

**TOWN OF ATOKA, TENNESSEE**

---

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2013**

## **TABLE OF CONTENTS**

|  | <b>Page</b> |
|--|-------------|
| <b><u>INTRODUCTORY SECTION</u></b>   |             |
| Town Officials .....   | 1           |
| <b><u>FINANCIAL SECTION</u></b>  |             |
| <b>INDEPENDENT AUDITOR'S REPORT .....</b>  | <b>2-4</b>  |
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>  | <b>5-12</b> |
| <b>BASIC FINANCIAL STATEMENTS</b>  |             |
| Government-wide Financial Statements   |             |
| Statement of Net Position .....  | 13          |
| Statement of Activities .....  | 14          |
| Fund Financial Statements  |             |
| Balance Sheet - Governmental Funds .....   | 15          |
| Reconciliation of the Balance Sheet of Governmental<br>Funds to the Statement of Net Position .....  | 16          |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balance - Governmental Funds .....   | 17          |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in<br>Fund Balance of Governmental Funds to the Statement of Activities ..... | 18          |
| Statement of Net Position – Proprietary (Water-Sewer) Fund .....   | 19-20       |
| Statement of Revenues, Expenses, and Changes in<br>Fund Net Position - Proprietary (Water-Sewer) Fund .....  | 21          |
| Statement of Cash Flows - Proprietary (Water-Sewer) Fund .....   | 22-23       |
| Statement of Revenues, Expenditures, and Changes in Fund Balance -<br>Actual and Budget - General Fund .....   | 24-25       |

## **TABLE OF CONTENTS - CONTINUED**

|  | <b>Page</b> |
|--|-------------|
| Notes to Financial Statements .....  | 26-42       |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>  |             |
| Retirement Plan - Analysis of Funding Progress .....   | 43          |
| <b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS</b>  |             |
| Combining Balance Sheet - Nonmajor Governmental Funds .....  | 44          |
| Combining Statement of Revenues, Expenditures and Changes in<br>Fund Balance - Nonmajor Governmental Funds ..... | 45          |
| Statement of Revenues, Expenditures, and Changes in Fund Balance<br>Budget and Actual - State Street Aid .....   | 46          |
| Statement of Revenues, Expenditures, and Changes in Fund Balance<br>Budget and Actual - Drug Fund .....          | 47          |
| Statement of Revenues, Expenditures, and Changes in Fund Balance -<br>General Fund .....                         | 48-50       |
| <b>SCHEDULES</b>   |             |
| Expenditures of Federal Awards .....   | 51          |
| Expenditures of State Awards .....   | 52          |
| Debt Service Requirements to Maturity .....  | 53-54       |
| Property Taxes .....   | 55          |
| Utility Rates and Number of Customers .....  | 56          |
| AWWA Reporting Worksheet .....   | 57          |
| Net Position of Water-Sewer Fund .....   | 58-59       |
| Revenues, Expenses, and Changes in<br>Net Position of Water-Sewer Fund .....                                     | 60          |

## TABLE OF CONTENTS - CONTINUED

|  | <b>Page</b>  |
|--|--------------|
| Cash Flows of Water-Sewer Fund .....   | 61-62        |
| <b>INDEPENDENT AUDITOR'S REPORT ON INTERNAL<br/>CONTROL OVER FINANCIAL REPORTING AND ON<br/>COMPLIANCE AND OTHER MATTERS BASED ON<br/>AN AUDIT OF FINANCIAL STATEMENTS PERFORMED<br/>IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....</b> | <b>63-64</b> |
| <b>SCHEDULE OF FINDINGS AND RESPONSES .....</b>  | <b>65</b>    |
| <b>STATUS OF PRIOR YEARS' FINDINGS .....</b>   | <b>66</b>    |



## **INTRODUCTORY SECTION**

**TOWN OF ATOKA, TENNESSEE**  
**TOWN OFFICIALS**  
**JUNE 30, 2013**

Mayor

Daryl Walker

Aldermen

Walker Adams  
Barry Akin  
Danny Feldmayer  
Brett Giannini  
Bobby Hutchison  
Mike Joyner

Department Heads

Recorder  
Police Chief  
Fire Chief  
Town Administrator  
Public Works Director

Debbie Pickard (CMFO Designee)  
Jessie Poole  
Alan Barkelew  
Brian Koral  
Daniel Lovett

## **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, 2013, 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, 2013, 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 and schedules of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***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 financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor 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 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 and individual nonmajor 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 has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014 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 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 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.

A handwritten signature in black ink, reading "William J. Hendry, Jr., CPA". The signature is written in a cursive, flowing style.

Covington, Tennessee  
June 23, 2014

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2013**

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, 2013. 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 a total of 3.6 percent as a result of this year's operations. Net position of our business-type activities (Water-Sewer Fund) increased approximately 2.8 percent, and net position of our governmental activities increased 4.3 percent.
- During the year, the Town had revenues that were approximately \$383,000 more than total expenses for governmental programs and activities.
- For the Town's business-type activities, revenues and contributions exceeded expenses by approximately \$227,000.
- Total revenues in our governmental operations were approximately \$335,000 less than projected budgeted revenues for the year, but expenditures were approximately \$416,000 less than projected budgeted expenditures.
- The total net cost of running the Town of Atoka for the year ending June 30, 2013 (total cost of Business-type and governmental programs net of direct program revenues) was approximately \$2,370,000.

**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 - 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. For governmental activities, these fund statements tell how these 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 6. 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, 2013**

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 local 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 an accounting method called 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, 2013**

proprietary funds. 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 - increasing from approximately \$16,804,000 to \$17,415,000. Looking at the net position and net expenses of governmental and business-type activities separately, however, is necessary because state laws prohibit intermingling the assets, and each activity must stand on its own. Our analysis below focuses on the net position (Table 1) changes from the prior year.

**Table 1**  
**Net Position**  
**(in Thousands)**

|  | Governmental Activities |                 | Business-Type Activities |                 | Total            |                  |
|--|-------------------------|-----------------|--------------------------|-----------------|------------------|------------------|
|  | 2013                    | 2012            | 2013                     | 2012            | 2013             | 2012             |
| Current and other assets .....         | \$ 6,433                | \$ 6,540        | \$ 3,603                 | \$ 3,445        | \$ 10,036        | \$ 9,985         |
| Capital assets .....                   | 4,614                   | 3,505           | 8,104                    | 8,313           | 12,718           | 11,818           |
| Total assets .....                     | <u>11,047</u>           | <u>10,045</u>   | <u>11,707</u>            | <u>11,758</u>   | <u>22,754</u>    | <u>21,803</u>    |
| Long-term debt .....                   | -                       | -               | 3,203                    | 3,224           | 3,203            | 3,224            |
| Other liabilities .....                | 808                     | 1,167           | 351                      | 608             | 1,159            | 1,775            |
| Total liabilities ...                  | <u>808</u>              | <u>1,167</u>    | <u>3,554</u>             | <u>3,832</u>    | <u>4,362</u>     | <u>4,999</u>     |
| Deferred inflows ....                  | 977                     | -               | -                        | -               | 977              | -                |
| Net Position                           |                         |                 |                          |                 |                  |                  |
| Net investment in capital assets ..... | 4,222                   | 3,505           | 4,745                    | 4,778           | 8,967            | 8,283            |
| Restricted .....                       | 654                     | 494             | -                        | -               | 654              | 494              |
| Unrestricted .....                     | 4,386                   | 4,879           | 3,408                    | 3,148           | 7,794            | 8,027            |
| Total Net Position .....               | <u>\$ 9,262</u>         | <u>\$ 8,878</u> | <u>\$ 8,153</u>          | <u>\$ 7,926</u> | <u>\$ 17,415</u> | <u>\$ 16,804</u> |

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

|   | Governmental Activities |        | Business-Type Activities |          | Total    |          |
|---|-------------------------|--------|--------------------------|----------|----------|----------|
|   | 2013                    | 2012   | 2013                     | 2012     | 2013     | 2012     |
| Program revenues                        |                         |        |                          |          |          |          |
| Charges for services .....              | \$ 339                  | \$ 215 | \$ 1,871                 | \$ 1,890 | \$ 2,210 | \$ 2,105 |
| Operating grants and contributions .... | 343                     | 391    | -                        | -        | 343      | 391      |
| Capital grants and contributions ....   | 55                      | 4      | 89                       | 261      | 144      | 265      |

**TOWN OF ATOKA, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

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

|  | <u>Governmental Activities</u> |               | <u>Business-Type Activities</u> |               | <u>Total</u>  |                 |
|--|--------------------------------|---------------|---------------------------------|---------------|---------------|-----------------|
|  | <u>2013</u>                    | <u>2012</u>   | <u>2013</u>                     | <u>2012</u>   | <u>2013</u>   | <u>2012</u>     |
| General revenues . . .                             |                                |               |                                 |               |               |                 |
| Local taxes . . . . .                              | \$ 2,216                       | \$ 2,161      | \$ -                            | \$ -          | \$ 2,216      | \$ 2,161        |
| Intergovernmental revenues . . . . .               | 696                            | 688           | -                               | -             | 696           | 688             |
| Gain (loss) on disposal of capital assets . .      | -                              | (9)           | -                               | -             | -             | (9)             |
| Other general revenues . . . . .                   | <u>42</u>                      | <u>82</u>     | <u>26</u>                       | <u>33</u>     | <u>68</u>     | <u>115</u>      |
| Total revenues . .                                 | <u>3,691</u>                   | <u>3,532</u>  | <u>1,986</u>                    | <u>2,184</u>  | <u>5,677</u>  | <u>5,716</u>    |
| Program expenses                                   |                                |               |                                 |               |               |                 |
| General government                                 | 517                            | 419           | -                               | -             | 517           | 419             |
| Public safety . . . . .                            | 1,675                          | 1,606         | -                               | -             | 1,675         | 1,606           |
| Highways and streets . . . . .                     | 771                            | 538           | -                               | -             | 771           | 538             |
| Health, welfare recreation and education . . . . . | 334                            | 299           | -                               | -             | 334           | 299             |
| Grants and contributions . . . .                   | 11                             | 7             | -                               | -             | 11            | 7               |
| Water-sewer . . . . .                              | <u>-</u>                       | <u>-</u>      | <u>1,759</u>                    | <u>1,581</u>  | <u>1,759</u>  | <u>1,581</u>    |
| Total expenses . .                                 | <u>3,308</u>                   | <u>2,869</u>  | <u>1,759</u>                    | <u>1,581</u>  | <u>5,067</u>  | <u>4,450</u>    |
| Increase (decrease) in net position . . . . .      | <u>\$ 383</u>                  | <u>\$ 663</u> | <u>\$ 227</u>                   | <u>\$ 603</u> | <u>\$ 610</u> | <u>\$ 1,266</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.

Public safety

Police fines and forfeitures; grants are listed under both operating grants and contributions and capital grants and contributions.

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2013**

**FUNCTION****SPECIFIC REVENUES**

Public works

Charges for solid waste pickup; 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

Grants are listed as operating grants and contributions.

All other governmental revenues are reported as General Revenues.

The cost of all governmental activities this year was \$3,307,712. 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 \$2,571,007 because some of the cost was paid by those who directly benefitted from the programs (\$339,255) or by other governments and organizations that subsidized certain programs with grants and contributions (\$397,450). The Town paid for the remaining "public benefit" portion of governmental activities.

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

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

|  | <u>Total Cost of Services</u> |                 | <u>Net Cost of Services</u> |                 |
|--|-------------------------------|-----------------|-----------------------------|-----------------|
|  | <u>2013</u>                   | <u>2012</u>     | <u>2013</u>                 | <u>2012</u>     |
| General government .....                           | \$ 517                        | \$ 419          | \$ 484                      | \$ 398          |
| Public safety .....                                | 1,675                         | 1,606           | 1,549                       | 1,420           |
| Public works .....                                 | 771                           | 538             | 340                         | 207             |
| Health, welfare, recreation<br>and education ..... | 334                           | 299             | 187                         | 228             |
| Grants and contributions .....                     | 11                            | 7               | 11                          | 7               |
| Totals   | <u>\$ 3,308</u>               | <u>\$ 2,869</u> | <u>\$ 2,571</u>             | <u>\$ 2,260</u> |

**Business-type Activities**

Revenues of the Town's Water-Sewer Fund decreased by approximately 1.0% from revenues of the prior year. Revenues and contributions in total, decreased by approximately \$199,000 (10.0%) due primarily to a current year decrease in forgiveness of debt related to ARRA funding of a sewer expansion project versus the prior year. The Town's expenses during the current year increased by \$178,000 (11.3%).

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2013**

**THE TOWN'S FUNDS**

**Governmental Activities**

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$4,563,445 which is a decrease from last year's total of \$5,370,222. The chief reasons for this decrease are given below. It must be pointed out that this decrease in governmental fund balances (\$806,777) is different from the increase in net position of governmental funds (\$383,149) 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, 2013 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 reasons for the decrease in fund balances of \$806,777 from the year ending June 30, 2012 are that although revenues actually increased by approximately \$72,000 over the prior year, expenditures increased by approximately \$1,518,100 due to large increases in routine budgeted activities and capital expenditures in the parks and recreation department (\$889,000) and ratable, smaller increases in other departments.

**GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS**

The expenditures for the year were approximately \$665,000 below original budgeted expenditures. The most significant variances were expenditures connected with public works that were delayed until future periods.

Revenues were approximately \$335,000 less than the original budget estimate of \$3,945,000 for General Fund, State Street Aid Fund and Drug Fund. The chief variance was lower than anticipated intergovernmental revenues.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At year end, the Town had approximately \$12,717,000 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 \$898,000.

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2013**

**CAPITAL ASSET AND DEBT ADMINISTRATION - CONTINUED**

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

|                                  | <u>Governmental Activities</u> |                 | <u>Business-Type Activities</u> |                 | <u>Total</u>     |                  |
|----------------------------------|--------------------------------|-----------------|---------------------------------|-----------------|------------------|------------------|
|                                  | <u>2013</u>                    | <u>2012</u>     | <u>2013</u>                     | <u>2012</u>     | <u>2013</u>      | <u>2012</u>      |
| Land .....                       | \$ 1,248                       | \$ 1,248        | \$ 35                           | \$ 35           | \$ 1,283         | \$ 1,283         |
| Construction in progress .....   | 987                            | -               | 18                              | -               | 1,005            | -                |
| Buildings and improvements ..... | 496                            | 507             | 72                              | 76              | 568              | 583              |
| Equipment .....                  | 462                            | 385             | 165                             | 97              | 627              | 482              |
| Infrastructure .....             | 1,420                          | 1,365           | -                               | -               | 1,420            | 1,365            |
| Water-Sewer System .....         | -                              | -               | 7,814                           | 8,106           | 7,814            | 8,106            |
| Totals .....                     | <u>\$ 4,613</u>                | <u>\$ 3,505</u> | <u>\$ 8,104</u>                 | <u>\$ 8,314</u> | <u>\$ 12,717</u> | <u>\$ 11,819</u> |

This year's major additions for governmental activities included approximately \$86,000 in equipment, \$105,000 in vehicles, \$94,000 in park infrastructure, and \$988,000 in construction in progress. Additions for business-type activities related primarily to new equipment purchased.

**Debt**

At year end the Town had \$3,358,658 in debt outstanding versus \$3,377,413 last year, a net decrease of \$18,755 as shown in Table 5 - due to the net difference between new debt assumed in connection with the sewer expansion project and current year payments made on existing debt.

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

|   | <u>Business-Type Activities</u> |                 |
|---|---------------------------------|-----------------|
|   | <u>2013</u>                     | <u>2012</u>     |
| Revenue Bonds and Notes (backed by specific tax and fee revenues) ..... | <u>\$ 3,359</u>                 | <u>\$ 3,377</u> |

**TOWN OF ATOKA, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
YEAR ENDED JUNE 30, 2013**

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

Revenues for our FY 2014 year governmental funds are projected at approximately \$798,000 more than final revenues for our year ending June 30, 2013. The main reasons for this are state grant revenues expected to be received for highway and street improvements and parks and recreation projects.

Total budgeted expenditures for governmental funds are projected at approximately \$55,000 more than our prior year actual expenditures. The main reasons for this increase are increased capital outlay expenditures for highway and streets and parks and recreation purposes.

**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, 2013**

|   | <u>GOVERNMENTAL<br/>ACTIVITIES</u> | <u>BUSINESS-TYPE<br/>ACTIVITIES</u> | <u>TOTAL</u>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>   |                                    |                                     |                      |
| Cash in bank .....  | \$ 4,562,714                       | \$ 3,388,807                        | \$ 7,951,521         |
| Investments - certificates of deposit .....   | -                                  | 463,543                             | 463,543              |
| Taxes receivable, net .....   | 985,849                            | -                                   | 985,849              |
| Accounts receivable, net .....  | 26,932                             | 127,917                             | 154,849              |
| Receivables from other governments .....  | 376,530                            | -                                   | 376,530              |
| Grants receivable .....   | 103,753                            | -                                   | 103,753              |
| Receivable - other .....  | 989                                | -                                   | 989                  |
| Internal balances .....   | 376,461                            | (376,461)                           | -                    |
| Restricted Assets   |                                    |                                     |                      |
| Capital assets not being depreciated  |                                    |                                     |                      |
| Land .....  | 1,248,246                          | 35,000                              | 1,283,246            |
| Construction in progress .....  | 987,407                            | 18,004                              | 1,005,411            |
| Capital assets (net of accumulated depreciation)  |                                    |                                     |                      |
| Buildings and improvements .....  | 495,551                            | 72,027                              | 567,578              |
| Vehicles and equipment .....  | 461,873                            | 164,808                             | 626,681              |
| Infrastructure .....  | 1,420,489                          | -                                   | 1,420,489            |
| Utility plant in service .....  | -                                  | 7,813,799                           | 7,813,799            |
| <b>TOTAL ASSETS</b> .....   | <u>\$ 11,046,794</u>               | <u>\$ 11,707,444</u>                | <u>\$ 22,754,238</u> |
| <b>LIABILITIES</b>  |                                    |                                     |                      |
| Accounts and contracts payable .....  | \$ 767,182                         | \$ 145,963                          | \$ 913,145           |
| Accrued expenses .....  | 41,092                             | 6,887                               | 47,979               |
| Customer deposits .....   | -                                  | 42,921                              | 42,921               |
| Bonds payable   |                                    |                                     |                      |
| Due within one year .....   | -                                  | 155,975                             | 155,975              |
| Due in more than one year .....   | -                                  | 3,202,683                           | 3,202,683            |
| <b>TOTAL LIABILITIES</b> .....  | <u>808,274</u>                     | <u>3,554,429</u>                    | <u>4,362,703</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                    |                                     |                      |
| Unavailable revenue - property tax .....  | <u>977,039</u>                     | -                                   | <u>977,039</u>       |
| <b>NET POSITION</b>   |                                    |                                     |                      |
| Net investment in capital assets .....  | 4,222,060                          | 4,744,980                           | 8,967,040            |
| Restricted for  |                                    |                                     |                      |
| Street expenditures .....   | 419,024                            | -                                   | 419,024              |
| Drug enforcement .....  | 130,751                            | -                                   | 130,751              |
| Grant programs .....  | 103,752                            | -                                   | 103,752              |
| Unrestricted .....  | <u>4,385,894</u>                   | <u>3,408,035</u>                    | <u>7,793,929</u>     |
| <b>TOTAL NET POSITION</b> .....   | <u>9,261,481</u>                   | <u>8,153,015</u>                    | <u>17,414,496</u>    |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES,<br/>AND NET POSITION</b> ..... | <u>\$ 11,046,794</u>               | <u>\$ 11,707,444</u>                | <u>\$ 22,754,238</u> |

See notes to financial statements



**TOWN OF ATOKA, TENNESSEE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

| FUNCTIONS/PROGRAMS                        | PROGRAM REVENUES    |                      |                                    | NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS |                         |                          |
|---|---------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|
|   | EXPENSES            | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS                | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES |
| Governmental activities                   |                     |                      |                                    |   |                         |                          |
| General government                        | \$ 516,549          | \$ 32,767            | \$ -                               | \$ -  | \$ (483,782)            | \$ (483,782)             |
| Public safety                             | 1,674,662           | 82,224               | 42,879                             | -   | (1,549,559)             | (1,549,559)              |
| Public works                              | 771,349             | 161,926              | 269,452                            | -   | (339,971)               | (339,971)                |
| Health, welfare, recreation and education | 334,102             | 62,338               | 30,428                             | 54,691  | (186,645)               | (186,645)                |
| Grants and contributions                  | 11,050              | -                    | -                                  | -   | (11,050)                | (11,050)                 |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>      | <b>3,307,712</b>    | <b>339,255</b>       | <b>342,759</b>                     | <b>54,691</b>                                   | <b>(2,571,007)</b>      | <b>(2,571,007)</b>       |
| Business-type activities                  |                     |                      |                                    |   |                         |                          |
| Water-sewer system                        | 1,758,578           | 1,870,259            | -                                  | 88,843  | -                       | 200,524                  |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>     | <b>1,758,578</b>    | <b>1,870,259</b>     | <b>-</b>                           | <b>88,843</b>                                   | <b>-</b>                | <b>200,524</b>           |
| <b>TOTAL GOVERNMENT</b>                   | <b>\$ 5,066,290</b> | <b>\$ 2,209,514</b>  | <b>\$ 342,759</b>                  | <b>\$ 143,534</b>                               | <b>(2,571,007)</b>      | <b>(2,370,483)</b>       |
| <b>GENERAL REVENUES</b>                   |                     |                      |                                    |   |                         |                          |
| Taxes                                     |                     |                      |                                    |   |                         |                          |
| Sales taxes                               |                     |                      |                                    |   | 1,464,540               | 1,464,540                |
| Property taxes                            |                     |                      |                                    |   | 971,999                 | 971,999                  |
| Alcoholic beverage taxes                  |                     |                      |                                    |   | 335,368                 | 335,368                  |
| TVA taxes                                 |                     |                      |                                    |   | 95,640                  | 95,640                   |
| Cable TV taxes                            |                     |                      |                                    |   | 24,530                  | 24,530                   |
| Income and excise taxes                   |                     |                      |                                    |   | 18,989                  | 18,989                   |
| Telecommunications taxes                  |                     |                      |                                    |   | 743                     | 743                      |
| Investment earnings                       |                     |                      |                                    |   | 23,799                  | 26,333                   |
| Miscellaneous                             |                     |                      |                                    |   | 18,548                  | 50,132                   |
| <b>TOTAL GENERAL REVENUES</b>             |                     |                      |                                    |   | <b>2,954,156</b>        | <b>2,980,489</b>         |
| <b>CHANGE IN NET POSITION</b>             |                     |                      |                                    |   | <b>383,149</b>          | <b>610,006</b>           |
| <b>NET POSITION</b>                       |                     |                      |                                    |   |                         |                          |
| Balance at July 1, 2012                   |                     |                      |                                    |   | 8,878,332               | 7,926,158                |
| Balance at June 30, 2013                  |                     |                      |                                    |   | <b>\$ 9,261,481</b>     | <b>\$ 8,153,015</b>      |
|   |                     |                      |                                    |   |                         | <b>\$ 17,414,496</b>     |

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

|   | <u>GENERAL<br/>FUND</u>    | <u>OTHER<br/>GOVERN-<br/>MENTAL<br/>FUNDS</u> | <u>TOTAL<br/>GOVERN-<br/>MENTAL<br/>FUNDS</u> |
|---|----------------------------|---|---|
| <b>ASSETS</b>   |                            |   |   |
| Cash and cash equivalents .....   | \$ 4,053,177               | \$ 509,537                                    | \$ 4,562,714                                  |
| Accounts receivable, net .....  | 26,932                     | -   | 26,932  |
| Taxes receivable, net .....   | 985,849                    | -   | 985,849                                       |
| Receivables from other governments .....  | 337,281                    | 39,249  | 376,530                                       |
| Grants receivable .....   | 103,753                    | -   | 103,753                                       |
| Receivable - other .....  | -                          | 989   | 989   |
| Due from other funds .....  | <u>376,461</u>             | <u>-</u>                                      | <u>376,461</u>                                |
| <b>TOTAL ASSETS .....</b>   | <b><u>\$ 5,883,453</u></b> | <b><u>\$ 549,775</u></b>                      | <b><u>\$ 6,433,228</u></b>                    |
| <b>LIABILITIES AND FUND BALANCE</b>   |                            |   |   |
| <b>LIABILITIES</b>  |                            |   |   |
| Accounts and contracts payable .....  | \$ 767,182                 | \$ -  | \$ 767,182                                    |
| Accrued liabilities .....   | <u>41,092</u>              | <u>-</u>                                      | <u>41,092</u>                                 |
| <b>TOTAL LIABILITIES .....</b>  | <b><u>808,274</u></b>      | <b><u>-</u></b>                               | <b><u>808,274</u></b>                         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |   |   |
| Unavailable revenue   |                            |   |   |
| Property taxes .....  | 977,039                    | -   | 977,039                                       |
| Grants .....  | 54,691                     | -   | 54,691  |
| County fire allocation .....  | 22,727                     | -   | 22,727  |
| State income tax .....  | <u>7,052</u>               | <u>-</u>                                      | <u>7,052</u>                                  |
| <b>TOTAL DEFERRED INFLOWS OF<br/>RESOURCES .....</b>                                    | <b><u>1,061,509</u></b>    | <b><u>-</u></b>                               | <b><u>1,061,509</u></b>                       |
| <b>FUND BALANCE</b>   |                            |   |   |
| Restricted  |                            |   |   |
| Street expenditures .....   | -                          | 419,024                                       | 419,024                                       |
| Drug enforcement .....  | -                          | 130,751                                       | 130,751                                       |
| Grant programs .....  | 49,061                     | -   | 49,061  |
| Assigned  |                            |   |   |
| Parks and recreation .....  | 308,043                    | -   | 308,043                                       |
| Fire department .....   | 208,168                    | -   | 208,168                                       |
| Subsequent year's expenditures .....  | 63,670                     | -   | 63,670  |
| Unassigned .....  | <u>3,384,728</u>           | <u>-</u>                                      | <u>3,384,728</u>                              |
| <b>TOTAL FUND BALANCE .....</b>   | <b><u>4,013,670</u></b>    | <b><u>549,775</u></b>                         | <b><u>4,563,445</u></b>                       |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES, AND<br/>FUND BALANCE .....</b> | <b><u>\$ 5,883,453</u></b> | <b><u>\$ 549,775</u></b>                      | <b><u>\$ 6,433,228</u></b>                    |

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, 2013**

|  | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|--|---|
| <b>TOTAL FUND BALANCE</b>  |   |
| <b>TOTAL GOVERNMENTAL FUNDS .....</b>  | <b>\$ 4,563,445</b>                     |
| <br><b>AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN<br/>THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:</b>  |   |
| Capital assets used in governmental activities are not financial<br>resources and therefore are not reported in the governmental<br>funds balance sheet. ....      | 4,613,566                               |
| Unavailable revenues are not available to pay for current period<br>expenditures and therefore are reported as deferred inflows of<br>resources in the funds. .... | <u>84,470</u>                           |
| <br><b>NET POSITION OF GOVERNMENTAL ACTIVITIES .....</b>   | <br><b><u>\$ 9,261,481</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, 2013**

|   | <u>GENERAL<br/>FUND</u> | <u>OTHER<br/>GOVERN-<br/>MENTAL<br/>FUNDS</u> | <u>TOTAL<br/>GOVERN-<br/>MENTAL<br/>FUNDS</u> |
|---|-------------------------|---|---|
| <b>REVENUES</b>                                     |                         |   |   |
| Local taxes .....                                   | \$ 2,200,879            | \$ -  | \$ 2,200,879                                  |
| Licenses and permits .....                          | 32,767                  | -   | 32,767  |
| Intergovernmental revenues .....                    | 803,410                 | 219,744                                       | 1,023,154                                     |
| Charges of services .....                           | 161,926                 | -   | 161,926                                       |
| Fines and forfeitures .....                         | 51,770                  | 30,454  | 82,224  |
| Miscellaneous revenues .....                        | <u>108,565</u>          | <u>302</u>                                    | <u>108,867</u>                                |
| <b>TOTAL REVENUES</b> .....                         | <u>3,359,317</u>        | <u>250,500</u>                                | <u>3,609,817</u>                              |
| <b>EXPENDITURES</b>                                 |                         |   |   |
| General government .....                            | 686,924                 | -   | 686,924                                       |
| Public safety .....                                 | 1,647,477               | 26,914  | 1,674,391                                     |
| Public works .....                                  | 757,551                 | 99,731  | 857,282                                       |
| Health, welfare, recreation,<br>and education ..... | 1,186,947               | -   | 1,186,947                                     |
| Grants and contributions .....                      | <u>11,050</u>           | <u>-</u>                                      | <u>11,050</u>                                 |
| <b>TOTAL EXPENDITURES</b> .....                     | <u>4,289,949</u>        | <u>126,645</u>                                | <u>4,416,594</u>                              |
| <b>EXCESS OF REVENUES (UNDER)</b>                   |                         |   |   |
| <b>OVER EXPENDITURES</b> .....                      | (930,632)               | 123,855                                       | (806,777)                                     |
| <b>FUND BALANCE</b>                                 |                         |   |   |
| Balance at July 1, 2012 .....                       | <u>4,944,302</u>        | <u>425,920</u>                                | <u>5,370,222</u>                              |
| Balance at June 30, 2013 .....                      | <u>\$ 4,013,670</u>     | <u>\$ 549,775</u>                             | <u>\$ 4,563,445</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, 2013**

**NET CHANGE IN FUND BALANCE -**

**TOTAL GOVERNMENTAL FUNDS** ..... \$ (806,777)

**AMOUNTS REPORTED FOR GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
ARE DIFFERENT BECAUSE:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

|                                   |           |
|-----------------------------------|-----------|
| Capital outlays capitalized ..... | 1,281,040 |
| Depreciation expense .....        | (172,158) |

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.. ..... | 81,044 |
|--|--------|

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** ..... \$ 383,149

**TOWN OF ATOKA, TENNESSEE  
STATEMENT OF NET POSITION  
PROPRIETARY (WATER-SEWER) FUND  
JUNE 30, 2013**

**ASSETS****CURRENT ASSETS**

|   |                         |
|---|-------------------------|
| Cash and cash equivalents .....             | \$ 3,388,807            |
| Investments - certificates of deposit ..... | 463,543                 |
| Accounts receivable, net .....              | <u>127,917</u>          |
| <b>TOTAL CURRENT ASSETS .....</b>           | <b><u>3,980,267</u></b> |

**NONCURRENT ASSETS****Capital Assets****Not being depreciated**

|                                |               |
|--------------------------------|---------------|
| Land .....                     | 35,000        |
| Construction in progress ..... | <u>18,004</u> |
|                                | <u>53,004</u> |

**Being depreciated**

|                                       |                         |
|---------------------------------------|-------------------------|
| Buildings and improvements .....      | 98,847                  |
| Vehicles and equipment .....          | 381,674                 |
| Utility plant in service .....        | 10,252,716              |
| Less accumulated depreciation .....   | <u>(2,682,603)</u>      |
| <b>Total Capital Assets, Net of</b>   |                         |
| <b>Accumulated Depreciation .....</b> | <b><u>8,050,634</u></b> |
| <b>TOTAL NONCURRENT ASSETS .....</b>  | <b><u>8,103,638</u></b> |

|                           |                             |
|---------------------------|-----------------------------|
| <b>TOTAL ASSETS .....</b> | <b><u>\$ 12,083,905</u></b> |
|---------------------------|-----------------------------|

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY (WATER-SEWER) FUND - CONTINUED**  
**JUNE 30, 2013**

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

|   |                       |
|---|-----------------------|
| Accounts payable .....                        | \$ 145,963            |
| Accrued expenses .....                        | 6,887                 |
| Due to other funds .....                      | 376,461               |
| Revenue bonds payable - current portion ..... | 155,975               |
| Customer deposits .....                       | <u>42,921</u>         |
| <b>TOTAL CURRENT LIABILITIES .....</b>        | <b><u>728,207</u></b> |

**NONCURRENT LIABILITIES**

|   |                         |
|---|-------------------------|
| Long term revenue bonds, less current portion ..... | <u>3,202,683</u>        |
| <b>TOTAL LIABILITIES .....</b>                      | <b><u>3,930,890</u></b> |

**NET POSITION**

|  |                         |
|--|-------------------------|
| Net investment in capital assets ..... | 4,744,980               |
| Unrestricted .....                     | <u>3,408,035</u>        |
| <b>TOTAL NET POSITION .....</b>        | <b><u>8,153,015</u></b> |

**TOTAL LIABILITIES AND**

|                           |                             |
|---------------------------|-----------------------------|
| <b>NET POSITION .....</b> | <b><u>\$ 12,083,905</u></b> |
|---------------------------|-----------------------------|

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, 2013**

**OPERATING REVENUES**

|                                       |                         |
|---------------------------------------|-------------------------|
| Metered sales and service .....       | \$ 1,748,711            |
| Connection fees .....                 | 63,110                  |
| Tap fees .....                        | 12,000                  |
| Penalties .....                       | 38,186                  |
| Other operating income .....          | <u>8,252</u>            |
| <b>TOTAL OPERATING REVENUES .....</b> | <b><u>1,870,259</u></b> |

**OPERATING EXPENSES**

|   |                         |
|---|-------------------------|
| Salaries and wages .....                | 289,627                 |
| Fringes .....                           | 92,944                  |
| Maintenance services and supplies ..... | 187,659                 |
| Water purchased .....                   | 389,320                 |
| Sewer fees .....                        | 216,060                 |
| Office supplies .....                   | 31,527                  |
| Utilities .....                         | 54,875                  |
| Insurance .....                         | 25,692                  |
| Depreciation .....                      | 337,810                 |
| Amortization .....                      | 7,151                   |
| Miscellaneous .....                     | <u>60,274</u>           |
| <b>TOTAL OPERATING EXPENSES .....</b>   | <b><u>1,692,939</u></b> |

**OPERATING INCOME .....** 177,320

**NONOPERATING REVENUES (EXPENSES)**

|                                  |                        |
|----------------------------------|------------------------|
| Interest income .....            | 26,333                 |
| Interest expense .....           | <u>(65,639)</u>        |
| <b>TOTAL NONOPERATING</b>        |                        |
| <b>REVENUES (EXPENSES) .....</b> | <b><u>(39,306)</u></b> |

**INCOME BEFORE CAPITAL**

**CONTRIBUTIONS .....** 138,014

**CAPITAL CONTRIBUTIONS .....** 88,843

**CHANGE IN NET POSITION .....** 226,857

**NET POSITION**

Balance at July 1, 2012 .....

7,926,158

Balance at June 30, 2013 .....

\$ 8,153,015

See notes to financial statements



**TOWN OF ATOKA, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY (WATER - SEWER) FUND  
YEAR ENDED JUNE 30, 2013**

**CASH FLOWS FROM  
OPERATING ACTIVITIES**

|   |                 |
|---|-----------------|
| Cash received from customers .....              | \$ 1,878,992    |
| Cash payments to suppliers .....                | (1,017,768)     |
| Cash payments to employees for services .....   | (289,627)       |
| Cash payments for taxes .....                   | <u>(21,937)</u> |
| Net cash provided by operating activities ..... | <u>549,660</u>  |

**CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES**

|   |                |
|---|----------------|
| Increase in due to other funds .....                          | <u>114,672</u> |
| Net cash provided by noncapital<br>financing activities ..... | <u>114,672</u> |

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

|  |                  |
|--|------------------|
| Purchase of capital assets .....                                     | (405,430)        |
| Proceeds from long-term debt .....                                   | 222,558          |
| Payments on principal of long-term debt .....                        | (152,470)        |
| Interest and fee payments on long-term debt .....                    | <u>(65,639)</u>  |
| Net cash (used) by capital<br>and related financing activities ..... | <u>(400,981)</u> |

**CASH FLOWS FROM  
INVESTING ACTIVITIES**

|  |               |
|--|---------------|
| Interest received .....                            | <u>24,371</u> |
| Net cash provided<br>by investing activities ..... | <u>24,371</u> |

**NET INCREASE IN CASH AND  
CASH EQUIVALENTS .....**

287,722

**CASH AND CASH EQUIVALENTS -  
JULY 1, 2012 .....**

3,101,085

**CASH AND CASH EQUIVALENTS -  
JUNE 30, 2013 .....**

\$ 3,388,807

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY (WATER -SEWER) FUND - CONTINUED  
YEAR ENDED JUNE 30, 2013**

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

|   |                   |
|---|-------------------|
| Operating income .....  | \$ 177,320        |
| Adjustments to reconcile operating income<br>to net cash provided by operating activities |                   |
| Depreciation .....  | 337,810           |
| Amortization .....  | 7,151             |
| Decrease in accounts receivable .....   | 8,733             |
| Increase in accounts payable .....  | 19,527            |
| (Decrease) in accrued expenses .....  | <u>(881)</u>      |
| Total adjustments .....   | <u>372,340</u>    |
| Net cash provided by operating<br>activities .....  | <u>\$ 549,660</u> |

**NONCASH INVESTING, CAPITAL  
AND FINANCING ACTIVITIES**

|  |           |
|--|-----------|
| Capital contribution - forgiveness of debt .....   | \$ 88,843 |
| Interest credited to certificates of deposit ..... | \$ 1,962  |

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ACTUAL AND BUDGET - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2013**

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>    | <u>OVER<br/>(UNDER)<br/>BUDGET</u> |
|---|----------------------------|-------------------------|------------------|------------------------------------|
| <b>REVENUES</b>                             |                            |                         |                  |                                    |
| Local taxes .....                           | \$2,016,500                | \$2,016,500             | \$2,200,879      | \$ 184,379                         |
| Licenses and permits .....                  | 18,000                     | 18,000                  | 32,767           | 14,767                             |
| Intergovernmental revenues .                | 1,432,700                  | 1,432,700               | 803,410          | (629,290)                          |
| Charges for services .....                  | -                          | -                       | 161,926          | 161,926                            |
| Fines and forfeitures .....                 | 60,000                     | 60,000                  | 51,770           | (8,230)                            |
| Miscellaneous revenues ....                 | <u>132,500</u>             | <u>132,500</u>          | <u>108,565</u>   | <u>(23,935)</u>                    |
| <b>TOTAL REVENUES ..</b>                    | <u>3,659,700</u>           | <u>3,659,700</u>        | <u>3,359,317</u> | <u>(300,383)</u>                   |
| <b>EXPENDITURES</b>                         |                            |                         |                  |                                    |
| <b>General government</b>                   |                            |                         |                  |                                    |
| Legislative .....                           | 51,495                     | 51,495                  | 38,390           | (13,105)                           |
| Judicial .....                              | 9,600                      | 12,600                  | 12,244           | (356)                              |
| Finance and administration .                | 499,673                    | 499,673                 | 556,853          | 57,180                             |
| Planning and inspection ....                | <u>79,952</u>              | <u>89,952</u>           | <u>79,437</u>    | <u>(10,515)</u>                    |
| Total general government .....              | <u>640,720</u>             | <u>653,720</u>          | <u>686,924</u>   | <u>(33,204)</u>                    |
| <b>Public safety</b>                        |                            |                         |                  |                                    |
| Police .....                                | 1,321,383                  | 1,341,383               | 1,266,023        | (75,360)                           |
| Fire .....                                  | <u>375,950</u>             | <u>395,950</u>          | <u>381,454</u>   | <u>(14,496)</u>                    |
| Total public safety .....                   | <u>1,697,333</u>           | <u>1,737,333</u>        | <u>1,647,477</u> | <u>(89,856)</u>                    |
| <b>Public works</b>                         |                            |                         |                  |                                    |
| Highways and streets .....                  | 776,792                    | 1,001,792               | 649,526          | (352,266)                          |
| Solid waste .....                           | <u>-</u>                   | <u>-</u>                | <u>108,025</u>   | <u>108,025</u>                     |
| Total public works .....                    | <u>776,792</u>             | <u>1,001,792</u>        | <u>757,551</u>   | <u>244,241</u>                     |
| <b>Health, welfare, and recreation</b>      |                            |                         |                  |                                    |
| Parks and recreation .....                  | <u>343,318</u>             | <u>1,143,318</u>        | <u>1,186,947</u> | <u>43,629</u>                      |
| Total health, welfare, and recreation ..... | <u>343,318</u>             | <u>1,143,318</u>        | <u>1,186,947</u> | <u>43,629</u>                      |

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ACTUAL AND BUDGET - GENERAL FUND - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       | <u>OVER<br/>(UNDER)<br/>BUDGET</u> |
|---|----------------------------|-------------------------|---------------------|------------------------------------|
| <b>EXPENDITURES - CONTINUED</b>                                   |                            |                         |                     |                                    |
| <b>Grants and contributions</b>                                   |                            |                         |                     |                                    |
| Donations .....   | \$ 8,500                   | \$ 11,500               | \$ 11,050           | \$ (450)                           |
| Total grants and<br>contributions .....                           | 8,500                      | 11,500                  | 11,050              | (450)                              |
| <b>TOTAL EXPENDITURES ...</b>                                     | <u>3,466,663</u>           | <u>4,547,663</u>        | <u>4,289,949</u>    | <u>(257,714)</u>                   |
| <b>EXCESS OF REVENUES<br/>OVER (UNDER)<br/>EXPENDITURES .....</b> |                            |                         |                     |                                    |
|   | 193,037                    | (887,963)               | (930,632)           | (42,669)                           |
| <b>FUND BALANCE</b>   |                            |                         |                     |                                    |
| Balance at July 1, 2012 .....                                     | <u>4,944,302</u>           | <u>4,944,302</u>        | <u>4,944,302</u>    | -                                  |
| Balance at June 30, 2013 .....                                    | <u>\$ 5,137,339</u>        | <u>\$ 4,056,339</u>     | <u>\$ 4,013,670</u> | <u>\$ (42,669)</u>                 |

See notes to financial statements

**TOWN OF ATOKA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**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, 2013**

**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, liabilities, 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, 2013**

**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:

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 as defined below:

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

- 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.



**TOWN OF ATOKA TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

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

***MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - CONTINUED***

*Measurement Focus - Continued*

- 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 and liabilities (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 INFLOWS OF RESOURCES*** - In addition to liabilities, the Statement of Net Position and the Balance Sheet of governmental funds reports 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 so will not be recognized as an inflow of resources (revenue) until that time.

***INTERFUND TRANSACTIONS*** - 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”.



**TOWN OF ATOKA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2013**

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

***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 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.

***INVENTORIES AND INTERPERIOD ALLOCATIONS*** - Inventories 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*** - All short-term investments having an original maturity date no longer than three (3) months are considered cash equivalents for purposes of reporting cash flows.

***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.

***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 association, 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.

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

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

**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 were related 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.

**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 \$4,500 and an estimated useful life in excess of one year are capitalized.

*Government-wide 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).

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:

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

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

***CAPITAL ASSETS AND DEPRECIATION - CONTINUED***

|                                  |             |
|----------------------------------|-------------|
| 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 statements.

***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 statements. Long-term debt consists of bonds payable.

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

***GOVERNMENT-WIDE NET POSITION*** - Equity is classified in the government-wide 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.

**TOWN OF ATOKA, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEAR ENDED JUNE 30, 2013**

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

***GOVERNMENT-WIDE NET POSITION - CONTINUED***

- 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.

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.

**NOTE 2 - DEPOSITS**

As of June 30, 2013, 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.

**NOTE 3 - RECEIVABLES**

Receivables as of June 30, 2013, including the applicable allowances for the uncollectible accounts, are as follows:

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

**NOTE 3 - RECEIVABLES - CONTINUED**

|  | <u>GENERAL</u>      | <u>STATE STREET<br/>AID FUND</u> | <u>DRUG<br/>FUND</u> | <u>WATER AND<br/>SEWER FUND</u> | <u>TOTAL</u>        |
|--|---------------------|----------------------------------|----------------------|---------------------------------|---------------------|
| Receivables                                    |                     |                                  |                      |                                 |                     |
| Property taxes .....                           | \$ 1,032,941        | \$ -                             | \$ -                 | \$ -                            | \$ 1,032,941        |
| Accounts .....                                 | 26,932              | -                                | -                    | 129,602                         | 156,534             |
| Grants .....                                   | 103,753             | -                                | -                    | -                               | 103,753             |
| Receivable from other<br>governments .....     | 337,281             | 39,249                           | -                    | -                               | 376,530             |
| Other .....                                    | -                   | -                                | 989                  | -                               | 989                 |
| Gross receivables .....                        | <u>1,500,907</u>    | <u>39,249</u>                    | <u>989</u>           | <u>129,602</u>                  | <u>1,670,747</u>    |
| Less: Allowance for<br>doubtful accounts ..... | <u>(47,092)</u>     | <u>-</u>                         | <u>-</u>             | <u>(1,685)</u>                  | <u>(48,777)</u>     |
| Net receivables .....                          | <u>\$ 1,453,815</u> | <u>\$ 39,249</u>                 | <u>\$ 989</u>        | <u>\$ 127,917</u>               | <u>\$ 1,621,970</u> |

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

|  | <u>BALANCE<br/>JULY 1, 2012</u> | <u>ADDITIONS</u> | <u>TRANSFERS/<br/>RETIREMENTS</u> | <u>BALANCE<br/>JUNE 30, 2013</u> |
|--|---------------------------------|------------------|-----------------------------------|----------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                         |                                 |                  |                                   |                                  |
| Capital assets not being depreciated                   |                                 |                  |                                   |                                  |
| Land .....   | \$ 1,248,246                    | \$ -             | \$ -                              | \$ 1,248,246                     |
| Construction in progress .....                         | <u>-</u>                        | <u>987,407</u>   | <u>-</u>                          | <u>987,407</u>                   |
|  | <u>1,248,246</u>                | <u>987,407</u>   | <u>-</u>                          | <u>2,235,653</u>                 |
| Other capital assets                                   |                                 |                  |                                   |                                  |
| Buildings and improvements .....                       | 736,220                         | 8,200            | -                                 | 744,420                          |
| Equipment .....  | 434,431                         | 85,815           | -                                 | 520,246                          |
| Vehicles .....   | 721,619                         | 105,345          | -                                 | 826,964                          |
| Infrastructure .....                                   | <u>1,478,657</u>                | <u>94,273</u>    | <u>-</u>                          | <u>1,572,930</u>                 |
| Total other capital assets at<br>historical cost ..... | <u>3,370,927</u>                | <u>293,633</u>   | <u>-</u>                          | <u>3,664,560</u>                 |
| Less accumulated depreciation                          |                                 |                  |                                   |                                  |
| Buildings and improvements .....                       | (229,393)                       | (19,476)         | -                                 | (248,869)                        |
| Equipment .....  | (273,262)                       | (38,317)         | -                                 | (311,579)                        |
| Vehicles .....   | (498,055)                       | (75,703)         | -                                 | (573,758)                        |
| Infrastructure .....                                   | <u>(113,779)</u>                | <u>(38,662)</u>  | <u>-</u>                          | <u>(152,441)</u>                 |
| Total accumulated<br>depreciation .....                | <u>(1,114,489)</u>              | <u>(172,158)</u> | <u>-</u>                          | <u>(1,286,647)</u>               |
| Other capital assets, net .....                        | <u>2,256,438</u>                | <u>121,475</u>   | <u>-</u>                          | <u>2,377,913</u>                 |

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

**NOTE 4 - CAPITAL ASSETS - CONTINUED**

|   | <u>BALANCE</u><br><u>JULY 1, 2012</u> | <u>ADDITIONS</u>    | <u>TRANSFERS/<br/>RETIREMENTS</u> | <u>BALANCE</u><br><u>JUNE 30, 2013</u> |
|---|---------------------------------------|---------------------|-----------------------------------|--|
| <b>GOVERNMENTAL ACTIVITIES - CONTINUED</b>  |                                       |                     |                                   |  |
| <b>GOVERNMENTAL ACTIVITIES</b>  |                                       |                     |                                   |  |
| <b>CAPITAL ASSETS, NET</b> .....  | <u>\$ 3,504,684</u>                   | <u>\$ 1,108,882</u> | <u>\$ -</u>                       | <u>\$ 4,613,566</u>                    |
| <b>DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL ACTIVITIES FUNCTIONS AS FOLLOWS</b> |                                       |                     |                                   |  |
| General government .....  |                                       | \$ 9,534            |                                   |  |
| Public safety .....   |                                       | 84,676              |                                   |  |
| Public works .....  |                                       | 47,209              |                                   |  |
| Health, welfare, recreation and education .....   |                                       | <u>30,739</u>       |                                   |  |
| <b>TOTAL GOVERNMENTAL ACTIVITIES DEPRECIATION EXPENSE</b> .....                         |                                       | <u>\$ 172,158</u>   |                                   |  |
|   | <u>BALANCE</u><br><u>JULY 1, 2012</u> | <u>ADDITIONS</u>    | <u>TRANSFERS/<br/>RETIREMENTS</u> | <u>BALANCE</u><br><u>JUNE 30, 2013</u> |
| <b>BUSINESS-TYPE ACTIVITIES</b>   |                                       |                     |                                   |  |
| Capital assets not being depreciated  |                                       |                     |                                   |  |
| Land .....  | \$ 35,000                             | \$ -                | \$ -                              | \$ 35,000                              |
| Construction in progress .....  | <u>-</u>                              | <u>18,004</u>       | <u>-</u>                          | <u>18,004</u>                          |
| Total .....   | <u>35,000</u>                         | <u>18,004</u>       | <u>-</u>                          | <u>53,004</u>                          |
| Other capital assets  |                                       |                     |                                   |  |
| Buildings .....   | 98,847                                | -                   | -                                 | 98,847                                 |
| Vehicles and equipment .....  | 274,427                               | 107,247             | -                                 | 381,674                                |
| Water distribution system .....   | 2,566,054                             | -                   | -                                 | 2,566,054                              |
| Sewer plant in operation .....  | 1,269,079                             | -                   | -                                 | 1,269,079                              |
| Sewer lines .....   | <u>6,415,083</u>                      | <u>2,500</u>        | <u>-</u>                          | <u>6,417,583</u>                       |
| Total other capital assets at historical cost .....                                     | <u>10,623,490</u>                     | <u>109,747</u>      | <u>-</u>                          | <u>10,733,237</u>                      |
| Less accumulated depreciation   |                                       |                     |                                   |  |
| Buildings .....   | (23,030)                              | (3,790)             | -                                 | (26,820)                               |
| Vehicles and equipment .....  | (177,256)                             | (39,610)            | -                                 | (216,866)                              |
| Water distribution system .....   | (633,601)                             | (78,645)            | -                                 | (712,246)                              |
| Sewer plant in operation .....  | (583,044)                             | (35,494)            | -                                 | (618,538)                              |
| Sewer lines .....   | <u>(927,862)</u>                      | <u>(180,271)</u>    | <u>-</u>                          | <u>(1,108,133)</u>                     |

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

**NOTE 4 - CAPITAL ASSETS - CONTINUED**

|  | <u>BALANCE<br/>JULY 1, 2012</u> | <u>ADDITIONS</u>    | <u>TRANSFERS/<br/>RETIREMENTS</u> | <u>BALANCE<br/>JUNE 30, 2013</u> |
|--|---------------------------------|---------------------|-----------------------------------|----------------------------------|
| <b>BUSINESS-TYPE ACTIVITIES -<br/>CONTINUED</b>  |                                 |                     |                                   |                                  |
| Less accumulated depreciation -<br>continued   |                                 |                     |                                   |                                  |
| Total accumulated<br>depreciation .....  | \$ (2,344,793)                  | \$ (337,810)        | \$ -                              | \$ (2,682,603)                   |
| Net depreciable assets .....   | <u>8,278,697</u>                | <u>(228,063)</u>    | <u>-</u>                          | <u>8,050,634</u>                 |
| <b>BUSINESS-TYPE ACTIVITIES</b>  |                                 |                     |                                   |                                  |
| <b>CAPITAL ASSETS, NET .....</b>   | <u>\$ 8,313,697</u>             | <u>\$ (210,059)</u> | <u>\$ -</u>                       | <u>\$ 8,103,638</u>              |
| <b>DEPRECIATION EXPENSE WAS<br/>CHARGED TO BUSINESS-TYPE<br/>ACTIVITIES FUNCTIONS AS FOLLOWS</b> |                                 |                     |                                   |                                  |
| Water-sewer .....  |                                 | <u>\$ 337,810</u>   |                                   |                                  |

**NOTE 5 - INTERFUND BALANCES**

The composition of interfund balances as of June 30, 2013, is as follows:

| <u>Due to/from other funds</u> | <u>Fund Due From</u> | <u>Fund due to</u>          | <u>Amount</u>     |
|--------------------------------|----------------------|-----------------------------|-------------------|
|                                | <u>Fund Due From</u> | <u>General Fund (major)</u> |                   |
| Water and Sewer Fund (major)   |                      |                             | <u>\$ 376,461</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**

Business activities:

Water and Sewer Revenue Bonds, Series 1999 - The original bond in the amount of \$250,000 was issued on July 26, 2000 and is to be paid in monthly installments of \$1,248 beginning July 10, 2000 and maturing on June 10, 2037. The interest rate on this bond is 5.13%. The balance of the bond at June 30, 2013 was \$209,839.



**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

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

Business activities - continued:

Water and Sewer Revenue and Tax Bonds, Series 2000 - The original bond in the amount of \$121,000 was issued on August 25, 2000 and is to be paid in monthly installments of \$635 beginning September 10, 2000 and maturing on March 10, 2038. The interest rate on this bond is 5.50%. The balance of the bond at June 30, 2013 was \$102,953.

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 .32% as of June 30, 2013. The balance of the bond at June 30, 2013 was \$773,698.

Pooled Financing Revenue Bonds, TN Municipal Bond Fund, Series 2008 - The original bond in the amount of \$1,000,000 was issued on January 23, 2009 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 .32% as of June 30, 2013. The balance of this bond at June 30, 2013 was \$149,136.

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, 2013 was \$2,123,032, net of ARRA forgiveness of \$1,508,939.

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

| Year ending<br>June 30, | Business Type      |                   |
|-------------------------|--------------------|-------------------|
|                         | Principal          | Interest          |
| 2014                    | \$ 155,975         | \$ 48,853         |
| 2015                    | 159,781            | 46,891            |
| 2016                    | 163,627            | 44,882            |
| 2017                    | 168,510            | 42,828            |
| 2018                    | 172,442            | 40,717            |
| 2019-2023               | 820,843            | 170,618           |
| 2024-2028               | 882,134            | 111,869           |
| 2029-2033               | 748,148            | 47,106            |
| 2034-2038               | 87,198             | 9,981             |
|                         | <u>\$3,358,658</u> | <u>\$ 563,745</u> |



**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

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

Business activities - continued:

Long-term liability activity for the year ended June 30, 2013 was as follows:

|   | <u>BALANCE</u><br><u>JULY 1, 2012</u> | <u>ADDITIONS</u>  | <u>REDUCTIONS</u> | <u>BALANCE</u><br><u>JUNE 30, 2013</u> | <u>DUE WITHIN</u><br><u>ONE YEAR</u> |
|---|---------------------------------------|-------------------|-------------------|--|--------------------------------------|
| <b>Business-type Activities:</b>  |                                       |                   |                   |  |                                      |
| Water and Sewer Revenue and Tax Series 1999 .....                               | \$ 213,945                            | \$ -              | \$ 4,106          | \$ 209,839                             | \$ 4,599                             |
| Water and Sewer Revenue and Tax Bonds, Series 2000 .....                        | 104,853                               | -                 | 1,900             | 102,953                                | 2,008                                |
| Water and Sewer Revenue and Tax Bonds TN Municipal Bond Fund, Series 2004 ..... | 800,698                               | -                 | 27,000            | 773,698                                | 28,000                               |
| Pooled Financing Revenue Bonds, TN Municipal Bond Fund, Series 2008 .....       | 169,136                               | -                 | 20,000            | 149,136                                | 21,000                               |
| State Revolving Fund Loan Loan 2009 .....                                       | <u>2,088,781</u>                      | <u>222,558</u>    | <u>188,307</u>    | <u>2,123,032</u>                       | <u>100,368</u>                       |
| Totals .....  | <u>\$ 3,377,413</u>                   | <u>\$ 222,558</u> | <u>\$ 241,313</u> | <u>\$ 3,358,658</u>                    | <u>\$ 155,975</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 in the Tennessee Municipal League Risk Management Pool (TML), which is a public entity risk pool consisting of member political subdivisions of the State of Tennessee. The Town pays an annual premium to the TML pool for its certain general liability, worker's compensation, and property and casualty insurance. Each political subdivision that has participated in the TML pool is subject to assessment if the funds it paid as premiums are insufficient to meet the obligations of the TML pool. The TML pool may reinsure through the Local Government Reinsurance Fund of Tennessee or a commercial insurance company.

The Town continues to carry commercial insurance for all other risks of loss, including certain general liability, worker's compensation, property and casualty insurance, and employee health, life, and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There was no significant reduction in the amount of coverage provided during this year.

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

**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 22, 2008. Either party may terminate the contract by providing a notice of termination three years in advance. The current contract term with the adjacent city is for twenty years beginning June 1, 1996. The Town may terminate the contract by providing a notice of the termination six months 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 \$143,327 by the City of Munford under this agreement for the year ended June 30, 2013. No party has the right to cancel or amend the agreement. The duration of the agreement is indefinite and continuing.

As of June 30, 2013, the amount of unfulfilled construction contracts related to the splash pad at Walker Park was approximately \$35,000.

The Town had been named as a defendant along with other individuals, businesses, and governmental entities in a lawsuit arising from an auto accident on Highway 51. The Town is denying all liability associated with the auto accident and is actively defending its position in the remaining lawsuit. The ultimate outcome of the lawsuit is unknown at this time. The Town believes that its insurance coverage is adequate to fully cover any amount of loss.

**NOTE 9 - SUBSEQUENT EVENTS**

In October 2013, a contract in the amount of \$605,703 was awarded to pave a road within Town limits. A grant in the amount of \$452,940 has been obtained for this project. The remaining cost of the project will be funded from Town reserves.

In December 2013, the Town awarded a contract to purchase playground equipment for one of the Town's parks in the amount of \$145,247. In January 2014, the Town awarded a contract to pay for the installation of the playground equipment in the amount of \$186,849.

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

**NOTE 9 - SUBSEQUENT EVENTS - CONTINUED**

In January 2014, the Town awarded a contract to purchase and install lighting upgrades for athletic fields at a Town park in the amount of \$336,800.

In February 2014, the Town awarded a contract in the amount of \$349,361 to construct water system improvements for the purpose of improving water flows to portions of the Town. The project will be funded by proceeds from a previously unused portion of a bond issuance.

**NOTE 10 - RETIREMENT PLAN**

Employees of the Town are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Town participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/ps](http://www.tn.gov/treasury/tcrs/ps).

The Town requires employees to contribute 5.0 percent of earnable compensation. The Town is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011 was 7.30% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Town is established and may be amended by the TCRS Board of Trustees.

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

**NOTE 10 - RETIREMENT PLAN - CONTINUED**

For the year ending June 30, 2013, the Town's annual pension cost of \$91,862 to TCRS was equal to the Town's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The Town's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 7 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**TREND INFORMATION**

| <b><u>FISCAL<br/>YEAR<br/>ENDING</u></b> | <b><u>ANNUAL<br/>PENSION<br/>COST (APC)</u></b> | <b><u>PERCENTAGE<br/>OF APC<br/>CONTRIBUTED</u></b> | <b><u>NET<br/>PENSION<br/>OBLIGATION</u></b> |
|--|---|---|--|
| June 30, 2013                            | \$ 91,862                                       | 100.00%   | \$ 0.00                                      |
| June 30, 2012                            | \$ 83,927                                       | 100.00%   | \$ 0.00                                      |
| June 30, 2011                            | \$ 71,542                                       | 100.00%   | \$ 0.00                                      |

As of July 1, 2011, the most recent actuarial valuation date, the plan was 82.45% percent funded. The actuarial accrued liability (AAL) for benefits was \$1.3 million, and the actuarial value of assets was \$1.07 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.23 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.0 million, and the ratio of the UAAL to the covered payroll was 22.90%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

**TOWN OF ATOKA, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

**NOTE 10 - RETIREMENT PLAN - CONTINUED**

(Dollar amounts in thousands)

| <b>ACTUARIAL<br/>VALUATION<br/>DATE</b> | <b>ACTUARIAL<br/>VALUE<br/>OF PLAN<br/>ASSETS<br/>(a)</b> | <b>ACTUARIAL<br/>ACCRUED<br/>LIABILITY<br/>(AAL)<br/>-ENTRY AGE<br/>(b)</b> | <b>UNFUNDED<br/>AAL<br/>(UAAL)<br/>(b)-(a)</b> | <b>FUNDED<br/>RATIO<br/>(a/b)</b> | <b>COVERED<br/>PAYROLL<br/>(c)</b> | <b>UAAL AS A<br/>PERCENTAGE<br/>OF COVERED<br/>PAYROLL<br/>((b-a)/(c))</b> |
|---|---|---|--|-----------------------------------|------------------------------------|--|
| July 01, 2011                           | \$ 1,074  | \$ 1,303  | \$ 229   | 82.45%                            | \$ 998                             | 22.90%   |

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF ATOKA, TENNESSEE**  
**RETIREMENT PLAN - ANALYSIS OF FUNDING PROGRESS**  
**JUNE 30, 2013**

**SCHEDULE OF FUNDING PROGRESS**

(dollar amounts in thousands)

| <u>ACTUARIAL<br/>VALUATION<br/>DATE</u> | <u>ACTUARIAL<br/>VALUE OF<br/>PLAN ASSETS<br/>(A)</u> | <u>ACTUARIAL<br/>ACCRUED<br/>LIABILITY (AAL) -<br/>ENTRY AGE<br/>(B)</u> | <u>UNFUNDED<br/>AAL<br/>(UAAL)<br/>(B) - (A)</u> | <u>FUNDED<br/>RATIO<br/>(A) / (B)</u> | <u>ANNUAL<br/>COVERED<br/>PAYROLL<br/>(C)</u> | <u>UAAL AS A<br/>PERCENTAGE OF<br/>COVERED PAYROLL<br/>((b) - (b)) / (c)</u> |
|---|---|--|--|---------------------------------------|---|--|
| July 01, 2011                           | \$ 1,074  | \$ 1,303   | \$ 229   | 82.45 %                               | \$ 998  | 22.90 %  |
| July 01, 2009                           | \$ 629  | \$ 726   | \$ 97  | 86.63 %                               | \$ 944  | 10.28 %  |
| July 01, 2007                           | \$ 444  | \$ 552   | \$ 108   | 80.43 %                               | \$ 656  | 16.46 %  |

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**



**TOWN OF ATOKA, TENNESSEE  
COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

|                                   | <u>STATE<br/>STREET<br/>AID FUND</u> | <u>DRUG<br/>FUND</u>     | <u>TOTAL<br/>NONMAJOR<br/>GOVERN-<br/>MENTAL<br/>FUNDS</u> |
|-----------------------------------|--------------------------------------|--------------------------|--|
| <b>ASSETS</b>                     |                                      |                          |  |
| Cash .....                        | \$ 379,775                           | \$ 129,762               | \$ 509,537   |
| Due from State of Tennessee ..... | 39,249                               | -                        | 39,249   |
| Receivable - other .....          | <u>-</u>                             | <u>989</u>               | <u>989</u>   |
| <b>TOTAL ASSETS .....</b>         | <b><u>\$ 419,024</u></b>             | <b><u>\$ 130,751</u></b> | <b><u>\$ 549,775</u></b>                                   |
| <b>FUND BALANCE</b>               |                                      |                          |  |
| Restricted                        |                                      |                          |  |
| Street expenditures .....         | \$ 419,024                           | \$ -                     | \$ 419,024   |
| Drug enforcement .....            | <u>-</u>                             | <u>130,751</u>           | <u>130,751</u>   |
| <b>TOTAL FUND BALANCE .....</b>   | <b><u>\$ 419,024</u></b>             | <b><u>\$ 130,751</u></b> | <b><u>\$ 549,775</u></b>                                   |

**TOWN OF ATOKA, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2013**

|   | <u>STATE<br/>STREET<br/>AID FUND</u> | <u>DRUG<br/>FUND</u> | <u>TOTAL<br/>OTHER<br/>GOVERN-<br/>MENTAL<br/>FUNDS</u> |
|---|--------------------------------------|----------------------|---|
| <b>REVENUES</b>                                       |                                      |                      |   |
| Intergovernmental revenues                            |                                      |                      |   |
| Gasoline and motor fuel tax .....                     | \$ 147,663                           | \$ -                 | \$ 147,663  |
| \$.03 gasoline tax .....                              | 44,317                               | -                    | 44,317  |
| 1989 gasoline tax increase .....                      | 23,872                               | -                    | 23,872  |
| Federal grants .....                                  | -                                    | 3,892                | 3,892   |
| Total intergovernmental revenues .....                | <u>215,852</u>                       | <u>3,892</u>         | <u>219,744</u>  |
| Fines and forfeitures .....                           | -                                    | 30,454               | 30,454  |
| Miscellaneous revenues .....                          | -                                    | 302                  | 302   |
| <b>TOTAL REVENUES</b> .....                           | <u>215,852</u>                       | <u>34,648</u>        | <u>250,500</u>  |
| <b>EXPENDITURES</b>                                   |                                      |                      |   |
| Public safety   |                                      |                      |   |
| Police  |                                      |                      |   |
| Supplies .....  | -                                    | 3,765                | 3,765   |
| Capital outlay .....                                  | -                                    | 23,149               | 23,149  |
| Total public safety .....                             | -                                    | 26,914               | 26,914  |
| Public works  |                                      |                      |   |
| Highways and streets                                  |                                      |                      |   |
| Contractual services .....                            | 99,731                               | -                    | 99,731  |
| Total public works .....                              | 99,731                               | -                    | 99,731  |
| <b>TOTAL EXPENDITURES</b> .....                       | <u>99,731</u>                        | <u>26,914</u>        | <u>126,645</u>  |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> ..... | 116,121                              | 7,734                | 123,855   |
| <b>FUND BALANCE</b>                                   |                                      |                      |   |
| Balance at July 1, 2012 .....                         | <u>302,903</u>                       | <u>123,017</u>       | <u>425,920</u>  |
| Balance at June 30, 2013 .....                        | <u>\$ 419,024</u>                    | <u>\$ 130,751</u>    | <u>\$ 549,775</u>                                       |

**TOWN OF ATOKA, TENNESSEE**  
**STATE STREET AID FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013**

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>OVER<br/>(UNDER)<br/>BUDGET</u> |
|---|----------------------------|-------------------------|-------------------|------------------------------------|
| <b>REVENUES</b>   |                            |                         |                   |                                    |
| Gasoline and motor fuel tax . . .                         | \$ 225,000                 | \$ 225,000              | \$ 147,663        | \$ (77,337)                        |
| \$.03 gasoline tax . . . . .                              | -                          | -                       | 44,317            | 44,317                             |
| 1989 gasoline tax increase . . . .                        | -                          | -                       | 23,872            | 23,872                             |
| <b>TOTAL REVENUES . . . . .</b>                           | <u>225,000</u>             | <u>225,000</u>          | <u>215,852</u>    | <u>(9,148)</u>                     |
| <b>EXPENDITURES</b>                                       |                            |                         |                   |                                    |
| Public works  |                            |                         |                   |                                    |
| Highways and streets . . . . .                            | <u>225,000</u>             | <u>225,000</u>          | <u>99,731</u>     | <u>(125,269)</u>                   |
| <b>TOTAL EXPENDITURES</b>                                 | <u>225,000</u>             | <u>225,000</u>          | <u>99,731</u>     | <u>(125,269)</u>                   |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES . . . . .</b> | -                          | -                       | 116,121           | 116,121                            |
| <b>FUND BALANCE</b>                                       |                            |                         |                   |                                    |
| Balance at July 1, 2012 . . . . .                         | <u>302,903</u>             | <u>302,903</u>          | <u>302,903</u>    | -                                  |
| Balance at June 30, 2013 . . . . .                        | <u>\$ 302,903</u>          | <u>\$ 302,903</u>       | <u>\$ 419,024</u> | <u>\$ 116,121</u>                  |

**TOWN OF ATOKA, TENNESSEE**  
**DRUG FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013**

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | <u>OVER<br/>(UNDER)<br/>BUDGET</u> |
|---|----------------------------|-------------------------|-------------------|------------------------------------|
| <b>REVENUES</b>                                       |                            |                         |                   |                                    |
| Intergovernmental revenues ...                        | \$ 3,850                   | \$ 3,850                | \$ 3,892          | \$ 42                              |
| Fines and forfeitures .....                           | 55,550                     | 55,550                  | 30,454            | (25,096)                           |
| Other revenues .....                                  | 600                        | 600                     | 302               | (298)                              |
| <b>TOTAL REVENUES .....</b>                           | <u>60,000</u>              | <u>60,000</u>           | <u>34,648</u>     | <u>(25,352)</u>                    |
| <b>EXPENDITURES</b>                                   |                            |                         |                   |                                    |
| Public safety   |                            |                         |                   |                                    |
| Police .....  | 60,000                     | 60,000                  | 26,914            | (33,086)                           |
| <b>TOTAL EXPENDITURES</b>                             | <u>60,000</u>              | <u>60,000</u>           | <u>26,914</u>     | <u>(33,086)</u>                    |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES .....</b> | -                          | -                       | 7,734             | 7,734                              |
| <b>FUND BALANCE</b>                                   |                            |                         |                   |                                    |
| Balance at July 1, 2012 .....                         | 123,017                    | 123,017                 | 123,017           | -                                  |
| Balance at June 30, 2013 .....                        | <u>\$ 123,017</u>          | <u>\$ 123,017</u>       | <u>\$ 130,751</u> | <u>\$ 7,734</u>                    |

**TOWN OF ATOKA, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE**  
**YEAR ENDED JUNE 30, 2013**

**REVENUES**

|                                 |                      |
|---------------------------------|----------------------|
| Local taxes                     |                      |
| Property taxes .....            | \$ 971,999           |
| Local sales tax .....           | 884,818              |
| Wholesale beer tax .....        | 200,234              |
| Liquor distributors tax .....   | 119,298              |
| Cable TV tax .....              | <u>24,530</u>        |
|                                 | <u>2,200,879</u>     |
| <br>Licenses and permits .....  | <br><u>32,767</u>    |
| <br>Intergovernmental revenues  |                      |
| State sales tax .....           | 580,465              |
| State income tax .....          | 14,104               |
| State beer tax .....            | 4,146                |
| Petroleum special .....         | 17,182               |
| State mixed drink tax .....     | 11,690               |
| State excise tax .....          | 1,259                |
| TVA tax .....                   | 95,640               |
| State reimbursements .....      | 10,200               |
| Federal grants .....            | 35,392               |
| State grants .....              | <u>33,332</u>        |
|                                 | <u>803,410</u>       |
| <br>Charges for services        |                      |
| Solid Waste .....               | <u>161,926</u>       |
| <br>Fines and forfeitures ..... | <br><u>51,770</u>    |
| <br>Miscellaneous               |                      |
| Interest income .....           | 23,497               |
| Donations .....                 | 4,182                |
| Parks and recreation .....      | 62,339               |
| Miscellaneous .....             | <u>18,547</u>        |
|                                 | <u>108,565</u>       |
| <br>TOTAL REVENUES .....        | <br><u>3,359,317</u> |

**TOWN OF ATOKA, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

**EXPENDITURES**

General government

Legislative

|                            |               |
|----------------------------|---------------|
| Personal services .....    | \$ 26,473     |
| Contractual services ..... | <u>11,917</u> |
|                            | <u>38,390</u> |

Judicial

|                            |               |
|----------------------------|---------------|
| Personal services .....    | 3,600         |
| Contractual services ..... | <u>8,644</u>  |
|                            | <u>12,244</u> |

Finance and Administration

|                            |                |
|----------------------------|----------------|
| Personal services .....    | 165,270        |
| Contractual services ..... | 141,838        |
| Supplies .....             | 37,599         |
| Fixed charges .....        | 32,238         |
| Capital Outlay .....       | <u>179,908</u> |
|                            | <u>556,853</u> |

Planning and inspection

|                            |               |
|----------------------------|---------------|
| Personal services .....    | 51,034        |
| Contractual services ..... | 15,526        |
| Supplies .....             | 10,002        |
| Fixed charges .....        | <u>2,875</u>  |
|                            | <u>79,437</u> |

Total general government ..... 686,924

Public safety

Police

|                            |                  |
|----------------------------|------------------|
| Personal services .....    | 957,810          |
| Contractual services ..... | 101,873          |
| Supplies .....             | 110,441          |
| Fixed charges .....        | 42,843           |
| Capital outlay .....       | <u>53,056</u>    |
|                            | <u>1,266,023</u> |

Fire

|                            |                |
|----------------------------|----------------|
| Contractual services ..... | 322,081        |
| Supplies .....             | 42,759         |
| Fixed charges .....        | 8,414          |
| Capital Outlay .....       | <u>8,200</u>   |
|                            | <u>381,454</u> |

Total public safety ..... 1,647,477

**TOWN OF ATOKA, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

**EXPENDITURES - CONTINUED**

Public works

Highways and streets

|                                  |                |
|----------------------------------|----------------|
| Personal services .....          | \$ 179,348     |
| Contractual services .....       | 1,024          |
| Supplies .....                   | 328,806        |
| Fixed charges .....              | 7,206          |
| Capital outlay .....             | <u>133,142</u> |
| Total highways and streets ..... | <u>649,526</u> |

Solid waste

|                            |                |
|----------------------------|----------------|
| Contractual services ..... | <u>108,025</u> |
| Total public works .....   | <u>757,551</u> |

Health, welfare, and recreation

Parks and recreation

|   |                  |
|---|------------------|
| Personal services .....                     | 97,988           |
| Contractual services .....                  | 13,808           |
| Supplies .....                              | 172,406          |
| Fixed charges .....                         | 19,161           |
| Capital outlay .....                        | <u>883,584</u>   |
| Total health, welfare, and recreation ..... | <u>1,186,947</u> |

Grants and contributions

|                                      |                  |
|--------------------------------------|------------------|
| Grants and contributions .....       | <u>11,050</u>    |
| Total grants and contributions ..... | <u>11,050</u>    |
| <b>TOTAL EXPENDITURES</b> .....      | <u>4,289,949</u> |

**EXCESS OF REVENUES (UNDER)**

|                           |           |
|---------------------------|-----------|
| <b>EXPENDITURES</b> ..... | (930,632) |
|---------------------------|-----------|

**FUND BALANCE**

|                                |                    |
|--------------------------------|--------------------|
| Balance at July 1, 2012 .....  | <u>4,944,302</u>   |
| Balance at June 30, 2013 ..... | <u>\$4,013,670</u> |

## **SCHEDULES**



**TOWN OF ATOKA, TENNESSEE**  
**EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

| FEDERAL GRANT/PASS-THROUGH GRANTOR/<br>PROGRAM TITLE   | FEDERAL<br>CFDA<br>NUMBER | PASS-<br>THROUGH<br>GRANTOR'S<br>NUMBER | RECEIVABLE<br>(UNAVAILABLE)/<br>RESTRICTED<br>BALANCE AT |               | DISBURSE-<br>MENTS | RECEIVABLE<br>(UNAVAILABLE)/<br>RESTRICTED<br>BALANCE AT |                  |
|--|---------------------------|---|--|---------------|--------------------|--|------------------|
|  |                           |   | JULY 1, 2012   |               |                    | JUNE 30, 2013  |                  |
| <u>CASH FEDERAL AWARDS</u>                             |                           |   |  |               |                    |  |                  |
| U.S. Department of Transportation                      |                           |   |  |               |                    |  |                  |
| Passed through State of Tennessee                      |                           |   |  |               |                    |  |                  |
| Highway Planning and Construction Grant (ARRA) . . . . | 20.205                    | STP-9900(27)                            | \$   | 65,360        | \$                 | (65,360)   | \$ -             |
| Highway Planning and Construction Grant . . . . .      | 20.205                    | 115566.00                               |  | -             |                    | -  | 35,392           |
| High Visibility Law Enforcement Campaigns . . . . .    | 20.607                    | Z12GHS014                               |  | -             |                    | (547)  | -                |
|  |                           |   |  | <u>65,360</u> |                    | <u>(65,907)</u>  | <u>35,392</u>    |
| U.S. Department of Justice                             |                           |   |  |               |                    |  |                  |
| Bulletproof Vest Partnership Program . . . . .         | 16.607                    | N/A                                     |  | -             |                    | (3,345)  | -                |
|  |                           |   |  | <u>65,360</u> |                    | <u>(69,252)</u>  | <u>39,284</u>    |
| <b>TOTAL CASH FEDERAL AWARDS</b>                       |                           |   |  |               |                    |  | <u>\$ 35,392</u> |

**Note: Significant Accounting Policies**

All of the federal awards are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred.

**TOWN OF ATOKA, TENNESSEE  
EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2013**

| <u>PROGRAM TITLE</u>                             | <u>GRANTOR'S<br/>NUMBER</u> | <u>RECEIVABLE<br/>(UNAVAILABLE)/<br/>RESTRICTED<br/>BALANCE AT<br/>JULY 1, 2012</u> | <u>RECEIPTS</u>     | <u>DISBURSE-<br/>MENTS</u> | <u>RECEIVABLE<br/>(UNAVAILABLE)/<br/>RESTRICTED<br/>BALANCE AT<br/>JUNE 30, 2013</u> |
|--|-----------------------------|---|---------------------|----------------------------|--|
| <b><u>CASH STATE AWARDS</u></b>                  |                             |   |                     |                            |  |
| Department of Finance and Administration         |                             |   |                     |                            |  |
| Capitalization Grants for Clean Water            |                             |   |                     |                            |  |
| State Revolving Funds .....                      | CWA 05-184                  | \$ -  | \$ (222,558)        | \$ 222,558                 | -  |
| Department of Economic and Community Development |                             |   |                     |                            |  |
| Assistance to Communities with Local             |                             |   |                     |                            |  |
| Planning Activities .....                        | 33007-35012                 | -   | (6,060)             | 6,060                      | -  |
| Department of Military                           |                             |   |                     |                            |  |
| Public Assistance Disaster Grant .....           | 34101-00711                 | 3,260   | (3,260)             | -                          | -  |
| Public Assistance Disaster Grant .....           | 34101-11612                 | -   | (1,026)             | 1,026                      | -  |
|  |                             | 3,260   | (4,286)             | 1,026                      | -  |
| Department of Environment and Conservation       |                             |   |                     |                            |  |
| Tennessee Recreation Initiative Program .....    | GG-12-35925-00              | -   | (12,577)            | 26,247                     | 13,670   |
| <b>TOTAL CASH STATE AWARDS</b>                   |                             | <u>\$ 3,260</u>   | <u>\$ (245,481)</u> | <u>\$ 255,891</u>          | <u>\$ 13,670</u>   |

**TOWN OF ATOKA, TENNESSEE**  
**DEBT SERVICE REQUIREMENTS TO MATURITY**  
**JUNE 30, 2013**

| YEAR<br>ENDED | WATER AND SEWER REVENUE |                   | WATER AND SEWER REVENUE |                  | WATER AND SEWER REVENUE |                  |
|---------------|-------------------------|-------------------|-------------------------|------------------|-------------------------|------------------|
|               | BOND SERIES 1999        |                   | BOND SERIES 2000        |                  | BOND SERIES 2004        |                  |
|               | PRINCIPAL               | INTEREST          | PRINCIPAL               | INTEREST         | PRINCIPAL               | INTEREST         |
| 2014          | \$ 4,599                | \$ 10,377         | \$ 2,008                | \$ 5,612         | \$ 28,000               | \$ 2,476         |
| 2015          | 4,836                   | 10,140            | 2,121                   | 5,499            | 29,000                  | 2,386            |
| 2016          | 5,086                   | 9,890             | 2,241                   | 5,379            | 30,000                  | 2,293            |
| 2017          | 5,347                   | 9,629             | 2,367                   | 5,253            | 32,000                  | 2,197            |
| 2018          | 5,626                   | 9,350             | 2,501                   | 5,119            | 33,000                  | 2,095            |
| 2019          | 5,912                   | 9,064             | 2,642                   | 4,978            | 34,000                  | 1,989            |
| 2020          | 6,217                   | 8,759             | 2,791                   | 4,829            | 35,000                  | 1,880            |
| 2021          | 6,537                   | 8,439             | 2,948                   | 4,672            | 37,000                  | 1,769            |
| 2022          | 6,874                   | 8,102             | 3,114                   | 4,506            | 38,000                  | 1,650            |
| 2023          | 7,237                   | 7,739             | 3,290                   | 4,330            | 40,000                  | 1,529            |
| 2024          | 7,600                   | 7,376             | 3,476                   | 4,144            | 41,000                  | 1,401            |
| 2025          | 7,990                   | 6,986             | 3,672                   | 3,948            | 43,000                  | 1,269            |
| 2026          | 8,402                   | 6,574             | 3,879                   | 3,741            | 45,000                  | 1,132            |
| 2027          | 8,835                   | 6,141             | 4,098                   | 3,522            | 47,000                  | 988              |
| 2028          | 9,289                   | 5,687             | 4,329                   | 3,291            | 48,000                  | 837              |
| 2029          | 9,767                   | 5,209             | 4,573                   | 3,047            | 50,000                  | 684              |
| 2030          | 10,270                  | 4,706             | 4,831                   | 2,789            | 52,000                  | 524              |
| 2031          | 10,799                  | 4,177             | 5,104                   | 2,516            | 54,000                  | 357              |
| 2032          | 11,355                  | 3,621             | 5,391                   | 2,229            | 57,000                  | 185              |
| 2033          | 11,945                  | 3,031             | 5,695                   | 1,925            | 698                     | 2                |
| 2034          | 12,553                  | 2,423             | 6,017                   | 1,603            | -                       | -                |
| 2035          | 13,167                  | 1,809             | 6,356                   | 1,264            | -                       | -                |
| 2036          | 13,779                  | 1,197             | 6,715                   | 905              | -                       | -                |
| 2037          | 15,817                  | 120               | 7,093                   | 527              | -                       | -                |
| 2038          | -                       | -                 | 5,701                   | 133              | -                       | -                |
|               | <u>\$ 209,839</u>       | <u>\$ 150,546</u> | <u>\$ 102,953</u>       | <u>\$ 85,761</u> | <u>\$ 773,698</u>       | <u>\$ 27,643</u> |

**TOWN OF ATOKA, TENNESSEE**  
**DEBT SERVICE REQUIREMENTS TO MATURITY - CONTINUED**  
**JUNE 30, 2013**

| <u>YEAR<br/>ENDED</u> | <u>WATER AND SEWER REVENUE<br/>BOND SERIES 2008</u> |                 | <u>STATE REVOLVING<br/>FUND LOAN 2009</u> |                   | <u>GRAND TOTALS</u> |
|-----------------------|---|-----------------|---|-------------------|---------------------|
|                       | <u>PRINCIPAL</u>                                    | <u>INTEREST</u> | <u>PRINCIPAL</u>                          | <u>INTEREST</u>   |                     |
| 2014                  | \$ 21,000   | \$ 477          | \$ 100,368                                | \$ 29,911         | \$ 204,828          |
| 2015                  | 22,000  | 410             | 101,824                                   | 28,456            | 206,672             |
| 2016                  | 23,000  | 340             | 103,300                                   | 26,980            | 208,509             |
| 2017                  | 24,000  | 266             | 104,796                                   | 25,483            | 211,338             |
| 2018                  | 25,000  | 189             | 106,315                                   | 23,964            | 213,159             |
| 2019                  | 27,000  | 109             | 107,857                                   | 22,422            | 215,973             |
| 2020                  | 7,136   | 23              | 109,420                                   | 20,860            | 196,915             |
| 2021                  | -   | -               | 111,006                                   | 19,273            | 191,644             |
| 2022                  | -   | -               | 112,615                                   | 17,664            | 192,525             |
| 2023                  | -   | -               | 114,247                                   | 16,032            | 194,404             |
| 2024                  | -   | -               | 115,903                                   | 14,376            | 195,276             |
| 2025                  | -   | -               | 117,583                                   | 12,696            | 197,144             |
| 2026                  | -   | -               | 119,288                                   | 10,991            | 199,007             |
| 2027                  | -   | -               | 121,018                                   | 9,262             | 200,864             |
| 2028                  | -   | -               | 122,772                                   | 7,507             | 201,712             |
| 2029                  | -   | -               | 124,552                                   | 5,728             | 203,560             |
| 2030                  | -   | -               | 126,356                                   | 3,923             | 205,399             |
| 2031                  | -   | -               | 128,189                                   | 2,090             | 207,232             |
| 2032                  | -   | -               | 75,623                                    | 363               | 155,767             |
| 2033                  | -   | -               | -   | -                 | 23,296              |
| 2034                  | -   | -               | -   | -                 | 22,596              |
| 2035                  | -   | -               | -   | -                 | 22,596              |
| 2036                  | -   | -               | -   | -                 | 22,596              |
| 2037                  | -   | -               | -   | -                 | 23,557              |
| 2038                  | -   | -               | -   | -                 | 5,834               |
|                       | <u>\$ 149,136</u>                                   | <u>\$ 1,814</u> | <u>\$ 2,123,032</u>                       | <u>\$ 297,981</u> | <u>\$ 3,922,403</u> |

**TOWN OF ATOKA, TENNESSEE  
PROPERTY TAXES  
YEAR ENDED JUNE 30, 2013**

| <u>YEAR<br/>OF LEVY</u>                             | <u>BALANCE<br/>JULY1, 2012</u> | <u>ASSESSMENT</u> | <u>ADJUSTMENTS/<br/>ABATEMENTS</u> | <u>COLLECTIONS</u>  | <u>BALANCE<br/>JUNE 30, 2013</u> |
|---|--------------------------------|-------------------|------------------------------------|---------------------|----------------------------------|
| 2013  | \$ -                           | \$ 977,039        | \$ -                               | \$ -                | \$ 977,039                       |
| 2012  | 962,832                        | -                 | 7,956                              | (936,006)           | 34,782                           |
| 2011  | 32,856                         | -                 | 6,444                              | (28,643)            | 10,657                           |
| 2010  | 12,363                         | -                 | -                                  | (5,604)             | 6,759                            |
| 2009  | 2,314                          | -                 | -                                  | (1,212)             | 1,102                            |
| 2008  | 1,654                          | -                 | -                                  | (297)               | 1,357                            |
| 2007  | 1,207                          | -                 | -                                  | (181)               | 1,026                            |
| 2006  | 275                            | -                 | -                                  | (56)                | 219                              |
| 2005  | <u>193</u>                     | <u>-</u>          | <u>(193)</u>                       | <u>-</u>            | <u>-</u>                         |
|   | \$1,013,694                    | <u>\$ 977,039</u> | <u>\$ 14,207</u>                   | <u>\$ (971,999)</u> | \$1,032,941                      |
| Allowance for<br>uncollectible<br>property<br>taxes | <u>(39,725)</u>                |                   |                                    |                     | <u>(47,092)</u>                  |
| Net<br>receivables                                  | <u>\$ 973,969</u>              |                   |                                    |                     | <u>\$ 985,849</u>                |

| <u>YEAR OF LEVY</u> | <u>ASSESSED<br/>VALUATION</u> | <u>TAX RATE<br/>PER \$100</u> | <u>ASSESSMENTS</u> |
|---------------------|-------------------------------|-------------------------------|--------------------|
| 2012                | \$ 173,483,362                | \$ 0.56                       | \$ 962,832         |
| 2011                | 172,693,140                   | 0.56                          | 958,446            |
| 2010                | 167,159,060                   | 0.56                          | 927,732            |
| 2009                | 157,468,810                   | 0.56                          | 873,935            |
| 2008                | 121,213,857                   | 0.70                          | 848,497            |
| 2007                | 109,202,777                   | 0.70                          | 764,419            |
| 2006                | 94,977,349                    | 0.60                          | 569,864            |
| 2005                | 81,149,771                    | 0.60                          | 486,899            |
| 2004                | 70,355,071                    | 0.60                          | 422,130            |
| 2003                | 63,453,666                    | 0.60                          | 380,722            |

**Delinquent Property Taxes**

Uncollected taxes for years prior to 2006 have been charged off for financial reporting purposes. Such amounts are not significant. Uncollected taxes for tax years prior to 2011 have been turned over to Chancery Court for collection.

**TOWN OF ATOKA, TENNESSEE  
UTILITY RATES AND NUMBER OF CUSTOMERS  
JUNE 30, 2013**

**Water Rates**

Inside City limits

|                           |                          |
|---------------------------|--------------------------|
| First 1,000 gallons ..... | \$ 10.00                 |
| Over 1,000 gallons .....  | \$3.50 per 1,000 gallons |

Outside City limits

|                           |                          |
|---------------------------|--------------------------|
| First 1,000 gallons ..... | \$ 12.88                 |
| Over 1,000 gallons .....  | \$4.70 per 1,000 gallons |

The Town had 2,816 water customers as of June 30, 2013.

**Sewer Rates**

Inside City limits

|                         |         |
|-------------------------|---------|
| Minimum .....           | \$ 6.88 |
| Per 1,000 gallons ..... | \$ 3.50 |

Outside City limits

|                         |         |
|-------------------------|---------|
| Minimum .....           | \$ 8.91 |
| Per 1,000 gallons ..... | \$ 3.50 |

The City had 2,417 sewer customers as of June 30, 2013.

# AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

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Water Audit Report for: TOWN OF ATOKA

Reporting Year: 2013 7/2012 - 6/2013

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

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

## WATER SUPPLIED

&lt;&lt; Enter grading in column 'E'

|   |                                |                                  |                                      |                                 |
|---|--------------------------------|----------------------------------|--------------------------------------|---------------------------------|
| Volume from own sources:                              | <input type="text" value="1"/> | <input type="text" value="n/a"/> | <input type="text" value="0.000"/>   | Million gallons (US)/yr (MG/Yr) |
| Master meter error adjustment (enter positive value): | <input type="text" value="1"/> | <input type="text" value="10"/>  | <input type="text" value="1.800"/>   | under-registered MG/Yr          |
| Water imported:                                       | <input type="text" value="1"/> | <input type="text" value="10"/>  | <input type="text" value="199.973"/> | MG/Yr                           |
| Water exported:                                       | <input type="text" value="1"/> | <input type="text" value="n/a"/> | <input type="text" value="0.000"/>   | MG/Yr                           |
| <b>WATER SUPPLIED:</b>                                |                                |                                  | <b>201.773</b>                       | MG/Yr                           |

## AUTHORIZED CONSUMPTION

|                     |                                |                                  |                                      |       |
|---------------------|--------------------------------|----------------------------------|--------------------------------------|-------|
| Billed metered:     | <input type="text" value="1"/> | <input type="text" value="10"/>  | <input type="text" value="184.519"/> | MG/Yr |
| Billed unmetered:   | <input type="text" value="1"/> | <input type="text" value="n/a"/> |                                      | MG/Yr |
| Unbilled metered:   | <input type="text" value="1"/> | <input type="text" value="n/a"/> |                                      | MG/Yr |
| Unbilled unmetered: | <input type="text" value="1"/> | <input type="text" value="10"/>  | <input type="text" value="0.200"/>   | MG/Yr |

Click here:   
for help using option  
buttons below

Pcnt:  Value: 

Use buttons to select  
percentage of water supplied  
OR  
value

**AUTHORIZED CONSUMPTION:**  **184.719** MG/Yr

**WATER LOSSES (Water Supplied - Authorized Consumption)** **17.054** MG/Yr

## Apparent Losses

|                                  |                                |                                |                                    |       |
|----------------------------------|--------------------------------|--------------------------------|------------------------------------|-------|
| Unauthorized consumption:        | <input type="text" value="1"/> | <input type="text" value="9"/> | <input type="text" value="0.200"/> | MG/Yr |
| Customer metering inaccuracies:  | <input type="text" value="1"/> | <input type="text" value="9"/> | <input type="text" value="0.462"/> | MG/Yr |
| Systematic data handling errors: | <input type="text" value="1"/> | <input type="text" value="9"/> | <input type="text" value="0.500"/> | MG/Yr |

Pcnt:  Value: 


Choose this option to  
enter a percentage of  
billed metered  
consumption. This is  
NOT a default value

**Apparent Losses:**  **1.162**

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

Real Losses = Water Losses - Apparent Losses:  **15.892** MG/Yr

**WATER LOSSES:** **17.054** MG/Yr

## NON-REVENUE WATER

**NON-REVENUE WATER:**  **17.254** MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

## SYSTEM DATA

|  |                                |                                 |                                    |   |
|--|--------------------------------|---------------------------------|------------------------------------|---|
| Length of mains:                                   | <input type="text" value="1"/> | <input type="text" value="10"/> | <input type="text" value="55.5"/>  | miles   |
| Number of active AND inactive service connections: | <input type="text" value="1"/> | <input type="text" value="9"/>  | <input type="text" value="2,950"/> |   |
| Connection density:                                |                                |                                 | <input type="text" value="53"/>    | conn./mile main   |
| Average length of customer service line:           | <input type="text" value="1"/> | <input type="text" value="9"/>  | <input type="text" value="40.0"/>  | ft (pipe length between curbstop and customer meter or property boundary) |
| Average operating pressure:                        | <input type="text" value="1"/> | <input type="text" value="9"/>  | <input type="text" value="78.0"/>  | psi   |

## COST DATA

|   |                                |                                 |  |                      |
|---|--------------------------------|---------------------------------|--|----------------------|
| Total annual cost of operating water system:            | <input type="text" value="1"/> | <input type="text" value="9"/>  | <input type="text" value="\$477,185"/> | \$/Year              |
| Customer retail unit cost (applied to Apparent Losses): | <input type="text" value="1"/> | <input type="text" value="9"/>  | <input type="text" value="\$3.50"/>    | \$/1000 gallons (US) |
| Variable production cost (applied to Real Losses):      | <input type="text" value="1"/> | <input type="text" value="10"/> | <input type="text" value="\$2.00"/>    | \$/Million gallons   |

## PERFORMANCE INDICATORS

### Financial Indicators

|   |                                      |
|---|--------------------------------------|
| Non-revenue water as percent by volume of Water Supplied: | <input type="text" value="8.6%"/>    |
| Non-revenue water as percent by cost of operating system: | <input type="text" value="0.9%"/>    |
| Annual cost of Apparent Losses:                           | <input type="text" value="\$4,069"/> |
| Annual cost of Real Losses:                               | <input type="text" value="\$32"/>    |

### Operational Efficiency Indicators

|  |                                    |                            |
|--|------------------------------------|----------------------------|
| Apparent Losses per service connection per day:                                | <input type="text" value="1.08"/>  | gallons/connection/day     |
| Real Losses per service connection per day*:                                   | <input type="text" value="14.76"/> | gallons/connection/day     |
| Real Losses per length of main per day*:                                       | <input type="text" value="N/A"/>   |                            |
| Real Losses per service connection per day per psi pressure:                   | <input type="text" value="0.19"/>  | gallons/connection/day/psi |
| <input type="text" value="1"/> Unavoidable Annual Real Losses (UARL):          | <input type="text" value="25.92"/> | million gallons/year       |
| From Above, Real Losses = Current Annual Real Losses (CARL):                   | <input type="text" value="15.89"/> | million gallons/year       |
| <input type="text" value="1"/> Infrastructure Leakage Index (ILI) [CARL/UARL]: | <input type="text" value="0.61"/>  |                            |

\* only the most applicable of these two indicators will be calculated

## WATER AUDIT DATA VALIDITY SCORE:

**\*\*\* YOUR SCORE IS: 96 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: Customer metering inaccuracies
- 2: Total annual cost of operating water system
- 3: Customer retail unit cost (applied to Apparent Losses)

[For more information, click here to see the Grading Matrix worksheet](#)

**TOWN OF ATOKA, TENNESSEE**  
**NET POSITION OF WATER - SEWER FUND**  
**JUNE 30, 2013**

|   | <u>WATER</u>       | <u>SEWER</u>       | <u>COMBINED</u>      |
|---|--------------------|--------------------|----------------------|
| <b>ASSETS</b>                               |                    |                    |                      |
| <b>CURRENT ASSETS</b>                       |                    |                    |                      |
| Cash and cash equivalents .....             | \$1,558,140        | \$1,830,667        | \$ 3,388,807         |
| Investments - certificates of deposit ..... | 231,772            | 231,771            | 463,543              |
| Accounts receivable, net .....              | <u>65,445</u>      | <u>62,472</u>      | <u>127,917</u>       |
| <b>TOTAL CURRENT ASSETS</b> .....           | <u>1,855,357</u>   | <u>2,124,910</u>   | <u>3,980,267</u>     |
| <b>NONCURRENT ASSETS</b>                    |                    |                    |                      |
| <b>Capital Assets</b>                       |                    |                    |                      |
| <b>Not being depreciated</b>                |                    |                    |                      |
| Land .....                                  | 17,500             | 17,500             | 35,000               |
| Construction in progress .....              | <u>18,004</u>      | <u>-</u>           | <u>18,004</u>        |
|   | <u>35,504</u>      | <u>17,500</u>      | <u>53,004</u>        |
| <b>Being depreciated</b>                    |                    |                    |                      |
| Buildings and improvements .....            | 49,424             | 49,423             | 98,847               |
| Vehicles and equipment .....                | 190,837            | 190,837            | 381,674              |
| Utility plant in service .....              | 2,566,054          | 7,686,662          | 10,252,716           |
| Less accumulated depreciation .....         | <u>(836,052)</u>   | <u>(1,846,551)</u> | <u>(2,682,603)</u>   |
| <b>Total Capital Assets, Net of</b>         |                    |                    |                      |
| <b>Accumulated Depreciation</b> .....       | <u>1,970,263</u>   | <u>6,080,371</u>   | <u>8,050,634</u>     |
| <b>TOTAL NONCURRENT ASSETS</b> .....        | <u>2,005,767</u>   | <u>6,097,871</u>   | <u>8,103,638</u>     |
| <b>TOTAL ASSETS</b> .....                   | <u>\$3,861,124</u> | <u>\$8,222,781</u> | <u>\$ 12,083,905</u> |



**TOWN OF ATOKA, TENNESSEE**  
**NET POSITION OF WATER - SEWER FUND - CONTINUED**  
**JUNE 30, 2013**

|   | <u>WATER</u>               | <u>SEWER</u>               | <u>COMBINED</u>             |
|---|----------------------------|----------------------------|-----------------------------|
| <b>LIABILITIES AND NET POSITION</b>           |                            |                            |                             |
| <b>CURRENT LIABILITIES</b>                    |                            |                            |                             |
| Accounts payable .....                        | \$ 72,981                  | \$ 72,982                  | \$ 145,963                  |
| Accrued expenses .....                        | 3,444                      | 3,443                      | 6,887                       |
| Due to other funds .....                      | 188,231                    | 188,230                    | 376,461                     |
| Revenue bonds payable - current portion ..... | 25,337                     | 130,638                    | 155,975                     |
| Customer deposits .....                       | <u>21,461</u>              | <u>21,460</u>              | <u>42,921</u>               |
| <b>TOTAL CURRENT LIABILITIES .....</b>        | <b><u>311,454</u></b>      | <b><u>416,753</u></b>      | <b><u>728,207</u></b>       |
| <b>NONCURRENT LIABILITIES</b>                 |                            |                            |                             |
| Long term revenue bonds, less                 |                            |                            |                             |
| current portion .....                         | <u>607,223</u>             | <u>2,595,460</u>           | <u>3,202,683</u>            |
| <b>TOTAL LIABILITIES .....</b>                | <b><u>918,677</u></b>      | <b><u>3,012,213</u></b>    | <b><u>3,930,890</u></b>     |
| <b>NET POSITION</b>                           |                            |                            |                             |
| Net investment in capital assets .....        | 1,373,207                  | 3,371,773                  | 4,744,980                   |
| Unrestricted .....                            | <u>1,569,240</u>           | <u>1,838,795</u>           | <u>3,408,035</u>            |
| <b>TOTAL NET POSITION .....</b>               | <b><u>2,942,447</u></b>    | <b><u>5,210,568</u></b>    | <b><u>8,153,015</u></b>     |
| <b>TOTAL LIABILITIES AND</b>                  |                            |                            |                             |
| <b>NET POSITION .....</b>                     | <b><u>\$ 3,861,124</u></b> | <b><u>\$ 8,222,781</u></b> | <b><u>\$ 12,083,905</u></b> |

**TOWN OF ATOKA, TENNESSEE  
REVENUES, EXPENSES AND CHANGES  
IN NET POSITION OF WATER - SEWER FUND  
YEAR ENDED JUNE 30, 2013**

|   | <u>WATER</u>        | <u>SEWER</u>        | <u>COMBINED</u>     |
|---|---------------------|---------------------|---------------------|
| <b>OPERATING REVENUES</b>                               |                     |                     |                     |
| Metered sales and service .....                         | \$ 894,680          | \$ 854,031          | \$ 1,748,711        |
| Connection fees .....                                   | 52,185              | 10,925              | 63,110              |
| Tap fees .....  | -                   | 12,000              | 12,000              |
| Penalties .....   | 19,093              | 19,093              | 38,186              |
| Other operating income .....                            | <u>4,126</u>        | <u>4,126</u>        | <u>8,252</u>        |
| <b>TOTAL OPERATING REVENUES ....</b>                    | <u>970,084</u>      | <u>900,175</u>      | <u>1,870,259</u>    |
| <b>OPERATING EXPENSES</b>                               |                     |                     |                     |
| Salaries and wages .....                                | 144,814             | 144,813             | 289,627             |
| Fringes .....   | 46,472              | 46,472              | 92,944              |
| Maintenance services and supplies .....                 | 93,830              | 93,829              | 187,659             |
| Water purchased .....                                   | 389,320             | -                   | 389,320             |
| Sewer fees .....  | -                   | 216,060             | 216,060             |
| Office supplies .....                                   | 15,764              | 15,763              | 31,527              |
| Utilities .....   | 27,438              | 27,437              | 54,875              |
| Insurance .....   | 12,846              | 12,846              | 25,692              |
| Depreciation .....                                      | 102,308             | 235,502             | 337,810             |
| Amortization .....                                      | 3,576               | 3,575               | 7,151               |
| Miscellaneous .....                                     | <u>30,137</u>       | <u>30,137</u>       | <u>60,274</u>       |
| <b>TOTAL OPERATING EXPENSES .....</b>                   | <u>866,505</u>      | <u>826,434</u>      | <u>1,692,939</u>    |
| <b>OPERATING INCOME .....</b>                           | <u>103,579</u>      | <u>73,741</u>       | <u>177,320</u>      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                 |                     |                     |                     |
| Interest income .....                                   | 13,167              | 13,166              | 26,333              |
| Interest expense .....                                  | <u>(17,181)</u>     | <u>(48,458)</u>     | <u>(65,639)</u>     |
| <b>TOTAL NONOPERATING<br/>REVENUES (EXPENSES) .....</b> | <u>(4,014)</u>      | <u>(35,292)</u>     | <u>(39,306)</u>     |
| <b>INCOME BEFORE CAPITAL<br/>CONTRIBUTIONS .....</b>    | <u>99,565</u>       | <u>38,449</u>       | <u>138,014</u>      |
| <b>CAPITAL CONTRIBUTIONS .....</b>                      | <u>-</u>            | <u>88,843</u>       | <u>88,843</u>       |
| <b>CHANGE IN NET POSITION .....</b>                     | 99,565              | 127,292             | 226,857             |
| <b>NET POSITION</b>                                     |                     |                     |                     |
| Balance at July 1, 2012 .....                           | <u>2,842,882</u>    | <u>5,083,276</u>    | <u>7,926,158</u>    |
| Balance at June 30, 2013 .....                          | <u>\$ 2,942,447</u> | <u>\$ 5,210,568</u> | <u>\$ 8,153,015</u> |

**TOWN OF ATOKA, TENNESSEE**  
**CASH FLOWS OF WATER - SEWER FUND**  
**YEAR ENDED JUNE 30, 2013**

|  | <u>WATER</u>        | <u>SEWER</u>        | <u>COMBINED</u>     |
|--|---------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                     |                     |                     |
| Cash received from customers .....                                   | \$ 979,527          | \$ 899,465          | \$ 1,878,992        |
| Cash payments to suppliers .....                                     | (612,167)           | (405,601)           | (1,017,768)         |
| Cash payments to employees<br>for services .....                     | (144,814)           | (144,813)           | (289,627)           |
| Cash payments for taxes .....  | <u>(10,968)</u>     | <u>(10,969)</u>     | <u>(21,937)</u>     |
| Net cash provided by<br>operating activities .....                   | <u>211,578</u>      | <u>338,082</u>      | <u>549,660</u>      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>               |                     |                     |                     |
| Increase in due to other funds .....                                 | <u>57,337</u>       | <u>57,335</u>       | <u>114,672</u>      |
| Net cash provided by noncapital<br>financing activities .....        | <u>57,337</u>       | <u>57,335</u>       | <u>114,672</u>      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                     |                     |                     |
| Purchase of capital assets .....                                     | (71,627)            | (333,803)           | (405,430)           |
| Proceeds from long-term debt .....                                   | -                   | 222,558             | 222,558             |
| Payments on principal of long-term debt .....                        | (11,757)            | (140,713)           | (152,470)           |
| Interest and fee payments on long-term debt .....                    | <u>(17,181)</u>     | <u>(48,458)</u>     | <u>(65,639)</u>     |
| Net cash (used) by capital and related<br>financing activities ..... | <u>(100,565)</u>    | <u>(300,416)</u>    | <u>(400,981)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                     |                     |                     |
| Interest received .....  | <u>12,184</u>       | <u>12,187</u>       | <u>24,371</u>       |
| Net cash provided by<br>investing activities .....                   | <u>12,184</u>       | <u>12,187</u>       | <u>24,371</u>       |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b> .....               | 180,534             | 107,188             | 287,722             |
| <b>CASH AND CASH EQUIVALENTS - JULY 1, 2012</b> .....                | <u>1,377,606</u>    | <u>1,723,479</u>    | <u>3,101,085</u>    |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2013</b> .....               | <u>\$ 1,558,140</u> | <u>\$ 1,830,667</u> | <u>\$ 3,388,807</u> |

**TOWN OF ATOKA, TENNESSEE**  
**CASH FLOWS OF WATER - SEWER FUND - CONTINUED**  
**YEAR ENDED JUNE 30, 2013**

|  | <u>WATER</u>      | <u>SEWER</u>      | <u>COMBINED</u>   |
|--|-------------------|-------------------|-------------------|
| <b>RECONCILIATION OF OPERATING<br/>INCOME TO NET CASH PROVIDED<br/>BY OPERATING ACTIVITIES</b> |                   |                   |                   |
| Operating income .....   | \$ 103,579        | \$ 73,741         | \$ 177,320        |
| Adjustments to reconcile operating<br>income to net cash provided by<br>operating activities   |                   |                   |                   |
| Depreciation .....   | 102,308           | 235,502           | 337,810           |
| Amortization .....   | 3,576             | 3,575             | 7,151             |
| (Increase) decrease in accounts receivable   | 9,443             | (710)             | 8,733             |
| Increase (decrease) in accounts payable ..   | (6,889)           | 26,416            | 19,527            |
| (Decrease) in accrued expenses .....   | (439)             | (442)             | (881)             |
| Total adjustments .....  | <u>107,999</u>    | <u>264,341</u>    | <u>372,340</u>    |
| Net cash provided by operating<br>activities .....   | <u>\$ 211,578</u> | <u>\$ 338,082</u> | <u>\$ 549,660</u> |
| <b>NONCASH INVESTING, CAPITAL, AND<br/>FINANCING ACTIVITIES</b>                                |                   |                   |                   |
| Capital contribution - forgiveness of debt ...   | \$ -              | \$ 88,843         | \$ 88,843         |
| Interest credited to certificates<br>of deposit .....  | \$ 984            | \$ 978            | \$ 1,962          |

**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, 2013, 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 June 23, 2014.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Atoka, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Atoka, Tennessee's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses (2010-03 and 2013-01).

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 Responses. The Town of Atoka, Tennessee's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on 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.





**TOWN OF ATOKA, TENNESSEE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2013**

**Material Weaknesses**

**Item No. 2010-03: Adjustment of General Ledger Account Balances**

*Condition:* Annually since 2010, adjustments have been proposed when necessary to correct material misstatements in the financial statements. During the current year, material transactions of the General Fund relating to the settlement of a legal proceeding and recording of solid waste charges were not recorded and necessitated adjustment of the Town's financial statements.

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

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

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

*Client response:* 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 at year-end before commencement of the audit.

**Item No. 2013-01: Budget Overruns - General Fund**

*Condition:* The Town experienced material budget overruns within the finance and administration, solid waste, and parks and recreation departments of the General Fund.

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

*Effect:* Certain expenditures exceeded budgeted amounts.

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

*Client response:* The Town prepared budget amendments in order to comply with State requirements, but the amended amounts remained insufficient. We will strive to include all expenditures in our budget amendments in the future.

**TOWN OF ATOKA, TENNESSEE  
STATUS OF PRIOR YEARS' FINDINGS  
YEAR ENDING JUNE 30, 2013**

Item not corrected

Item No. 2010-03: Adjustment of General Ledger Account Balances