555.79
Machinery and equipment	-	175,727.42
Other	-	6,769.81
	$ -	$ 593,011.73

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND
EXPENDITURES (CONTINUED)
Year ended June 30, 2019

	General Fund	Special Revenue Funds
ANIMAL CONTROL		
Salaries	$ 25,289.10	$ -
Payroll taxes	1,934.65	-
Retirement	3,540.42	-
Utilities	3,452.29	-
Veterinarian expense	144.00	-
Vehicle expense	2,228.21	-
Other	2,053.90	-
	$ 38,642.57	$ -
DIRECT ASSISTANCE		
White County Chamber of Commerce	$ 30,000.00	$ -
Pacesetters	8,000.00	-
White County Library	6,000.00	-
White County Senior Citizens Center	12,552.80	-
Sparta YMCA	5,000.00	-
White County Schools	50,000.00	-
Others	10,408.44	-
	$ 121,961.24	$ -
CIVIC CENTER		
Utilities	$ 11,516.90	$ -
Contracted services	5,730.00	-
Repairs and maintenance	20,245.64	-
Supplies	706.56	-
Gas, oil and diesel	2,099.19	-
Other	533.34	-
	$ 40,831.63	$ -
OLDHAM'S THEATER		
Utilities	$ 5,373.11	$ -
Repairs and maintenance	11,003.18	-
Contract services	600.00	-
Supplies	639.73	-
	$ 17,616.02	$ -

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND
EXPENDITURES (CONTINUED)
Year ended June 30, 2019

	General Fund	Special Revenue Funds
LITTLE LEAGUE BALL PARKS		
Utilities	$ 11,005.22	$ -
Contract labor	8,519.67	-
	$ 19,524.89	$ -
SWIMMING POOL		
Utilities	$ 28,774.48	$ -
Repairs and maintenance	11,293.11	-
Supplies	3,952.31	-
Other	277.72	-
	$ 44,297.62	$ -
LIBERTY SQUARE		
Public relations	$ -	$ 32,456.73
SOCKHOP		
Contracted services	$ 2,212.80	$ -
AMPHITHEATER CONCERTS		
Contracted services	$ 5,624.80	$ -
Other	2,224.81	-
	$ 7,849.61	$ -
PARKS		
Landscaping	$ 1,839.48	$ -
Utilities	16,349.48	-
Repairs and maintenance	24,429.75	-
Sign parts and supplies	12.14	-
Supplies	3,579.27	-
	$ 46,210.12	$ -
ECONOMIC DEVELOPMENT		
Highland Initiative	$ -	$ 10,000.00
Other	600.00	300.00
	$ 600.00	$ 10,300.00

CITY OF SPARTA, TENNESSEE
SCHEDULE OF GENERAL AND SPECIAL REVENUE FUND
EXPENDITURES (CONTINUED)
Year ended June 30, 2019

	General Fund	Special Revenue Funds
WEED AND MOSQUITO CONTROL		
Operating supplies	$ 2,086.90	$ -
INSURANCE		
Employees health insurance	$ 313,100.88	$ -
SENIOR CITIZENS		
Repairs and maintenance	$ 558.73	$ -
MUNICIPAL AIRPORT		
Contributions to Upper Cumberland Regional Airport - Joint Venture	$ 28,000.00	$ -
DEBT SERVICE		
Principal	$ 4,391.80	$ -
Interest	2,182.20	-
	$ 6,574.00	$ -
TOTAL EXPENDITURES	$ 3,395,448.47	$ 882,927.32

CITY OF SPARTA, TENNESSEE
SCHEDULE OF UTILITY RATES
SPARTA ELECTRIC SYSTEM
June 30, 2019

RESIDENTIAL RATE - SCHEDULE RS

Customer charge	$	19.50	per month less $1.60 Hydro allocation credit
Energy charge	All kWh per month at 0.09217 per kWh		

GENERAL POWER RATE - SCHEDULE GSA

PART 1.

Customer charge 1	$	22.22	per delivery point per month (< 500 kWh)
Customer charge 2	$	36.00	per delivery point per month (> 500 kWh)
Energy charge	All kWh per month at 0.10618 per kWh		

PART 2. (< 1,000 kWh)

Customer charge	$	115.00	per delivery point per month
Demand charge	First 50 kW of billing demand per month, at $4.00 per kWh		
	Excess over 50 kW of billing demand per month, at $12.61 per kW		
Energy charge	All 15,000 kWh per month at 0.08992 per kWh Additional kWh per month at 0.06054 per kWh		

PART 3. (1,000 - 5,000 kW)

Customer charge	$	535.00	per delivery point per month
Demand charge	First 1,000 kW of billing demand per month, at $13.01 per kW		
	Excess over 1,000 kW of billing demand per month, at $15.37 per kW		
Energy charge	All kWh per month at 0.06282 per kWh		

OUTDOOR LIGHTING RATE - SCHEDULE LS

Energy charge	0.07085	per kWh	
Facility charge	LS (6.00)%	B / A or B	

CITY OF SPARTA, TENNESSEE
SCHEDULE OF UTILITY RATES
SPARTA WATER AND SEWER SYSTEM
June 30, 2019

Residential Rates - Inside City	
First 2,000 gallons of water	$18.54 minimum
Next 8,000 gallons of water	@ $4.56 per thousand gallons
All over 10,000 gallons of water	@ $2.86 per thousand gallons
Residential Rates - Outside City	
First 2,000 gallons of water	$27.82 minimum
Next 8,000 gallons of water	@ $6.82 per thousand gallons
All over 10,000 gallons of water	@ $4.30 per thousand gallons
Commercial Rates - Inside City	
First 2,000 gallons of water	$23.18 minimum
Next 8,000 gallons of water	@ $5.69 per thousand gallons
All over 10,000 gallons of water	@ $3.58 per thousand gallons
Commercial Rates - Outside City	
First 2,000 gallons of water	$34.78 minimum
Next 8,000 gallons of water	@ $8.55 per thousand gallons
All over 10,000 gallons of water	@ $5.38 per thousand gallons
Industrial Rates	
First 2,000 gallons of water	$23.18 minimum
Next 8,000 gallons of water	@ $5.69 per thousand gallons
All over 10,000 gallons of water	@ $3.58 per thousand gallons
Utility District Rates	$2.54 per thousand gallons

Sewer charge, where applicable, is 130% of the water bill.

There were 3,306 water customers and 1,975 sewer customers billed for June 2019.

CITY OF SPARTA, TENNESSEE
INSURANCE IN FORCE
June 30, 2019

	Amounts of Insurance	Expiration Date
City General		
General Liability and Personal Injury:		
Bodily injury and personal injury		
per person	$ 300,000	April 8, 2020
per occurrence	700,000	April 8, 2020
Other losses -per occurrence	1,000,000	April 8, 2020
Property damage - per occurrence	100,000	April 8, 2020
Fire damage - per occurrence	100,000	April 8, 2020
Impounded property -per occurrence	100,000	April 8, 2020
Medical payments - per occurrence	10,000	April 8, 2020
Blanket Honesty:		
City judge	10,000	February 4, 2020
City recorder	20,000	April 8, 2020
Workmen's Compensation:	Statutory	April 8, 2020
Collision on Fire Trucks	Limits in Policy	April 8, 2020
Fire, Extended Coverage and Vandalism:	90% co-insurance	April 8, 2020
Buildings and contents	13,396,107	
Automobile Liability:		
Fleet insurance	Limits detailed	April 8, 2020
Uninsured	in policy	
Municipal Liability:		
Public officials personal errors and omissions liability	1,000,000	April 8, 2020
Sparta Electric System and Sparta Water and Sewer System		
General Liability:		
Bodily injury and property damage	750,000	January 1, 2020
Excess public liability -catastrophes	2,500,000	
Automobile Liability:		
Liability	1,000,000	January 1, 2020
Medical	2,000	
Uninsured motorist	300,000	
Workmen's Compensation	Statutory	January 1, 2020
Fire Insurance:		
Building and contents	1,500,000	January 1, 2020
Water plant	23,141,342	
Transformers	1,600,000	

CITY OF SPARTA, TENNESSEE
INSURANCE IN FORCE (CONT'D)
June 30, 2019

Money and Securities	500,000	January 1, 2020
Public Officials and Errors and Omissions	1,000,000	January 1, 2020
Equipment Float	1,479,747	January 1, 2020
Employee Honesty Bond	500,000	January 1, 2020

COMPLIANCE

ALBERT R. DICUS

Certified Public Accountant
Member: AICPA; TSCPA

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P.O. Box 176
131 South Main Street
Sparta, Tennessee 38583

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*
Independent Auditor's Report

Mayor and Board of Aldermen
City of Sparta, Tennessee
Sparta, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sparta, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Sparta's basic financial statements and have issued my report thereon dated January 17, 2020.

Internal Control Over Financial Reporting

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

My 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 my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Sparta, Tennessee'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

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

Certified Public Accountant

Sparta, Tennessee
January 17, 2020

CITY OF SPARTA, TENNESSEE
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2019

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Sparta, Tennessee.

2. No significant deficiencies were disclosed during the audit of the financial statements that are reported in the "Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*"

3. No instances of noncompliance that are required to be reported under *Government Auditing Standards* were disclosed during the audit.

CITY OF SPARTA, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019

Prior Year Finding Number	Finding Title	Status/ Current Year Finding Number
2018-001	Expenditures in excess of the budget (original finding # 2018-001)	Corrected