

**TOWN OF ATOKA, TENNESSEE**

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**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

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## **INTRODUCTORY SECTION**

**TOWN OF ATOKA, TENNESSEE  
TOWN OFFICIALS  
JUNE 30, 2021**

**Mayor**

Daryl Walker

**Aldermen**

Barry Akin  
Danny Feldmayer  
Brett Giannini  
John Harber  
Cody Pace  
Christy Renfrow

**Department Heads**

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

Marc Woerner  
Debbie Pickard (CMFO Designee)  
Anthony Rudolph  
Henry Posey  
Dalton Patrick  
Dorothy Isbell

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Daryl Walker, Mayor  
Members of the Board of Aldermen  
Town of Atoka, Tennessee  
Atoka, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atoka, Tennessee as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Atoka, Tennessee's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atoka, Tennessee as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 5 through 12 and 49 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Atoka, Tennessee's basic financial statements. The introductory section, combining fund financial statements, schedules, nonaccounting information, and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*

Part, 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory section, nonaccounting information, and management's corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2022 on our consideration of the 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 the 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 the Town of Atoka, Tennessee's internal control over financial reporting and compliance.

*Whithorn Jenkins & Davis, PLLC*

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

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, 2021. Please read it in conjunction with the Town's financial statements, which begin on page 13.

**FINANCIAL HIGHLIGHTS**

- The Town's total net position increased by approximately \$3,206,000, or 13.6 percent, from approximately \$23,559,000 to \$26,765,000 as a result of this year's operations. Net position of our business-type activities increased approximately .3 percent, and net position of our governmental activities increased approximately 21.4 percent.
- During the year, the Town had revenues that were approximately \$3,196,000 more than total expenses for governmental programs and activities.
- For the Town's business-type activities, revenues exceeded expenses by approximately \$10,000.
- Total revenues and transfers in for our governmental operations were approximately \$179,000 less than projected budgeted revenues for the year, but expenditures and transfers out were approximately \$258,000 less than projected budgeted expenditures.
- The total net cost of running the Town of Atoka for the year ending June 30, 2021 (total cost of business-type and governmental programs net of direct program revenues) was approximately \$2,836,000.

**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 13 and 14) 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 15. 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, 2021**

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-Sewer system is reported here.

**REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS**

Our analysis of the Town's major funds begins on page 10. 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, 2021**

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 fund (Water-Sewer Fund) is 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 \$23,559,000 to \$26,765,000. 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)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets .....	\$ 9,077	\$ 5,902	\$ 3,145	\$ 2,823	\$ 12,222	\$ 8,725
Capital assets .....	17,674	15,853	7,841	8,306	25,515	24,159
Other assets .....	504	18	75	3	579	21
Total assets .....	<u>27,255</u>	<u>21,773</u>	<u>11,061</u>	<u>11,132</u>	<u>38,316</u>	<u>32,905</u>
Deferred outflows ...	<u>717</u>	<u>759</u>	<u>107</u>	<u>115</u>	<u>824</u>	<u>874</u>
Long-term debt .....	4,947	4,839	2,019	2,350	6,966	7,189
Other liabilities .....	<u>2,078</u>	<u>414</u>	<u>374</u>	<u>189</u>	<u>2,452</u>	<u>603</u>
Total liabilities ...	<u>7,025</u>	<u>5,253</u>	<u>2,393</u>	<u>2,539</u>	<u>9,418</u>	<u>7,792</u>
Deferred inflows ...	<u>2,882</u>	<u>2,406</u>	<u>78</u>	<u>22</u>	<u>2,960</u>	<u>2,428</u>
Net Position						
Net investment in capital assets .....	11,186	11,014	5,654	5,956	16,840	16,970
Restricted .....	1,710	455	-	-	1,710	455
Unrestricted .....	<u>5,173</u>	<u>3,404</u>	<u>3,042</u>	<u>2,730</u>	<u>8,215</u>	<u>6,134</u>
Total Net Position .....	<u>\$ 18,069</u>	<u>\$ 14,873</u>	<u>\$ 8,696</u>	<u>\$ 8,686</u>	<u>\$ 26,765</u>	<u>\$ 23,559</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program revenues						
Charges for services .....	\$ 1,090	\$ 836	\$ 2,385	\$ 2,086	\$ 3,475	\$ 2,922

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program revenues - continued						
Operating grants and contributions . . . .	\$ 770	\$ 551	\$ -	\$ -	\$ 770	\$ 551
Capital grants and contributions . . . .	2,050	2	-	-	2,050	2
General revenues						
Local taxes . . . . .	4,816	4,375	-	-	4,816	4,375
Intergovernmental revenues . . . . .	1,151	1,018	-	-	1,151	1,018
(Loss) on disposal on capital assets . . . .	-	-	-	-	-	-
Other general revenues . . . . .	<u>59</u>	<u>55</u>	<u>17</u>	<u>22</u>	<u>76</u>	<u>77</u>
Total revenues . .	<u>9,936</u>	<u>6,837</u>	<u>2,402</u>	<u>2,108</u>	<u>12,338</u>	<u>8,945</u>
Program expenses						
General government	743	724	-	-	743	724
Public safety . . . . .	3,535	3,492	-	-	3,535	3,492
Solid waste . . . . .	468	430	-	-	468	430
Highways and streets . . . . .	1,068	1,390	-	-	1,068	1,390
Health, welfare recreation and education . . . . .	851	592	-	-	851	592
Grants and 19 contributions . . . .	12	12	-	-	12	12
Interest . . . . .	63	117	-	-	63	117
Water-sewer . . . . .	-	-	<u>2,392</u>	<u>2,392</u>	<u>2,392</u>	<u>2,392</u>
Total expenses . .	<u>6,740</u>	<u>6,757</u>	<u>2,392</u>	<u>2,392</u>	<u>9,132</u>	<u>9,149</u>
Increase (decrease) in net position . . . . .	<u>\$ 3,196</u>	<u>\$ 80</u>	<u>\$ 10</u>	<u>\$ (284)</u>	<u>\$ 3,206</u>	<u>\$ (204)</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, 2021**

<b><u>FUNCTION</u></b>	<b><u>SPECIFIC REVENUES</u></b>
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 \$6,739,740. However, as shown in the Statement of Activities on page 14, the amount that our taxpayers ultimately financed for these activities through Town taxes was only \$2,829,361 because some of the cost was paid by those who directly benefitted from the programs (\$1,090,439) or by other governments and organizations that subsidized certain programs with either operating grants and contributions (\$769,741) or capital grants and contributions (\$2,050,199). 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)**

	<b><u>Total Cost of Services</u></b>		<b><u>Net Cost of Services</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
General government .....	\$ 743	\$ 724	\$ 611	\$ 623
Public safety .....	3,535	3,492	2,939	3,221
Solid waste .....	468	430	(172)	(174)
Highways and streets .....	1,068	1,390	(1,227)	1,034
Health, welfare, recreation and education .....	851	592	604	535
Grants and contributions .....	12	12	12	12
Interest .....	63	117	62	117
Totals	<b><u>\$ 6,740</u></b>	<b><u>\$ 6,757</u></b>	<b><u>\$ 2,829</u></b>	<b><u>\$ 5,368</u></b>

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**THE TOWN'S FUNDS**

**Water-Sewer Fund**

Operating revenues of the Town's Water-Sewer Fund increased by approximately \$299,000 (14%) from revenues of the prior year. The Town's Water-Sewer Fund operating expenses during the current year increased by approximately \$200 (.1%).

**Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$4,332,494 which is an increase from last year's total of \$3,226,312. The chief reasons for this increase are given below. It must be pointed out that this increase in governmental fund balances \$1,106,182 is different from the increase in net position of governmental activities \$3,196,006 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, 2021 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 18.

The chief reason for the increase in fund balances of \$1,106,812 from the year ending June 30, 2020 is general fund loan proceeds received of \$2,200,000, due primarily to capital expenditures for highways and streets and park and recreation infrastructure and repairs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues and transfers in for the year were approximately \$363,000 below original budgeted revenues and transfers in. The most significant variance was lower intergovernmental revenues.

Expenditures for the year were approximately \$881,000 above original budgeted expenditures and transfers out. The most significant variances were in debt service expenditures.

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At year end, the Town had approximately \$25,515,000 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 increase from last year of approximately \$1,356,000.

**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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land .....	\$ 1,248	\$ 1,248	\$ 35	\$ 35	\$ 1,283	\$ 1,283
Construction in progress .....	2,492	255	-	-	2,492	255
Buildings and improvements .....	5,892	6,068	264	272	6,156	6,340
Vehicles and equipment .....	785	783	121	155	906	938
Infrastructure .....	7,257	7,499	-	-	7,257	7,499
Water-Sewer System .....	-	-	7,421	7,844	7,421	7,844
Totals .....	<u>\$ 17,674</u>	<u>\$ 15,853</u>	<u>\$ 7,841</u>	<u>\$ 8,306</u>	<u>\$ 25,515</u>	<u>\$ 24,159</u>

This year's major changes for governmental activities included an approximately \$2,237,000 increase in construction in progress. There were no changes to business type activity capital assets.

**Debt**

At year end the Town had approximately \$8,055,000 in debt outstanding versus approximately \$7,189,000 last year, a net increase of approximately \$866,000 shown in Table 5, due to new borrowing for governmental activities.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue Bonds and Notes (backed by specific tax and fee revenues) .....	<u>\$ 5,868</u>	<u>\$ 4,839</u>	<u>\$ 2,187</u>	<u>\$ 2,350</u>	<u>\$ 8,055</u>	<u>\$ 7,189</u>

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Anticipated revenues and other financing sources for Fiscal Year End June 30, 2022 governmental funds are approximately \$2,936,000 less than the final revenues and other financing sources for the year ended June 30, 2021. This decrease reflects projected reductions in grant funding and borrowings.

Anticipated expenditures and other financing uses for Fiscal Year End June 30, 2022 governmental funds are approximately \$1,70,000 less than the final expenditures and other financing uses for the year ended June 30, 2021. The primary reason for this decrease is due to projected decreased capital outlay expenditures for highways and streets and parks and recreation.

During the months of July 2021, September 2021, and December 2021, the Town approved acceptance of five subdivisions into the Town.

During November 2021, a bid was awarded in the amount of approximately \$84,000 for the purchase of two vehicles for the Water-Sewer department.

During December 2021, a bid was awarded in the amount of approximately \$995,000 for the purchase of a fire truck. During January 2022, the Town passed a resolution approving debt not to exceed \$660,000 to assist in this purchase.

The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of multiple businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and the related impact of such closings on operating results. Town of Atoka is closely monitoring the potential effects of this pandemic on its operations in Tipton County, but is currently unable to ascertain the impact, if any, of this issue on its operating results.

**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, 2021**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash in bank .....	\$ 4,708,458	\$ 2,496,720	\$ 7,205,178
Investments - certificates of deposit .....	-	490,841	490,841
Taxes receivable, net .....	2,381,520	-	2,381,520
Accounts receivable, net .....	54,310	170,612	224,922
Receivables from other governments .....	675,316	-	675,316
Grants receivable .....	1,230,478	-	1,230,478
Inventory .....	-	13,331	13,331
Internal balances .....	26,652	(26,652)	-
Restricted assets			
Capital assets not being depreciated			
Land .....	1,248,246	35,000	1,283,246
Construction in progress .....	2,492,343	-	2,492,343
Capital assets (net of accumulated depreciation)			
Buildings and improvements .....	5,892,010	263,745	6,155,755
Vehicles and equipment .....	784,869	121,111	905,980
Infrastructure .....	7,256,715	-	7,256,715
Utility plant in service .....	-	7,421,324	7,421,324
Net pension asset .....	503,800	74,833	578,633
<b>TOTAL ASSETS</b> .....	<u>27,254,717</u>	<u>11,060,865</u>	<u>38,315,582</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension .....	717,125	106,519	823,644
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b> .....	<u>\$ 27,971,842</u>	<u>\$ 11,167,384</u>	<u>\$ 39,139,226</u>
<b>LIABILITIES</b>			
Accounts payable .....	\$ 967,160	\$ 122,311	\$ 1,089,471
Accrued expenses .....	189,838	41,241	231,079
Customer deposits .....	-	42,938	42,938
Bonds payable			
Due within one year .....	921,260	167,355	1,088,615
Due in more than one year .....	4,946,847	2,019,383	6,966,230
<b>TOTAL LIABILITIES</b> .....	<u>7,025,105</u>	<u>2,393,228</u>	<u>9,418,333</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property tax .....	2,355,106	-	2,355,106
Deferred inflows - pension .....	526,817	78,251	605,068
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> .....	<u>2,881,923</u>	<u>78,251</u>	<u>2,960,174</u>
<b>NET POSITION</b>			
Net investment in capital assets .....	11,185,936	5,654,443	16,840,379
Restricted for			
Solid waste expenditures .....	168,673	-	168,673
Street expenditures .....	266,334	-	266,334
Drug enforcement .....	44,454	-	44,454
Grant programs .....	1,230,478	-	1,230,478
Unrestricted .....	5,173,018	3,041,462	8,214,480
<b>TOTAL NET POSITION</b> .....	<u>18,068,893</u>	<u>8,695,905</u>	<u>26,764,798</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> .....	<u>\$ 27,971,842</u>	<u>\$ 11,167,384</u>	<u>\$ 39,139,226</u>

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

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 .....	\$ 743,138	\$ 132,213	\$ -	\$ -	\$ (610,925)	\$ -	\$ (610,925)
Public safety .....	3,535,524	72,351	408,073	116,497	(2,938,603)	-	(2,938,603)
Solid waste .....	467,704	639,483	-	-	171,779	-	171,779
Highways and streets .....	1,067,890	-	361,668	1,933,702	1,227,480	-	1,227,480
Health, welfare, recreation and education .....	850,936	246,392	-	-	(604,544)	-	(604,544)
Grants and contributions .....	11,950	-	-	-	(11,950)	-	(11,950)
Interest .....	62,598	-	-	-	(62,598)	-	(62,598)
<b>TOTAL GOVERNMENTAL ACTIVITIES .....</b>	<b>6,739,740</b>	<b>1,090,439</b>	<b>769,741</b>	<b>2,050,199</b>	<b>(2,829,361)</b>	<b>-</b>	<b>(2,829,361)</b>
Business-type activities							
Water-sewer system .....	2,392,099	2,384,758	-	-	-	(7,341)	(7,341)
<b>TOTAL BUSINESS-TYPE ACTIVITIES .....</b>	<b>2,392,099</b>	<b>2,384,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,341)</b>	<b>(7,341)</b>
<b>TOTAL GOVERNMENT .....</b>	<b>\$ 9,131,839</b>	<b>\$ 3,475,197</b>	<b>\$ 769,741</b>	<b>\$ 2,050,199</b>	<b>(2,829,361)</b>	<b>(7,341)</b>	<b>(2,836,702)</b>
<b>GENERAL REVENUES</b>							
Taxes							
Sales taxes .....					3,190,894	-	3,190,894
Property taxes .....					2,258,539	-	2,258,539
Alcoholic beverage taxes .....					387,098	-	387,098
TVA taxes .....					108,293	-	108,293
Sports gaming .....					5,486	-	5,486
Cable TV taxes .....					5,403	-	5,403
Income and excise taxes .....					10,850	-	10,850
Insurance recoveries .....					24,121	-	24,121
Investment earnings .....					15,314	17,807	33,121
Miscellaneous .....					19,369	-	19,369
<b>TOTAL GENERAL REVENUES .....</b>					<b>6,025,367</b>	<b>17,807</b>	<b>6,043,174</b>
<b>CHANGE IN NET POSITION .....</b>					<b>3,196,006</b>	<b>10,466</b>	<b>3,206,472</b>
<b>NET POSITION</b>							
Balance at July 1, 2020 .....					14,872,887	8,685,439	23,558,326
Balance at June 30, 2021 .....					<u>\$ 18,068,893</u>	<u>\$ 8,695,905</u>	<u>\$ 26,764,798</u>

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	<u>GENERAL FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents .....	\$ 4,223,408	\$ 485,050	\$ 4,708,458
Accounts receivable, net .....	-	54,310	54,310
Taxes receivable, net .....	2,381,520	-	2,381,520
Receivables from other governments .....	612,181	63,135	675,316
Grants receivable .....	1,230,478	-	1,230,478
Due from other funds .....	<u>28,342</u>	<u>-</u>	<u>28,342</u>
<b>TOTAL ASSETS</b> .....	<u><u>\$ 8,475,929</u></u>	<u><u>\$ 602,495</u></u>	<u><u>\$ 9,078,424</u></u>
<b>LIABILITIES</b>			
Accounts payable .....	\$ 845,817	\$ 121,343	\$ 967,160
Accrued expenses .....	189,838	-	189,838
Due to other funds .....	<u>-</u>	<u>1,691</u>	<u>1,691</u>
<b>TOTAL LIABILITIES</b> .....	<u><u>1,035,655</u></u>	<u><u>123,034</u></u>	<u><u>1,158,689</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue			
Property taxes .....	2,355,106	-	2,355,106
State income tax .....	1,657	-	1,657
Grants .....	<u>1,230,478</u>	<u>-</u>	<u>1,230,478</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> .....	<u><u>3,587,241</u></u>	<u><u>-</u></u>	<u><u>3,587,241</u></u>
<b>FUND BALANCE</b>			
Restricted			
Solid waste expenditures .....	-	168,673	168,673
Street expenditures .....	-	266,334	266,334
Drug enforcement .....	-	44,454	44,454
Assigned			
Parks and recreation .....	266,787	-	266,787
Fire department .....	214,369	-	214,369
Unassigned .....	<u>3,371,877</u>	<u>-</u>	<u>3,371,877</u>
<b>TOTAL FUND BALANCE</b> .....	<u><u>3,853,033</u></u>	<u><u>479,461</u></u>	<u><u>4,332,494</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b> .....	<u><u>\$ 8,475,929</u></u>	<u><u>\$ 602,495</u></u>	<u><u>\$ 9,078,424</u></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, 2021**

	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>TOTAL FUND BALANCE</b>	
<b>TOTAL GOVERNMENTAL FUNDS .....</b>	<b>\$ 4,332,494</b>
<b>AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:</b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet. ....	17,674,183
Long-term liabilities, including lease obligations payable, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet .....	(5,868,107)
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 .....	717,125
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 .....	(526,817)
The net pension asset is not a financial resource and, therefore, is not reported in the governmental funds .....	503,800
Unavailable revenues are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds. ....	<u>1,236,215</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES .....</b>	<b><u>\$ 18,068,893</u></b>

See notes to financial statements

**TOWN OF ATOKA TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2021**

	<u>GENERAL FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
<b>REVENUES</b>			
Local taxes .....	\$ 4,816,412	\$ -	\$ 4,816,412
Licenses and permits .....	97,937	-	97,937
Intergovernmental revenues .....	2,389,835	346,859	2,736,694
Charges for services .....	246,392	639,483	885,875
Fines and forfeitures .....	56,086	14,816	70,902
Miscellaneous revenues .....	<u>67,863</u>	<u>2,545</u>	<u>70,408</u>
<b>TOTAL REVENUES</b> .....	<u>7,674,524</u>	<u>1,003,703</u>	<u>8,678,228</u>
<b>EXPENDITURES</b>			
Current			
General government .....	669,680	-	669,680
Public safety .....	3,495,351	4,929	3,500,280
Solid waste .....	-	467,704	467,704
Highways and streets .....	1,931,503	295,327	2,226,830
Health, welfare, recreation, and education .....	1,685,784	-	1,685,784
Grants and contributions .....	11,950	-	11,950
Debt service .....	<u>1,233,938</u>	<u>-</u>	<u>1,233,938</u>
<b>TOTAL EXPENDITURES</b> .....	<u>9,028,206</u>	<u>767,960</u>	<u>9,796,166</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b> .....	(1,353,682)	235,743	(1,117,938)
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds .....	2,200,000	-	2,200,000
Transfers in .....	140,000	-	140,000
Insurance recoveries .....	24,121	-	24,121
Transfers (out) .....	<u>-</u>	<u>(140,000)</u>	<u>(140,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b> .....	<u>2,364,121</u>	<u>(140,000)</u>	<u>2,224,121</u>
<b>NET CHANGE IN FUND BALANCE</b> .....	1,010,439	95,743	1,106,183
<b>FUND BALANCE</b>			
Balance at July 1, 2020 .....	<u>2,842,594</u>	<u>383,718</u>	<u>3,226,312</u>
Balance at June 30, 2021 .....	<u>\$ 3,853,033</u>	<u>\$ 479,461</u>	<u>\$ 4,332,495</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, 2021**

<b>NET CHANGE IN FUND BALANCE -</b>	
<b>TOTAL GOVERNMENTAL FUNDS .....</b>	<b>\$ 1,106,183</b>
 <b>AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:</b>	
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 .....	2,459,435
Depreciation expense .....	(638,432)
 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 .....	(2,200,000)
Loan principal payments .....	1,171,340
 The amount of expense for pension cost reported in the statement of activities is less than the amount reported as expenditures in governmental funds. ....	
	64,083
 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 .....	
	<u>1,233,397</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES .....</b>	<b><u>\$ 3,196,006</u></b>

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE  
STATEMENT OF NET POSITION  
PROPRIETARY (WATER-SEWER) FUND  
JUNE 30, 2021**

**ASSETS****CURRENT ASSETS**

Cash and cash equivalents .....	\$ 2,496,720
Investments - certificates of deposit .....	490,841
Accounts receivable, net .....	170,612
Inventory .....	13,331
Due from other funds .....	<u>1,690</u>
<b>TOTAL CURRENT ASSETS .....</b>	<b><u>3,173,194</u></b>

**RESTRICTED ASSETS**

Net pension asset .....	<u>74,833</u>
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**NONCURRENT ASSETS****Capital Assets****Not being depreciated**

Land .....	<u>35,000</u>
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**Being depreciated**

Buildings and improvements .....	348,847
Vehicles and equipment .....	671,771
Utility plant in service .....	12,638,615
Less accumulated depreciation .....	<u>(5,853,052)</u>

**Total Capital Assets, Net of**

<b>Accumulated Depreciation .....</b>	<b><u>7,806,181</u></b>
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<b>TOTAL NONCURRENT ASSETS .....</b>	<b><u>7,841,181</u></b>
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<b>TOTAL ASSETS .....</b>	<b><u>11,089,208</u></b>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows - pension .....	<u>106,519</u>
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**TOTAL ASSETS AND DEFERRED**

<b>OUTFLOWS OF RESOURCES .....</b>	<b><u>\$ 11,195,727</u></b>
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See notes to financial statements

**TOWN OF ATOKA, TENNESSEE  
STATEMENT OF NET POSITION  
PROPRIETARY (WATER-SEWER) FUND - CONTINUED  
JUNE 30, 2021**

**LIABILITIES****CURRENT LIABILITIES**

Accounts payable .....	\$ 122,311
Accrued expenses .....	41,242
Revenue bonds payable - current portion .....	167,355
Customer deposits .....	42,938
Due to other funds .....	<u>28,342</u>
<b>TOTAL CURRENT LIABILITIES .....</b>	<b><u>402,188</u></b>

**NONCURRENT LIABILITIES**

Long term revenue bonds, less current portion .....	<u>2,019,383</u>
<b>TOTAL LIABILITIES .....</b>	<b><u>2,421,571</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows - pension .....	<u>78,251</u>
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**NET POSITION**

Net investment in capital assets .....	5,654,443
Unrestricted .....	<u>3,041,462</u>
<b>TOTAL NET POSITION .....</b>	<b><u>8,695,905</u></b>

**TOTAL LIABILITIES, DEFERRED INFLOWS**

<b>OF RESOURCES, AND NET POSITION .....</b>	<b><u>\$ 11,195,727</u></b>
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See notes to financial statements

**TOWN OF ATOKA, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY (WATER-SEWER) FUND**  
**YEAR ENDED JUNE 30, 2021**

**OPERATING REVENUES**

Metered sales and service .....	\$ 2,169,562
Connection fees .....	56,890
Tap fees .....	97,600
Penalties .....	42,896
Other operating income .....	<u>17,810</u>
<b>TOTAL OPERATING REVENUES .....</b>	<b><u>2,384,758</u></b>

**OPERATING EXPENSES**

Salaries and wages .....	405,892
Fringes .....	104,743
Maintenance services and supplies .....	308,749
Water purchased .....	508,754
Sewer fees .....	225,453
Office supplies .....	52,676
Utilities .....	141,401
Insurance .....	40,665
Legal and professional services .....	27,026
Depreciation .....	464,666
Miscellaneous equipment .....	17,455
Other .....	<u>65,963</u>
<b>TOTAL OPERATING EXPENSES .....</b>	<b><u>2,363,443</u></b>

**OPERATING INCOME .....** **21,315**

**NONOPERATING REVENUES (EXPENSES)**

Interest income .....	17,807
Interest expense .....	<u>(28,656)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES) .....</b>	<b><u>(10,849)</u></b>

**CHANGE IN NET POSITION .....** 10,466

**NET POSITION**

Balance at July 1, 2020 .....	<u>8,685,439</u>
Balance at June 30, 2021 .....	<u><b>\$ 8,695,905</b></u>

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY (WATER - SEWER) FUND  
YEAR ENDED JUNE 30, 2021**

**CASH FLOWS FROM**

**OPERATING ACTIVITIES**

Cash received from customers .....	\$ 2,393,082
Cash payments to suppliers .....	(1,384,320)
Cash payments to employees for services .....	(404,032)
Cash payments for taxes .....	<u>(31,280)</u>
Net cash provided by operating activities .....	<u>573,450</u>

**CASH FLOWS FROM CAPITAL AND**

**RELATED FINANCING ACTIVITIES**

Payments on principal of long-term debt .....	(163,666)
Interest and fee payments on long-term debt .....	<u>(28,656)</u>
Net cash (used) by capital and related financing activities .....	<u>(192,322)</u>

**CASH FLOWS FROM**

**INVESTING ACTIVITIES**

Purchases of investments .....	(4,369)
Interest received .....	<u>17,807</u>
Net cash provided by investing activities .....	<u>13,438</u>

**NET INCREASE IN CASH AND**

<b>CASH EQUIVALENTS</b> .....	394,566
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**CASH AND CASH EQUIVALENTS -**

<b>JULY 1, 2020</b> .....	<u>2,102,154</u>
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**CASH AND CASH EQUIVALENTS -**

<b>JUNE 30, 2021</b> .....	<u><u>\$ 2,496,720</u></u>
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See notes to financial statements

**TOWN OF ATOKA, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY (WATER -SEWER) FUND - CONTINUED  
YEAR ENDED JUNE 30, 2021**

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

Operating income .....	\$ 21,315
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation .....	464,666
Net change in pension related accounts .....	(8,063)
Changes in assets and liabilities	
Accounts receivable .....	8,105
Other receivables .....	-
Inventory .....	42,775
Accounts payable .....	15,639
Accrued expenses .....	1,860
Interfund account .....	26,935
Customer deposits .....	<u>218</u>
Net cash provided by operating activities .....	<u><u>\$ 573,450</u></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, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<b>REVENUES</b>				
Local taxes				
Property taxes .....	\$ -	\$ -	\$ 2,258,539	\$ -
Local sales tax .....	-	-	2,185,022	-
Wholesale beer tax .....	-	-	213,324	-
Wholesale liquor tax .....	-	-	154,124	-
Cable TV franchise tax .....	-	-	5,403	-
	<u>4,196,741</u>	<u>4,196,741</u>	<u>4,816,412</u>	<u>619,671</u>
Intergovernmental revenues				
State income and excise tax .....	-	-	7,931	-
State beer tax .....	-	-	4,485	-
State mixed drink tax .....	-	-	15,165	-
Petroleum special .....	-	-	18,809	-
State sales tax .....	-	-	1,005,872	-
State reimbursements .....	-	-	30,400	-
TVA tax .....	-	-	108,293	-
County grants .....	-	-	89,127	-
Sports gaming .....	-	-	5,486	-
State grants .....	-	-	237,378	-
Federal grants .....	-	-	866,889	-
	<u>3,488,477</u>	<u>3,488,477</u>	<u>2,389,835</u>	<u>(1,098,642)</u>
Charges for services				
Parks and recreation .....	<u>160,500</u>	<u>160,500</u>	<u>246,392</u>	<u>85,892</u>
Fines and forfeitures .....	<u>63,000</u>	<u>63,000</u>	<u>56,086</u>	<u>(6,914)</u>
Licenses and permits .....	<u>63,500</u>	<u>63,500</u>	<u>97,936</u>	<u>34,436</u>
Other				
Gas franchise fee .....	-	-	34,276	-
Interest income .....	-	-	14,218	-
Miscellaneous .....	-	-	19,369	-
	<u>65,000</u>	<u>65,000</u>	<u>67,863</u>	<u>2,863</u>
<b>TOTAL REVENUES .....</b>	<b><u>8,037,218</u></b>	<b><u>8,037,218</u></b>	<b><u>7,674,524</u></b>	<b><u>(362,694)</u></b>
<b>EXPENDITURES</b>				
General government				
Legislative board				
Personal services .....	-	-	38,518	-
Contractual services .....	-	-	6,847	-
	<u>44,800</u>	<u>49,800</u>	<u>45,365</u>	<u>(4,435)</u>
Judicial				
Personal services .....	-	-	4,200	-
Contractual services .....	-	-	6,347	-
	<u>16,200</u>	<u>16,200</u>	<u>10,547</u>	<u>(5,653)</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, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<b>EXPENDITURES - CONTINUED</b>				
General government - continued				
Finance and administration				
Personal services .....	\$ -	\$ -	\$ 174,637	\$ -
Contractual services .....	-	-	154,516	-
Supplies .....	-	-	43,177	-
Fixed charges .....	-	-	18,213	-
	<u>418,763</u>	<u>418,763</u>	<u>390,543</u>	<u>(28,220)</u>
Planning and inspection				
Personal services .....	-	-	134,501	-
Contractual services .....	-	-	70,149	-
Supplies .....	-	-	15,323	-
Fixed charges .....	-	-	3,252	-
	<u>210,916</u>	<u>267,079</u>	<u>223,225</u>	<u>(43,854)</u>
Total general government .....	<u>690,679</u>	<u>751,842</u>	<u>669,680</u>	<u>(82,162)</u>
Public safety				
Police				
Personal services .....	-	-	1,512,848	-
Contractual services .....	-	-	151,641	-
Supplies .....	-	-	98,877	-
Fixed charges .....	-	-	73,095	-
Capital outlay .....	-	-	54,020	-
	<u>1,957,592</u>	<u>1,957,592</u>	<u>1,890,481</u>	<u>(67,111)</u>
Fire				
Personal services .....	-	-	1,242,960	-
Contractual services .....	-	-	86,195	-
Supplies .....	-	-	114,590	-
Fixed charges .....	-	-	43,493	-
Capital outlay .....	-	-	117,632	-
	<u>1,509,683</u>	<u>1,607,940</u>	<u>1,604,870</u>	<u>(3,070)</u>
Total public safety .....	<u>3,467,275</u>	<u>3,565,532</u>	<u>3,495,351</u>	<u>(70,181)</u>
Highways and streets				
Streets				
Personal services .....	-	-	240,008	-
Contractual services .....	-	-	241,935	-
Supplies .....	-	-	85,360	-
Fixed charges .....	-	-	14,992	-
Capital outlay .....	-	-	1,349,208	-
Total public works .....	<u>1,998,877</u>	<u>1,998,877</u>	<u>1,931,503</u>	<u>(67,374)</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, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<b>EXPENDITURES - CONTINUED</b>				
Health, welfare, recreation and education				
Parks and recreation				
Personal services .....	\$ -	\$ -	\$ 259,498	\$ -
Contractual services .....	-	-	230,173	-
Supplies .....	-	-	244,355	-
Fixed charges .....	-	-	13,183	-
Capital outlay .....	-	-	938,575	-
Total health, welfare, recreation and education .....	<u>1,615,590</u>	<u>2,558,604</u>	<u>1,685,784</u>	<u>(872,820)</u>
Grants and contributions				
Donations .....	-	-	11,950	-
Total grants and contributions .....	<u>15,000</u>	<u>15,000</u>	<u>11,950</u>	<u>(3,050)</u>
Debt service				
Principal .....	-	-	1,171,340	-
Interest .....	-	-	62,598	-
Total debt service .....	<u>359,562</u>	<u>359,562</u>	<u>1,233,938</u>	<u>874,376</u>
<b>TOTAL EXPENDITURES</b> .....	<u>8,146,983</u>	<u>9,249,417</u>	<u>9,028,206</u>	<u>(221,211)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b> .....	(109,765)	(1,212,199)	(1,353,682)	(141,482)
<b>OTHER FINANCING SOURCES</b>				
Loan proceeds .....	-	-	2,200,000	2,200,000
Transfers in .....	140,000	140,000	140,000	-
Insurance proceeds .....	-	-	24,121	24,121
<b>TOTAL OTHER     FINANCING SOURCES</b> .....	<u>140,000</u>	<u>140,000</u>	<u>2,364,121</u>	<u>2,224,121</u>
<b>NET CHANGE IN FUND BALANCE</b> .....	30,235	(1,072,199)	1,010,439	2,082,639
<b>FUND BALANCE</b>				
Balance at July 1, 2020 .....	<u>2,842,594</u>	<u>2,842,594</u>	<u>2,842,594</u>	-
Balance at June 30, 2021 .....	<u>\$ 2,872,829</u>	<u>\$ 1,770,395</u>	<u>\$ 3,853,033</u>	<u>\$ 2,082,638</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, 2021**

**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, 2021**

**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 only major funds for the Town are the General Fund and the Water-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, 2021**

**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-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, 2021**

**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 fund utilizes 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 fund utilizes 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 fund 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.

***DEFERRED OUTFLOWS/INFLOWS OF RESOURCES*** - In addition to assets, the Statement of Net Position and the Statement of Net Position of Proprietary (Water-Sewer) Fund 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.

**TOWN OF ATOKA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

In addition to liabilities, the Statement of Net Position, the Balance Sheet of governmental funds, and the Statement of Net Position of Proprietary (Water-Sewer) Fund 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, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***INVENTORIES AND INTERPERIOD ALLOCATIONS*** - Supplies inventory of the Water-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, 2021**

**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, 2021**

**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, 2021**

**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, 2021, 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, 2021**

**NOTE 3 - RECEIVABLES**

Receivables as of June 30, 2021, 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 AND SEWER FUND</u>	<u>TOTAL</u>
Receivables					
Property taxes .....	\$ 2,454,980	\$ -	\$ -	\$ -	\$ 2,454,980
Accounts .....	-	54,310	-	171,265	225,575
Grants .....	1,230,478	-	-	-	1,230,478
Receivable from other governments .....	<u>612,181</u>	<u>-</u>	<u>63,135</u>	<u>-</u>	<u>675,316</u>
Gross receivables .....	<u>4,297,639</u>	<u>54,310</u>	<u>63,135</u>	<u>171,265</u>	<u>4,586,349</u>
Less: Allowance for doubtful accounts .....	<u>(73,460)</u>	<u>-</u>	<u>-</u>	<u>(653)</u>	<u>(74,113)</u>
Net receivables .....	<u>\$ 4,224,179</u>	<u>\$ 54,310</u>	<u>\$ 63,135</u>	<u>\$ 170,612</u>	<u>\$ 4,512,236</u>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>BALANCE JULY 1, 2020</u>	<u>ADDITIONS</u>	<u>TRANSFERS/ RETIREMENTS</u>	<u>BALANCE JUNE 30, 2021</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land .....	\$ 1,248,246	\$ -	\$ -	\$ 1,248,246
Construction in progress .....	<u>255,424</u>	<u>2,236,919</u>	<u>-</u>	<u>2,492,343</u>
Total .....	<u>1,503,670</u>	<u>2,236,919</u>	<u>-</u>	<u>3,740,589</u>
Other capital assets				
Buildings and improvements .....	6,914,951	-	-	6,914,951
Equipment .....	1,230,938	162,818	-	1,393,756
Vehicles .....	1,707,887	54,020	-	1,761,907
Infrastructure .....	<u>8,992,828</u>	<u>5,678</u>	<u>-</u>	<u>8,998,506</u>
Total other capital assets at historical cost .....	<u>18,846,604</u>	<u>222,516</u>	<u>-</u>	<u>19,069,120</u>
Less accumulated depreciation				
Buildings and improvements .....	(847,237)	(175,704)	-	(1,022,941)
Equipment .....	(851,619)	(101,379)	-	(952,998)
Vehicles .....	(1,304,147)	(113,649)	-	(1,417,796)
Infrastructure .....	<u>(1,494,091)</u>	<u>(247,700)</u>	<u>-</u>	<u>(1,741,791)</u>
Total accumulated depreciation .....	<u>(4,497,094)</u>	<u>(638,432)</u>	<u>-</u>	<u>(5,135,526)</u>
Other capital assets, net .....	<u>14,349,510</u>	<u>(415,916)</u>	<u>-</u>	<u>13,933,594</u>

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2021**

**NOTE 4 - CAPITAL ASSETS - CONTINUED**

	<u>BALANCE</u> <u>JULY 1, 2020</u>	<u>ADDITIONS</u>	<u>TRANSFERS/ RETIREMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2021</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>- CONTINUED</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b> .....	<u>\$ 15,853,180</u>	<u>\$ 1,821,003</u>	<u>\$ -</u>	<u>\$ 17,674,183</u>
 <b>DEPRECIATION EXPENSE WAS</b>				
<b>CHARGED TO GOVERNMENTAL</b>				
<b>ACTIVITIES FUNCTIONS</b>				
<b>AS FOLLOWS</b>				
General government .....		\$ 78,832		
Public safety .....		257,486		
Public works .....		195,090		
Health, welfare, recreation and education .....		<u>107,024</u>		
<b>TOTAL GOVERNMENTAL</b>				
<b>ACTIVITIES DEPRECIATION</b>				
<b>EXPENSE</b> .....		<u>\$ 638,432</u>		
 <b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land .....	\$ 35,000	-	-	<u>35,000</u>
 Other capital assets				
Buildings .....	348,847	-	-	348,847
Vehicles and equipment .....	671,771	-	-	671,771
Water distribution system .....	4,053,280	-	-	4,053,280
Sewer plant in operation .....	1,470,315	-	-	1,470,315
Sewer lines .....	<u>7,115,020</u>	-	-	<u>7,115,020</u>
Total other capital assets at historical cost .....	<u>13,659,233</u>	-	-	<u>13,659,233</u>
 Less accumulated depreciation				
Buildings .....	(76,785)	(8,317)	-	(85,102)
Vehicles and equipment .....	(516,696)	(33,964)	-	(550,660)
Water distribution system .....	(1,397,487)	(175,469)	-	(1,572,956)
Sewer plant in operation .....	(908,664)	(44,344)	-	(953,008)
Sewer lines .....	<u>(2,488,754)</u>	<u>(202,572)</u>	-	<u>(2,691,326)</u>
Total accumulated depreciation .....	<u>(5,388,386)</u>	<u>(464,666)</u>	-	<u>(5,853,052)</u>
 Net depreciable assets .....				
	<u>8,270,846</u>	<u>(464,666)</u>	-	<u>7,806,181</u>

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2021**

**NOTE 4 - CAPITAL ASSETS - CONTINUED**

	<u>BALANCE</u> <u>JULY 1, 2020</u>	<u>ADDITIONS</u>	<u>TRANSFERS/</u> <u>RETIREMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2021</u>
<b>BUSINESS-TYPE ACTIVITIES - CONTINUED</b>				
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b> .....	\$ <u>8,305,846</u>	\$ <u>(464,666)</u>	\$ <u>-</u>	\$ <u>7,841,181</u>
<b>DEPRECIATION EXPENSE WAS CHARGED TO BUSINESS-TYPE ACTIVITIES FUNCTIONS AS FOLLOWS</b>				
Water-sewer .....		\$ <u>464,666</u>		

**NOTE 5 - INTERFUND BALANCES**

The composition of interfund balances as of June 30, 2021, is as follows:

<u>Due to/from other funds</u> <u>Fund Due From</u>	<u>Fund due to</u>	<u>Amount</u>
Water-Sewer Fund (major)	General Fund (major)	\$ 28,342
Solid Waste Fund (nonmajor)	Water-Sewer Fund (major)	<u>(1,690)</u>
		<u>\$ 26,652</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 .88% as of June 30, 2021. The balance of this loan at June 30, 2021 was \$4,234,000.

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 .22% as of June 30, 2021. 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, 2021 was \$334,107 in the governmental activities and \$392,893 in the business-type activities, for a total of \$727,000.

**TOWN OF ATOKA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**NOTE 6 -LONG TERM DEBT - CONTINUED**

Governmental Activities - Continued

General Obligation Capital Outlay Note, Series 2020 - The original note in the amount of \$900,000 was authorized on September 14, 2020 and is to be repaid in annual installments of principal ranging from \$446,000 to \$454,000 beginning September 1, 2021 and maturing on September 1, 2022. Interest is paid semi-annually at a fixed rate of 1.69%. The Town repaid the note in full during the year. The balance of this note at June 20, 2021 was \$0.

General Obligation Capital Outlay Note, Series 2021 - The original note in the amount of \$1,300,000 was authorized on May 28, 2021 and is to be repaid in annual installments of principal ranging from \$646,000 to \$654,000 beginning June 1, 2022 and maturing on June 1, 2023. Interest is paid semi-annually at a fixed rate of 1.26%. The balance of this note at June 20, 2021 was \$1,300,000.

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 .22% as of June 30, 2021. The balance of the bond at June 30, 2020 was \$515,698.

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, 2021 was \$1,278,147, net of ARRA forgiveness of \$1,508,939.

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.

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2021**

**NOTE 6 -LONG TERM DEBT - CONTINUED**

Debt outstanding as of June 30, 2021 consisted of the following:

	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ISSUED</u>	<u>DEBT OUTSTANDING</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Direct borrowings and direct placements				
General Obligation Capital Outlay Notes				
General Obligation Capital Outlay Note -				
Series 2021 .....	1.26%	2023	\$1,300,000	\$ 1,300,000
Revenue Bonds				
Pooled Financing Revenue Bond Series 2008				
(46% of total issue) .....	0.22%	2037	460,000	334,107
Variable Rate Local Government Loan Series 2015 .	0.88%	2036	5,493,184	4,234,000
				<u>5,868,107</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Direct borrowings and direct placements				
Revenue Bonds				
Water and Sewer Revenue and Tax Bonds				
Series 2004 .....	0.22%	2033	941,698	515,698
Pooled Financing Revenue Bond Series 2008				
(54% of total issue) .....	0.22%	2037	540,000	392,893
State Revolving Fund Loan 2009 .....	1.44%	2032	2,263,408	1,278,147
				<u>2,186,738</u>
				<u>\$ 8,054,845</u>

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

Year ending June 30,	<u>DIRECT BORROWINGS AND DIRECT PLACEMENTS</u>			
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 921,260	\$ 54,512	\$ 167,355	\$ 19,662
2023	932,720	43,906	171,527	17,910
2024	282,640	33,311	175,263	16,128
2025	286,560	30,928	180,023	14,317
2026	290,020	28,515	184,268	12,475
2027-2031	1,511,360	105,399	990,527	33,663
2032-2036	1,614,420	40,635	282,902	1,893
2037	29,127	64	34,873	75
	<u>\$ 5,868,107</u>	<u>\$ 337,270</u>	<u>\$ 2,186,738</u>	<u>\$ 116,123</u>

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2021**

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>BALANCE</u> <u>JULY 1, 2020</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2021</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<b>Governmental activities</b>					
Direct borrowings and direct placements					
General Obligation Capital Outlay					
Note - Series 2020 .....	\$ -	\$ 900,000	\$ (900,000)	\$ -	\$ -
General Obligation Capital Outlay					
Note - Series 2021 .....	-	1,300,000	0	1,300,000	646,000
Variable Loan Program Bond,					
Series 2015 .....	4,492,000	-	(258,000)	4,234,000	261,000
Pooled Financing Revenue Bonds,					
TN Municipal Bond Fund,					
Series 2008 (46% of total					
issue) .....	<u>347,447</u>	<u>-</u>	<u>(13,340)</u>	<u>334,107</u>	<u>14,260</u>
	<u>\$ 4,839,447</u>	<u>\$ 2,200,000</u>	<u>\$ (1,171,340)</u>	<u>\$ 5,868,107</u>	<u>\$ 921,260</u>
<b>Business-type Activities</b>					
Direct borrowings and direct placements					
Water and Sewer Revenue and Tax					
Bonds TN Municipal Bond Fund,					
Series 2004 .....	\$ 552,698	\$ -	\$ (37,000)	\$ 515,698	\$ 38,000
Pooled Financing Revenue Bonds,					
TN Municipal Bond Fund,					
Series 2008 (54% of total					
issue) .....	408,553	-	(15,660)	392,893	16,740
State Revolving Fund					
Loan 2009 .....	<u>1,389,153</u>	<u>-</u>	<u>(111,006)</u>	<u>1,278,147</u>	<u>112,615</u>
Totals .....	<u>\$ 2,350,404</u>	<u>\$ -</u>	<u>\$ (163,666)</u>	<u>\$ 2,186,738</u>	<u>\$ 167,355</u>

**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.

**TOWN OF ATOKA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**NOTE 7 - RISK MANAGEMENT - CONTINUED**

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 \$123,255 by the City of Munford under this agreement for the year ended June 30, 2021. No party has the right to cancel or amend the agreement. The duration of the agreement is indefinite and continuing.

As of June 30, 2021, the amount of unfulfilled contract commitments was approximately \$753,000.

**NOTE 9 - SUBSEQUENT EVENTS**

During the months of July 2021, September 2021, and December 2021, the Town approved acceptance of five subdivisions into the Town.

During November 2021, a bid was awarded in the amount of approximately \$84,000 for the purchase of two vehicles for the Water-Sewer department.

**TOWN OF ATOKA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**NOTE 9 - SUBSEQUENT EVENTS - CONTINUED**

During December 2021, a bid was awarded in the amount of approximately \$995,000 for the purchase of a fire truck. During January 2022, the Town passed a resolution approving debt not to exceed \$660,000 to assist in this purchase.

The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of multiple businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and the related impact of such closings on operating results. Town of Atoka is closely monitoring the potential effects of this pandemic on its operations in Tipton County, but is currently unable to ascertain the impact, if any, of this issue on its operating results.

**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: .....	\$ 140,000	\$ -
Solid Waste Fund .....	<u>-</u>	<u>140,000</u>
Total .....	<u>\$ 140,000</u>	<u>\$ 140,000</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 [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.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

**TOWN OF ATOKA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**NOTE 11 - PENSION PLAN - CONTINUED**

**General Information about the Pension Plan - Continued**

years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	54
Active employees	<u>61</u>
	<u><u>127</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, 2021, the employer contributions for the Town were \$214,872 based on a rate of 7.25 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)**

The Town's net pension liability (asset) was measured as of June 30, 2020, 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, 2021**

**NOTE 11 - PENSION PLAN - CONTINUED**

**Net Pension Liability (Asset) - Continued**

*ACTUARIAL ASSUMPTIONS* - The total pension liability as of June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included on the measurement:

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

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

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2021**

**NOTE 11 - PENSION PLAN - CONTINUED**

**Net Pension Liability (Asset) - Continued**

<u>ASSET CLASS</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN</u>	<u>TARGET ALLOCATION</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	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 the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

*DISCOUNT RATE* - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from 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)**

	<b>INCREASE (DECREASE)</b>		
	<b>TOTAL PENSION LIABILITY</b>	<b>PLAN FIDUCIARY NET POSITION</b>	<b>NET PENSION LIABILITY (ASSET)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>BALANCE AT 6/30/19</b> .....	<b>\$ 3,878,699</b>	<b>\$ 3,899,376</b>	<b>\$ (20,677)</b>
<b>CHANGES FOR THE YEAR</b>			
Service cost .....	273,473	-	273,473
Interest .....	297,640	-	297,640
Differences between expected and actual experience .....	(577,697)	-	(577,697)
Changes in assumptions .....	-	-	-
Contributions - employer .....	-	211,162	(211,162)
Contributions - employees .....	-	145,629	(145,629)
Net investment income .....	-	199,809	(199,809)

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2021**

**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)
<b>CHANGES FOR THE YEAR - CONTINUED</b>			
Benefit payments, including refunds of employee contributions .....	\$ (93,598)	\$ (93,598)	\$ -
Administrative expense .....	-	(5,228)	5,228
Other changes .....	-	-	-
<b>NET CHANGES .....</b>	<u>(100,182)</u>	<u>457,774</u>	<u>(557,956)</u>
<b>BALANCE AT 6/30/20 .....</b>	<u>\$ 3,778,517</u>	<u>\$ 4,357,150</u>	<u>\$ (578,633)</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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% DECREASE (6.25%)	CURRENT DISCOUNT RATE (7.25%)	1% INCREASE (8.25%)
Town's net pension liability (asset) .....	<u>\$ 42,618</u>	<u>\$ (578,633)</u>	<u>\$ (1,067,309)</u>

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

***PENSION EXPENSE*** - For the year ended June 30, 2021, the Town recognized pension expense of \$146,388.

***DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES*** - For the year ended June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2021**

**NOTE 11 - PENSION PLAN - CONTINUED**

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

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

	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>DEFERRED INFLOWS OF RESOURCES</u>
Differences between expected and actual experience . . . . .	\$ 530,575	\$ (605,068)
Net difference between projected and actual earnings on pension plan investments . . . . .	37,656	-
Changes in assumptions . . . . .	40,541	-
Contributions subsequent to the measurement date of June 30, 2020 . . . . .	<u>214,872</u>	<u>-</u>
Total . . . . .	<u>\$ 823,644</u>	<u>\$ (605,068)</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2020,” 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**

2022 . . . . .	\$ (13,722)
2023 . . . . .	5,537
2024 . . . . .	27,764
2025 . . . . .	29,143
2026 . . . . .	(9,088)
Thereafter . . . . .	(35,930)

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

**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>
<b>TOTAL PENSION LIABILITY</b>							
Service cost .....	\$ 100,284	\$ 95,946	\$ 144,386	\$ 179,747	\$ 201,674	\$ 201,436	\$ 273,473
Interest .....	126,895	130,209	152,581	182,977	214,964	231,783	297,640
Changes in benefit terms .....	-	-	-	-	-	-	-
Differences between actual and expected experience .....	(142,691)	65,492	119,097	129,084	(108,602)	488,229	(577,697)
Change of assumptions .....	-	-	-	72,973	-	-	-
Benefit payments, including refunds of employee contributions .....	(32,805)	(39,114)	(44,491)	(47,793)	(74,970)	(76,644)	(93,598)
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>
<b>TOTAL PENSION LIABILITY, BEGINNING OF YEAR .....</b>	<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>
<b>TOTAL PENSION LIABILITY, END OF YEAR .....</b>	<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>
<b>PLAN FIDUCIARY NET POSITION</b>							
Contributions from employer .....	\$ 94,109	\$ 113,949	\$ 164,611	\$ 181,363	\$ 181,579	\$ 191,200	\$ 211,162
Contributions from employees .....	64,459	76,992	111,224	120,908	121,053	131,862	145,629
Net investment income .....	259,631	60,518	58,741	284,674	251,746	261,859	199,809
Benefit payments, including refunds of employee contributions .....	(32,805)	(39,114)	(44,491)	(47,793)	(74,970)	(76,644)	(93,598)
Administrative expense .....	(1,160)	(1,966)	(3,845)	(4,288)	(4,834)	(4,941)	(5,228)
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>

**Notes to Schedule:**

*Changes of assumptions.* 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>
<b>PLAN FIDUCIARY NET POSITION,</b>							
<b>BEGINNING OF YEAR .....</b>	<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>
<b>PLAN FIDUCIARY NET POSITION,</b>							
<b>END OF YEAR .....</b>	<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>
<b>NET PENSION LIABILITY (ASSET) .....</b>	<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>
<b>PLAN FIDUCIARY NET POSITION AS A</b>							
<b>PERCENTAGE OF TOTAL PENSION LIABILITY .....</b>	113.80%	109.78%	104.50%	104.31%	111.94%	100.53%	115.31%
<b>COVERED PAYROLL .....</b>	<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>
<b>NET PENSION LIABILITY (ASSET) AS A</b>							
<b>PERCENTAGE OF COVERED PAYROLL .....</b>	(17.77)%	(12.14)%	(4.62)%	(4.99)%	(14.96)%	(0.78)%	19.87%

Notes to Schedule:

*Changes of assumptions.* 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>
Actuarially determined contribution .....	\$ 94,109	\$ 113,949	\$ 164,610	\$ 131,790	\$ 132,431	\$ 144,257	\$ 153,201	\$ 214,872
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>
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>\$ -</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
Contributions as a percentage covered employee payroll .	7.30%	7.40%	7.40%	7.50%	7.50%	7.25%	7.25%	7.25%

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 2021 were calculated based on the June 30, 2019 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	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

*Changes of assumptions* - In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 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, 2021**

	<u>SOLID WASTE FUND</u>	<u>STATE STREET AID FUND</u>	<u>DRUG FUND</u>	<u>TOTAL NONMAJOR GOVERN- MENTAL FUNDS</u>
<b>ASSETS</b>				
Cash .....	\$ 237,397	\$ 203,199	\$ 44,454	\$ 485,050
Accounts receivable, net .....	54,310	-	-	54,310
Due from State of Tennessee ..	<u>-</u>	<u>63,135</u>	<u>-</u>	<u>63,135</u>
<b>TOTAL ASSETS .....</b>	<b><u>\$ 291,707</u></b>	<b><u>\$ 266,334</u></b>	<b><u>\$ 44,454</u></b>	<b><u>\$ 602,495</u></b>
<b>LIABILITIES</b>				
Accounts payable .....	\$ 121,343	\$ -	\$ -	\$ 121,343
Due to other funds .....	<u>1,691</u>	<u>-</u>	<u>-</u>	<u>1,691</u>
<b>TOTAL LIABILITIES ....</b>	<b><u>123,034</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>123,034</u></b>
<b>FUND BALANCE</b>				
Restricted				
Solid waste expenditures ....	168,673	-	-	168,673
Street expenditures .....	-	266,334	-	266,334
Drug enforcement .....	<u>-</u>	<u>-</u>	<u>44,454</u>	<u>44,454</u>
<b>TOTAL FUND BALANCES .....</b>	<b><u>168,673</u></b>	<b><u>266,334</u></b>	<b><u>44,454</u></b>	<b><u>479,461</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b><u>\$ 291,707</u></b>	<b><u>\$ 266,334</u></b>	<b><u>\$ 44,454</u></b>	<b><u>\$ 602,495</u></b>

**TOWN OF ATOKA, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2021**

	<u>SOLID WASTE FUND</u>	<u>STATE STREET AID FUND</u>	<u>DRUG FUND</u>	<u>TOTAL OTHER GOVERN- MENTAL FUNDS</u>
<b>REVENUES</b>				
Intergovernmental revenues				
Gasoline and motor fuel tax .....	\$ -	\$ 176,028	\$ -	\$ 176,028
\$.03 gasoline tax .....	-	50,850	-	50,850
1989 gasoline tax increase .....	-	27,443	-	27,443
2017 gasoline tax increase .....	-	88,538	-	88,538
Federal grants .....	-	-	4,000	4,000
Total intergovernmental revenues .....	-	342,859	4,000	346,859
Charges for services .....	639,483	-	-	639,483
Fines and forfeitures .....	-	-	14,816	14,816
Other revenues .....	958	138	1,449	2,545
<b>TOTAL REVENUES .....</b>	<b>640,441</b>	<b>342,997</b>	<b>20,265</b>	<b>1,003,703</b>
<b>EXPENDITURES</b>				
Public safety				
Supplies .....	-	-	4,929	4,929
Solid waste				
Contractual services .....	467,704	-	-	467,704
Highways and streets				
Contractual services .....	-	295,327	-	295,327
<b>TOTAL EXPENDITURES .....</b>	<b>467,704</b>	<b>295,327</b>	<b>4,929</b>	<b>767,960</b>
<b>EXCESS OF REVENUES</b>				
<b>OVER EXPENDITURES .....</b>	<b>172,737</b>	<b>47,670</b>	<b>15,336</b>	<b>235,743</b>
<b>OTHER FINANCING (USES)</b>				
Transfers out .....	(140,000)	-	-	(140,000)
<b>NET CHANGE IN FUND</b>				
<b>BALANCE .....</b>	<b>32,737</b>	<b>47,670</b>	<b>15,336</b>	<b>95,743</b>
<b>FUND BALANCE</b>				
Balance at July 1, 2020 .....	135,936	218,664	29,118	383,718
Balance at June 30, 2021 .....	\$ 168,673	\$ 266,334	\$ 44,454	\$ 479,461

## **SCHEDULES**

**TOWN OF ATOKA, TENNESSEE**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<b>REVENUES</b>				
Charges for services .....	\$ -	\$ -	\$ 639,483	\$ -
Other revenues .....	-	-	958	-
<b>TOTAL REVENUES .....</b>	<u>590,000</u>	<u>590,000</u>	<u>640,441</u>	<u>50,441</u>
<b>EXPENDITURES</b>				
Solid waste				
Contractual services .....	<u>575,000</u>	<u>575,000</u>	<u>467,704</u>	<u>(107,296)</u>
<b>TOTAL EXPENDITURES ....</b>	<u>575,000</u>	<u>575,000</u>	<u>467,704</u>	<u>(107,296)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES .....</b>	15,000	15,000	172,737	157,737
<b>OTHER FINANCING (USES)</b>				
Transfer out .....	-	-	(140,000)	(140,000)
<b>NET CHANGE IN FUND BALANCE .....</b>	15,000	15,000	32,737	17,737
<b>FUND BALANCE</b>				
Balance at July 1, 2020 .....	<u>135,936</u>	<u>135,936</u>	<u>135,936</u>	-
Balance at June 30, 2021 .....	<u>\$ 150,936</u>	<u>\$ 150,936</u>	<u>\$ 168,673</u>	<u>\$ 17,737</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, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<b>REVENUES</b>				
Gasoline and motor fuel tax . . .	\$ -	\$ -	\$ 176,028	\$ -
\$.03 gasoline tax . . . . .	-	-	50,850	-
1989 gasoline tax increase . . . .	-	-	27,443	-
2017 gasoline tax increase . . . .	-	-	88,538	-
Total intergovernmental revenues . . . . .	<u>330,000</u>	<u>330,000</u>	<u>342,859</u>	<u>12,859</u>
Other revenues . . . . .	-	-	138	138
<b>TOTAL REVENUES . . . . .</b>	<u>330,000</u>	<u>330,000</u>	<u>342,997</u>	<u>12,997</u>
<b>EXPENDITURES</b>				
Highways and streets				
Streets . . . . .	<u>330,000</u>	<u>330,000</u>	<u>295,327</u>	<u>(34,673)</u>
<b>TOTAL EXPENDITURES . .</b>	<u>330,000</u>	<u>330,000</u>	<u>295,327</u>	<u>(34,673)</u>
<b>NET CHANGE IN FUND BALANCE . . . . .</b>	-	-	47,670	47,670
<b>FUND BALANCE</b>				
Balance at July 1, 2020 . . . . .	<u>218,664</u>	<u>218,664</u>	<u>218,664</u>	-
Balance at June 30, 2021 . . . . .	<u>\$ 218,664</u>	<u>\$ 218,664</u>	<u>\$ 266,334</u>	<u>\$ 47,670</u>

**TOWN OF ATOKA, TENNESSEE**  
**DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<b>REVENUES</b>				
Intergovernmental revenues . . .	\$ -	\$ -	\$ 4,000	\$ -
Fines and forfeitures . . . . .	-	-	14,816	-
Other revenues . . . . .	-	-	1,449	-
<b>TOTAL REVENUES . . . . .</b>	<u>40,000</u>	<u>40,000</u>	<u>20,265</u>	<u>(19,735)</u>
<b>EXPENDITURES</b>				
Public safety				
Police . . . . .	<u>40,000</u>	<u>40,000</u>	<u>4,929</u>	<u>(35,071)</u>
<b>TOTAL EXPENDITURES</b>	<u>40,000</u>	<u>40,000</u>	<u>4,929</u>	<u>(35,071)</u>
<b>NET CHANGE IN FUND</b>				
<b>BALANCE . . . . .</b>	-	-	15,336	15,336
<b>FUND BALANCE</b>				
Balance at July 1, 2020 . . . . .	<u>29,118</u>	<u>29,118</u>	<u>29,118</u>	<u>-</u>
Balance at June 30, 2021 . . . . .	<u>\$ 29,118</u>	<u>\$ 29,118</u>	<u>\$ 44,454</u>	<u>\$ 15,336</u>

**TOWN OF ATOKA, TENNESSEE  
EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

FEDERAL GRANT/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	RECEIVABLE/ (UNAVAILABLE) BALANCE AT JULY 1, 2020	RECEIPTS	DISBURSE- MENTS	RECEIVABLE/ (UNAVAILABLE) BALANCE AT JUNE 30, 2021
<b><u>CASH FEDERAL AWARDS</u></b>						
U.S. Department of Homeland Security - Federal Emergency Management Agency Assistance to Firefighters Grant Program .....	97.044	EMW-2019-FG-09947	\$ -	\$ (22,710)	\$ 22,710	\$ -
Passed through State of Tennessee - Tennessee Emergency Management Agency - Department of Military Public Assistance Grant .....	97.036	PA-04-TN 4427-PW-00496	<u>59,594</u>	<u>(59,594)</u>	<u>-</u>	<u>-</u>
			<u>59,594</u>	<u>(82,304)</u>	<u>22,710</u>	<u>-</u>
U.S. Department of Agriculture Passed through State of Tennessee - Tennessee Department of Agriculture, Division of Forestry Cooperative Forestry Assistance Grant .....	10.664	32510-15920	<u>2,268</u>	<u>(2,268)</u>	<u>-</u>	<u>-</u>
U.S. Department of the Treasury Passed through State of Tennessee Department of Finance and Administration Coronavirus Relief Fund .....	21.019	N/A	<u>-</u>	<u>(140,955)</u>	<u>140,955</u>	<u>-</u>
U.S. Department of Transportation Passed through State of Tennessee - Tennessee Department of Transportation Highway Planning and Construction Grant .....	20.205	118554.00	-	(35,038)	1,244,236	1,209,198
Passed through State of Tennessee - Tennessee Department of Transportation Highway Planning and Construction Grant .....	20.205	119928.02	-	(668,186)	689,466	21,280
Passed through State of Tennessee - Tennessee Department of Safety and Homeland Security High Visibility Enforcement of Tennessee Traffic Safety Laws .....	20.600	Z21THS009	<u>-</u>	<u>(4,000)</u>	<u>4,000</u>	<u>-</u>
			<u>-</u>	<u>(707,224)</u>	<u>1,937,702</u>	<u>1,230,478</u>
<b>TOTAL CASH FEDERAL AWARDS .....</b>			<u>\$ 61,862</u>	<u>\$ (932,751)</u>	<u>\$ 2,101,367</u>	<u>\$ 1,230,478</u>

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Atoka, Tennessee under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Atoka, Tennessee, it is not intended to and does not present the financial positions, changes in net position, or cash flows of the Town of Atoka, Tennessee.

**TOWN OF ATOKA, TENNESSEE  
EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

Town of Atoka, Tennessee has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**TOWN OF ATOKA, TENNESSEE  
EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2021**

<u>PROGRAM TITLE</u>	<u>GRANTOR'S NUMBER</u>	<u>RECEIVABLE/ (UNAVAILABLE) JULY 1, 2020</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>RECEIVABLE/ (UNAVAILABLE) BALANCE AT JUNE 30, 2021</u>
<b><u>CASH STATE AWARDS</u></b>					
Tennessee Department of Finance and Administration Governor's Local Government Support Grant .....	N/A	\$ -	\$ (237,378)	\$ 237,378	\$ -
Tennessee Emergency Management Agency - Department of Military .....	34101-00121	<u>9,312</u>	<u>(9,312)</u>	<u>-</u>	<u>-</u>
<b>TOTAL CASH STATE AWARDS .....</b>		<b><u>\$ 9,312</u></b>	<b><u>\$ (246,690)</u></b>	<b><u>\$ 237,378</u></b>	<b><u>\$ -</u></b>

**Note: Significant Accounting Policies**

All of the state 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, 2021**

<b>YEAR ENDED</b>	<b>GOVERNMENTAL ACTIVITIES</b>					
	<b>VARIABLE RATE LOCAL GOVERNMENTAL LOAN PROGRAM SERIES 2015</b>		<b>POOLED FINANCING REVENUE BOND SERIES 2008 (46%)</b>		<b>GENERAL OBLIGATION CAPITAL OUTLAY NOTE SERIES 2021</b>	
	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2022	\$ 261,000	\$ 37,259	\$ 14,260	\$ 736	\$ 646,000	\$ 16,517
2023	264,000	34,962	14,720	704	654,000	8,240
2024	267,000	32,639	15,640	672	-	-
2025	270,000	30,290	16,560	638	-	-
2026	273,000	27,914	17,020	601	-	-
2027	276,000	25,511	17,940	564	-	-
2028	279,000	23,082	18,860	524	-	-
2029	282,000	20,627	19,780	483	-	-
2030	286,000	18,146	20,700	439	-	-
2031	289,000	15,629	22,080	394	-	-
2032	292,000	13,086	23,000	345	-	-
2033	296,000	10,516	24,380	294	-	-
2034	299,000	7,911	25,300	241	-	-
2035	300,000	5,280	26,680	185	-	-
2036	300,000	2,650	28,060	127	-	-
2037	-	-	29,127	64	-	-
	<u>\$4,234,000</u>	<u>\$ 305,502</u>	<u>\$ 334,107</u>	<u>\$ 7,011</u>	<u>\$1,300,000</u>	<u>\$ 24,757</u>

**TOWN OF ATOKA, TENNESSEE**  
**DEBT SERVICE REQUIREMENTS TO MATURITY - CONTINUED**  
**JUNE 30, 2021**

YEAR ENDED	<u>GOVERNMENTAL ACTIVITIES</u>			<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>TOTAL PRINCIPAL</u>	<u>TOTAL INTEREST</u>	<u>TOTAL COMBINED</u>	<u>WATER AND SEWER REVENUE AND TAX BOND SERIES 2004</u>		<u>POOLED FINANCING REVENUES BOND SERIES 2008 (54%)</u>	
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2022	\$ 921,260	\$ 54,512	\$ 975,772	\$ 38,000	\$ 1,135	\$ 16,740	\$ 863
2023	932,720	43,906	976,626	40,000	1,051	17,280	827
2024	282,640	33,311	315,951	41,000	963	18,360	789
2025	286,560	30,928	317,488	43,000	873	19,440	748
2026	290,020	28,515	318,535	45,000	778	19,980	706
2027	293,940	26,075	320,015	47,000	679	21,060	662
2028	297,860	23,606	321,466	48,000	576	22,140	616
2029	301,780	21,110	322,890	50,000	470	23,220	566
2030	306,700	18,585	325,285	52,000	360	24,300	516
2031	311,080	16,023	327,103	54,000	246	25,920	462
2032	315,000	13,431	328,431	57,000	127	27,000	405
2033	320,380	10,810	331,190	698	2	28,620	346
2034	324,300	8,152	332,452	-	-	29,700	283
2035	326,680	5,465	332,145	-	-	31,320	218
2036	328,060	2,777	330,837	-	-	32,940	149
2037	<u>29,127</u>	<u>64</u>	<u>29,191</u>	<u>-</u>	<u>-</u>	<u>34,873</u>	<u>75</u>
	<u>\$5,868,107</u>	<u>\$ 337,270</u>	<u>\$6,205,377</u>	<u>\$515,698</u>	<u>\$ 7,260</u>	<u>\$ 392,893</u>	<u>\$ 8,231</u>

**TOWN OF ATOKA, TENNESSEE**  
**DEBT SERVICE REQUIREMENTS TO MATURITY - CONTINUED**  
**JUNE 30, 2021**

<b>YEAR ENDED</b>	<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					<b>COMBINED TOTAL</b>
	<b>STATE REVOLVING FUND LOAN 2009</b>		<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	
	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>COMBINED</b>	
2022	\$ 112,615	\$ 17,664	\$ 167,355	\$ 19,662	\$ 187,017	\$ 1,162,789
2023	114,247	16,032	171,527	17,910	189,437	1,166,063
2024	115,903	14,376	175,263	16,128	191,391	507,342
2025	117,583	12,696	180,023	14,317	194,340	511,828
2026	119,288	10,991	184,268	12,475	196,743	515,278
2027	121,018	9,262	189,078	10,603	199,681	519,696
2028	122,772	7,507	192,912	8,699	201,611	523,077
2029	124,552	5,728	197,772	6,764	204,536	527,426
2030	126,356	3,923	202,656	4,799	207,455	532,740
2031	128,189	2,090	208,109	2,798	210,907	538,010
2032	75,624	363	159,624	895	160,519	488,950
2033	-	-	29,318	348	29,666	360,856
2034	-	-	29,700	283	29,983	362,435
2035	-	-	31,320	218	31,538	363,683
2036	-	-	32,940	149	33,089	363,926
2037	-	-	34,873	75	34,948	64,139
	<u>\$1,278,147</u>	<u>\$ 100,632</u>	<u>\$2,186,738</u>	<u>\$ 116,123</u>	<u>\$2,302,861</u>	<u>\$ 8,508,238</u>

**TOWN OF ATOKA, TENNESSEE**  
**CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**YEAR ENDED JUNE 30, 2021**

	<u>AMOUNT ISSUED</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>BALANCE AT JULY 1, 2020</u>	<u>ISSUED</u>	<u>PAID</u>	<u>REFUNDED</u>	<u>BALANCE AT JUNE 30, 2021</u>
General Obligation Capital									
Outlay Notes									
General Obligation Capital									
Outlay Note - Series 2020 .....	\$ 900,000	1.69%	9/14/20	9/1/22	\$ -	\$ 900,000	\$ (900,000)	\$ -	\$ -
General Obligation Capital									
Outlay Note - Series 2021 .....	1,300,000	1.26%	5/28/21	6/1/23	-	1,300,000	-	-	1,300,000
Revenue Bonds									
Pooled Financing Revenue									
Bond Series 2008 .....	1,000,000	0.22%	1/23/09	5/25/37	756,000	-	(29,000)	\$ -	727,000
Water and Sewer Revenue and									
Tax Bond Series 2004 .....	941,698	0.22%	8/17/06	5/25/33	552,698	-	(37,000)	-	515,698
Variable Rate Local Government									
Loan Series 2015 .....	5,493,184	0.97%	6/15/15	5/25/36	4,492,000	-	(258,000)	-	4,234,000
State Revolving Fund Loan - 2009 .....	2,263,408	1.44%	2/11/10	2/11/32	<u>1,389,153</u>	-	<u>(111,006)</u>	-	<u>1,278,147</u>
<b>TOTALS</b>					<u>\$7,189,851</u>	<u>\$2,200,000</u>	<u>\$ (1,335,006)</u>	<u>\$ -</u>	<u>\$ 8,054,845</u>

**TOWN OF ATOKA, TENNESSEE  
PROPERTY TAXES  
YEAR ENDED JUNE 30, 2021**

<u>YEAR OF LEVY</u>	<u>BALANCE JULY1, 2020</u>	<u>ASSESSMENT</u>	<u>ADJUSTMENTS/ ABATEMENTS</u>	<u>COLLECTIONS</u>	<u>BALANCE JUNE 30, 2021</u>
2021	\$ -	\$ 2,355,106	\$ -	\$ -	\$ 2,355,106
2020	2,257,337	-	-	(2,200,288)	57,049
2019	36,483	-	12,857	(27,838)	21,502
2018	26,921	-	7,022	(21,657)	12,286
2017	10,374	-	-	(7,699)	2,675
2016	2,258	-	-	-	2,258
2015	1,714	-	-	(70)	1,644
2014	1,041	-	-	(114)	927
2013	881	-	-	(193)	688
2012	710	-	-	(285)	425
2011	815	-	-	(395)	420
2010	<u>1,931</u>	<u>-</u>	<u>(1,931)</u>	<u>-</u>	<u>-</u>
	\$ 2,340,465	<u>\$ 2,355,106</u>	<u>\$ 17,948</u>	<u>\$ (2,258,539)</u>	\$ 2,454,980
Allowance for uncollectible property taxes					
	<u>(74,811)</u>				<u>(73,460)</u>
Net receivables					
	<u>\$ 2,265,654</u>				<u>\$ 2,381,520</u>

<u>YEAR OF LEVY</u>	<u>ASSESSED VALUATION</u>	<u>TAX RATE PER \$100</u>	<u>ASSESSMENTS</u>
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
2013	173,483,362	0.56	962,832
2012	172,693,140	0.56	958,446

**Delinquent Property Taxes**

Uncollected taxes for years prior to 2011 have been charged off for financial reporting purposes. Such amounts are not significant. Uncollected taxes for tax years prior to 2018 have been turned over to Chancery Court for collection.

**TOWN OF ATOKA, TENNESSEE  
UTILITY RATES AND NUMBER OF CUSTOMERS  
JUNE 30, 2021**

**Water Rates**

First 1,000 gallons .....	\$ 10.00
Over 1,000 gallons .....	\$3.85 per 1,000 gallons

The Town had 3,167 water customers as of June 30, 2021.

**Sewer Rates**

Minimum - 5/8" to 3/4" .....	\$ 6.88
Minimum - 1" .....	\$ 8.74
Minimum - 1" to 1 1/2" .....	\$ 17.03
Minimum - 2" .....	\$ 22.56
Minimum - 3" .....	\$ 36.81
Per 1,000 gallons .....	\$ 4.75

The City had 2,668 sewer customers as of June 30, 2021.

**TOWN OF ATOKA, TENNESSEE**  
**SCHEDULE OF INTERFUND TRANSFERS**  
**JUNE 30, 2021**

	<u>TRANSFERRED FROM</u> <u>SOLID WASTE</u> <u>FUND</u>	<u>TOTAL</u>
<u>TRANSFERRED TO</u>		
General Fund .....	\$ <u>140,000</u>	\$ <u>140,000</u>

**TOWN OF ATOKA, TENNESSEE  
NET POSITION OF WATER - SEWER FUND  
JUNE 30, 2021**

	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents .....	\$ 90,743	\$ 2,405,977	\$ 2,496,720
Investments - certificates of deposit .....	245,421	245,420	490,841
Accounts receivable, net .....	80,188	90,424	170,612
Inventory .....	-	13,331	13,331
Due from other funds .....	845	845	1,690
<b>TOTAL CURRENT ASSETS .....</b>	<u>417,197</u>	<u>2,755,997</u>	<u>3,173,194</u>
<b>RESTRICTED ASSETS</b>			
Net pension asset .....	<u>37,417</u>	<u>37,416</u>	<u>74,833</u>
<b>NONCURRENT ASSETS</b>			
<b>Capital Assets</b>			
<b>Not being depreciated</b>			
Land .....	<u>17,500</u>	<u>17,500</u>	<u>35,000</u>
<b>Being depreciated</b>			
Buildings and improvements .....	174,424	174,423	348,847
Vehicles and equipment .....	335,886	335,885	671,771
Utility plant in service .....	4,053,281	8,585,334	12,638,615
Less accumulated depreciation .....	<u>(1,890,837)</u>	<u>(3,962,215)</u>	<u>(5,853,052)</u>
<b>Total Capital Assets, Net of</b>			
<b>Accumulated Depreciation .....</b>	<u>2,672,754</u>	<u>5,133,427</u>	<u>7,806,181</u>
<b>TOTAL NONCURRENT ASSETS .....</b>	<u>2,690,254</u>	<u>5,150,927</u>	<u>7,841,181</u>
<b>TOTAL ASSETS .....</b>	<u>3,144,868</u>	<u>7,944,340</u>	<u>11,089,208</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension .....	<u>53,260</u>	<u>53,259</u>	<u>106,519</u>
<b>TOTAL ASSETS AND DEFERRED</b>			
<b>OUTFLOWS OF RESOURCES .....</b>	<u>\$ 3,198,128</u>	<u>\$ 7,997,599</u>	<u>\$ 11,195,727</u>

**TOWN OF ATOKA, TENNESSEE**  
**NET POSITION OF WATER - SEWER FUND - CONTINUED**  
**JUNE 30, 2021**

	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable .....	\$ 61,156	\$ 61,155	\$ 122,311
Accrued expenses .....	20,621	20,621	41,242
Revenue bonds payable - current portion .....	27,370	139,985	167,355
Customer deposits .....	21,469	21,469	42,938
Due to other funds .....	14,171	14,171	28,342
<b>TOTAL CURRENT LIABILITIES .....</b>	<u>144,787</u>	<u>257,401</u>	<u>402,188</u>
<b>NONCURRENT LIABILITIES</b>			
Long term revenue bonds, less current portion .....	<u>379,786</u>	<u>1,639,597</u>	<u>2,019,383</u>
<b>TOTAL LIABILITIES .....</b>	<u>524,573</u>	<u>1,896,998</u>	<u>2,421,571</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension .....	<u>39,126</u>	<u>39,125</u>	<u>78,251</u>
<b>NET POSITION</b>			
Net investment in capital assets .....	2,283,098	3,371,345	5,654,443
Unrestricted .....	<u>351,331</u>	<u>2,690,131</u>	<u>3,041,462</u>
<b>TOTAL NET POSITION .....</b>	<u>2,634,429</u>	<u>6,061,476</u>	<u>8,695,905</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION .....</b>			
	<u>\$ 3,198,128</u>	<u>\$ 7,997,599</u>	<u>\$ 11,195,727</u>

**TOWN OF ATOKA, TENNESSEE  
REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION OF WATER - SEWER FUND  
YEAR ENDED JUNE 30, 2021**

	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>
<b>OPERATING REVENUES</b>			
Metered sales and service .....	\$ 1,002,615	\$ 1,166,947	\$ 2,169,562
Connection fees .....	42,790	14,100	56,890
Tap fees .....	-	97,600	97,600
Penalties .....	21,448	21,448	42,896
Other operating income .....	<u>8,905</u>	<u>8,905</u>	<u>17,810</u>
<b>TOTAL OPERATING REVENUES .....</b>	<b><u>1,075,758</u></b>	<b><u>1,309,000</u></b>	<b><u>2,384,758</u></b>
<b>OPERATING EXPENSES</b>			
Salaries and wages .....	202,946	202,946	405,892
Fringes .....	52,371	52,372	104,743
Maintenance services and supplies .....	154,374	154,375	308,749
Water purchased .....	508,754	-	508,754
Sewer fees .....	-	225,453	225,453
Office supplies .....	26,338	26,338	52,676
Utilities .....	70,700	70,701	141,401
Insurance .....	20,332	20,333	40,665
Legal and professional services .....	13,513	13,513	27,026
Depreciation .....	196,610	268,056	464,666
Miscellaneous equipment .....	8,727	8,728	17,455
Other .....	<u>32,981</u>	<u>32,982</u>	<u>65,963</u>
<b>TOTAL OPERATING EXPENSES .....</b>	<b><u>1,287,646</u></b>	<b><u>1,075,797</u></b>	<b><u>2,363,443</u></b>
<b>OPERATING INCOME (LOSS) .....</b>	<b><u>(211,888)</u></b>	<b><u>233,203</u></b>	<b><u>21,315</u></b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income .....	8,903	8,904	17,807
Interest expense .....	<u>(4,687)</u>	<u>(23,969)</u>	<u>(28,656)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES) .....</b>	<b><u>4,216</u></b>	<b><u>(15,065)</u></b>	<b><u>(10,849)</u></b>
<b>CHANGE IN NET POSITION .....</b>	<b>(207,672)</b>	<b>218,138</b>	<b>10,466</b>
<b>NET POSITION</b>			
Balance at July 1, 2020 .....	<u>2,842,101</u>	<u>5,843,338</u>	<u>8,685,439</u>
Balance at June 30, 2021 .....	<u><u>\$ 2,634,429</u></u>	<u><u>\$ 6,061,476</u></u>	<u><u>\$ 8,695,905</u></u>

**TOWN OF ATOKA, TENNESSEE  
CASH FLOWS OF WATER - SEWER FUND  
YEAR ENDED JUNE 30, 2021**

	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers .....	\$ 1,091,698	\$ 1,301,767	\$ 2,393,465
Cash payments to suppliers .....	(855,388)	(529,316)	(1,384,704)
Cash payments to employees for services .....	(202,016)	(202,015)	(404,031)
Cash payments for taxes .....	<u>(15,640)</u>	<u>(15,640)</u>	<u>(31,280)</u>
Net cash provided (used) by operating activities .....	<u>18,654</u>	<u>554,796</u>	<u>573,450</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on principal of long-term debt .....	(25,290)	(138,376)	(163,666)
Interest and fee payments on long-term debt .....	<u>(4,687)</u>	<u>(23,969)</u>	<u>(28,656)</u>
Net cash (used) by capital and related financing activities .....	<u>(29,977)</u>	<u>(162,345)</u>	<u>(192,322)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investment .....	(2,185)	(2,184)	(4,369)
Interest received .....	<u>8,903</u>	<u>8,904</u>	<u>17,807</u>
Net cash provided by investing activities .....	<u>6,718</u>	<u>6,720</u>	<u>13,438</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS .....</b>	<b>(4,605)</b>	<b>399,171</b>	<b>394,566</b>
<b>CASH AND CASH EQUIVALENTS - JULY 1, 2020 .....</b>	<b><u>95,348</u></b>	<b><u>2,006,806</u></b>	<b><u>2,102,154</u></b>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2021 .....</b>	<b><u>\$ 90,743</u></b>	<b><u>\$ 2,405,977</u></b>	<b><u>\$ 2,496,720</u></b>

**TOWN OF ATOKA, TENNESSEE**  
**CASH FLOWS OF WATER - SEWER FUND - CONTINUED**  
**YEAR ENDED JUNE 30, 2021**

	<u>WATER</u>	<u>SEWER</u>	<u>COMBINED</u>
<b>RECONCILIATION OF OPERATING</b>			
<b>INCOME (LOSS) TO NET CASH PROVIDED</b>			
<b>(USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss) .....	\$ (211,888)	\$ 233,203	\$ 21,315
Adjustments to reconcile operating income (loss) to net cash provided (Used) by operating activities			
Depreciation .....	196,610	268,056	464,666
Net change in pension related accounts .....	(4,032)	(4,031)	(8,063)
Changes in assets and liabilities			
Accounts receivable .....	15,639	(7,534)	8,105
Other receivables .....	-	-	-
Inventory .....	-	42,775	42,775
Accounts payable .....	7,819	7,819	15,638
Accrued expenses .....	930	931	1,861
Interfund accounts .....	13,467	13,468	26,935
Customer deposits .....	<u>109</u>	<u>109</u>	<u>218</u>
Total adjustments .....	<u>230,542</u>	<u>321,593</u>	<u>552,135</u>
Net cash provided (used) by operating activities .....	<u>\$ 18,654</u>	<u>\$ 554,796</u>	<u>\$ 573,450</u>

**NONACCOUNTING INFORMATION**

# AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0

American Water Works Association.



? Click to access definition  
+ Click to add a comment

Water Audit Report for: **Town of Atoka (TN 0000033)**  
Reporting Year: **2021** **7/2020 - 6/2021**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the

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

To select the correct data grading for each input, determine the highest grade where

## WATER SUPPLIED

Volume from own sources: + ?   MG/Yr  
Water imported: + ?   MG/Yr  
Water exported: + ?   MG/Yr

## Master Meter and Supply Error Adjustments

Pcnt:  Value:  MG/Yr  
Pcnt:  Value:  MG/Yr

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

**WATER SUPPLIED:**  MG/Yr

## AUTHORIZED CONSUMPTION

Billed metered: + ?   MG/Yr  
Billed unmetered: + ?   MG/Yr  
Unbilled metered: + ?   MG/Yr  
Unbilled unmetered: + ?   MG/Yr

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

**AUTHORIZED CONSUMPTION:**  MG/Yr

Click here: ?  
for help using option  
buttons below

Pcnt:  Value:  MG/Yr

Use buttons to select  
percentage of water  
supplied  
OR  
value

Pcnt:  Value:  MG/Yr

MG/Yr

## WATER LOSSES (Water Supplied - Authorized Consumption)

### Apparent Losses

Unauthorized consumption: + ?   MG/Yr

Customer metering inaccuracies: + ?   MG/Yr  
Systematic data handling errors: + ?   MG/Yr

**Apparent Losses:**  MG/Yr

### Real Losses (Current Annual Real Losses or CARL)

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

**WATER LOSSES:**  MG/Yr

## NON-REVENUE WATER

**NON-REVENUE WATER:**  MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

## SYSTEM DATA

Length of mains: + ?   miles  
Number of active AND inactive service connections: + ?    
Service connection density: ?  conn./mile main

Are customer meters typically located at the curbside or property line?

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

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

Average operating pressure: + ?   psi

## COST DATA

Total annual cost of operating water system: + ?   \$/Year  
Customer retail unit cost (applied to Apparent Losses): + ?   \$/1000 gallons (US)  
Variable production cost (applied to Real Losses): + ?   \$/Million gallons ☒ Use Customer Retail Unit Cost to value real losses

## WATER AUDIT DATA VALIDITY SCORE:

\*\*\* YOUR SCORE IS: 91 out of 100 \*\*\*

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

## PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Water Imported

2: Billed metered

3: Systematic data handling errors



## AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.

Water Audit Report for: **Town of Atoka (TN 000033)**Reporting Year: **2021** **7/2020 - 6/2021**

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 91 out of 100 \*\*\*

### System Attributes:

Apparent Losses:	<b>0.700</b>	MG/Yr
+ Real Losses:	<b>9.947</b>	MG/Yr
= <b>Water Losses:</b>	<b>10.647</b>	MG/Yr

? Unavoidable Annual Real Losses (UARL): **24.28** MG/YrAnnual cost of Apparent Losses: **\$2,450**Annual cost of Real Losses: **\$34,814**Valued at **Customer Retail Unit Cost**

Return to Reporting Worksheet to change this assumption

### Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	<b>6.4%</b>	
		Non-revenue water as percent by cost of operating system:	<b>3.6%</b>	Real Losses valued at Customer Retail Unit Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	<b>0.56</b>	gallons/connection/day
		Real Losses per service connection per day:	<b>7.91</b>	gallons/connection/day
		Real Losses per length of main per day*:	<b>N/A</b>	
		Real Losses per service connection per day per psi pressure:	<b>0.10</b>	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): **9.95** million gallons/year? Infrastructure Leakage Index (ILI) [CARL/UARL]: **0.41**

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

**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 Daryl Walker, 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, 2021, 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 March 14, 2022.

**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 Questioned Costs as Item No. 2021-001 that we consider to be a material weakness.

### **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Item No. 2021-002.

### **Town of Atoka Tennessee's Responses to Findings**

The Town of Atoka, Tennessee's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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 them.

### **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.

*Whitcomb Januszky & Davis, PLLC*

Covington, Tennessee  
March 14, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Daryl Walker, Mayor  
Members of the Board of Aldermen  
Town of Atoka, Tennessee  
Atoka, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Atoka, Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Atoka, Tennessee's major federal programs for the year ended June 30, 2021. Town of Atoka, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Atoka, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Atoka, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Atoka, Tennessee's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Town of Atoka, Tennessee, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the Town of Atoka, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Atoka, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Atoka, Tennessee's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Whitcomb Tankersley & Davis, PLLC*

Covington, Tennessee  
March 14, 2022

**TOWN OF ATOKA, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Town of Atoka, Tennessee were prepared in accordance with GAAP.
2. One material weakness disclosed during the audit of the financial statements is reported in the 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*.
3. One instance of noncompliance material to the financial statements of the Town of Atoka, Tennessee which would be required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for the Town of Atoka, Tennessee expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was: Highway Planning and Construction - CFDA No. 20.205.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Town of Atoka, Tennessee was determined to not be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

**Material Weaknesses**

**Item No. 2021-001: Material Audit Adjustment**

*Condition:* The following material audit adjustment was proposed:

**State Street Aid Fund**

- (1) Account balances were adjusted to reflect the correct amount of accounts payable. This adjustment increased accounts payable and expenditures by approximately \$34,000.

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

**TOWN OF ATOKA, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
YEAR ENDED JUNE 30, 2021**

**Material Weakness - Continued**

**Item No. 2021-001: Material Audit Adjustment - Continued**

*Cause:* A certain transaction was not recorded properly during the year-end close process.

*Effect:* A material audit adjustment was 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. 2021-002: 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 \$874,000. Total expenditures and transfers out exceeded the budgeted amount of the Solid Waste Fund by approximately \$33,000.

*Criteria:* State requirements dictate that in instances where cost overruns become evident, budget amendments should be approved to cover the additional expenditures.

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

*Effect:* Certain expenditures exceeded budgeted amounts.

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

*Client response:* We concur with this finding.

**FINDINGS AND QUESTIONED COSTS - ALL FEDERAL AWARD PROGRAMS**

None

**TOWN OF ATOKA, TENNESSEE  
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021**

**Financial Statement Findings**

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2020-001	Material Adjustments (Original Finding 2010-003)	Repeated (2021-001)
	Portion of Finding - General Fund	Corrected
2020-002	Budget Overruns (Original Finding 2013-001)	Repeated (2021-002)
2020-003	Utility Losses (Original Finding 2018-001)	Corrected



**TOWN OF ATOKA**  
334 Atoka-Munford Avenue  
Atoka, Tennessee 38004  
Phone: (901) 837-5300  
[www.TownofAtoka.com](http://www.TownofAtoka.com)

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

**For the Year Ended June 30, 2021**

Town of Atoka, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent accounting firm:

Whitehorn Tankersley & Davis, PLLC  
110 East Pleasant Avenue  
Covington, TN 38019

Audit period:

Year ended June 30, 2021

The findings from the June 30, 2021 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **FINDINGS - FINANCIAL STATEMENTS AUDIT**

#### **Material Weaknesses**

##### **Item 2020-001: Material Audit Adjustment**

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, 2022

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.

**Compliance and Other Matters****Item 2021-002: 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, 2022

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.

Planned corrective action: We will continue our practice of amending budgets when necessary and work diligently to include all costs in future budget amendments.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM**

None

If there are any questions regarding this plan, please call Debbie Pickard, Recorder at (901) 837-5300.

  
\_\_\_\_\_  
Recorder