

TOWN OF ATOKA, TENNESSEE

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Town Officials - Unaudited	1
----------------------------------	---

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	2-5
---	------------

MANAGEMENT'S DISCUSSION AND ANALYSIS	6-13
---	-------------

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position	14
---------------------------------	----

Statement of Activities	15
-------------------------------	----

Fund Financial Statements

Balance Sheet - Governmental Funds	16
--	----

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
---	----

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	18
--	----

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	19
--	----

Statement of Net Position – Proprietary Funds	20-21
---	-------

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	22
--	----

Statement of Cash Flows - Proprietary Funds	23-24
---	-------

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	25-27
--	-------

TABLE OF CONTENTS - CONTINUED

	Page
Notes to Financial Statements	28-49
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS	50-51
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS	52-53
COMBINING FUND FINANCIAL STATEMENTS	
Combining Balance Sheet - Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	55
SCHEDULES	
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Solid Waste Fund	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - State Street Aid Fund	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Drug Fund	58
Expenditures of Federal Awards	59
Debt Service Requirements to Maturity	60-62
Changes in Long-Term Debt by Individual Issue	63
Property Taxes	64
Utility Rates and Number of Customers	65
Schedule of Interfund Transfers	66

TABLE OF CONTENTS - CONTINUED

	Page
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	67-68
SCHEDULE OF FINDINGS AND RESPONSES	69-70
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS	71
MANAGEMENT'S CORRECTIVE ACTION PLAN - Unaudited	72-73

INTRODUCTORY SECTION

**TOWN OF ATOKA, TENNESSEE
TOWN OFFICIALS
JUNE 30, 2023**

Mayor

Barry Akin

Aldermen

Danny Feldmayer
Brett Giannini
John Harber
Cody Pace
Christy Renfrow
Chris Schaeffer

Department Heads

Town Administrator
Recorder
Police Chief
Fire Chief
Public Works Director
Parks and Recreation Director

Marc Woerner
Debbie Pickard (CMFO Designee)
Anthony Rudolph
Justin McMillan
Wesley Yarbrough
Dorothy Isbell

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen
Town of Atoka, Tennessee

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS and Schedule of Contributions based on participation in the public employee pension plan of TCRS on pages 6 through 13 and 50 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of Town of Atoka, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Atoka, 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 Town of Atoka, Tennessee's internal control over financial reporting and compliance.

Whitcomb Tinsley & Davis, PLLC

**TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Our discussion and analysis of the Town of Atoka, Tennessee's (the "Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by approximately \$1,283,000, or 4.1 percent, from approximately \$30,875,000 to \$32,158,000 as a result of this year's operations. Net position of our business-type activities increased approximately 1.4 percent, and net position of our governmental activities increased approximately 5.3 percent.
- During the year, the Town had revenues that were approximately \$1,155,000 more than total expenses for governmental programs and activities.
- For the Town's business-type activities, revenues exceeded expenses by approximately \$129,000.
- Total revenues and transfers in for our governmental operations were approximately \$821,000 more than projected budgeted revenues for the year, but expenditures and transfers out were approximately \$2,735,000 less than projected budgeted expenditures.
- The total net cost of running the Town of Atoka for the year ending June 30, 2023 (total cost of business-type and governmental programs net of direct program revenues) was approximately \$5,911,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements begin on page 16. These fund financial statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements and other information provide financial information that is required by the state and other regulatory bodies.

REPORTING THE TOWN AS A WHOLE

Our analysis of the Town as a whole begins on page 7. One of the most important questions asked about its finances is "Is the Town as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current

**TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS- CONTINUED
YEAR ENDED JUNE 30, 2023**

year's revenues and expenses are taken into account regardless of when cash is received or paid, often into the future.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- **Governmental activities** - Most of the Town's basic services are reported here, including general administration, police, fire, public works, and parks departments. Property taxes, sales taxes, and grants finance most of these activities.
- **Business-type activities** - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Water Fund and Sewer Fund are reported here.

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

Our analysis of the Town's major funds begins on page 11. The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by state law and by bond covenants. However, the Mayor and Board of Aldermen establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds, governmental and proprietary, use different accounting approaches.

- **Governmental funds** - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The individual governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations to the fund financial statements.
- **Proprietary funds** - When the Town charges customers for the services it provides - whether to outside customers or to other units of the Town - these services are generally reported in

TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
YEAR ENDED JUNE 30, 2023

proprietary funds. These funds are reported using full accrual accounting. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (Water Fund and Sewer Fund) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE TOWN AS A WHOLE

The Town's combined net position increased from a year ago from approximately \$30,875,000 to \$32,158,000. Looking at the net position and net expenses of governmental and business-type activities separately, however, is necessary because state laws prohibit intermingling the assets, and each activity must stand on its own. Our analysis below focuses on the net position (Table 1) changes from the prior year.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 12,009	\$ 9,873	\$ 3,285	\$ 2,935	\$ 15,294	\$ 12,808
Capital assets	20,064	20,238	7,978	8,402	28,042	28,640
Other assets	504	840	83	156	587	996
Total assets	<u>32,577</u>	<u>30,951</u>	<u>11,346</u>	<u>11,493</u>	<u>43,923</u>	<u>42,444</u>
Deferred outflows ...	<u>973</u>	<u>1,072</u>	<u>160</u>	<u>200</u>	<u>1,133</u>	<u>1,272</u>
Long-term debt	4,614	4,952	1,848	2,019	6,462	6,971
Other liabilities	<u>3,195</u>	<u>1,865</u>	<u>238</u>	<u>268</u>	<u>3,433</u>	<u>2,133</u>
Total liabilities ...	<u>7,809</u>	<u>6,817</u>	<u>2,086</u>	<u>2,287</u>	<u>9,895</u>	<u>9,104</u>
Deferred inflows	<u>2,931</u>	<u>3,550</u>	<u>72</u>	<u>187</u>	<u>3,003</u>	<u>3,737</u>
Net Position						
Net investment in capital assets	15,450	15,286	6,086	6,383	21,536	21,669
Restricted	539	522	11	-	550	522
Unrestricted	<u>6,821</u>	<u>5,848</u>	<u>3,251</u>	<u>2,836</u>	<u>10,072</u>	<u>8,684</u>
Total Net Position	<u>\$ 22,810</u>	<u>\$ 21,656</u>	<u>\$ 9,348</u>	<u>\$ 9,219</u>	<u>\$ 32,158</u>	<u>\$ 30,875</u>

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$ 1,238	\$ 1,233	\$ 2,904	\$ 2,452	\$ 4,142	\$ 3,685

**TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
YEAR ENDED JUNE 30, 2023**

**Table 2
Changes in Net Position - Continued
(in Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues - continued						
Operating grants and contributions	\$ 574	\$ 566	\$ -	\$ -	\$ 574	\$ 566
Capital grants and contributions	172	2,046	-	964	172	3,010
General revenues						
Local taxes	5,508	5,153	-	-	5,508	5,153
Intergovernmental revenues	1,393	1,295	-	-	1,393	1,295
(Loss) on disposal on capital assets	-	-	-	-	-	-
Other general revenues	219	183	76	9	295	192
Total revenues . .	<u>9,104</u>	<u>10,476</u>	<u>2,980</u>	<u>3,425</u>	<u>12,084</u>	<u>13,901</u>
Program expenses						
General government	904	862	-	-	904	862
Public safety	4,111	3,602	-	-	4,111	3,602
Solid waste	572	502	-	-	572	502
Highways and streets	1,319	1,046	-	-	1,319	1,046
Health, welfare recreation and education	880	805	-	-	880	805
Grants and contributions	5	10	-	-	5	10
Interest	158	62	-	-	158	62
Water-sewer	-	-	2,851	2,902	2,851	2,902
Total expenses . .	<u>7,949</u>	<u>6,889</u>	<u>2,851</u>	<u>2,902</u>	<u>10,800</u>	<u>9,791</u>
Increase (decrease) in net position	<u>\$ 1,155</u>	<u>\$ 3,587</u>	<u>\$ 129</u>	<u>\$ 523</u>	<u>\$ 1,284</u>	<u>\$ 4,110</u>

GOVERNMENTAL ACTIVITIES - (TOWN AS A WHOLE)

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are as follows:

FUNCTION

SPECIFIC REVENUES

General government

Charges for permits and various fees.

**TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
YEAR ENDED JUNE 30, 2023**

<u>FUNCTION</u>	<u>SPECIFIC REVENUES</u>
Public safety	Police fines and forfeitures; grants are listed under both operating grants and contributions and capital grants and contributions.
Solid waste	Charges for solid waste pickup.
Highways and streets	Specific operating grants include gas taxes since the State of Tennessee imposes this tax, and gas taxes are reported as an operating grant specific to streets.
Health, welfare, recreation and education	Parks and recreation fees; grants are listed as capital grants and contributions.

All other governmental revenues are reported as General Revenues.

The cost of all governmental activities this year was \$7,949,000. However, as shown in the Statement of Activities on page 15, the amount that our taxpayers ultimately financed for these activities through Town taxes was only \$5,964,000 because some of the cost was paid by those who directly benefitted from the programs (\$1,238,000) or by other governments and organizations that subsidized certain programs with either operating grants and contributions (\$575,000) or capital grants and contributions (\$172,000). The Town paid for the remaining "public benefit" portion of governmental activities.

Table 3 represents the cost of each of the Town's functions as well as each function's net cost which shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**Table 3
Governmental Activities
(in Thousands)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General government	\$ 904	\$ 862	\$ 842	\$ 746
Public safety	4,111	3,602	3,858	3,267
Solid waste	572	502	(173)	(174)
Highways and streets	1,319	1,046	720	(1,366)
Health, welfare, recreation and education	880	805	554	499
Grants and contributions	5	10	5	10
Interest	158	62	158	62
Totals	<u>\$ 7,949</u>	<u>\$ 6,889</u>	<u>\$ 5,964</u>	<u>\$ 3,044</u>

**TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
YEAR ENDED JUNE 30, 2023**

THE TOWN'S FUNDS

Water Fund

Operating revenues of the Town's Water Fund increased by approximately \$183,000 (15.4%) from revenues of the prior year. The Town's Water Fund operating expenses during the current year decreased by approximately \$3,000 (0.3%).

Sewer Fund

Operating revenues for the Town's Sewer Fund increased by approximately \$269,000 (21.3%) from prior year revenues. The Town's Sewer Fund operating expenses during the current year decreased by approximately \$58,000 (3.5%).

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$6,320,000 which is an increase from last year's total of \$5,459,000. The chief reasons for this increase are given below. It must be pointed out that this increase in governmental fund balances \$861,000 is different from the increase in net position of governmental activities \$1,155,000 because of two differences in the measurement basis of these funds. The measurement basis used in fund balances go to the immediate future - 60 days - to measure assets on hand or immediately realizable at June 30, 2023 and do not take into account governmental capital assets and depreciation, since in this basis capital asset acquisitions are considered expenditures when incurred, and the asset is not recognized as carrying value into future periods. Also, depreciation is not recognized since the assets were considered "expensed" when acquired. A detail explanation of these differences is given in the reconciliation on page 19.

The chief reason for the increase in fund balances of \$861,000 from the year ending June 30, 2022 is increased local taxes and decreased capital and debt service expenditures versus the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues and other financing sources for the year were approximately \$819,000 above original budgeted revenues and transfers in. The most significant variance was higher intergovernmental revenues.

Expenditures for the year were approximately \$49,000 below original budgeted expenditures and transfers out. The most significant variances were in capital expenditures.

**TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
YEAR ENDED JUNE 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At year end, the Town had approximately \$28,042,000 invested in capital assets, including police and fire equipment, buildings, park facilities, and water and sewer lines. (See Table 4 below.) This amount represents a net decrease from last year of approximately \$598,000.

**Table 4
Capital Assets at Year-end
(Net of Deprecation, in Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,248	\$ 1,248	\$ 35	\$ 35	\$ 1,283	\$ 1,283
Construction in progress	28	28	27	-	55	28
Buildings and improvements	5,541	5,716	248	255	5,788	5,971
Vehicles and equipment	2,087	1,724	106	140	2,193	1,864
Infrastructure	11,160	11,522	-	-	11,161	11,522
Water-Sewer System	-	-	7,562	7,972	7,562	7,972
Totals	<u>\$ 20,064</u>	<u>\$ 20,238</u>	<u>\$ 7,978</u>	<u>\$ 8,402</u>	<u>\$ 28,042</u>	<u>\$ 28,640</u>

This year's major changes for governmental activities included an approximately \$636,000 increase in vehicles and equipment. There were no significant changes to business-type activities.

Debt

At year end the Town had approximately \$6,462,000 in debt outstanding versus approximately \$6,971,000 last year, a net decrease of approximately \$509,000 shown in Table 5, due to repayment of debt.

**Table 5
Debt Outstanding at Year-end
(in Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue Bonds and Notes (backed by specific tax and fee revenues)	<u>\$ 4,614</u>	<u>\$ 4,952</u>	<u>\$ 1,848</u>	<u>\$ 2,019</u>	<u>\$ 6,462</u>	<u>\$ 6,971</u>

**TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Anticipated revenues and other financing sources for Fiscal Year End June 30, 2024 governmental funds are approximately \$2,894,000 more than the final revenues and other financing sources for the year ended June 30, 2023. This increase reflects projected increases in local taxes, intergovernmental revenues, and borrowings.

Anticipated expenditures and other financing uses for Fiscal Year End June 30, 2024 governmental funds are approximately \$3,719,000 more than the final expenditures and other financing uses for the year ended June 30, 2023. The primary reason for this decrease is due to projected increased capital outlay and repair and maintenance expenditures for highways and streets, parks and recreation, and public safety.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact the Recorder's Office at City Hall.

BASIC FINANCIAL STATEMENTS

TOWN OF ATOKA, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash in bank	\$ 6,721,684	\$ 1,582,438	\$ 8,304,122
Investments - certificates of deposit	1,900,000	1,450,000	3,350,000
Taxes receivable, net	2,501,218	-	2,501,218
Accounts receivable, net	67,558	232,862	300,420
Receivables from other governments	758,693	-	758,693
Accrued interest receivable	38,248	27,199	65,447
Inventory	-	13,331	13,331
Internal balances	21,121	(21,121)	-
Capital assets not being depreciated			
Land	1,248,246	35,000	1,283,246
Construction in progress	27,885	27,315	55,200
Capital assets (net of accumulated depreciation)			
Buildings and improvements	5,541,012	247,433	5,788,445
Vehicles and equipment	2,086,496	106,432	2,192,928
Infrastructure	11,160,600	-	11,160,600
Utility plant in service	-	7,562,255	7,562,255
Net pension asset	504,422	82,950	587,372
TOTAL ASSETS	<u>32,577,183</u>	<u>11,346,094</u>	<u>43,923,277</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	973,323	160,058	1,133,381
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 33,550,506</u>	<u>\$ 11,506,152</u>	<u>\$ 45,056,658</u>
LIABILITIES			
Accounts payable	\$ 346,112	\$ 142,611	\$ 488,723
Accrued expenses	258,050	53,102	311,152
Customer deposits	-	42,657	42,657
Unearned grant revenue	2,591,007	-	2,591,007
Bonds payable			
Due within one year	344,640	175,263	519,903
Due in more than one year	4,269,487	1,672,592	5,942,079
TOTAL LIABILITIES	<u>7,809,296</u>	<u>2,086,225</u>	<u>9,895,521</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property tax	2,492,888	-	2,492,888
Deferred inflows - pension	437,935	72,016	509,951
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,930,823</u>	<u>72,016</u>	<u>3,002,839</u>
NET POSITION			
Net investment in capital assets	15,450,112	6,085,766	21,535,878
Restricted for			
Solid waste expenditures	163,967	-	163,967
Street expenditures	285,477	-	285,477
Drug enforcement	24,031	-	24,031
Pensions	66,487	10,933	77,420
Unrestricted	6,820,313	3,251,212	10,071,525
TOTAL NET POSITION	<u>22,810,387</u>	<u>9,347,911</u>	<u>32,158,298</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 33,550,506</u>	<u>\$ 11,506,152</u>	<u>\$ 45,056,658</u>

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities							
General government	\$ 904,309	\$ 61,997	\$ -	\$ -	\$ (842,312)	\$ -	\$ (842,312)
Public safety	4,110,854	105,013	147,614	-	(3,858,227)	-	(3,858,227)
Solid waste	572,010	745,681	-	-	173,671	-	173,671
Highways and streets	1,318,464	-	427,010	171,812	(719,642)	-	(719,642)
Health, welfare, recreation and education	879,457	325,510	-	-	(553,947)	-	(553,947)
Grants and contributions	5,350	-	-	-	(5,350)	-	(5,350)
Interest	158,237	-	-	-	(158,237)	-	(158,237)
TOTAL GOVERNMENTAL ACTIVITIES	7,948,681	1,238,201	574,624	171,812	(5,964,044)	-	(5,964,044)
Business-type activities							
Water system	1,243,036	1,370,420	-	-	-	127,384	127,384
Sewer system	1,608,442	1,533,761	-	-	-	(74,681)	(74,681)
TOTAL BUSINESS-TYPE ACTIVITIES	2,851,478	2,904,181	-	-	-	52,703	52,703
TOTAL GOVERNMENT	\$ 10,800,159	\$ 4,142,382	\$ 574,624	\$ 171,812	(5,964,044)	52,703	(5,911,341)
GENERAL REVENUES							
Taxes							
Sales taxes					3,763,106	-	3,763,106
Property taxes					2,571,086	-	2,571,086
Alcoholic beverage taxes					392,288	-	392,288
TVA taxes					120,329	-	120,329
Sports gaming					17,843	-	17,843
Cable TV taxes					6,256	-	6,256
Income and excise taxes					28,680	-	28,680
Insurance recoveries					41,780	-	41,780
Investment earnings					167,029	75,869	242,898
Miscellaneous					10,668	-	10,668
TOTAL GENERAL REVENUES					7,119,065	75,869	7,194,934
CHANGE IN NET POSITION					1,155,021	128,572	1,283,593
NET POSITION							
Balance at July 1, 2022					21,655,366	9,219,339	30,874,705
Balance at June 30, 2023					<u>\$ 22,810,387</u>	<u>\$ 9,347,911</u>	<u>\$ 32,158,298</u>

See notes to financial statements

TOWN OF ATOKA, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 6,324,983	\$ 396,701	\$ 6,721,684
Investments - certificates of deposit	1,900,000	-	1,900,000
Accounts receivable, net	-	67,558	67,558
Taxes receivable, net	2,501,218	-	2,501,218
Receivables from other governments	699,248	59,445	758,693
Accrued interest receivable	38,248	-	38,248
Due from other funds	<u>22,812</u>	<u>-</u>	<u>22,812</u>
TOTAL ASSETS	<u>\$ 11,486,509</u>	<u>\$ 523,704</u>	<u>\$ 12,010,213</u>
LIABILITIES			
Accounts payable	\$ 297,574	\$ 48,538	\$ 346,112
Accrued expenses	258,050	-	258,050
Due to other funds	-	1,691	1,691
Unearned grant revenue	<u>2,591,007</u>	<u>-</u>	<u>2,591,007</u>
TOTAL LIABILITIES	<u>3,146,631</u>	<u>50,229</u>	<u>3,196,860</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Property taxes	<u>2,492,888</u>	<u>-</u>	<u>2,492,888</u>
FUND BALANCE			
Restricted			
Solid waste expenditures	-	163,967	163,967
Street expenditures	-	285,477	285,477
Drug enforcement	-	24,031	24,031
Assigned			
Parks and recreation	155,094	-	155,094
Unassigned	<u>5,691,896</u>	<u>-</u>	<u>5,691,896</u>
TOTAL FUND BALANCE	<u>5,846,990</u>	<u>473,475</u>	<u>6,320,465</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 11,486,509</u>	<u>\$ 523,704</u>	<u>\$ 12,010,213</u>

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

	TOTAL GOVERNMENTAL FUNDS
TOTAL FUND BALANCE	
TOTAL GOVERNMENTAL FUNDS	\$ 6,320,465
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	20,064,239
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet	(4,614,127)
Deferred outflows of resources related to pensions in which the consumption of net position will occur in a future period; therefore, it is not reported in the governmental funds balance sheet	973,323
Deferred inflows of resources related to pensions in which the acquisition of net position will occur in future periods; therefore, it is not reported in the governmental funds balance sheet	(437,935)
The net pension asset is not a financial resource and, therefore, is not reported in the governmental funds balance sheet	<u>504,422</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 22,810,387</u>

See notes to financial statements

TOWN OF ATOKA TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	<u>GENERAL FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
REVENUES			
Local taxes	\$ 5,507,913	\$ -	\$ 5,507,913
Licenses and permits	61,997	-	61,997
Intergovernmental revenues	1,773,611	347,672	2,121,283
Charges for services	325,510	745,681	1,071,191
Fines and forfeitures	71,525	1,187	72,712
Other revenues	<u>173,192</u>	<u>36,806</u>	<u>209,998</u>
TOTAL REVENUES	<u>7,913,748</u>	<u>1,131,346</u>	<u>9,045,094</u>
EXPENDITURES			
Current			
General government	879,498	-	879,498
Public safety	4,288,757	99,504	4,388,261
Solid waste	-	572,010	572,010
Highways and streets	771,481	358,594	1,130,075
Health, welfare, recreation, and education	753,205	-	753,205
Grants and contributions	5,350	-	5,350
Debt service	<u>496,957</u>	<u>-</u>	<u>496,957</u>
TOTAL EXPENDITURES	<u>7,195,248</u>	<u>1,030,108</u>	<u>8,225,356</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>718,500</u>	<u>101,238</u>	<u>819,738</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	150,000	-	150,000
Insurance recoveries	41,780	-	41,780
Transfers (out)	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>191,780</u>	<u>(150,000)</u>	<u>41,780</u>
NET CHANGE IN FUND BALANCE	910,280	(48,762)	861,518
FUND BALANCE			
Balance at July 1, 2022	<u>4,936,710</u>	<u>522,237</u>	<u>5,458,947</u>
Balance at June 30, 2023	<u>\$ 5,846,990</u>	<u>\$ 473,475</u>	<u>\$ 6,320,465</u>

See notes to financial statements

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

**NET CHANGE IN FUND BALANCE -
TOTAL GOVERNMENTAL FUNDS** \$ 861,518

**AMOUNTS REPORTED FOR GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF ACTIVITIES
ARE 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 as depreciation expense.

Capital outlays capitalized	635,519
Depreciation expense	(809,733)

The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to the governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Loan proceeds	-
Loan principal payments	338,720

The amount of expense for pension cost reported in the statement of activities is less than the amount reported as expenditures in governmental funds.

112,169

Some revenues will not be collected for several months after the Town's fiscal year end and are reported as unavailable revenues in the funds.

This is the net difference between the amounts unavailable in the current and prior year

16,828

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,155,021

TOWN OF ATOKA, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 763,109	\$ 819,329	\$ 1,582,438
Investments - certificates of deposit	250,000	1,200,000	1,450,000
Accounts receivable, net	110,381	122,481	232,862
Accrued interest receivable	5,031	22,168	27,199
Inventory	-	13,331	13,331
Due from other funds	<u>845</u>	<u>347,059</u>	<u>347,904</u>
TOTAL CURRENT ASSETS	<u>1,129,366</u>	<u>2,524,368</u>	<u>3,653,734</u>
RESTRICTED ASSETS			
Net pension asset	<u>40,674</u>	<u>42,276</u>	<u>82,950</u>
NONCURRENT ASSETS			
Capital Assets			
Not being depreciated			
Land	17,500	17,500	35,000
Construction in progress	<u>-</u>	<u>27,315</u>	<u>27,315</u>
	<u>17,500</u>	<u>44,815</u>	<u>62,315</u>
Being depreciated			
Buildings and improvements	174,424	174,423	348,847
Vehicles and equipment	363,927	363,928	727,855
Utility plant in service	4,666,901	8,935,862	13,602,763
Less accumulated depreciation	<u>(2,263,164)</u>	<u>(4,500,180)</u>	<u>(6,763,344)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>2,942,088</u>	<u>4,974,033</u>	<u>7,916,121</u>
TOTAL NONCURRENT ASSETS	<u>2,959,588</u>	<u>5,018,848</u>	<u>7,978,436</u>
TOTAL ASSETS	<u>4,129,628</u>	<u>7,585,492</u>	<u>11,715,120</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	<u>78,484</u>	<u>81,574</u>	<u>160,058</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,208,112</u>	<u>\$ 7,667,066</u>	<u>\$ 11,875,178</u>

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - CONTINUED
JUNE 30, 2023**

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 61,661	\$ 80,950	\$ 142,611
Accrued expenses	34,745	18,357	53,102
Revenue bonds payable - current portion ..	29,680	145,583	175,263
Customer deposits	21,188	21,469	42,657
Due to other funds	<u>358,047</u>	<u>10,979</u>	<u>369,026</u>
TOTAL CURRENT LIABILITIES	<u>505,321</u>	<u>277,338</u>	<u>782,659</u>
NONCURRENT LIABILITIES			
Long term revenue bonds, less current portion	<u>321,466</u>	<u>1,351,126</u>	<u>1,672,592</u>
TOTAL LIABILITIES	<u>826,787</u>	<u>1,628,464</u>	<u>2,455,251</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	<u>35,313</u>	<u>36,703</u>	<u>72,016</u>
NET POSITION			
Net investment in capital assets	2,590,942	3,494,824	6,085,766
Restricted for pension	5,361	5,572	10,933
Unrestricted	<u>749,709</u>	<u>2,501,503</u>	<u>3,251,212</u>
TOTAL NET POSITION	<u>3,346,012</u>	<u>6,001,899</u>	<u>9,347,911</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 4,208,112</u>	<u>\$ 7,667,066</u>	<u>\$ 11,875,178</u>

See notes to financial statements

TOWN OF ATOKA, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
OPERATING REVENUES			
Metered sales and service	\$ 1,260,488	\$ 1,413,679	\$ 2,674,167
Connection fees	55,175	14,050	69,225
Tap fees	-	65,000	65,000
Penalties	32,028	20,482	52,510
Other operating income	<u>22,729</u>	<u>20,550</u>	<u>43,279</u>
TOTAL OPERATING REVENUES	<u>1,370,420</u>	<u>1,533,761</u>	<u>2,904,181</u>
OPERATING EXPENSES			
Salaries and wages	240,620	260,487	501,107
Fringes	63,282	67,780	131,062
Maintenance services and supplies	78,413	360,648	439,061
Water purchased	504,706	-	504,706
Sewer fees	-	358,391	358,391
Office supplies	39,859	50,790	90,649
Utilities	24,537	95,390	119,927
Insurance	20,754	25,827	46,581
Legal and professional services	21,237	58,444	79,681
Depreciation	182,647	268,720	451,367
Other	<u>57,362</u>	<u>28,582</u>	<u>85,944</u>
TOTAL OPERATING EXPENSES	<u>1,233,417</u>	<u>1,575,059</u>	<u>2,808,476</u>
OPERATING INCOME (LOSS)	<u>137,003</u>	<u>(41,298)</u>	<u>95,705</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	23,383	52,486	75,869
Interest expense	<u>(9,619)</u>	<u>(33,383)</u>	<u>(43,002)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>13,764</u>	<u>19,103</u>	<u>32,867</u>
CHANGE IN NET POSITION	150,767	(22,195)	128,572
NET POSITION			
Balance at July 1, 2022	<u>3,195,245</u>	<u>6,024,094</u>	<u>9,219,339</u>
Balance at June 30, 2023	<u>\$ 3,346,012</u>	<u>\$ 6,001,899</u>	<u>\$ 9,347,911</u>

See notes to financial statements

TOWN OF ATOKA, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,340,227	\$ 1,501,704	\$ 2,841,931
Cash payments to suppliers	(829,110)	(1,050,104)	(1,879,214)
Cash payments to employees for services	(237,188)	(262,570)	(499,758)
Cash payments for taxes	(18,146)	(19,616)	(37,762)
Customer deposits refunded	(400)	-	(400)
Net cash provided by operating activities ..	<u>255,383</u>	<u>169,414</u>	<u>424,797</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on principal of long-term debt	(28,640)	(142,888)	(171,528)
Interest and fee payments on long-term debt ..	<u>(9,925)</u>	<u>(33,290)</u>	<u>(43,215)</u>
Net cash (used) by capital and related financing activities	<u>(38,565)</u>	<u>(176,178)</u>	<u>(214,743)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	(250,000)	(1,200,000)	(1,450,000)
Interest received	<u>18,352</u>	<u>30,318</u>	<u>48,670</u>
Net cash (used) by investing activities	<u>(231,648)</u>	<u>(1,169,682)</u>	<u>(1,401,330)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(14,830)	(1,176,446)	(1,191,276)
CASH AND CASH EQUIVALENTS - JULY 1, 2022	<u>777,939</u>	<u>1,995,775</u>	<u>2,773,714</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2023	<u>\$ 763,109</u>	<u>\$ 819,329</u>	<u>\$ 1,582,438</u>

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
YEAR ENDED JUNE 30, 2023**

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 137,003	\$ (41,298)	\$ 95,705
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	182,647	268,720	451,367
Net change in pension related accounts	(4,064)	2,729	(1,335)
Changes in assets and liabilities			
Accounts receivable	(30,193)	(32,057)	(62,250)
Accounts payable	(11,363)	(45,809)	(57,172)
Accrued expenses	3,432	(2,083)	1,349
Interfund accounts	(21,679)	19,212	(2,467)
Customer deposits	(400)	-	(400)
Net cash provided by operating activities	<u>\$ 255,383</u>	<u>\$ 169,414</u>	<u>\$ 424,797</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Liabilities incurred for acquisition of capital assets	<u>\$ -</u>	<u>\$ 27,315</u>	<u>\$ 27,315</u>

See notes to financial statements

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

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Local taxes				
Property taxes	\$ -	\$ -	\$ 2,571,086	\$ -
Local sales tax	-	-	2,571,661	-
Wholesale beer tax	-	-	197,233	-
Wholesale liquor tax	-	-	161,677	-
Cable TV franchise tax	-	-	6,256	-
	<u>5,290,361</u>	<u>5,290,361</u>	<u>5,507,913</u>	<u>217,552</u>
Intergovernmental revenues				
State income and excise tax	-	-	11,852	-
State beer tax	-	-	4,570	-
State mixed drink tax	-	-	28,808	-
Petroleum special	-	-	18,335	-
State sales tax	-	-	1,191,445	-
State reimbursements	-	-	28,000	-
TVA tax	-	-	120,329	-
County grants	-	-	90,794	-
Sports gaming	-	-	17,843	-
Federal grants	-	-	261,635	-
	<u>1,382,160</u>	<u>1,382,160</u>	<u>1,773,611</u>	<u>391,451</u>
Charges for services				
Parks and recreation	<u>285,911</u>	<u>285,911</u>	<u>325,510</u>	<u>39,599</u>
Fines and forfeitures	<u>52,800</u>	<u>52,800</u>	<u>71,525</u>	<u>18,725</u>
Licenses and permits	<u>73,150</u>	<u>73,150</u>	<u>61,997</u>	<u>(11,153)</u>
Other				
Interest income	-	-	162,524	-
Miscellaneous	-	-	10,668	-
	<u>52,222</u>	<u>52,222</u>	<u>173,192</u>	<u>120,970</u>
TOTAL REVENUES	<u>7,136,604</u>	<u>7,136,604</u>	<u>7,913,748</u>	<u>777,144</u>
EXPENDITURES				
General government				
Legislative board				
Personal services	-	-	38,646	-
Contractual services	-	-	11,880	-
Supplies	-	-	49	-
	<u>52,000</u>	<u>52,000</u>	<u>50,575</u>	<u>(1,425)</u>
Judicial				
Personal services	-	-	4,200	-
Contractual services	-	-	11,882	-
	<u>16,200</u>	<u>17,200</u>	<u>16,082</u>	<u>(1,118)</u>

Note: The budgetary basis of accounting is the same as the accounting basis used for fund reporting purposes.

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
YEAR ENDED JUNE 30, 2023**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
EXPENDITURES - CONTINUED				
General government - continued				
Finance and administration				
Personal services	\$ -	\$ -	\$ 282,367	\$ -
Contractual services	-	-	214,726	-
Supplies	-	-	16,768	-
Fixed charges	-	-	13,382	-
	<u>578,137</u>	<u>578,137</u>	<u>527,243</u>	<u>(50,894)</u>
Planning and inspection				
Personal services	-	-	159,281	-
Contractual services	-	-	84,761	-
Supplies	-	-	5,209	-
Fixed charges	-	-	5,289	-
Capital outlay	-	-	31,058	-
	<u>407,575</u>	<u>444,575</u>	<u>285,598</u>	<u>(158,977)</u>
Total general government	<u>1,053,912</u>	<u>1,091,912</u>	<u>879,498</u>	<u>(212,414)</u>
Public safety				
Police				
Personal services	-	-	1,711,530	-
Contractual services	-	-	263,667	-
Supplies	-	-	148,001	-
Fixed charges	-	-	88,505	-
Capital outlay	-	-	194,228	-
	<u>2,331,670</u>	<u>2,475,670</u>	<u>2,405,931</u>	<u>(69,739)</u>
Fire				
Personal services	-	-	1,376,290	-
Contractual services	-	-	94,820	-
Supplies	-	-	133,114	-
Fixed charges	-	-	54,467	-
Capital outlay	-	-	224,135	-
	<u>1,756,390</u>	<u>1,932,390</u>	<u>1,882,826</u>	<u>(49,564)</u>
Total public safety	<u>4,088,060</u>	<u>4,408,060</u>	<u>4,288,757</u>	<u>(119,303)</u>
Highways and streets				
Streets				
Personal services	-	-	211,758	-
Contractual services	-	-	466,070	-
Supplies	-	-	74,255	-
Fixed charges	-	-	19,398	-
Total public works	<u>883,020</u>	<u>2,693,020</u>	<u>771,481</u>	<u>(1,921,539)</u>

Note: The budgetary basis of accounting is the same as the accounting basis used for fund reporting purposes.

See notes to financial statements

TOWN OF ATOKA, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
YEAR ENDED JUNE 30, 2023

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
EXPENDITURES - CONTINUED				
Health, welfare, recreation and education				
Parks and recreation				
Personal services	\$ -	\$ -	\$ 318,969	\$ -
Contractual services	-	-	117,865	-
Supplies	-	-	299,916	-
Fixed charges	-	-	16,455	-
Total parks and recreation	<u>788,110</u>	<u>1,288,110</u>	<u>753,205</u>	<u>(534,905)</u>
Tourism				
Capital outlay	<u>48,000</u>	<u>48,000</u>	-	<u>(48,000)</u>
Total tourism	<u>48,000</u>	<u>48,000</u>	-	<u>(48,000)</u>
Total health, welfare, recreation and education	<u>836,110</u>	<u>1,336,110</u>	<u>753,205</u>	<u>(582,905)</u>
Grants and contributions				
Donations	-	-	5,350	-
Total grants and contributions	<u>7,000</u>	<u>7,000</u>	<u>5,350</u>	<u>(1,650)</u>
Debt service				
Principal	-	-	338,720	-
Interest	-	-	158,237	-
Total debt service	<u>376,204</u>	<u>376,204</u>	<u>496,957</u>	<u>120,753</u>
TOTAL EXPENDITURES	<u>7,244,306</u>	<u>9,912,306</u>	<u>7,195,248</u>	<u>(2,717,058)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(107,702)</u>	<u>(2,775,702)</u>	<u>718,500</u>	<u>3,494,202</u>
OTHER FINANCING SOURCES				
Transfers in	150,000	150,000	150,000	-
Insurance proceeds	-	-	41,780	41,780
TOTAL OTHER FINANCING SOURCES	<u>150,000</u>	<u>150,000</u>	<u>191,780</u>	<u>41,780</u>
NET CHANGE IN FUND BALANCE	42,298	(2,625,702)	910,280	3,535,982
FUND BALANCE				
Balance at July 1, 2022	<u>4,936,710</u>	<u>4,936,710</u>	<u>4,936,710</u>	-
Balance at June 30, 2023	<u>\$ 4,979,008</u>	<u>\$ 2,311,008</u>	<u>\$ 5,846,990</u>	<u>\$ 3,535,982</u>

Note: The budgetary basis of accounting is the same as the accounting basis used for fund reporting purposes.

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL STATEMENT - The Town of Atoka, Tennessee, (the "Town") complies with accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Town applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

SCOPE OF REPORTING ENTITY - The Town's financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The Town holds the corporate powers of the organization.
- The Town appoints a voting majority of the organization's board.
- The Town is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Town.
- There is fiscal dependency by the organization on the Town.

Based on the aforementioned criteria, the Town has no component units. Local schools are County owned and operated, and there are no other related entities or agencies whereby the Town is considered to exercise financial accountability.

BASIS OF PRESENTATION - The Town's basis of presentation differs as to whether government-wide or fund financial statements are presented.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - In the government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities), both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position, and unrestricted net position. All interfund balances are eliminated in the government-wide Statement of Net Position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses including depreciation by related program revenues, operating, and capital grants. Program revenues must

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GOVERNMENT-WIDE FINANCIAL STATEMENTS - CONTINUED

be directly associated with the governmental function or a business-type activity. Operating grants include operating-specific and discretionary grants while the capital grants column reflects capital specific grants.

The net costs by function or business-type activity are normally covered by general revenue such as property and sales taxes, intergovernmental revenues, and interest income.

The Town does not allocate indirect costs but specific costs are charged to each department as this government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

FUND FINANCIAL STATEMENTS - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined; or
- The Town officials may select any other fund not meeting the above criteria as a major fund if the officials believe the fund is of particular importance to financial statement users.

Based on the above-mentioned criteria, Town officials believe that the major funds for the Town are the General Fund, Water Fund, and the Sewer Fund.

The Town had the following funds at year end:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the primary operating fund of the Town and is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FUND FINANCIAL STATEMENTS - CONTINUED

GOVERNMENTAL FUNDS - CONTINUED

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for certain purposes. For the current year the following were in existence:

Solid Waste Fund, used to account for the receipts and expenditures of the Town's solid waste removal services. Solid waste disposal fees may only be used to establish and maintain solid waste collection and disposal services.

State Street Aid Fund, used to account for the Town's share of gas tax revenues supplied by the State of Tennessee. Expenditures are restricted for the use of streets and sidewalks, including street lights.

Drug Fund, used to account for the Town's share of certain drug-related fines, and can be used only for police-related expenditures.

PROPRIETARY FUND FINANCIAL STATEMENTS - Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund. The Proprietary or Enterprise Fund is used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Town of Atoka Water Fund and Sewer Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus - On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

**TOWN OF ATOKA TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - CONTINUED

Measurement Focus - Continued

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.
- The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, liabilities, and deferred outflows/inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities (generally 60 days after year-end). Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

UNEARNED REVENUE - Unearned revenue arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the Statement of Net Position and the Statement of Net Position of Proprietary Funds report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense) until that time.

In addition to liabilities, the Statement of Net Position, the Balance Sheet of governmental funds, and the Statement of Net Position of Proprietary Funds report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until that time.

INTERFUND RECEIVABLES AND PAYABLES - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund financial statements. Interfund receivables and payables between funds are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

INTERFUND TRANSFERS - Interfund transfers are used to move revenues from the fund that is required to collect them (Solid Waste Fund) to the fund that is required or allowed to expend them (General Fund). For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

BUDGETS AND BUDGETARY ACCOUNTING - Municipalities are required by state statute to adopt budgets for the general fund and special revenue funds. The Town utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. The budget of the Town of Atoka, which is prepared at the functional expenditure level, is legally enacted through passage of an ordinance which reflects the total appropriated amounts for each department of each fund. The Mayor is authorized to transfer budgeted amounts within departments.
2. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
3. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Encumbrance accounting is not used since it is not legally required.

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

INVENTORIES AND INTERPERIOD ALLOCATIONS - Supplies inventory of the Sewer Fund are stated at the lower of cost (first-in, first-out) or market. Obsolete and possible excess quantities of inventory are reduced to net realizable value.

No other inventories are provided, as disbursements for other inventory items are considered expenditures at the time of purchase. Insurance and expenditures for services which extend over more than one period are accounted for similarly.

CASH FLOWS - For purposes of reporting cash flows, cash consists of cash on hand and on deposit with banks. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Certificates of deposit with original maturities of three months or more when purchased are classified as investments.

DEPOSITS - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. Although the Town has not formally adopted a policy regarding collateralization of deposits, the Town follows collateralization requirements of State of Tennessee (the "State") statutes. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, the Tennessee Bank Collateral Pool, or by collateral held by the Town's agent in the Town's name, or by the Federal Reserve Banks acting as third party agents.

INVESTMENTS - State statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, the Tennessee local government investment pool, certificates of deposit at state and federally chartered banks and savings and loan associations, and the Town's own bonds or notes. The Town has not adopted a formal investment policy that limits its interest rate or credit risk.

RECEIVABLES - Receivables result primarily from unpaid billings for service to customers, local taxes from businesses and individuals, and intergovernmental revenues due from other government entities. Receivables are reported net of an allowance for uncollectible accounts and revenues are reported net of uncollectibles. Allowances are reported when accounts are proven, or estimated, to be uncollectible. The only allowances deemed necessary relate to property taxes and utility billings.

PROPERTY TAXES - Under authority of state and local law the Town annually levies a property tax on all taxable real and personal property within its boundaries. The tax is levied on property as of each January 1 and becomes a lien on that date; taxes are payable as of October 1 and become delinquent on the following February 28. Delinquent property taxes are filed with the Chancery Court on the first day of April each year.

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

COMPENSATED ABSENCES - Vacation pay for employees is accrued as an expense at the time the employees have a vested right to receive it. Vacation pay is considered a current liability, as it lapses each year. Sick leave is not accrued as employees do not have vested rights to receive it.

CAPITAL ASSETS AND DEPRECIATION - The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The Town does not have a formally adopted capitalization policy, but generally only assets with an individual cost of at least \$2,500 and an estimated useful life in excess of one year are capitalized.

Government-wide Financial Statements - In the government-wide financial statements, capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1997.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets, in accordance with GASB standards, are subject only to prospective reporting (reporting from July 1, 2003 forward).

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of interest income from the proceeds of related tax-exempt debt, is included as part of the capitalized cost of the assets constructed.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	30-40 years
Vehicles and equipment	7-10 years
Water-sewer system	33 years
Infrastructure	40-50 years

Fund Financial Statements - In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

RESTRICTED ASSETS - When applicable, the Town elects to use restricted assets before unrestricted assets when the situation arises where either can be used. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

LONG-TERM DEBT - The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term debt consist of a variable rate loan and bonds payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Debt proceeds are reported as other financing sources, and payments of principal, interest, and issuance costs are reported as expenditures.

GOVERNMENT-WIDE NET POSITION - Equity is classified in the government-wide financial statements as net position and displayed in three components:

- Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Debt related to unspent proceeds or other restricted cash is excluded from the determination.
- Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation, less any related liabilities.
- Unrestricted - All other net position that do not meet the definition of the above categories.

GOVERNMENTAL FUND BALANCE - Equity is classified as fund balance and displayed in the following five components, if applicable:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GOVERNMENTAL FUND BALANCE - CONTINUED

Restricted - Consists of fund balance for which constraints are placed thereon by outside sources or external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities.

Committed - Amounts that can be used only for specific purposes determined by a formal action by the Town's Board of Mayor and Aldermen's highest level of decision-making authority (passage of an ordinance). Commitments may be modified or rescinded only by a like action.

Assigned - Amounts that are intended to be used for specific purposes that are not considered restricted or committed. The authority to assign, modify, and/or rescind prior assignments of fund balance has been granted to the Board of Mayor and Aldermen.

Unassigned - All amounts not included in other spendable classifications.

PENSIONS - For purposes of measuring the net pension asset, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Town'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 2 - DEPOSITS

As of June 30, 2023, the Town's bank balances of cash deposits were entirely insured by either federal depository insurance or by the Bank Collateral Pool of The State of Tennessee.

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 3 - RECEIVABLES

Receivables as of June 30, 2023, including the applicable allowances for the uncollectible accounts, are as follows:

	<u>GENERAL FUND</u>	<u>SOLID WASTE FUND</u>	<u>STATE STREET AID FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
Receivables						
Property taxes	\$ 2,572,425	\$ -	\$ -	\$ -	\$ -	\$ 2,572,425
Accounts	-	67,558	-	110,381	122,481	300,420
Receivable from other governments	<u>699,248</u>	<u>-</u>	<u>59,445</u>	<u>-</u>	<u>-</u>	<u>758,693</u>
Gross receivables	<u>3,271,673</u>	<u>67,558</u>	<u>59,445</u>	<u>110,381</u>	<u>122,481</u>	<u>3,631,538</u>
Less: Allowance for doubtful accounts	<u>(71,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,207)</u>
Net receivables	<u>\$ 3,200,466</u>	<u>\$ 67,558</u>	<u>\$ 59,445</u>	<u>\$ 110,381</u>	<u>\$ 122,481</u>	<u>\$ 3,560,331</u>

NOTE 4 - CAPITAL ASSETS

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

	<u>BALANCE JULY 1, 2022</u>	<u>ADDITIONS</u>	<u>TRANSFERS/ RETIREMENTS</u>	<u>BALANCE JUNE 30, 2023</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,248,246	\$ -	\$ -	\$ 1,248,246
Construction in progress	<u>27,885</u>	<u>-</u>	<u>-</u>	<u>27,885</u>
Total	<u>1,276,131</u>	<u>-</u>	<u>-</u>	<u>1,276,131</u>
Other capital assets				
Buildings and improvements	6,914,951	-	-	6,914,951
Equipment	2,381,549	425,807	-	2,807,356
Vehicles	1,993,216	209,712	-	2,202,928
Infrastructure	<u>13,562,952</u>	<u>-</u>	<u>-</u>	<u>13,562,952</u>
Total other capital assets at historical cost	<u>24,852,668</u>	<u>635,519</u>	<u>-</u>	<u>25,488,187</u>
Less accumulated depreciation				
Buildings and improvements	(1,198,645)	(175,294)	-	(1,373,939)
Equipment	(1,094,737)	(166,995)	-	(1,261,732)
Vehicles	(1,555,745)	(106,311)	-	(1,662,056)
Infrastructure	<u>(2,041,219)</u>	<u>(361,133)</u>	<u>-</u>	<u>(2,402,352)</u>
Total accumulated depreciation	<u>(5,890,346)</u>	<u>(809,733)</u>	<u>-</u>	<u>(6,700,079)</u>
Other capital assets, net	<u>18,962,322</u>	<u>(174,214)</u>	<u>-</u>	<u>18,788,108</u>

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS - CONTINUED

	<u>BALANCE</u> <u>JULY 1, 2022</u>	<u>ADDITIONS</u>	<u>TRANSFERS/ RETIREMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2023</u>
GOVERNMENTAL ACTIVITIES				
- CONTINUED				
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$20,238,453</u>	<u>\$ (174,214)</u>	<u>\$ -</u>	<u>\$ 20,064,239</u>
DEPRECIATION EXPENSE WAS				
CHARGED TO GOVERNMENTAL				
ACTIVITIES FUNCTIONS				
AS FOLLOWS				
General government		\$ 68,927		
Public safety		324,946		
Public works		280,990		
Health, welfare, recreation and education		<u>134,870</u>		
TOTAL GOVERNMENTAL				
ACTIVITIES DEPRECIATION				
EXPENSE		<u>\$ 809,733</u>		
	<u>BALANCE</u> <u>JULY 1, 2022</u>	<u>ADDITIONS</u>	<u>TRANSFERS/ RETIREMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2023</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Construction in progress	<u>-</u>	<u>27,315</u>	<u>-</u>	<u>27,315</u>
	<u>35,000</u>	<u>27,315</u>	<u>-</u>	<u>62,315</u>
Other capital assets				
Buildings	348,847	-	-	348,847
Vehicles and equipment	727,855	-	-	727,855
Water distribution system	4,666,900	-	-	4,666,900
Sewer plant in operation	1,470,315	-	-	1,470,315
Sewer lines	<u>7,465,548</u>	<u>-</u>	<u>-</u>	<u>7,465,548</u>
Total other capital assets at historical cost	<u>14,679,465</u>	<u>-</u>	<u>-</u>	<u>14,679,465</u>
Less accumulated depreciation				
Buildings	(93,420)	(7,994)	-	(101,414)
Vehicles and equipment	(587,428)	(33,995)	-	(621,423)
Water distribution system	(1,740,093)	(162,676)	-	(1,902,769)
Sewer plant in operation	(975,180)	(22,172)	-	(997,352)
Sewer lines	<u>(2,915,856)</u>	<u>(224,530)</u>	<u>-</u>	<u>(3,140,386)</u>
Total accumulated depreciation	<u>(6,311,977)</u>	<u>(451,367)</u>	<u>-</u>	<u>(6,763,344)</u>
Net depreciable assets	<u>8,367,488</u>	<u>(451,367)</u>	<u>-</u>	<u>7,916,121</u>

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS - CONTINUED

	<u>BALANCE</u> <u>JULY 1, 2022</u>	<u>ADDITIONS</u>	<u>TRANSFERS/</u> <u>RETIREMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2023</u>
BUSINESS-TYPE ACTIVITIES - CONTINUED				
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 8,402,488	\$ (424,052)	\$ -	\$ 7,978,436
 DEPRECIATION EXPENSE WAS CHARGED TO BUSINESS-TYPE ACTIVITIES FUNCTIONS AS FOLLOWS				
Water Fund		\$ 182,647		
Sewer Fund		<u>268,720</u>		
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES .		<u>\$ 451,367</u>		

NOTE 5 - INTERFUND BALANCES

The composition of interfund balances as of June 30, 2023, is as follows:

<u>Due to/from other funds</u>	<u>Fund Due From</u>	<u>Fund due to</u>	<u>Amount</u>
	Water Fund (Major)	Sewer Fund (Major)	\$ (346,214)
	Sewer Fund (Major)	Water Fund (Major)	346,214
	Water Fund (Major)	General Fund (Major)	11,833
	Sewer Fund (Major)	General Fund (Major)	10,978
	Solid Waste Fund	Water Fund (Major)	(845)
	Solid Waste Fund	Sewer Fund (Major)	<u>(845)</u>
			<u>\$ 21,121</u>

Due to and due from balances result from the time lag between dates that interfund goods and services were provided and payments between funds were made. These amounts are expected to be paid in the subsequent fiscal year.

NOTE 6 -LONG TERM DEBT

Governmental activities

Variable Rate Local Government Loan Program, Series 2015 - The original loan in the amount of \$5,500,000 was authorized on June 15, 2015 and is to be repaid in annual installments of principal ranging from \$246,000 to \$300,000 beginning May 25, 2017 and maturing on May 25, 2036. Interest is paid monthly at a variable rate (as determined by the Securities Industry and Finance Markets Association (SIFMA) rate) of 4.34% as of June 30, 2023. The balance of this loan at June 30, 2023 was \$3,709,000.

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 6 -LONG TERM DEBT - CONTINUED

Governmental Activities - Continued

Pooled Financing Revenue Bonds, Series 2008 - The original bond was dated January 23, 2009 for \$1,000,000 and is to be paid in annual installments of principal ranging from \$17,000 to \$64,000 beginning May 25, 2010 and maturing on May 25, 2037. Interest is paid monthly at a variable rate (as determined by the Securities Industry and Financial Markets Association (SIFMA) rate) of 2.65% as of June 30, 2023. This note is split between governmental and business-type activities with the governmental activities funds paying 46.00% of the bond and the business-type activities paying 54.00%. The balance of this bond at June 30, 2023 was \$305,127 in the governmental activities, and \$358,873 in the business-type activities (\$132,297 in the Water Fund and \$218,849 in the Sewer Fund), for a grand total of \$664,000.

General Obligation Capital Outlay Note, Series 2022 - The original note in the amount of \$660,000 was authorized on March 19, 2022 and is to be repaid in annual installments of principal ranging from \$60,000 to \$72,000 beginning February 1, 2023 and maturing on February 1, 2032. Interest is paid semi-annually at a fixed rate of 1.89%. The balance of this note at June 20, 2023 was \$600,000.

Business activities

Water and Sewer Revenue and Tax Bonds, TN Municipal Bond Fund, Series 2004 - The original bond in the amount of \$941,698 was issued on August 17, 2006 and is to be paid in annual installments of principal ranging from \$698 to \$57,000 beginning May 25, 2007 and maturing on May 25, 2033. Interest is paid annually at a variable rate (as determined by the Securities Industry and Financial Markets Association (SIFMA) rate) of 2.65% as of June 30, 2023. The balance of the bond at June 30, 2023 was \$238,849 in the Water Fund and Sewer Fund, respectively, for a total of \$437,698.

State Revolving Fund Loan 2009 - The original loan in the amount of \$3,798,000 was authorized on February 11, 2010 and is to be paid in monthly installments of \$10,857 beginning February 1, 2012 and maturing on February 1, 2032. The loan is to be partially repaid with American Reinvestment and Recovery Act (ARRA) funds in the amount of \$1,899,000. A portion of this ARRA funding totaling \$1,519,200 represents principal forgiveness. Interest is paid monthly at a fixed rate of 1.44%. The balance of this loan at June 30, 2023 was \$1,051,284, net of ARRA forgiveness of \$1,508,939. This note is recorded in full in the Sewer Fund.

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 6 -LONG TERM DEBT - CONTINUED

General obligation notes are the general obligation of the Town with all revenues, to the extent required, pledged for the repayment of the notes and are additionally secured by the full faith and credit of the Town. Each bond and the state loan are secured by the net revenues to be derived from the operation of the Water and Sewer system and are also additionally secured by the full faith and credit of the Town. Certain bonds are subject to redemption prior to maturity, in whole or in part, at prices set forth in the debt resolutions. Each bond and the State loan contain a provision that in the event of default, outstanding amounts may be declared immediately due and payable.

Debt outstanding as of June 30, 2023 consisted of the following:

	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ISSUED</u>	<u>DEBT OUTSTANDING</u>
GOVERNMENTAL ACTIVITIES				
Direct borrowings and direct placements				
General Obligation Capital Outlay Notes				
General Obligation Capital Outlay Note -				
Series 2022	1.89%	2032	\$ 660,000	\$ 600,000
Revenue Bonds				
Pooled Financing Revenue Bond Series 2008				
(46% of total issue)	2.65%	2037	460,000	305,127
Variable Rate Local Government Loan Series 2015 .	4.34%	2036	5,493,184	<u>3,709,000</u>
				<u>4,614,127</u>
BUSINESS-TYPE ACTIVITIES				
Direct borrowings and direct placements				
Revenue Bonds				
Water and Sewer Revenue and Tax Bonds				
Series 2004	2.65%	2033	941,698	437,698
Pooled Financing Revenue Bond Series 2008				
(54% of total issue)	2.65%	2037	540,000	358,873
State Revolving Fund Loan 2009	1.44%	2032	2,263,408	<u>1,051,285</u>
				<u>1,847,856</u>
				<u>\$ 6,461,983</u>

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 6 -LONG TERM DEBT - CONTINUED

The following is a summary of total future debt service requirements for the Town:

Year ending June 30,	DIRECT BORROWINGS AND DIRECT PLACEMENTS			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 344,640	\$ 180,405	\$ 175,263	\$ 35,477
2025	349,560	167,231	180,023	32,224
2026	354,020	153,884	184,268	28,864
2027	358,940	140,375	189,078	25,414
2028	364,860	126,692	192,912	21,855
2029-2033	1,833,940	421,555	797,479	54,261
2034-2037	<u>1,008,167</u>	<u>85,523</u>	<u>128,333</u>	<u>8,729</u>
	<u>\$ 4,614,127</u>	<u>\$ 1,275,665</u>	<u>\$ 1,847,356</u>	<u>\$ 206,824</u>

Long-term liability activity for the year ended June 30, 2023 was as follows:

	BALANCE JULY 1, 2022	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2023	DUE WITHIN ONE YEAR
Governmental activities					
Direct borrowings and direct placements					
General Obligation Capital Outlay					
Note - Series 2022	\$ 660,000	\$ -	\$ (60,000)	\$ 600,000	\$ 62,000
Variable Loan Program Bond, Series 2015	3,973,000	-	(264,000)	3,709,000	267,000
Pooled Financing Revenue Bonds, TN Municipal Bond Fund, Series 2008 (46% of total issue)	<u>319,847</u>	<u>-</u>	<u>(14,720)</u>	<u>305,127</u>	<u>15,640</u>
	<u>\$ 4,952,847</u>	<u>\$ -</u>	<u>\$ (338,720)</u>	<u>\$ 4,614,127</u>	<u>\$ 344,640</u>
Business-type Activities					
Direct borrowings and direct placements					
Water and Sewer Revenue and Tax Bonds TN Municipal Bond Fund, Series 2004	\$ 477,698	\$ -	\$ (40,000)	\$ 437,698	\$ 41,000
Pooled Financing Revenue Bonds, TN Municipal Bond Fund, Series 2008 (54% of total issue)	376,153	-	(17,280)	358,873	18,360
State Revolving Fund Loan 2009	<u>1,165,532</u>	<u>-</u>	<u>(114,247)</u>	<u>1,051,285</u>	<u>115,903</u>
Totals	<u>\$ 2,019,383</u>	<u>\$ -</u>	<u>\$ (171,527)</u>	<u>\$ 1,847,856</u>	<u>\$ 175,263</u>

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town considers it to be more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for certain general liability, worker's compensation, and property and casualty insurance. As such, the Town participates with Public Entity Partners, which is a public entity risk pool consisting of member political subdivisions of the State of Tennessee. The Town pays an annual premium to Public Entity Partners for its certain general liability, worker's compensation, and property and casualty insurance. Each political subdivision that has participated with Public Entity Partners is subject to assessment if the funds it paid as premiums are insufficient to meet the obligations of Public Entity Partners. Public Entity Partners may reinsure through the Local Government Reinsurance Fund of Tennessee or a commercial insurance company.

The Town continues to carry commercial insurance for all other risks of loss, including certain general liability, worker's compensation, property and casualty insurance, and employee health, life, and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Town does not operate any water producing plant and equipment, but purchases water for its customers from two suppliers, an adjacent utility district and an adjacent city. The current contract term with the utility district is for ten years beginning January 1, 2014. Either party may terminate the contract by providing a notice of termination three years in advance, beginning in the seventh year of the contract. The current contract term with the adjacent city is for six years beginning May 1, 2017. The Town may terminate the contract by providing a notice of the termination two years in advance.

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The Town is a party to a wastewater treatment agreement (as amended November 1989) with the adjacent City of Munford and Town of Brighton which was entered into in connection with the construction of joint wastewater facilities. Each party paid for their proportionate share of construction costs and is carrying such costs as capital assets on their books and records. The City of Munford maintains and operates the joint facilities. The City of Munford bills the other two towns for their share of joint maintenance and operation expenses. The Town was billed \$189,819 by the City of Munford under this agreement for the year ended June 30, 2022. No party has the right to cancel or amend the agreement. The duration of the agreement is indefinite and continuing.

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 8 - COMMITMENTS AND CONTINGENCIES - CONTINUED

During June 2023, the Town awarded multiple culvert replacement projects to a local construction company at a total cost of approximately \$157,000.

NOTE 9 - SUBSEQUENT EVENTS

During July 2023, the Town passed a resolution approving a capital outlay note with Tennessee Municipal Bond fund in the amount of \$500,000 for replacement of Town-owned vehicles.

During October 2023, a bid was awarded to a local construction company in the amount of approximately \$36,000 for repairs to a Town park.

NOTE 10 - INTERFUND TRANSFERS

Operating transfers in/out to other funds consist of the following:

Fund	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:	\$ 150,000	\$ -
Solid Waste Fund	<u>-</u>	<u>150,000</u>
Total	<u>\$ 150,000</u>	<u>\$ 150,000</u>

NOTE 11 - PENSION PLAN

General Information about the Pension Plan

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

**TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023**

NOTE 11 - PENSION PLAN - CONTINUED

General Information about the Pension Plan - Continued

BENEFITS PROVIDED - CONTINUED

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.

EMPLOYEES COVERED BY BENEFIT TERMS - At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	47
Active employees	<u>62</u>
	<u><u>126</u></u>

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. The Town makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the employer contributions for the Town were \$231,827 based on a rate of 6.75 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Town's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the cost of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

PENSION LIABILITIES (ASSETS) - The Town's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 11 - PENSION PLAN - CONTINUED

Net Pension Liability (Asset) - Continued

ACTUARIAL ASSUMPTIONS - The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included on the measurement:

Inflation	2.25 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	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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, 2020 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. The 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 2.25 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:

<u>ASSET CLASS</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN</u>	<u>TARGET ALLOCATION</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 11 - PENSION PLAN - CONTINUED

Net Pension Liability (Asset) - Continued

ACTUARIAL ASSUMPTIONS - CONTINUED

<u>ASSET CLASS - CONTINUED</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN</u>	<u>TARGET ALLOCATION</u>
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	<u>1%</u>
Total		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

DISCOUNT RATE - The discount rate used to measure the total pension liability was 6.75 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 the Town 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.

Changes in Net Pension Liability (Asset)

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY (ASSET)
	(a)	(b)	(a) - (b)
BALANCE AT 6/30/21	\$ 4,741,111	\$ 5,737,116	\$ (996,005)
CHANGES FOR THE YEAR			
Service cost	284,175	-	284,175
Interest	335,296	-	335,296
Differences between expected and actual experience	(57,655)	-	(57,655)
Changes in assumptions	-	-	-
Contributions - employer	-	227,020	(227,020)
Contributions - employees	-	156,566	(156,566)
Net investment income	-	(224,489)	224,489
Benefit payments, including refunds of employee contributions	(115,865)	(115,865)	-
Administrative expense	-	(5,914)	5,914

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 11 - PENSION PLAN - CONTINUED

Changes in Net Pension Liability (Asset) - Continued

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (a)	PLAN FIDUCIARY NET POSITION (b)	NET PENSION LIABILITY (ASSET) (a) - (b)
CHANGES FOR THE YEAR - CONTINUED			
Other changes	-	-	-
NET CHANGES	445,951	37,318	408,633
BALANCE AT 6/30/22	<u>\$ 5,187,062</u>	<u>\$ 5,774,434</u>	<u>\$ (587,372)</u>

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE - The following presents the net pension liability (asset) of the Town calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% DECREASE (5.75%)	CURRENT DISCOUNT RATE (6.75%)	1% INCREASE (7.75%)
Town's net pension liability (asset)	<u>\$ 364,248</u>	<u>\$ (587,372)</u>	<u>\$ (1,343,778)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

PENSION EXPENSE - For the year ended June 30, 2023, the Town recognized pension expense of \$101,212.

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES - For the year ended June 30, 2023, the Town 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	\$ 353,829	\$ (509,951)
Net difference between projected and actual earnings on pension plan investments	34,503	-
Changes in assumptions	513,222	-
Contributions subsequent to the measurement date of June 30, 2022	<u>231,827</u>	<u>-</u>
Total	<u>\$ 1,133,381</u>	<u>\$ (509,951)</u>

TOWN OF ATOKA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2023

NOTE 11 - PENSION PLAN - CONTINUED

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions - Continued**

*DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES -
CONTINUED*

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2022," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

YEAR ENDED JUNE 30

2024	\$	50,709
2025		52,088
2026		13,857
2027		170,809
2028		46,693
Thereafter		57,447

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

NOTE 12 - NET POSITION RESTRICTED FOR PENSION

The components of net position restricted for pension are as follows:

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Net pension asset	\$ 504,422	\$ 82,950	\$ 587,372
Less deferred inflows - pension	<u>(437,935)</u>	<u>(72,016)</u>	<u>(509,951)</u>
Net position restricted for pension	<u>\$ 66,487</u>	<u>\$ 10,933</u>	<u>\$ 77,420</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ATOKA, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
TOTAL PENSION LIABILITY									
Service cost	\$ 100,284	\$ 95,946	\$ 144,386	\$ 179,747	\$ 201,674	\$ 201,436	\$ 273,473	\$ 232,739	\$ 284,175
Interest	126,895	130,209	152,581	182,977	214,964	231,783	297,640	286,063	335,296
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	(142,691)	65,492	119,097	129,084	(108,602)	488,229	(577,697)	(76,954)	(57,655)
Change of assumptions	-	-	-	72,973	-	-	-	651,863	-
Benefit payments, including refunds of employee contributions	(32,805)	(39,114)	(44,491)	(47,793)	(74,970)	(76,644)	(93,598)	(131,117)	(115,865)
Net change in total pension liability	<u>51,683</u>	<u>252,533</u>	<u>371,573</u>	<u>516,988</u>	<u>233,066</u>	<u>844,804</u>	<u>(100,182)</u>	<u>962,594</u>	<u>445,951</u>
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	<u>1,608,052</u>	<u>1,659,735</u>	<u>1,912,268</u>	<u>2,283,841</u>	<u>2,800,829</u>	<u>3,033,895</u>	<u>3,878,699</u>	<u>3,778,517</u>	<u>4,741,111</u>
TOTAL PENSION LIABILITY, END OF YEAR	<u>\$ 1,659,735</u>	<u>\$ 1,912,268</u>	<u>\$ 2,283,841</u>	<u>\$ 2,800,829</u>	<u>\$ 3,033,895</u>	<u>\$ 3,878,699</u>	<u>\$ 3,778,517</u>	<u>\$ 4,741,111</u>	<u>\$ 5,187,062</u>
PLAN FIDUCIARY NET POSITION									
Contributions from employer	\$ 94,109	\$ 113,949	\$ 164,611	\$ 181,363	\$ 181,579	\$ 191,200	\$ 211,162	\$ 214,872	\$ 227,020
Contributions from employees	64,459	76,992	111,224	120,908	121,053	131,862	145,629	148,188	156,566
Net investment income	259,631	60,518	58,741	284,674	251,746	261,859	199,809	1,153,252	(224,489)
Benefit payments, including refunds of employee contributions	(32,805)	(39,114)	(44,491)	(47,793)	(74,970)	(76,644)	(93,598)	(131,117)	(115,865)
Administrative expense	(1,160)	(1,966)	(3,845)	(4,288)	(4,834)	(4,941)	(5,228)	(5,229)	(5,914)
Other	-	-	1,156	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>384,234</u>	<u>210,379</u>	<u>287,396</u>	<u>534,864</u>	<u>474,574</u>	<u>503,336</u>	<u>457,774</u>	<u>1,379,966</u>	<u>37,318</u>

Notes to Schedule:

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, 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 *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date.

TOWN OF ATOKA, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF TCRS - CONTINUED
LAST FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	<u>\$ 1,504,593</u>	<u>\$ 1,888,827</u>	<u>\$ 2,099,206</u>	<u>\$ 2,386,602</u>	<u>\$ 2,921,466</u>	<u>\$ 3,396,040</u>	<u>\$ 3,889,376</u>	<u>\$ 4,357,150</u>	<u>\$ 5,737,116</u>
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 1,888,827</u>	<u>\$ 2,099,206</u>	<u>\$ 2,386,602</u>	<u>\$ 2,921,466</u>	<u>\$ 3,396,040</u>	<u>\$ 3,899,376</u>	<u>\$ 4,357,150</u>	<u>\$ 5,737,116</u>	<u>\$ 5,774,434</u>
NET PENSION LIABILITY (ASSET)	<u>\$ (229,092)</u>	<u>\$ (186,938)</u>	<u>\$ (102,761)</u>	<u>\$ (120,637)</u>	<u>\$ (362,145)</u>	<u>\$ (20,677)</u>	<u>\$ (578,633)</u>	<u>\$ (996,005)</u>	<u>\$ (587,372)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	113.80%	109.78%	104.50%	104.31%	111.94%	100.53%	115.31%	121.01%	111.32%
COVERED PAYROLL	<u>\$ 1,289,170</u>	<u>\$ 1,539,845</u>	<u>\$ 2,224,469</u>	<u>\$ 2,418,169</u>	<u>\$ 2,421,048</u>	<u>\$ 2,637,241</u>	<u>\$ 2,912,575</u>	<u>\$ 2,963,758</u>	<u>\$ 3,131,316</u>
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	(17.77)%	(12.14)%	(4.62)%	(4.99)%	(14.96)%	(0.78)%	19.87%	(33.61)%	(18.76)%

Notes to Schedule:

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, 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 *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date.

TOWN OF ATOKA, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 94,109	\$ 113,949	\$ 164,610	\$ 131,790	\$ 132,431	\$ 144,257	\$ 153,201	\$ 155,894	\$ 165,020	\$ 231,827
Contributions in relation to the actuarially determined contribution .	<u>94,109</u>	<u>113,949</u>	<u>164,610</u>	<u>181,363</u>	<u>181,579</u>	<u>191,200</u>	<u>211,162</u>	<u>214,872</u>	<u>227,020</u>	<u>231,827</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,573)</u>	<u>\$ (49,148)</u>	<u>\$ (46,943)</u>	<u>\$ (57,961)</u>	<u>\$ (58,978)</u>	<u>\$ (62,000)</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,289,170	\$ 1,539,845	\$ 2,224,469	\$ 2,418,169	\$ 2,421,048	\$ 2,637,241	\$ 2,912,575	\$ 2,963,758	\$ 3,131,316	\$ 3,434,487
Contributions as a percentage covered employee payroll	7.30%	7.40%	7.40%	7.50%	7.50%	7.25%	7.25%	7.25%	7.25%	6.75%

GASB 68 requires a 10-year schedule for this data to be presented *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date.

**TOWN OF ATOKA, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS - CONTINUED
LAST FISCAL YEAR ENDING JUNE 30**

NOTES TO SCHEDULE

Valuation date - Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 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	2.25 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	6.75 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	2.125 percent

Changes of assumptions - In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality 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 percent 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.

COMBINING FUND FINANCIAL STATEMENTS

**TOWN OF ATOKA, TENNESSEE
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>SOLID WASTE FUND</u>	<u>STATE STREET AID FUND</u>	<u>DRUG FUND</u>	<u>TOTAL NONMAJOR GOVERN- MENTAL FUNDS</u>
ASSETS				
Cash	\$ 146,638	\$ 226,032	\$ 24,031	\$ 396,701
Accounts receivable, net	67,558	-	-	67,558
Due from State of Tennessee ..	<u>-</u>	<u>59,445</u>	<u>-</u>	<u>59,445</u>
TOTAL ASSETS	<u>\$ 214,196</u>	<u>\$ 285,477</u>	<u>\$ 24,031</u>	<u>\$ 523,704</u>
LIABILITIES				
Accounts payable	\$ 48,538	\$ -	\$ -	\$ 48,538
Due to other funds	<u>1,691</u>	<u>-</u>	<u>-</u>	<u>1,691</u>
TOTAL LIABILITIES	<u>50,229</u>	<u>-</u>	<u>-</u>	<u>50,229</u>
FUND BALANCE				
Restricted				
Solid waste expenditures	163,967	-	-	163,967
Street expenditures	-	285,477	-	285,477
Drug enforcement	<u>-</u>	<u>-</u>	<u>24,031</u>	<u>24,031</u>
TOTAL FUND BALANCES	<u>163,967</u>	<u>285,477</u>	<u>24,031</u>	<u>473,475</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 214,196</u>	<u>\$ 285,477</u>	<u>\$ 24,031</u>	<u>\$ 523,704</u>

TOWN OF ATOKA, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	<u>SOLID WASTE FUND</u>	<u>STATE STREET AID FUND</u>	<u>DRUG FUND</u>	<u>TOTAL OTHER GOVERN- MENTAL FUNDS</u>
REVENUES				
Intergovernmental revenues				
Gasoline and motor fuel tax	\$ -	\$ 178,333	\$ -	\$ 178,333
3 cent gasoline tax	-	51,533	-	51,533
1989 gasoline tax	-	27,909	-	27,909
2017 gasoline tax	-	89,897	-	89,897
Total intergovernmental revenues	-	347,672	-	347,672
Charges for services	745,681	-	-	745,681
Fines and forfeitures	-	-	1,187	1,187
Other revenues	1,996	2,509	32,301	36,806
TOTAL REVENUES	747,677	350,181	33,488	1,131,346
EXPENDITURES				
Public safety				
Capital outlay	-	-	99,504	99,504
Solid waste				
Contractual services	572,010	-	-	572,010
Highways and streets				
Contractual services	-	272,000	-	272,000
Capital outlay	-	86,594	-	86,594
Total highway and streets	-	358,594	-	358,594
TOTAL EXPENDITURES	572,010	358,594	99,504	1,030,108
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	175,667	(8,413)	(66,016)	101,238
OTHER FINANCING (USES)				
Transfers out	(150,000)	-	-	(150,000)
NET CHANGE IN FUND BALANCE	25,667	(8,413)	(66,016)	(48,762)
FUND BALANCE				
Balance at July 1, 2022	138,300	293,890	90,047	522,237
Balance at June 30, 2023	\$ 163,967	\$ 285,477	\$ 24,031	\$ 473,475

SCHEDULES

TOWN OF ATOKA, TENNESSEE
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ 745,681	\$ -
Other revenues	-	-	1,996	-
TOTAL REVENUES	<u>670,782</u>	<u>670,782</u>	<u>747,677</u>	<u>76,895</u>
EXPENDITURES				
Solid waste				
Contractual services	<u>505,000</u>	<u>569,000</u>	<u>572,010</u>	<u>3,010</u>
TOTAL EXPENDITURES	<u>505,000</u>	<u>569,000</u>	<u>572,010</u>	<u>3,010</u>
EXCESS OF REVENUES OVER EXPENDITURES	165,782	101,782	175,667	73,885
OTHER FINANCING (USES)				
Transfer out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	15,782	(48,218)	25,667	73,885
FUND BALANCE				
Balance at July 1, 2022	<u>138,300</u>	<u>138,300</u>	<u>138,300</u>	<u>-</u>
Balance at June 30, 2023	<u>\$ 154,082</u>	<u>\$ 90,082</u>	<u>\$ 163,967</u>	<u>\$ 73,885</u>

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

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Gasoline and motor fuel tax ...	\$ -	\$ -	\$ 178,333	\$ -
3 cent gasoline tax	-	-	51,533	-
1989 gasoline tax	-	-	27,909	-
2017 gasoline tax	-	-	89,897	-
Total intergovernmental revenues	<u>358,846</u>	<u>358,846</u>	<u>347,672</u>	<u>(11,174)</u>
Other revenues	<u>100</u>	<u>100</u>	<u>2,509</u>	<u>2,409</u>
TOTAL REVENUES	<u>358,946</u>	<u>358,946</u>	<u>350,181</u>	<u>(8,765)</u>
EXPENDITURES				
Highways and streets				
Streets	<u>358,946</u>	<u>358,946</u>	<u>358,594</u>	<u>(352)</u>
TOTAL EXPENDITURES ..	<u>358,946</u>	<u>358,946</u>	<u>358,594</u>	<u>(352)</u>
NET CHANGE IN FUND				
BALANCE	-	-	(8,413)	(8,413)
FUND BALANCE				
Balance at July 1, 2022	<u>293,890</u>	<u>293,890</u>	<u>293,890</u>	<u>-</u>
Balance at June 30, 2023	<u>\$ 293,890</u>	<u>\$ 293,890</u>	<u>\$ 285,477</u>	<u>\$ (8,413)</u>

TOWN OF ATOKA, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 1,187	\$ -
Other revenues	<u>-</u>	<u>-</u>	<u>32,301</u>	<u>-</u>
TOTAL REVENUES	<u>57,672</u>	<u>57,672</u>	<u>33,488</u>	<u>(24,184)</u>
EXPENDITURES				
Public safety				
Police	<u>57,672</u>	<u>120,000</u>	<u>99,504</u>	<u>(20,496)</u>
TOTAL EXPENDITURES	<u>57,672</u>	<u>120,000</u>	<u>99,504</u>	<u>(20,496)</u>
NET CHANGE IN FUND BALANCE	-	(62,328)	(66,016)	(3,688)
FUND BALANCE				
Balance at July 1, 2022	<u>90,047</u>	<u>90,047</u>	<u>90,047</u>	<u>-</u>
Balance at June 30, 2023	<u>\$ 90,047</u>	<u>\$ 27,719</u>	<u>\$ 24,031</u>	<u>\$ (3,688)</u>

**TOWN OF ATOKA, TENNESSEE
EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

FEDERAL GRANT/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS- THROUGH GRANTOR'S NUMBER	RECEIVABLE/ (UNAVAILABLE) BALANCE AT JULY 1, 2022	RECEIPTS	DISBURSE- MENTS	RECEIVABLE/ (UNAVAILABLE) BALANCE AT JUNE 30, 2023
<u>CASH FEDERAL AWARDS</u>						
Federal Emergency Management Agency						
Assistance to Firefighters Grant	97.044	EMW-2021-FG-01215	\$ -	(28,149)	28,149	-
Department of Homeland Security						
Passed through State of Tennessee - Tennessee Department of Safety and Homeland Security						
High Visibility Enforcement of Tennessee						
Traffic Safety Laws	20.607	Z23THS010	-	(671)	671	-
Department of the Treasury						
Passed through State of Tennessee Department of Finance and Administration						
Coronavirus State and Local Fiscal						
Recovery Funds	21.027	N/A	<u>(1,411,911)</u>	<u>(1,411,911)</u>	<u>232,815</u>	<u>(2,591,007)</u>
TOTAL CASH FEDERAL AWARDS			<u>\$ (1,411,911)</u>	<u>\$ (1,411,911)</u>	<u>\$ 261,635</u>	<u>\$ (2,591,007)</u>

Note: Significant Accounting Policies

All of the federal awards are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned. Expenditures are recognized when the related liability is incurred or economic asset is used.

**TOWN OF ATOKA, TENNESSEE
DEBT SERVICE REQUIREMENTS TO MATURITY
JUNE 30, 2023**

YEAR ENDED	GOVERNMENTAL ACTIVITIES					
	VARIABLE RATE LOCAL GOVERNMENTAL LOAN PROGRAM SERIES 2015		POOLED FINANCING REVENUE BOND SERIES 2008 (46%)		GENERAL OBLIGATION CAPITAL OUTLAY NOTE SERIES 2022	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2024	\$ 267,000	\$ 160,971	\$ 15,640	\$ 8,094	\$ 62,000	\$ 11,340
2025	270,000	149,383	16,560	7,680	63,000	10,168
2026	273,000	137,665	17,020	7,241	64,000	8,978
2027	276,000	125,817	17,940	6,790	65,000	7,768
2028	279,000	113,838	18,860	6,314	67,000	6,540
2029	282,000	101,730	19,780	5,815	68,000	5,274
2030	286,000	89,491	20,700	5,290	69,000	3,988
2031	289,000	77,078	22,080	4,742	70,000	2,684
2032	292,000	64,536	23,000	4,157	72,000	1,359
2033	296,000	51,863	24,380	3,548	-	-
2034	299,000	39,017	25,300	2,901	-	-
2035	300,000	26,040	26,680	2,231	-	-
2036	300,000	13,030	28,060	1,524	-	-
2037	-	-	29,127	780	-	-
	<u>\$3,709,000</u>	<u>\$1,150,459</u>	<u>\$ 305,127</u>	<u>\$ 67,107</u>	<u>\$ 600,000</u>	<u>\$ 58,099</u>

TOWN OF ATOKA, TENNESSEE
DEBT SERVICE REQUIREMENTS TO MATURITY - CONTINUED
JUNE 30, 2023

YEAR ENDED	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			
	TOTAL PRINCIPAL	TOTAL INTEREST	TOTAL COMBINED	WATER AND SEWER REVENUE AND TAX BOND SERIES 2004		POOLED FINANCING REVENUES BOND SERIES 2008 (54%)	
				PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2024	\$ 344,640	\$ 180,405	\$ 525,045	\$ 41,000	\$ 11,599	\$ 18,360	\$ 9,502
2025	349,560	167,231	516,791	43,000	10,513	19,440	9,015
2026	354,020	153,884	507,904	45,000	9,373	19,980	8,500
2027	358,940	140,375	499,315	47,000	8,181	21,060	7,971
2028	364,860	126,692	491,552	48,000	6,935	22,140	7,413
2029	369,780	112,819	482,599	50,000	5,663	23,220	6,826
2030	375,700	98,769	474,469	52,000	4,338	24,300	6,211
2031	381,080	84,504	465,584	54,000	2,960	25,920	5,567
2032	387,000	70,052	457,052	57,000	1,529	27,000	4,880
2033	320,380	55,411	375,791	698	19	28,620	4,164
2034	324,300	41,918	366,218	-	-	29,700	3,406
2035	326,680	28,271	354,951	-	-	31,320	2,618
2036	328,060	14,554	342,614	-	-	32,940	1,789
2037	29,127	780	29,907	-	-	34,873	916
	<u>\$4,614,127</u>	<u>\$1,275,665</u>	<u>\$5,889,792</u>	<u>\$437,698</u>	<u>\$ 61,110</u>	<u>\$ 358,873</u>	<u>\$ 78,778</u>

TOWN OF ATOKA, TENNESSEE
DEBT SERVICE REQUIREMENTS TO MATURITY - CONTINUED
JUNE 30, 2023

YEAR ENDED	BUSINESS-TYPE ACTIVITIES					
	STATE REVOLVING FUND LOAN 2009		TOTAL PRINCIPAL	TOTAL INTEREST	TOTAL COMBINED	COMBINED TOTAL
	PRINCIPAL	INTEREST				
2024	\$ 115,903	\$ 14,376	\$ 175,263	\$ 35,477	\$ 210,740	\$ 735,785
2025	117,583	12,696	180,023	32,224	212,247	729,038
2026	119,288	10,991	184,268	28,864	213,132	721,036
2027	121,018	9,262	189,078	25,414	214,492	713,807
2028	122,772	7,507	192,912	21,855	214,767	706,319
2029	124,552	5,728	197,772	18,217	215,989	698,588
2030	126,356	3,923	202,656	14,472	217,128	691,597
2031	128,189	2,090	208,109	10,617	218,726	684,310
2032	75,624	363	159,624	6,772	166,396	623,448
2033	-	-	29,318	4,183	33,501	409,292
2034	-	-	29,700	3,406	33,106	399,324
2035	-	-	31,320	2,618	33,938	388,889
2036	-	-	32,940	1,789	34,729	377,343
2037	-	-	34,873	916	35,789	65,696
	<u>\$1,051,285</u>	<u>\$ 66,936</u>	<u>\$1,847,856</u>	<u>\$ 206,824</u>	<u>\$2,054,680</u>	<u>\$ 7,944,472</u>

TOWN OF ATOKA, TENNESSEE
CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
YEAR ENDED JUNE 30, 2023

	<u>AMOUNT ISSUED</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>BALANCE AT JULY 1, 2022</u>	<u>ISSUED</u>	<u>PAID</u>	<u>REFUNDED</u>	<u>BALANCE AT JUNE 30, 2023</u>
General Obligation Capital									
Outlay Notes									
General Obligation Capital									
Outlay Note - Series 2022	660,000	1.89%	3/19/22	2/1/32	\$ 660,000	\$ -	\$ (60,000)	\$ -	\$ 600,000
Revenue Bonds									
Pooled Financing Revenue									
Bond Series 2008	1,000,000	2.65%	1/23/09	5/25/37	696,000	-	(32,000)	-	664,000
Water and Sewer Revenue and									
Tax Bond Series 2004	941,698	2.65%	8/17/06	5/25/33	477,698	-	(40,000)	-	437,698
Variable Rate Local Government									
Loan Series 2015	5,493,184	4.34%	6/15/15	5/25/36	3,973,000	-	(264,000)	-	3,709,000
State Revolving Fund Loan - 2009	2,263,408	1.44%	2/11/10	2/11/32	<u>1,165,532</u>	<u>-</u>	<u>(114,247)</u>	<u>-</u>	<u>1,051,285</u>
TOTALS					<u>\$ 6,972,230</u>	<u>\$ -</u>	<u>\$ (510,247)</u>	<u>\$ -</u>	<u>\$ 6,461,983</u>

**TOWN OF ATOKA, TENNESSEE
PROPERTY TAXES
YEAR ENDED JUNE 30, 2023**

<u>YEAR OF LEVY</u>	<u>BALANCE JULY1, 2022</u>	<u>ASSESSMENT</u>	<u>ADJUSTMENTS/ ABATEMENTS</u>	<u>COLLECTIONS</u>	<u>BALANCE JUNE 30, 2023</u>
2023	\$ -	\$ 2,492,888	\$ -	\$ -	\$ 2,492,888
2022	2,549,155	-	-	(2,513,311)	35,844
2021	44,382	-	-	(27,401)	16,981
2020	16,597	-	-	(5,195)	11,402
2019	11,547	-	-	(8,201)	3,346
2018	4,764	-	-	(936)	3,828
2017	2,675	-	-	-	2,675
2016	2,202	-	-	-	2,202
2015	1,644	-	-	-	1,644
2014	927	-	-	-	927
2013	688	-	-	-	688
2012	425	-	(425)	-	-
	\$ 2,635,006	<u>\$ 2,492,888</u>	<u>\$ (425)</u>	<u>\$ (2,555,044)</u>	\$ 2,572,425
Allowance for uncollectible property taxes	<u>(63,230)</u>				<u>(71,207)</u>
Net receivables	<u>\$ 2,571,776</u>				<u>\$ 2,501,218</u>

<u>YEAR OF LEVY</u>	<u>ASSESSED VALUATION</u>	<u>TAX RATE PER \$100</u>	<u>ASSESSMENTS</u>
2023	\$ 339,676,846	\$ 0.73	\$ 2,492,888
2022	247,490,789	1.03	2,549,155
2021	240,316,930	0.98	2,355,106
2020	230,670,040	0.98	2,257,337
2019	190,758,114	1.17	2,231,870
2018	185,301,443	1.17	2,168,027
2017	180,481,086	0.80	1,443,849
2016	177,737,975	0.80	1,421,904
2015	175,555,048	0.80	1,404,440
2014	171,874,697	0.56	953,888

Delinquent Property Taxes

Uncollected taxes for years prior to 2013 have been charged off for financial reporting purposes. Such amounts are not significant. Uncollected taxes for tax years prior to 2020 have been turned over to Chancery Court for collection.

**TOWN OF ATOKA, TENNESSEE
UTILITY RATES AND NUMBER OF CUSTOMERS
JUNE 30, 2023**

Water Rates

First 1,000 gallons	\$ 10.30
Over 1,000 gallons	\$4.50 per 1,000 gallons

The Town had 3,213 water customers as of June 30, 2023.

Sewer Rates

Minimum - 5/8" to 3/4"	\$ 10.00
Minimum - 1"	\$ 9.20
Minimum - 1" to 1 1/2"	\$ 17.50
Minimum - 2"	\$ 23.20
Minimum - 3"	\$ 37.20
Per 1,000 gallons	\$ 5.60
Grease tank pumping	\$ 125.00

The Town had 2,910 sewer customers as of June 30, 2023.

**TOWN OF ATOKA, TENNESSEE
SCHEDULE OF INTERFUND TRANSFERS
JUNE 30, 2023**

	<u>TRANSFERRED FROM</u> <u>SOLID WASTE</u> <u>FUND</u>	<u>TOTAL</u>
<u>TRANSFERRED TO</u>		
General Fund	\$ <u>150,000</u>	\$ <u>150,000</u>

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

Honorable Barry Akin, Mayor
Members of the Board of Aldermen
Town of Atoka, Tennessee
Atoka, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atoka, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Atoka, Tennessee's basic financial statements and have issued our report thereon dated December 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Atoka, Tennessee's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Atoka, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Atoka, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Responses as Item No. 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Atoka, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as Items No. 2023-002 and 2023-003.

Town of Atoka Tennessee's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Atoka, Tennessee's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Town of Atoka, Tennessee's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Whitchurn Jandrewly : Davis, PCC

**TOWN OF ATOKA, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023**

Material Weakness

Item No. 2023-001: Material Audit Adjustments

Condition: The following material audit adjustments were proposed:

Sewer Fund

- (1) Account balances were adjusted to reflect the correct amount of customer accounts receivable. This adjustment increased assets and revenues by approximately \$32,000.
- (2) Account balances were adjusted to reflect the correct amount of capital assets. This adjustment increased assets and decreased expenses by approximately \$27,000.

Criteria: The financial statements should be fairly stated and free of material misstatement before commencement of the audit.

Cause: Certain transactions were not recorded properly during the year-end close process.

Effect: Material audit adjustments were made to the Town's records.

Recommendation: We recommend Town officials ensure that all material transactions are recorded and properly classified in the Town's records before being submitted for audit.

Client response: We concur with this finding.

Compliance and Other Matters

Item No. 2023-002: Budget Overruns

Condition: Even though total expenditures were within budgeted amounts during the current year, the Town experienced one departmental cost overrun in the General Fund of approximately \$121,000.

The Town experienced one significant departmental cost overrun in the Solid Waste Fund of approximately \$3,000.

Criteria: The budget sets the maximum amount of expenditures allowed for each budgeted item. TCA 6-56-203 states, "Therefore, notwithstanding any other law, no municipality may expend any moneys regardless of their source, including moneys derived from bond and long-term note proceeds, federal, state, or private grants or loans, or special assessments, except in accordance with a budget adopted under this section."

**TOWN OF ATOKA, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
YEAR ENDED JUNE 30, 2023**

Compliance and Other Matters - Continued

Item No. 2023-002: Budget Overruns - Continued

Cause: The Town prepares budget amendments periodically in order to comply with State requirements, but the amended amounts remained insufficient in certain accounts.

Effect: There was one departmental violation of the amended budget for both the General Fund and Solid Waste Fund.

Recommendation: We recommend that sufficient budget amendments be adopted to keep expenditures and transfers out within budgeted amounts.

Client response: We concur with this finding.

Item No. 2023-003: Utility Losses

Condition: During the current year, the Town's Sewer Fund reported an operating loss of approximately \$41,000.

Criteria: TCA states, "The rates, fees, tolls or charges prescribed shall be such as will always produce revenue at least sufficient to provide for all expenses of operation and maintenance of the system, including reserves for the system and pay when due all bonds and interest on the bonds.

Cause: Revenues were insufficient to cover all operating expenses of the Sewer Fund.

Effect: The Town is in violation of the State statute and is not operating the Sewer Fund to cover all operating expenses.

Recommendation: Along with establishing sufficient rates, the Town should also monitor its monthly financial statements to determine when expenses may need to be limited in order to avoid incurring a loss for the year.

Client response: We concur with this finding.

**TOWN OF ATOKA, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Financial Statement Findings

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2022-001	Material Audit Adjustments (Original Finding 2010-003)	Repeated (2023-001)
	Portion of Finding - General Fund	Corrected
	Portion of Finding - Water Fund	Corrected
2022-002	Budget Overruns (Original Finding 2013-001)	Repeated (2023-002)
2022-003	Utility Losses (Original Finding 2022-003)	Repeated (2023-003)
	Portion of Finding - Water Fund	Corrected



TOWN OF ATOKA
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**TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2023**

We reviewed the financial statement findings and recommendations with management to provide an opportunity for their response as required by *Tennessee Code Annotated*, Section 9-3 Part 4. Management's corrective action plans for all financial statement findings are presented below.

Corrective Action - Financial Statement Findings

Item No. 2023-001: Material Audit Adjustments

Response and corrective action plan prepared by: Debbie Pickard, Recorder

Person responsible for implementing the corrective action: Same as above

Anticipated completion date of corrective action: June 30, 2024

Repeat finding: Yes

Reason why corrective action was not taken - PY: Certain transactions were not recorded properly during the year-end close process.

Planned corrective action: The Town's general ledger account balances are adjusted at year-end by our outside CPA. We will continue our efforts to ensure that all material transactions are provided to our outside CPA for proper accounting and recording in the general ledger before commencement of the audit.

Item No. 2023-002: Budget Overruns

Response and corrective action plan prepared by: Debbie Pickard, Recorder

Person responsible for implementing the corrective action: Same as above

Anticipated completion date of corrective action: June 30, 2024

Repeat finding: Yes

Reason why corrective action was not taken - PY: The Town prepares budget amendments periodically in order to comply with State requirements, but the amended amounts remained insufficient in certain accounts.

**TOWN OF ATOKA, TENNESSEE
MANAGEMENT'S CORRECTIVE ACTION PLAN - CONTINUED
YEAR ENDED JUNE 30, 2023**

Corrective Action - Financial Statement Findings Item 2023-002 - Continued

Planned corrective action: An amended budget was prepared and approved by the Board but did not cover all expenditures incurred. We will continue working toward capturing all expenditures when budget amendments become apparent.

Item No. 2023-003: Utility Losses

Response and corrective action plan prepared by: Debbie Pickard, Recorder

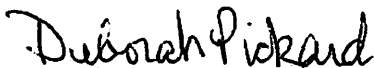
Person responsible for implementing the corrective action: Same as above

Anticipated completion date of corrective action: June 30, 2024

Repeat finding: Yes

Reason why corrective action was not taken - PY: Revenues were insufficient to cover all operating expenses of the Sewer Fund.

Planned corrective action: We have made considerable progress in returning the Sewer Fund to profitability and continue to work closely with State agencies in ensuring future profitability.



Recorder