

CITY OF ARDMORE, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2022

CITY OF ARDMORE, TENNESSEE

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CITY OF ARDMORE, TENNESSEE

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INTRODUCTORY SECTION

CITY OF ARDMORE, TENNESSEE

Officials of the City of Ardmore, Tennessee

June 30, 2022

Name

Title

Elected Officials:

Mike Magnusson

Mayor

Shane Emerson

Vice Mayor

Jason Sherman

Alderman

Wayne Harwell

Alderman

Garon Hargrove

Alderman

Ken Crosson

Alderman

Spencer Smith

Alderman

Management:

Mary Prier

City Recorder and CMFO

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

Mayor and Board of Aldermen of the
City of Ardmore, Tennessee
Ardmore, Tennessee

Opinions

I have audited the financial statements of the governmental activities and each major fund of the City of Ardmore, Tennessee (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City, as of June 30, 2022, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, State Street Aid Fund, Drug Fund, Sanitation Fund and the Library Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information section, as listed in the table of contents, does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the other information, and I do not express an opinion or any other assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated September 30, 2022, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

John R. Poole, CPA

September 30, 2022

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

CITY OF ARDMORE, TENNESSEE

Management's Discussion and Analysis

As management of the City of Ardmore, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the City of Ardmore exceeded its liabilities at the close of the most recent fiscal year by \$2,879,688. Of this amount, \$658,851 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$93,319 due to an increase in total City revenues of \$327,443 in the current year. The City's local economy continues to produce steady revenues and the City has worked to reduce expenses where possible.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$734,510, an increase of \$121,571 in comparison to the prior year. The increase in fund balance was due to increased revenues along with increased expenditures even as the City maintained expenditures within budgeted levels in the current year. During the year, the City made capital asset purchases of \$85,965 primarily related to building improvements in the Parks department.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$633,697 or 39% of the total general fund expenditures.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Ardmore's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax). The governmental activities of the City of Ardmore include general government, personnel, finance, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The City of Ardmore, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are governmental funds.

Governmental Funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The City of Ardmore adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14-24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-34 of this report.

Financial Analysis of the Financial Statements -- Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ardmore, assets exceeded liabilities by \$2,879,688 at the close of the most recent fiscal year.

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

Financial Analysis of the Financial Statements -- City of Ardmore's Net Position

	2022	2021
	Governmental	Governmental
	<u>Activities</u>	<u>Activities</u>
Current and other assets	\$1,230,871	799,871
Capital assets	<u>2,184,107</u>	<u>2,232,668</u>
Total assets	3,414,978	3,032,539
Long-term debt	43,000	64,000
Other liabilities	<u>236,543</u>	<u>107,297</u>
Total liabilities	279,543	171,297
Deferred Inflows:	255,747	74,873
Net position:		
Net investment in capital assets	2,141,107	2,168,668
Restricted	79,730	90,457
Unrestricted	<u>658,851</u>	<u>527,244</u>
Total net position	\$ 2,879,688	\$ 2,786,369

At the end to the current fiscal year, the City is able to report positive balances in all three categories of net position. The same situation held true for the prior year.

Comparison of revenues and expenses between 2021 and 2022

	2022 <u>Governmental</u> <u>Activities</u>	2021 <u>Governmental</u> <u>Activities</u>	Change <u>Between</u> <u>Years</u>
Revenues:			
Program revenues:			
Charges for services	238,565	239,789	(1,224)
Operating grants and contributions	80,389	67,894	12,495
Capital grants and contributions	366,037	103,689	262,348
Property taxes	91,556	90,361	1,195
Sales taxes	805,186	762,630	42,556
Other local taxes	394,780	382,445	12,335
Other state shared taxes	18,382	18,418	(36)
Other	7,702	9,928	(2,226)
Total revenues	<u>\$2,002,597</u>	<u>\$1,675,154</u>	<u>\$327,443</u>
Expenses:			
Mayor and Alderman	114,705	100,569	14,136
Recorder department	148,324	140,120	8,204
Police department	341,146	286,800	54,346
Fire department	31,865	31,823	42
Buildings and ground	544,357	285,813	258,544
Parks and recreations	221,807	169,489	52,318
Library	157,755	131,670	26,085
Sanitation	180,459	179,421	1,038
Highways and streets	168,860	131,456	37,404
Total expenses	<u>\$1,909,278</u>	<u>\$1,457,161</u>	<u>\$452,117</u>
Increases in net position	<u>\$93,319</u>	<u>\$217,993</u>	<u>(\$124,674)</u>

The assets of the City of Ardmore exceeded its liabilities at the close of the most recent fiscal year by \$2,879,688. Of this amount, \$658,851 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$93,319 due to an increase in total City revenues of \$327,443 in the current year. The City's local economy continues to produce steady revenues and the City has worked to reduce expenses where possible.

Financial Analysis of the Financial Statements

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

Governmental Funds

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

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$633,697. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39% of total general fund expenditures.

General Fund Budgetary Highlights

The City maintained its appropriation budgets during the year. See page 18-24 for further analysis.

Long-Term Debt

The City borrowed for infrastructure improvements. The long-term debt balance at yearend was \$43,000. During the year, the City made \$21,000 in debt payments. All debts are being paid on schedule.

Capital Assets

The City of Ardmore's investment in capital assets from its governmental activities at June 30, 2022, amounts to \$2,184,107 (net of accumulated depreciation). This investment in capital assets is in land, infrastructure, buildings, improvements, machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$85,965.

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

- * Purchase of improvements to the City's buildings for the Park department

City of Ardmore's Capital Assets

	2022	2021
	Governmental	Governmental
	<u>Activities</u>	<u>Activities</u>
Land	\$ 565,394	565,394
Infrastructure	591,884	591,884
Buildings	1,747,531	1,661,566
Furniture and equipment	<u>1,130,930</u>	<u>1,130,930</u>
Less accumulated depreciation	(1,851,632)	(1,717,106)
Net Capital Assets	<u>\$ 2,184,107</u>	<u>2,232,668</u>

Additional information on the City of Ardmore's capital assets can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

In the 2022-2023 budget, General fund revenues are budgeted to increase by from the 2021-2022 budget year primarily due to increases in the property tax base and a continued growth in the local economy. The City's budget has benefited by an expanding commercial and retail base producing increased local sales tax receipts.

All of these factors were considered in preparing the City's budget for the 2022-2023 fiscal year.

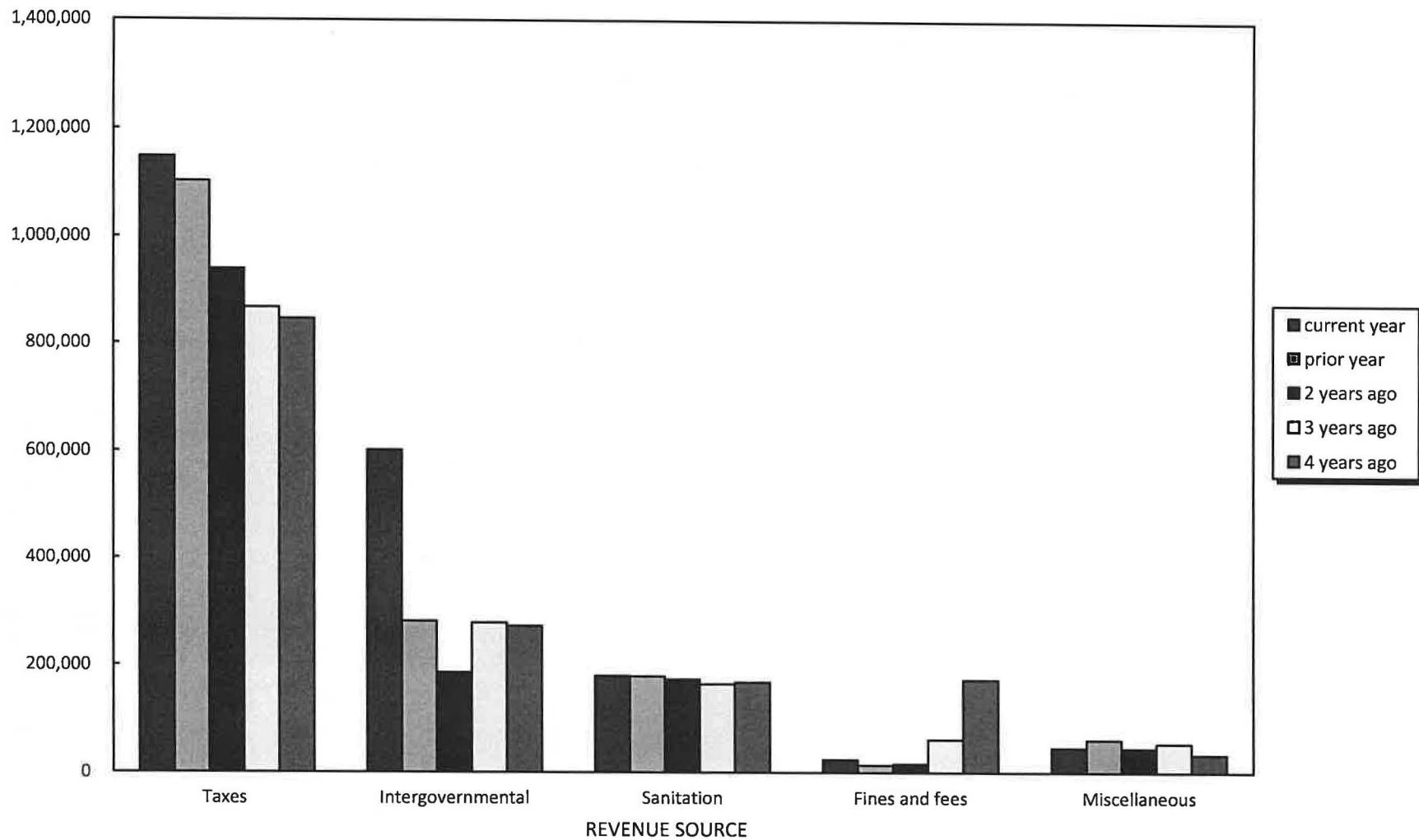
Requests for Information

This financial report is designed to provide a general overview of the City of Ardmore, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mary Prier
City of Ardmore

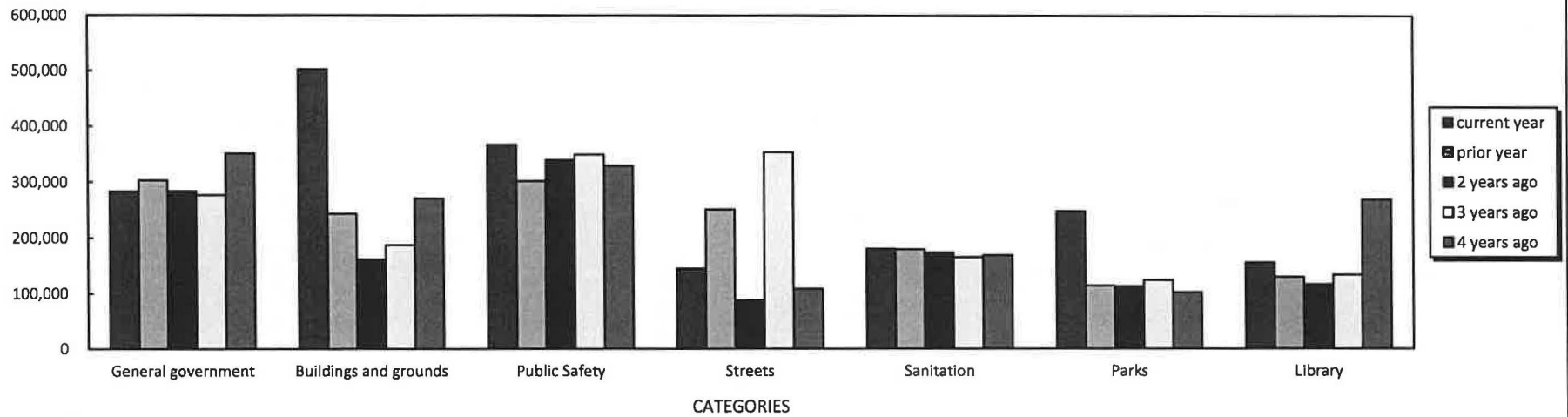
CITY OF ARDMORE, TENNESSEE

GOVERNMENTAL FUND REVENUES



CITY OF ARDMORE, TENNESSEE

GOVERNMENTAL FUND EXPENDITURES



BASIC FINANCIAL STATEMENTS

CITY OF ARDMORE, TENNESSEE

Statement of Net Position

June 30, 2022

<u>Assets</u>	<u>Governmental Activities</u>	<u>Total</u>
Cash and cash equivalents	\$649,302	649,302
Certificate of deposit	134,135	134,135
Accounts receivable	426,351	426,351
Prepaid expenses	21,083	21,083
Capital assets not being depreciated	565,394	565,394
Capital assets, net of accumulated depreciation	1,618,713	1,618,713
Total Assets	<u>3,414,978</u>	<u>3,414,978</u>
<u>Liabilities, Deferred Inflows, and Net Position</u>		
Liabilities:		
Accounts payable	230,035	230,035
Accrued expenses	6,508	6,508
Long-term liabilities due within one year	21,000	21,000
Long-term liabilities due in more than one year	22,000	22,000
Total Liabilities	<u>279,543</u>	<u>279,543</u>
Deferred Inflows		
Deferred inflow of resources - unspent grant receipts	181,144	181,144
Deferred inflow of resources - property taxes	74,603	74,603
Total Deferred Inflows	<u>255,747</u>	<u>255,747</u>
Net Position:		
Net investment in capital assets	2,141,107	2,141,107
Restricted- Drug fund	19,244	19,244
Restricted- State street aid	23,729	23,729
Restricted- Sanitation	1,225	1,225
Restricted- Library	35,532	35,532
Unrestricted	658,851	658,851
Total Net Position	<u>2,879,688</u>	<u>2,879,688</u>

See accompanying notes to financial statements.

CITY OF ARDMORE, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2022

Function/Programs	Expenses	Charges for Services	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Governmental</u>
					<u>Activities</u>	<u>Total</u>
Government Activities:						
Mayor and Alderman	114,705	0	5,367	366,037	256,699	256,699
Recorder department	148,324	0	0	0	(148,324)	(148,324)
Police department	341,146	20,198	2,400	0	(318,548)	(318,548)
Fire department	31,865	0	0	0	(31,865)	(31,865)
Buildings and grounds	544,357	0	0	0	(544,357)	(544,357)
Parks and recreations	221,807	33,706	0	0	(188,101)	(188,101)
Library	157,755	4,312	27,750	0	(125,693)	(125,693)
Sanitation	180,459	180,349	0	0	(110)	(110)
Highways and streets	168,860	0	44,872	0	(123,988)	(123,988)
Total Governmental Activities	<u>1,909,278</u>	<u>238,565</u>	<u>80,389</u>	<u>366,037</u>	<u>(1,224,287)</u>	<u>(1,224,287)</u>
General Revenues						
Property taxes					76,102	76,102
Public utility tax					15,454	15,454
Sales taxes					805,186	805,186
Business taxes					59,092	59,092
Beer taxes					335,688	335,688
Income, excise and franchise taxes					18,382	18,382
Interest income					516	516
Other					7,186	7,186
Total general revenues					<u>1,317,606</u>	<u>1,317,606</u>
Changes in net position					<u>93,319</u>	<u>93,319</u>
Net Position - beginning of year					2,786,369	2,786,369
Net position - ending of year					<u>2,879,688</u>	<u>2,879,688</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF ARDMORE, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2022

<u>Assets</u>	General Fund	State Street Aid Fund	Drug Fund	Sanitation Fund	Library Fund	Total
Cash and cash equivalents	\$590,476	\$18,769	\$19,244	\$1,228	\$19,585	\$649,302
Certificate of deposit	117,623	0	0	0	16,512	134,135
Accounts receivable:						
Property taxes receivable	78,674	0	0	0	0	78,674
Other taxes	268,766	7,374	0	0	0	276,140
Due from Ardmore Water and Sewer system	34,840	0	0	15,337	0	50,177
Due from Town of Ardmore, Alabama	21,360	0	0	0	0	21,360
	403,640	7,374	0	15,337	0	426,351
Prepaid assets	21,083	0	0	0	0	21,083
 Total Assets	 \$1,132,822	 \$26,143	 \$19,244	 \$16,565	 \$36,097	 \$1,230,871
<u>Liabilities, Deferred Inflow and Fund Balance</u>						
Liabilities:						
Accounts payable	\$189,915	\$2,414	\$0	\$15,340	\$565	\$208,234
Accounts payable- Town of Ardmore Alabama	21,801	0	0	0	0	21,801
Accrued expenses	6,508	0	0	0	0	6,508
 Total Liabilities	 218,224	 2,414	 0	 15,340	 565	 236,543
Deferred Inflow of Resources:						
Deferred inflow- unearned grant funds	181,144	0	0	0	0	181,144
Deferred current property taxes	74,603	0	0	0	0	74,603
Deferred delinquent property taxes	4,071	0	0	0	0	4,071
Total Deferred Inflow of Resources	259,818	0	0	0	0	259,818
Fund Balance:						
Unassigned	633,697	0	0	0	0	633,697
Non-spendable	21,083	0	0	0	0	21,083
Restricted	0	23,729	19,244	1,225	35,532	79,730
Total Fund balance	\$654,780	\$23,729	\$19,244	\$1,225	\$35,532	\$734,510
 Total Liabilities, Deferred Inflow and Fund balance	 \$1,132,822	 \$26,143	 \$19,244	 \$16,565	 \$36,097	 \$1,230,871

The notes accompanying the financial statements are an integral part of these financial statements.

CITY OF ARDMORE, TENNESSEE

**Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities**

June 30, 2022

Amounts reported for fund balance - total governmental funds	\$ 734,510
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	2,184,107
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	4,071
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds	
Long-term debt	<u>(43,000)</u>
Net position of governmental activities	\$ <u><u>2,879,688</u></u>

See accompanying notes to financial statements.

CITY OF ARDMORE, TENNESSEE

**Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances**

For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Sanitation Fund</u>	<u>Library Fund</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	1,149,140	0	0	0	0	1,149,140
Intergovernmental	531,447	42,626	0	0	27,750	601,823
Fines and fees	20,198	0	0	180,349	4,312	204,859
Miscellaneous	43,700	2,662	39	0	374	46,775
Total Revenues	<u>\$1,744,485</u>	<u>\$45,288</u>	<u>\$39</u>	<u>180,349</u>	<u>32,436</u>	<u>2,002,597</u>
Expenditures:						
Current:						
Mayor and Aldermen	111,997	0	0	0	0	111,997
Recorder department	148,324	0	0	0	0	148,324
Police department	334,445	0	215	0	0	334,660
Fire department	31,865	0	0	0	0	31,865
Buildings and grounds	502,435	0	0	0	0	502,435
Parks and recreation	161,708	0	0	0	0	161,708
Library	123,520	0	0	0	32,181	155,701
Sanitation	0	0	0	180,459	0	180,459
Highway and streets	88,911	55,984	0	0	0	144,895
Capital outlay:						
Parks and recreation	85,965	0	0	0	0	85,965
Debt service:						
Principal	21,000	0	0	0	0	21,000
Interest	2,017	0	0	0	0	2,017
Total Expenditures	<u>\$1,612,187</u>	<u>\$55,984</u>	<u>\$215</u>	<u>180,459</u>	<u>32,181</u>	<u>1,881,026</u>
 Excess (deficiency) of Revenues over Expenditures	 <u>132,298</u>	 <u>(10,696)</u>	 <u>(176)</u>	 <u>(110)</u>	 <u>255</u>	 <u>121,571</u>
 Fund Balance, Beginning of year	 522,482	 34,425	 19,420	 1,335	 35,277	 612,939
Fund Balance, End of Year	<u>\$654,780</u>	<u>\$23,729</u>	<u>\$19,244</u>	<u>\$1,225</u>	<u>\$35,532</u>	<u>\$734,510</u>

See accompanying notes to financial statements.

CITY OF ARDMORE, TENNESSEE

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

For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds:	\$	121,571
Amounts reported for governmental activities in the statement of net position 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 and reported as depreciation expense.		
Acquisition of capital assets		85,965
Depreciation expense		(134,526)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(691)
Expenses reported in the governmental funds as expenses that reduce long-term debt in the statement of activities		
Principal debt payments		<u>21,000</u>
Change in net position of governmental activities	\$	<u><u>93,319</u></u>

See accompanying notes to financial statements.

CITY OF ARDMORE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$77,000	\$77,000	\$75,301	(1,699)
Public utilities tax	5,400	2,000	2,818	818
Penalty and interest	300	300	801	501
Local sales tax	608,000	640,000	665,144	25,144
Business taxes	45,000	45,000	59,092	14,092
Beer and liquor tax	270,000	316,000	331,446	15,446
Franchise tax	15,000	17,000	14,538	(2,462)
Total Taxes	<u>1,020,700</u>	<u>1,097,300</u>	<u>1,149,140</u>	<u>51,840</u>
Intergovernmental:				
State sales tax	107,000	130,000	140,042	10,042
State - TVA in lieu	15,000	10,000	12,636	2,636
State beer and mixed drink tax	8,100	6,000	4,242	(1,758)
State supplement	3,600	2,400	2,400	0
Grants	6,000	370,309	366,037	(4,272)
State special petroleum tax	2,400	2,200	2,246	46
Corporate excise tax	1,000	0	3,844	3,844
Total Intergovernmental Revenue	<u>143,100</u>	<u>520,909</u>	<u>531,447</u>	<u>10,538</u>
Fines and Fees:				
Court fines and fees	<u>23,000</u>	<u>20,000</u>	<u>20,198</u>	<u>198</u>
	<u>23,000</u>	<u>20,000</u>	<u>20,198</u>	<u>198</u>
Miscellaneous:				
Sale of assets	0	0	574	574
Interest	500	500	266	(234)
Park income	40,000	35,000	33,706	(1,294)
Donations	0	0	5,367	5,367
Miscellaneous	10,000	15,000	3,787	(11,213)
Total Miscellaneous Revenue	<u>50,500</u>	<u>50,500</u>	<u>43,700</u>	<u>(6,800)</u>
Total Revenues	<u>1,237,300</u>	<u>1,688,709</u>	<u>1,744,485</u>	<u>55,776</u>

The notes accompanying the financial statements are an integral part of these financial statements.

CITY OF ARDMORE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Expenditures:				
Mayor and Aldermen:				
Salaries	13,200	13,600	16,000	(2,400)
Employee benefits	850	1,050	1,224	(174)
Dues and publications	5,200	5,200	4,526	674
Professional services	8,300	11,600	9,330	2,270
Supplies	500	700	1,128	(428)
Insurance	66,000	67,000	74,851	(7,851)
Miscellaneous	8,000	7,000	4,938	2,062
	<u>102,050</u>	<u>106,150</u>	<u>111,997</u>	<u>(5,847)</u>
Debt service	23,020	23,020	23,017	3
Total Mayor and Alderman	<u>125,070</u>	<u>129,170</u>	<u>135,014</u>	<u>(5,844)</u>
Recorder:				
Salaries	123,200	124,200	123,150	1,050
Employee benefits	13,000	13,000	12,528	472
Supplies	9,000	9,000	11,822	(2,822)
Miscellaneous	1,600	1,600	824	776
	<u>146,800</u>	<u>147,800</u>	<u>148,324</u>	<u>(524)</u>
Capital outlay	0	0	0	0
Total Recorder Department	<u>146,800</u>	<u>147,800</u>	<u>148,324</u>	<u>(524)</u>
Public Safety				
Police Department:				
Current:				
Salaries	234,000	248,000	242,792	5,208
Employee benefits	24,300	22,000	19,520	2,480
Utilities	13,000	13,000	9,621	3,379
Vehicle expenses	16,000	16,000	18,453	(2,453)
Uniforms	1,000	1,200	1,579	(379)
Supplies	13,000	31,000	14,099	16,901
Repair and maintenance	10,000	16,200	25,048	(8,848)
Miscellaneous	1,200	2,800	3,333	(533)
	<u>312,500</u>	<u>350,200</u>	<u>334,445</u>	<u>15,755</u>
Capital outlay	10,000	0	0	0
Total Police Department	<u>322,500</u>	<u>350,200</u>	<u>334,445</u>	<u>15,755</u>
Fire Department and Emergency Management				
Personnel costs	26,700	22,200	21,144	1,056
Supplies	10,900	14,200	10,721	3,479
	<u>37,600</u>	<u>36,400</u>	<u>31,865</u>	<u>4,535</u>
Capital outlay	0	0	0	0
Total Fire Department	<u>37,600</u>	<u>36,400</u>	<u>31,865</u>	<u>4,535</u>
Total Public Safety	<u>360,100</u>	<u>386,600</u>	<u>366,310</u>	<u>20,290</u>

The notes accompanying the financial statements are an integral part of these financial statements.

CITY OF ARDMORE, TENNESSEE

Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued

General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures, Continued:				
Streets:				
Current:				
Salaries	\$38,000	\$41,000	\$41,910	(910)
Employee benefits	4,200	4,350	4,337	13
Supplies and maintenance	50,600	46,959	42,346	4,613
Miscellaneous	1,000	1,000	318	682
	<u>93,800</u>	<u>93,309</u>	<u>88,911</u>	<u>4,398</u>
Capital outlay	0	0	0	0
Total Streets	<u>93,800</u>	<u>93,309</u>	<u>88,911</u>	<u>4,398</u>
Recreation:				
Salaries	49,400	47,850	45,185	2,665
Maintenance and supplies	35,000	79,035	94,007	(14,972)
Utilities	22,000	23,000	22,397	603
Miscellaneous	5,000	5,000	119	4,881
	<u>111,400</u>	<u>154,885</u>	<u>161,708</u>	<u>(6,823)</u>
Capital outlay	25,000	85,965	85,965	0
Total Recreation	<u>136,400</u>	<u>240,850</u>	<u>247,673</u>	<u>(6,823)</u>
Building and grounds:				
Salaries	98,000	98,000	91,925	6,075
Employee benefits	10,200	10,200	9,731	469
Utilities	28,000	37,400	33,932	3,468
Professional fees	31,000	25,000	14,865	10,135
Supplies	5,900	6,700	20,252	(13,552)
Grant expenses	0	335,450	331,524	3,926
Miscellaneous	6,000	6,000	206	5,794
	<u>179,100</u>	<u>518,750</u>	<u>502,435</u>	<u>16,315</u>
Capital outlay	30,000	12,000	0	12,000
Total Buildings and grounds	<u>209,100</u>	<u>530,750</u>	<u>502,435</u>	<u>28,315</u>
Library:				
Personnel costs	110,600	112,010	112,180	(170)
Utilities	11,000	10,000	9,708	292
Maintenance and supplies	0	0	1,459	(1,459)
Miscellaneous	2,000	2,190	173	2,017
	<u>123,600</u>	<u>124,200</u>	<u>123,520</u>	<u>680</u>
Capital outlay	0	0	0	0
Total Library	<u>123,600</u>	<u>124,200</u>	<u>123,520</u>	<u>680</u>
Total Expenditures	<u>1,194,870</u>	<u>1,652,679</u>	<u>1,612,187</u>	<u>40,492</u>
Excess (deficiency) of Revenues over Expenditures	42,430	36,030	132,298	96,268
Fund Balance, July 1, 2021	522,482	522,482	522,482	-
Fund Balance, June 30, 2022	<u>\$564,912</u>	<u>\$558,512</u>	<u>\$654,780</u>	<u>\$96,268</u>

The notes accompanying the financial statements are an integral part of these financial statements.

CITY OF ARDMORE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

State Street Aid Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Gasoline .03 tax	6,500	6,300	6,310	10
Gasoline 1989 tax	3,500	3,500	3,406	(94)
Gasoline and motor fuel	24,000	24,000	21,893	(2,107)
Gasoline 2017 tax	11,000	11,000	11,017	17
Miscellaneous	1,500	3,000	2,595	(405)
Interest	0	0	67	67
Total Revenues	46,500	47,800	45,288	(2,512)
Expenditures:				
Streets:				
Street lighting	26,000	28,000	28,755	(755)
Maintenance and supplies	15,000	7,000	27,229	(20,229)
	41,000	35,000	55,984	(20,984)
Capital outlay	0	30,000	0	30,000
Total Expenditures	41,000	65,000	55,984	9,016
Excess (deficiency) of revenues over expenditures	5,500	(17,200)	(10,696)	6,504
Fund Balance, July 1, 2021	34,425	34,425	34,425	-
Fund Balance, June 30, 2022	\$39,925	\$17,225	\$23,729	6,504

The notes accompanying the financial statements are an integral part of these financial statements.

CITY OF ARDMORE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Drug Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines	1,000	300	0	(300)
Miscellaneous:				
Interest	0	0	39	39
Total Miscellaneous	0	0	39	39
Total Revenue	1,000	300	39	(261)
Expenditures:				
Supplies	600	300	215	85
Capital outlay	0	0	0	0
Total Expenditures	600	300	215	85
Excess (deficiency) of revenues over expenditures	400	0	(176)	(176)
 Fund Balance, July 1, 2021	 19,420	 19,420	 19,420	 0
Fund Balance, June 30, 2022	\$19,820	\$19,420	19,244	(176)

The notes accompanying the financial statements are an integral part of these financial statements.

CITY OF ARDMORE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Sanitation Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fees:				
User fees	182,000	182,000	180,349	(1,651)
Miscellaneous:				
Interest	0	0	0	0
Total Revenues	182,000	182,000	180,349	(1,651)
Expenditures:				
Hauling service	178,000	177,800	176,139	1,661
Billing	4,000	4,200	4,212	(12)
Miscellaneous	0	0	108	(108)
Total Expenditures	182,000	182,000	180,459	1,541
Excess (deficiency) of revenues over expenditures	0	0	(110)	(110)
Fund Balance, July 1, 2021	1,335	1,335	1,335	0
Fund Balance, June 30, 2022	\$1,335	\$1,335	1,225	(110)

The notes accompanying the financial statements are an integral part of these financial statements.

CITY OF ARDMORE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Library Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Library fines and program fees	\$4,650	\$6,650	\$4,312	(2,338)
Donations	5,500	24,900	27,750	2,850
Miscellaneous	3,300	1,000	163	(837)
Interest	300	300	211	(89)
Total Revenues	13,750	32,850	32,436	(414)
Expenditures:				
Supplies	7,700	22,550	23,580	(1,030)
Books	1,000	6,300	5,768	532
Miscellaneous	5,000	4,000	2,833	1,167
	13,700	32,850	32,181	669
Capital outlay	0	0	0	0
Total Expenditures	13,700	32,850	32,181	669
Excess (deficiency) of revenues over expenditures	50	0	255	255
Fund Balance, July 1, 2021	35,277	35,277	35,277	-
Fund Balance, June 30, 2022	35,327	35,277	35,532	255

The notes accompanying the financial statements are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

The City of Ardmore, Tennessee, was incorporated under the Private Act of the Tennessee General Assembly. The City provides the following services, as authorized by its charter and duly passed ordinances: public safety, streets, sanitation, planning and zoning, public improvements, and general administrative services. The accounting policies of the City of Ardmore, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the City as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has no component units at yearend.

The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. The reporting includes the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Government activities are supported by taxes and intergovernmental revenues.

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

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies, Continued

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes, state shared revenues, interest and other governmental revenues as available if received within 45 days of years end. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major funds:

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

State Street Aid Fund - To account for the receipt and usage of the City's share of State gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

Drug Fund - To account for drug fines received and usage of those monies to further drug investigation.

Sanitation Fund - To account for the activities of the Sanitation operations.

Library Fund - To account for the revenues and expenditures of the City operating a public library.

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies, Continued

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less.

Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

All trade receivables are shown net of an allowance for uncollectible, if applicable.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Inventory

Inventory of all the governmental funds consists of expendable supplies held for consumption and are recorded at cost under the consumption method.

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies, Continued

Property Tax

The City's property tax is levied each November 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$0.24 per \$100 of assessed valuation for the fiscal year ended June 30, 2022.

Payments may be made during the period from October 1 through February 28. Current tax collections of \$70,931 for the fiscal year ended June 30, 2022 were approximately 95 percent of the tax levy. Delinquent taxes are turned over to the City Attorney for collection as required by the City Municipal Code.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including streets and sidewalks, and drainage systems are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$3,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is expensed when paid and thus not a part of the capitalized cost.

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Furniture and Equipment	5-10 years

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies, Continued

Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted – All other net position that does not meet the description of the above categories.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the government has one item (unspent grant receipts) that qualify for reporting in this category.

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies, Continued

Fund Balance

The City implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable Fund Balance - This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

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

Committed Fund Balance - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council of the City of Ardmore, Tennessee. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned Fund Balance - This classification included amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

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

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

Compensated Absences

The City has not accrued a liability for unused sick and vacation pay which is earned but not taken by City employees. As this is a minimal amount.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of Net Position.

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies, Continued

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by the Board of Mayor and Aldermen who vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The Board of Mayor and Aldermen approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the Board of Mayor and Aldermen.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

(2) Cash and Cash Equivalents

The City is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the City invested funds that were not immediately needed in certificates of deposits and savings accounts. The City has deposit policies to minimize custodial credit risks. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the City. The City's deposits with financial institutions are fully insured or collateralized by securities held in the government's name. Additionally, the deposit accounts are covered by the Federal Depository Insurance Coverage (FDIC).

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(3) Accounts Receivable

Accounts receivable at June 30, 2022, consist of the following:

<u>Fund</u>	<u>Other Receivables</u>	<u>Property Taxes</u>	<u>Total</u>
General Fund	\$ 324,966	78,674	403,640
Special Revenue Funds	<u>22,711</u>	<u>-</u>	<u>22,711</u>
Total	\$ <u>347,677</u>	<u>78,674</u>	<u>426,351</u>

(4) Capital Assets

A summary of changes in capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Land	\$ 565,394	-	-	565,394
Infrastructure	591,884	-	-	591,884
Building	1,661,566	85,965	-	1,747,531
Equipment	<u>1,130,930</u>	<u>-</u>	<u>-</u>	<u>1,130,930</u>
Total	<u>\$3,949,774</u>	<u>85,965</u>	<u>-</u>	<u>4,035,739</u>
Accumulated depreciation	(1,717,106)			(1,851,632)
Capital Assets - net	<u>2,232,668</u>			<u>2,184,107</u>

All assets, except land of \$565,394, are being depreciated.

Depreciation expense was charged to functions/programs of the primary government as follows:

General Fund:	
Buildings and grounds	\$ 41,922
Police department	6,486
Library	2,054
Highways and Streets	23,965
Parks department	<u>60,099</u>
Total	\$ <u>134,526</u>

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(5) General Obligation Long-Term Debt

Direct Borrowings

A summary of changes in general obligation long-term debt follows:

	Balance July 1, 2021	Additions	Retirement	Balance June 30, 2022
Building loan	<u>64,000</u>	<u>-</u>	<u>21,000</u>	<u>43,000</u>
Total	\$ <u>64,000</u>	<u>-</u>	<u>21,000</u>	<u>43,000</u>

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2022, are as follows:

	<u>General Long-Term Debt</u>	
Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2023	21,000	1,621
2024	<u>22,000</u>	<u>829</u>
Total	\$ <u>43,000</u>	<u>2,450</u>

The above bond payable contains provisions that in the event of default, the lender can use any remedy allowed by state or federal law.

(6) Simplified Employee Pension Plan

Substantially all of the full-time City of Ardmore, Tennessee, employees participate in the simplified employee pension plan started during the fiscal year ending June 30, 1990, with the Equitable Life Assurance Society of the United States. This Super IRA (simplified employee pension plan, as described in section 408(k) of the Internal Revenue Code) has an original effective date of August 16, 1989. Employees are eligible to participate in this plan if they have attained the age of twenty-one, have three years of the immediately preceding five years of service with the City and have a minimum annual compensation of \$300, indexed for cost of living. The City Council is responsible for the plan and is responsible for how plan provisions are established or amended. The City will contribute three percent of each participant's base compensation or a uniform percentage of each participant's base compensation determined annually by the City. The maximum annual contribution which may be made in a given plan year for a participant is the lesser of fifteen percent of annual compensation or \$30,000, or if greater, 1/4 of the maximum annual dollar limit under a defined benefit pension plan. The amount of the pension contribution by the City for the year ended June 30, 2022 was \$4,774.

CITY OF ARDMORE, TENNESSEE

Notes to Financial Statements

June 30, 2022

(7) Insurance

The City carries commercial insurance for the majority of risks of loss, including general liability, property and casualty, workers' compensation and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Commitments and Contingencies

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

SUPPLEMENTAL INFORMATION

CITY OF ARDMORE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Changes in Capital Assets - By Type

For the Year Ended June 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$565,394	0	0	565,394
Infrastructure	591,884	0	0	591,884
Buildings and improvements	1,661,566	85,965	0	1,747,531
Machinery and equipment	<u>1,130,930</u>	<u>0</u>	<u>0</u>	<u>1,130,930</u>
Total Capital assets	<u>\$3,949,774</u>	<u>85,965</u>	<u>0</u>	<u>4,035,739</u>

CITY OF ARDMORE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds

Schedule of Capital Assets - By Function and Activity

For the Year Ended June 30, 2022

	<u>Infrastructure and Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
Library	\$0	416,427	40,286	456,713
Parks	87,129	597,520	730,088	1,414,737
Fire department	0	0	19,220	19,220
Streets	476,754	0	236,228	712,982
Police department	0	0	99,476	99,476
General government	593,395	733,584	5,632	1,332,611
Total Capital Assets	<u>\$1,157,278</u>	<u>1,747,531</u>	<u>1,130,930</u>	<u>4,035,739</u>

CITY OF ARDMORE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2022

<u>Tax Year</u>	<u>Balance July 1, 2021</u>	<u>Levy</u>	<u>Collections and Changes in Assessment</u>	<u>Balance June 30, 2022</u>
2022	-	74,603	0	74,603
2021	74,873	0	70,931	3,942
2020	3,606	0	3,524	82
2019	1,007	0	1,001	6
2018	141	0	108	33
2017	0	0	0	0
2016	1	0	0	1
2015	7	0	0	7
	<u>\$79,635</u>	<u>\$74,603</u>	<u>\$75,564</u>	<u>\$78,674</u>

Analysis of Tax Rates and Assessments and Delinquent Taxes Filed

<u>Year</u>	<u>Assessment Rate</u>	<u>Assessed Valuation</u>	<u>Levy</u>	<u>Collections and Adjustments</u>	<u>Remaining Balance</u>
2022	0.24	31,514,025	74,603	0	74,603
2021	0.24	28,057,659	74,873	70,931	3,942
2020	0.24	31,013,362	73,699	73,617	82
2019	0.24	31,013,362	74,563	74,557	6
2018	0.24	29,844,678	71,838	71,805	33
2017	0.24	29,844,678	71,041	71,041	0
2016	0.24	29,085,492	70,517	70,516	1
2015	0.24	29,098,873	70,952	70,945	7
2014	0.24	29,057,093	69,745	69,745	0
2013	0.24	29,089,605	69,817	69,817	0

Note: All delinquent taxes have been turned over to the collection except for the 2021 tax year.

CITY OF ARDMORE, TENNESSEE

**Schedule of Debt Service Requirements-
General Long-Term Debt**

June 30, 2022

<u>Year</u>	2007 CAPITAL OUTLAY CITY HALL		TOTAL	TOTAL
	Principal	Interest	Principal	Interest
2023	\$ 21,000	1,621	21,000	1,621
2024	22,000	829	22,000	829
	\$ 43,000	2,450	43,000	2,450

CITY OF ARDMORE, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2022

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2022
Governmental Activities									
NOTES PAYABLE									
City Hall	\$ 190,000	3.77%	2013	12/31/2024	\$ 64,000	-	\$ 21,000	-	\$43,000
Total Notes Payable					\$ 64,000	\$ -	\$ 21,000	\$ -	\$ 43,000

CITY OF ARDMORE, TENNESSEE
Schedule of Federal and State Financial Assistance
For the Year Ended June 30, 2022

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance July 1, 2021</u>	<u>Receipts</u>	<u>Other Receipts</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2022</u>
State Programs:								
N/A	Z21THSO006	Highway Safety	State of Tennessee Department of Transportation	<u>2,960</u>	<u>3,614</u>	<u>0</u>	<u>4,654</u>	<u>4,000</u>
N/A	N/A	Governors Appropriation	State of Tennessee Department of Finance and Administration	<u>0</u>	<u>28,359</u>	<u>0</u>	<u>28,359</u>	<u>0</u>
N/A	FM19-003	Farmers Market	State of Tennessee Department of Agriculture - Enhancement	<u>0</u>	<u>1,500</u>	<u>0</u>	<u>1,500</u>	<u>0</u>
Total State Programs				<u>2,960</u>	<u>33,473</u>	<u>0</u>	<u>34,513</u>	<u>4,000</u>
Federal Programs:								
14.288	N/A	2020 CDBG Sewer Improvements	State of Tennessee Department of Economic and Community Development from US Department of HUD pass through	<u>46,589</u>	<u>378,113</u>	<u>0</u>	<u>331,524</u>	<u>0</u>
21.027	N/A	American Rescue Plan Act	US Department of Treasury thru the State of Tennessee	<u>0</u>	<u>181,144</u>	<u>0</u>	<u>0</u>	<u>(181,144)</u>
Total Federal Programs				<u>46,589</u>	<u>559,257</u>	<u>0</u>	<u>331,524</u>	<u>(181,144)</u>
Total State and Federal				<u>49,549</u>	<u>592,730</u>	<u>0</u>	<u>366,037</u>	<u>(177,144)</u>

This schedule is prepared on the modified basis of accounting.

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

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

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

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Ardmore's basic financial statements, and have issued a report thereon dated September 30, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the 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. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2022-001, that I consider to be a material weakness.

Compliance and Other Matters

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

Response to Findings

The City of Ardmore's response to the finding identified in the audit is described in the Schedule of Findings and Responses. The City of Ardmore's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result 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.

John D. Poole, CPA

September 30, 2022

CITY OF ARDMORE, TENNESSEE

Schedule of Findings and Responses

June 30, 2022

2022-001 - Separation of Duties

Condition: The City of Ardmore currently has two employees that work in performing the majority of the accounting functions for the City. Due to only having two employees performing the accounting transactions, there is currently an inadequate segregation of duties.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Cause: The City has a limited number of office employees to provide for a proper division of duties.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner along with the possibility of fraud or misappropriation of assets increases when accounting functions are not adequately segregated.

Recommendation: For adequate separation of duties, the employee who writes receipts, prepares and makes bank deposits, or writes checks should neither reconcile bank statements nor post to the cash receipts and disbursements journals.

Response: "We agree that the staff size will not allow the City to segregate duties to the optimum level desired. There are only two employees working in the department, so it is virtually impossible to segregate duties unless more staff could be hired and due to the finances of our small City, we could not financially hire additional office help."

CITY OF ARDMORE, TENNESSEE

Schedule of Disposition of Prior Year Comments

June 30, 2022

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2021 – 001	Separation of Duties	Repeated

The original finding number was 1998-001. The current finding number is 2022-001.

CITY OF ARDMORE

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cityofardmore@mchsi.com

Mayor MIKE MAGNUSSON

Management's Corrective Action Plan

Audit period: June 30, 2022

The findings from the June 30, 2022, *Schedule of Findings and Responses* are discussed below.

2022-001 Segregation of Duties (Internal Control)

Contact person: Mary Prier

Planned Corrective Action: It is not economically feasible at this time to hire a sufficient number of people to adequately separate the duties. The Board of Mayor and Aldermen continues to monitor our finances and internal control.

Anticipated Completion Date: At the current time, due to our size, we do not believe we can fully segregate these duties. We will continue to improve and strengthen our internal controls, but we cannot give a definite date.



Mary Prier
City Recorder/CMFO