

**TOWN OF STANTON, TENNESSEE**  
**INDEPENDENT AUDITOR'S REPORT**  
**June 30, 2022**

**TOWN OF STANTON, TENNESSEE  
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## **INTRODUCTORY SECTION**

# **TOWN OF STANTON, TENNESSEE**

June 30, 2022

## **BOARD OF MAYOR AND ALDERMEN**

Allan Sterbinsky, Mayor  
Robert Dancy, Alderman  
Linda Jones, Alderwoman  
Laura Smith, Alderwoman  
Ward Smith, Alderman

## **MANAGEMENT TEAM**

Alicia Pigue, CMFO  
Twillia Moss, Recorder

## **FINANCIAL SECTION**



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## Independent Auditor's Report

The Honorable Mayor and Board of Aldermen  
Town of Stanton, Tennessee

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Stanton, Tennessee (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the general fund, state street aid fund, and solid waste fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The supplementary and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary and other information are 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 comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*ATA CPAs + Advisors PLLC*

Dyersburg, Tennessee  
January 30, 2023

## Management's Discussion and Analysis

As management of the Town of Stanton, Tennessee we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

### Financial Highlights

- The assets of the Town of Stanton exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3.69 million (net position). Of this amount, \$356 thousand (unrestricted net position) may be used to meet the government's ongoing obligations to citizens.
- The government's total net position increased by \$9 thousand.
- As of the close of the current fiscal year, the Town of Stanton's governmental funds reported combined ending fund balances of \$102 thousand, a decrease of \$7 thousand in comparison with the prior year. \$63 thousand is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$63 thousand, or 19% percent of total general fund expenditures.

### Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all of the Town of Stanton's assets and liabilities, and deferred inflows and outflows of resources, with the difference 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 Town of Stanton 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 taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Stanton that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Stanton include general government, public safety, highways and streets, sanitation, and public welfare. The business-type activities of the Town of Stanton include water and sewer distribution operations.

The government-wide financial statements can be found on pages 10 and 11 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Stanton, 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 Town of Stanton can be divided into two categories: governmental funds and proprietary funds.

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

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

The Town of Stanton maintains three 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, state street aid fund and solid waste fund all of which are considered to be major funds.

The Town of Stanton adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and each special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 19 of this report.

**Proprietary funds.** The Town of Stanton maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Stanton uses enterprise funds to account for its water and sewer distribution.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer distribution which is considered to be a major fund of the Town of Stanton.

The basic proprietary fund financial statements can be found on pages 20 through 23 of this report.

**Notes to 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 24 through 33 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Stanton, assets exceeded liabilities and deferred inflows of resources by \$3.69 million at the close of the most recent fiscal year.

By far the largest portion of the Town of Stanton’s net position (89%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Stanton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Stanton’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.

### Condensed Statement of Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 206,249	\$ 180,045	\$ 312,074	\$ 224,492	\$ 518,323	\$ 404,537
Capital assets	<u>1,775,619</u>	<u>1,803,400</u>	<u>1,525,000</u>	<u>1,567,684</u>	<u>3,300,619</u>	<u>3,371,084</u>
<b>Total assets</b>	<b>1,981,868</b>	<b>1,983,445</b>	<b>1,837,074</b>	<b>1,792,176</b>	<b>3,818,942</b>	<b>3,775,621</b>
<b>Other liabilities</b>	<b><u>28,534</u></b>	<b><u>13,292</u></b>	<b><u>25,523</u></b>	<b><u>27,708</u></b>	<b><u>54,057</u></b>	<b><u>41,000</u></b>
<b>Deferred inflow of resources</b>						
Unavailable revenue - property taxes	60,312	50,339	-	-	60,312	50,339
Deferred revenues - grants	<u>10,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,800</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<b><u>71,112</u></b>	<b><u>50,339</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>71,112</u></b>	<b><u>50,339</u></b>
Net position						
Investment in capital assets	1,775,619	1,803,400	1,525,000	1,567,684	3,300,619	3,371,084
Restricted	36,699	42,107	-	-	36,699	42,107
Unrestricted	<u>69,904</u>	<u>74,307</u>	<u>286,551</u>	<u>196,784</u>	<u>356,455</u>	<u>271,091</u>
<b>Total net position</b>	<b><u>\$ 1,882,222</u></b>	<b><u>\$ 1,919,814</u></b>	<b><u>\$ 1,811,551</u></b>	<b><u>\$ 1,764,468</u></b>	<b><u>\$ 3,693,773</u></b>	<b><u>\$ 3,684,282</u></b>

A portion of the Town of Stanton’s net position (.99%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$356 thousand) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Stanton is able to report positive balances in all three categories of net position.

The government’s net position increased by \$9 thousand during the current fiscal year. The net position from governmental activities decreased by \$38 thousand, while the net position from business-type activities increased by \$47 thousand.

The following is a summary of financial activities for the Town of Stanton during the fiscal year ended June 30, 2022:

### Condensed Statement of Activities

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 57,727	\$ 55,518	\$ 263,098	\$ 274,310	\$ 320,825	\$ 329,828
Operating grants & contributions	132,004	89,226	21,055	-	153,059	89,226
Capital grants & contributions	-	-	-	345,197	-	345,197
General revenues:						
Property taxes	61,591	61,427	-	-	61,591	61,427
Sales tax	103,891	107,807	-	-	103,891	107,807
Other taxes & intergovernmental	37,777	40,342	-	-	37,777	40,342
Miscellaneous	7,143	22,313	-	100	7,143	22,413
Unrestricted investment earnings	8	66	57	153	65	219
<b>Total revenues</b>	<b>400,141</b>	<b>376,699</b>	<b>284,210</b>	<b>619,760</b>	<b>684,351</b>	<b>996,459</b>
<b>Expenses</b>						
General government	193,062	164,394	-	-	193,062	164,394
Public safety	22,698	21,915	-	-	22,698	21,915
Public works	71,008	100,674	-	-	71,008	100,674
Highways and streets	15,989	14,817	-	-	15,989	14,817
Sanitation	58,924	57,439	-	-	58,924	57,439
Public welfare	76,052	97,235	-	-	76,052	97,235
Water & Sewer	-	-	237,127	312,086	237,127	312,086
<b>Total expenses</b>	<b>437,733</b>	<b>456,474</b>	<b>237,127</b>	<b>312,086</b>	<b>674,860</b>	<b>768,560</b>
<b>Increase (decrease) in net position</b>	<b>(37,592)</b>	<b>(79,775)</b>	<b>47,083</b>	<b>307,674</b>	<b>9,491</b>	<b>227,899</b>
Net position, beginning	1,919,814	1,999,044	1,764,468	1,400,294	3,684,282	3,399,338
Prior period adjustment	-	545	-	56,500	-	57,045
Net position, beginning restated	1,919,814	1,999,589	1,764,468	1,456,794	3,684,282	3,456,383
Net position, ending	\$ 1,882,222	\$ 1,919,814	\$ 1,811,551	\$ 1,764,468	\$ 3,693,773	\$ 3,684,282

**Governmental activities.** Governmental activities decreased the Town of Stanton's net position by \$38 thousand. This decrease is attributable to increases in general government expenses.

**Business-type activities.** Business-type activities increased the Town of Stanton's net position by \$47 thousand. The key element of this increase is an increase in operating grants and contributions.

### Financial Analysis of the Town of Stanton's Funds

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

**Governmental funds.** The focus of the Town of Stanton's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town of Stanton's financing requirements. In particular, unassigned fund

balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town of Stanton's governmental funds reported combined ending fund balances of \$102 thousand, a decrease of \$7 thousand in comparison with the prior year. Of this amount of \$63 thousand constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is restricted (\$37 thousand), and nonspendable (\$2 thousand) to indicate that it is not available for spending at the Town's discretion.

The general fund is the chief operating fund of the Town of Stanton. At the end of the current fiscal year, unassigned fund balance of the general fund was \$63 thousand, which represents 19% of the total general fund expenditures and transfers out. The fund balance of the Town of Stanton's general fund decreased by \$2 thousand.

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

Unrestricted net position of the proprietary fund at the end of the year is as follows: water & sewer - \$287 thousand. The total increase in net position for this fund was \$47 thousand. Other factors concerning the finances of these funds have been addressed in the discussion of the Town's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- Increase in federal and state grant revenues of \$102 thousand.
- Increase in capital outlay expense of \$102 thousand.

Significant variances between final budget and actual were:

- State direct appropriations over budget \$20 thousand.
- State and federal grant revenues under budget \$25 thousand.
- General government expenses under budget \$26 thousand due to capital outlay expenditures.

### **Capital Asset and Debt Administration**

At the end of fiscal year 2022, the Town had \$3.30 million (net of accumulated depreciation) invested in a broad range of capital assets. This investment includes land and land improvements, general infrastructure, buildings, furniture and equipment, vehicles, utility system and construction in progress. The total decrease in the Town's investment in capital assets for the current period amounted to \$71 thousand.

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

Capital asset decreases in the proprietary funds of \$43 thousand and decreases in the governmental funds of \$28 thousand.

Additional information on the Town's capital assets can be found in Note 4C on page 31 of this report. The following tables summarize the Town's capital assets and changes therein, for the year ended June 30, 2022. These changes are presented in detail in Note 4C to the financial statements.

**Town of Stanton's Capital Assets**  
(Net of Depreciation)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 6,903	\$ 6,903	\$ 6,549	\$ 6,549	\$ 13,452	\$ 13,452
Construction in progress	58,746	17,686	21,055	-	79,801	17,686
Buildings, machinery & Infrastructure	<u>1,709,970</u>	<u>1,778,811</u>	<u>1,497,396</u>	<u>1,561,135</u>	<u>3,207,366</u>	<u>3,339,946</u>
Total capital assets	<u>\$ 1,775,619</u>	<u>\$ 1,803,400</u>	<u>\$ 1,525,000</u>	<u>\$ 1,567,684</u>	<u>\$ 3,300,619</u>	<u>\$ 3,371,084</u>

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the municipal service area is currently 6.1 %, which is a decrease from a rate of 8.0% a year ago. This is higher than the state's average unemployment rate of 3.3% as of June 30, 2022.
- Inflationary trends in the region are comparable national indices.
- Growth in local sales tax collections is expected to be less than 1% in fiscal year 2022-2023.

All of these factors were considered in preparing the Town of Stanton's budget for the 2022-2023 fiscal years.

The Town of Stanton was able to adopt a balanced general fund budget for fiscal year 2022-2023 without the use of the unassigned fund balance.

Significant variations between budget and actual amounts are primarily the result of unforeseen events that required funding. Each fund has ample fund balances to cover the unforeseen events.

Town management is not aware of any facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.

**Requests for information**

This financial report is designed to provide a general overview of the Town of Stanton's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Stanton, City Recorder, 8 Main Street, Stanton, TN 38069.

**TOWN OF STANTON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 104,907	\$ 279,440	\$ 384,347
Receivables	98,850	22,724	121,574
Prepaid expenses	-	9,910	9,910
Inventories	2,492	-	2,492
Capital assets (not being depreciated)			
Land	6,903	6,549	13,452
Construction in process	58,746	21,055	79,801
Capital assets (net of accumulated depreciation):			
Buildings	687,849	-	687,849
Infrastructure	1,665,303	-	1,665,303
Vehicles	247,532	-	247,532
Machinery and equipment	151,611	-	151,611
Plant in service	-	2,958,233	2,958,233
Accumulated depreciation	(1,042,325)	(1,460,837)	(2,503,162)
<b>Total assets</b>	<b>\$ 1,981,868</b>	<b>\$ 1,837,074</b>	<b>\$ 3,818,942</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 24,905	\$ 11,668	\$ 36,573
Customer deposits	-	13,975	13,975
Other accrued expenses	3,629	(120)	3,509
<b>Total liabilities</b>	<b>28,534</b>	<b>25,523</b>	<b>54,057</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	60,312	-	60,312
Deferred revenue - grants	10,800	-	10,800
<b>Total deferred inflows of resources</b>	<b>71,112</b>	<b>-</b>	<b>71,112</b>
<b>NET POSITION</b>			
Investment in capital assets	1,775,619	1,525,000	3,300,619
Restricted	36,699	-	36,699
Unrestricted	69,904	286,551	356,455
<b>Total net position</b>	<b>\$ 1,882,222</b>	<b>\$ 1,811,551</b>	<b>\$ 3,693,773</b>

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

**TOWN OF STANTON, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in net position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 193,062	\$ -	\$ 96,796	\$ -	\$ (96,266)	\$ -	\$ (96,266)
Public safety	22,698	-	-	-	(22,698)	-	(22,698)
Public works	71,008	-	-	-	(71,008)	-	(71,008)
Highways and streets	15,989	-	15,208	-	(781)	-	(781)
Sanitation	58,924	54,353	-	-	(4,571)	-	(4,571)
Public welfare	76,052	3,374	20,000	-	(52,678)	-	(52,678)
Total governmental activities	<u>437,733</u>	<u>57,727</u>	<u>132,004</u>	<u>-</u>	<u>(248,002)</u>	<u>-</u>	<u>(248,002)</u>
Business-type activities:							
Water and sewer fund	<u>237,127</u>	<u>263,098</u>	<u>21,055</u>	<u>-</u>	<u>-</u>	<u>47,026</u>	<u>47,026</u>
Total business-type activities	<u>237,127</u>	<u>263,098</u>	<u>21,055</u>	<u>-</u>	<u>-</u>	<u>47,026</u>	<u>47,026</u>
	<b>\$ 674,860</b>	<b>\$ 320,825</b>	<b>\$ 153,059</b>	<b>\$ -</b>	<b>(248,002)</b>	<b>47,026</b>	<b>(200,976)</b>
General revenues:							
Property taxes					\$ 61,591	\$ -	\$ 61,591
Sales taxes					103,891	-	103,891
Alcoholic beverage taxes					20,117	-	20,117
Business taxes					2,294	-	2,294
Franchise and excise taxes					6,345	-	6,345
Payment in lieu of taxes					3,251	-	3,251
State income tax					5,358	-	5,358
State sports betting					412	-	412
Miscellaneous					7,143	-	7,143
Unrestricted investment earnings					8	57	65
Total general revenues and transfers					<u>210,410</u>	<u>57</u>	<u>210,467</u>
Change in net position					(37,592)	47,083	9,491
Net position - beginning					<u>1,919,814</u>	<u>1,764,468</u>	<u>3,684,282</u>
<b>Net position - ending</b>					<b>\$ 1,882,222</b>	<b>\$ 1,811,551</b>	<b>\$ 3,693,773</b>

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

**TOWN OF STANTON, TENNESSEE**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2022

	<b>General Fund</b>	<b>State Street Aid</b>	<b>Solid Waste Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash on hand and in bank	\$ 70,916	\$ 16,680	\$ 17,311	\$ 104,907
Accounts receivable	26,393	3,094	4,223	33,710
Taxes receivable	65,140	-	-	65,140
Inventories	2,492	-	-	2,492
<b>Total assets</b>	<b>\$ 164,941</b>	<b>\$ 19,774</b>	<b>\$ 21,534</b>	<b>\$ 206,249</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 20,296	\$ 532	\$ 4,077	\$ 24,905
Payroll taxes withheld and accrued	2,097	-	-	2,097
Contract payable	1,532	-	-	1,532
<b>Total liabilities</b>	<b>23,925</b>	<b>532</b>	<b>4,077</b>	<b>28,534</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	65,140	-	-	65,140
Deferred revenues - grants	10,800	-	-	10,800
<b>Total deferred inflows of resources</b>	<b>75,940</b>	<b>-</b>	<b>-</b>	<b>75,940</b>
 <b>FUND BALANCE</b>				
Nonspendable	2,492	-	-	2,492
Restricted	-	19,242	17,457	36,699
Unassigned	62,584	-	-	62,584
<b>Total fund balance</b>	<b>65,076</b>	<b>19,242</b>	<b>17,457</b>	<b>101,775</b>
 <b>Total liabilities, deferred inflow of resources, and fund balances</b>	 <b>\$ 164,941</b>	 <b>\$ 19,774</b>	 <b>\$ 21,534</b>	 <b>\$ 206,249</b>

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances of governmental funds	\$ 101,775
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,775,619
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds.	4,828
Net position of governmental activities	<b>\$ 1,882,222</b>

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

**TOWN OF STANTON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>State Street Aid</u>	<u>Solid Waste Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 150,374	\$ -	\$ -	\$ 150,374
Intergovernmental revenues	173,653	15,208	-	188,861
Charges for services	1,200	-	52,198	53,398
Rental income	3,374	-	-	3,374
Beer permits	300	-	-	300
Interest income	4	2	2	8
Solar panel	190	-	-	190
Other	5,456	-	956	6,412
Total revenues	<u>334,551</u>	<u>15,210</u>	<u>53,156</u>	<u>402,917</u>
<b>Expenditures</b>				
Current				
General government	234,370	-	-	234,370
Public safety	10,877	-	-	10,877
Public works	28,238	-	-	28,238
Clinic	5,205	-	-	5,205
Cannery	16,512	-	-	16,512
Library	39,837	-	-	39,837
Highway and streets	-	15,989	-	15,989
Sanitation fees	-	-	58,924	58,924
Total expenditures	<u>335,039</u>	<u>15,989</u>	<u>58,924</u>	<u>409,952</u>
Excess of revenues over (under) expenditures	(488)	(779)	(5,768)	(7,035)
Other financing sources (uses):				
Operating transfers from other funds	-	1,139	-	1,139
Operating transfers to other funds	(1,139)	-	-	(1,139)
Total other financing sources (uses)	<u>(1,139)</u>	<u>1,139</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<b>(1,627)</b>	<b>360</b>	<b>(5,768)</b>	<b>(7,035)</b>
Fund balance-July 1, 2021	<u>66,703</u>	<u>18,882</u>	<u>23,225</u>	<u>108,810</u>
Fund balance-June 30, 2022	<u>\$ 65,076</u>	<u>\$ 19,242</u>	<u>\$ 17,457</u>	<u>\$ 101,775</u>

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

**TOWN OF STANTON, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities (page 11) are different because:

Net change in fund balances-total governmental funds (page 13)	\$ (7,035)
In the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.	(27,781)
Some taxes will not be collected for several months after the City's fiscal year ends; therefore, they are not considered "available" revenues in the governmental funds.	
Deferred revenues increased by this amount this year.	<u>(2,776)</u>
Change in net position of governmental activities (page 11)	<u>\$ (37,592)</u>

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

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Taxes				
Property taxes	\$ 68,500	\$ 68,500	\$ 63,946	\$ (4,554)
Property taxes - penalty and interest	2,000	2,000	421	(1,579)
Local sales tax	57,630	67,000	59,646	(7,354)
Wholesale beer tax	25,000	26,310	20,016	(6,294)
Cable TV franchise tax	5,600	6,200	6,345	145
Total taxes	<u>158,730</u>	<u>170,010</u>	<u>150,374</u>	<u>(19,636)</u>
Intergovernmental revenues				
State sales tax	41,070	44,283	44,245	(38)
State income tax	4,800	6,420	5,358	(1,062)
State beer tax	250	214	101	(113)
State city streets petroleum special	1,000	1,100	1,185	85
State TVA replacement tax	6,000	5,167	3,251	(1,916)
State telecommunication sales tax	250	103	11	(92)
State business tax	1,000	1,992	2,294	302
State sports betting	-	300	412	112
State direct appropriations	-	-	19,595	19,595
Grant - State	-	20,000	44,246	24,246
Grant - Federal	-	81,905	32,955	(48,950)
Grant - USDA	4,264	3,500	-	(3,500)
Grant - trees for walking trail	500	-	-	-
Haywood County appropriations	20,000	20,000	20,000	-
Total intergovernmental revenues	<u>79,134</u>	<u>184,984</u>	<u>173,653</u>	<u>(11,331)</u>
Miscellaneous revenues				
Rental income	3,681	3,681	3,374	(307)
Beer permits	300	300	300	-
Fire calls	400	400	1,200	800
Interest	100	38	4	(34)
Solar panel	-	-	190	190
Other	4,000	4,000	5,456	1,456
Total miscellaneous revenues	<u>8,481</u>	<u>8,419</u>	<u>10,524</u>	<u>2,105</u>
Total revenues	<u>246,345</u>	<u>363,413</u>	<u>334,551</u>	<u>(28,862)</u>

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

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2022

<b>Expenditures</b>	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>General Government</b>				
Contracted labor	\$ 500	\$ 500	\$ 4,205	\$ (3,705)
Salaries and wages	96,721	100,221	100,536	(315)
Payroll taxes	7,131	7,687	7,819	(132)
Workmans compensation	-	996	-	996
Unemployment insurance	101	101	83	18
Training	1,000	200	200	-
Board compensation	2,400	2,750	2,750	-
Publicity, subscriptions	1,000	1,685	1,688	(3)
Utilities	3,200	3,200	3,002	198
Security alarm	420	350	350	-
Telephone	800	600	628	(28)
Internet	2,700	2,300	2,045	255
Legal fees	2,000	1,355	1,155	200
Accounting and auditing	4,000	4,500	928	3,572
Zoning	3,300	3,300	-	3,300
Travel	5,000	4,500	4,420	80
Equipment rental	3,000	3,000	2,963	37
Operating supplies	5,500	7,000	7,001	(1)
Christmas parade	2,000	2,400	2,400	-
Miscellaneous	2,000	2,000	21,123	(19,123)
Pest control	130	130	175	(45)
Insurance	3,500	3,261	11,608	(8,347)
Capital outlay	-	101,905	53,550	48,355
Computer and equipment	3,000	6,000	5,741	259
Total general government	<u>149,403</u>	<u>259,941</u>	<u>234,370</u>	<u>25,571</u>
<b>Public Safety</b>				
Contracted labor	500	200	500	(300)
Workmans compensation	-	4,684	-	4,684
Training	750	250	-	250
Publicity, subscriptions	200	-	-	-
Utilities	1,700	1,800	1,783	17
Internet	2,000	2,550	2,533	17
Accounting and auditing	200	200	-	200
Travel	-	25	23	2
Operating supplies	300	500	509	(9)
Christmas parade	200	50	43	7
Repairs and maintenance	1,700	1,300	1,779	(479)
Pest control	300	100	75	25
Insurance	3,632	3,699	3,632	67
Total public safety	<u>11,482</u>	<u>15,358</u>	<u>10,877</u>	<u>4,481</u>
<b>Public works</b>				
Contracted labor	250	150	110	40
Grass contract	3,120	3,120	5,914	(2,794)
Salaries and wages	8,923	8,923	10,172	(1,249)
Payroll taxes	763	763	1,096	(333)
Workmans compensation	-	2,694	-	2,694
Unemployment insurance	29	29	-	29
Traning	500	200	200	-
Utilities	1,200	1,000	983	17
Security alarm	420	420	350	70
Plant, trees, ect.	500	-	-	-
Repairs and maintenance	12,000	10,000	8,825	1,175
Pest control	300	150	125	25
Insurance	463	524	463	61
Total public works	<u>28,468</u>	<u>27,973</u>	<u>28,238</u>	<u>(265)</u>

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

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
<b>Clinic</b>				
Salaries and wages	\$ 1,136	\$ 1,136	\$ 1,136	\$ -
Utilities	-	-	(430)	430
Security alarm	-	-	(74)	74
Repairs and maintenance	2,000	5,300	5,286	14
Pest control	-	-	(15)	15
Insurance	-	-	(698)	698
Total clinic	<u>3,136</u>	<u>6,436</u>	<u>5,205</u>	<u>1,231</u>
<b>Cannery</b>				
Contract labor	400	-	-	-
Salary	2,546	2,546	2,546	-
Payroll taxes	198	198	4	194
Utilities	3,000	3,400	3,343	57
Security alarm	420	400	315	85
Accounting and auditing	500	500	-	500
Rent	5,556	5,556	5,741	(185)
Operating supplies	500	1,000	960	40
Miscellaneous	500	-	-	-
Repairs and maintenance	3,000	3,000	3,101	(101)
Pest control	300	250	225	25
Insurance	277	548	277	271
Total cannery	<u>17,197</u>	<u>17,398</u>	<u>16,512</u>	<u>886</u>
<b>Library</b>				
Contracted labor	12,500	12,900	824	12,076
Salaries and wages	15,196	15,596	30,583	(14,987)
Payroll taxes	2,172	2,172	2,340	(168)
Workmans compensation	-	120	-	120
Unemployment insurance	66	66	-	66
Publicity, subscriptions	400	-	-	-
Utilities	1,200	1,300	1,205	95
Security alarm	420	420	385	35
Telephone	800	400	329	71
Internet	2,000	2,250	2,129	121
Accounting and auditing	500	500	-	500
Operating supplies	700	600	504	96
Pest control	300	200	100	100
Insurance	131	180	131	49
Computers and equipment	240	1,250	1,307	(57)
Total library	<u>36,625</u>	<u>37,954</u>	<u>39,837</u>	<u>(1,883)</u>
Total expenditures	<u>246,311</u>	<u>365,060</u>	<u>335,039</u>	<u>30,021</u>
Excess of revenues over (under) expenditures	34	(1,647)	(488)	1,159
Other financing sources (uses): Operating transfers to other funds	-	-	(1,139)	(1,139)
Net change in fund balance	34	(1,647)	(1,627)	20
Fund balance - July 1, 2021	<u>66,703</u>	<u>66,703</u>	<u>66,703</u>	<u>-</u>
Fund balance - June 30, 2022	<u>\$ 66,737</u>	<u>\$ 65,056</u>	<u>\$ 65,076</u>	<u>\$ 20</u>

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

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**STATE STREET AID FUND**  
For the Year Ended June 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Intergovernmental revenues -				
State of Tennessee				
Gasoline & Motor Fuel Tax	\$ 15,883	\$ 16,625	\$ 7,809	\$ (8,816)
Gas 3 Cent	-	-	2,254	2,254
Gas 1989	-	-	1,217	1,217
Gas 2017	-	-	3,928	3,928
Interest income	10	10	2	(8)
Total revenues	<u>15,893</u>	<u>16,635</u>	<u>15,210</u>	<u>(1,425)</u>
<b>Expenditures</b>				
Contracted labor	500	-	-	-
Salary	3,675	3,675	3,675	-
Payroll taxes	281	281	281	-
Workmans compensation	100	100	100	-
Unemployment insurance	10	10	-	10
Utilities	7,300	7,600	7,558	42
Operating supplies	1,200	3,600	3,525	75
Insurance	131	236	300	(64)
Capital outlay	-	-	550	(550)
Total expenditures	<u>13,197</u>	<u>15,502</u>	<u>15,989</u>	<u>(487)</u>
Excess of revenues over (under) expenditures	2,696	1,133	(779)	(1,912)
Other financing sources (uses):				
Operating transfers from other funds	-	-	1,139	1,139
Net change in fund balance	2,696	1,133	360	(773)
Fund balance - July 1, 2021	<u>18,882</u>	<u>18,882</u>	<u>18,882</u>	<u>-</u>
Fund balance - June 30, 2022	<u>\$ 21,578</u>	<u>\$ 20,015</u>	<u>\$ 19,242</u>	<u>\$ (773)</u>

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

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**SOLID WASTE**

For the Year Ended June 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Sanitation fees	\$ 50,812	\$ 57,639	\$ 52,198	\$ (5,441)
Penalties	800	800	956	156
Interest	20	20	2	(18)
Total revenues	<u>51,632</u>	<u>58,459</u>	<u>53,156</u>	<u>(5,303)</u>
<b>Expenditures</b>				
Salaries	2,205	2,205	2,205	-
Sanitation services	46,500	51,352	51,353	(1)
Accounting and auditing	500	500	500	-
Contracted services	4,200	4,600	4,555	45
Miscellaneous	19	219	311	(92)
Total expenditures	<u>53,424</u>	<u>58,876</u>	<u>58,924</u>	<u>(48)</u>
Net change in fund balance	(1,792)	(417)	(5,768)	(5,351)
Fund balance - July 1, 2021	<u>23,225</u>	<u>23,225</u>	<u>23,225</u>	<u>-</u>
Fund balance - June 30, 2022	<u>\$ 21,433</u>	<u>\$ 22,808</u>	<u>\$ 17,457</u>	<u>\$ (5,351)</u>

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

**TOWN OF STANTON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2022

	<b>Water and Sewer</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 279,440
Accounts receivable, customers - net	22,724
Prepaid expense	9,910
Total current assets	312,074
Non current assets:	
Capital assets:	
Land	6,549
Construction in process	21,055
Plant in service	2,958,233
Less accumulated depreciation	(1,460,837)
Total capital assets (net of accumulated depreciation)	1,525,000
Total noncurrent assets	1,525,000
Total assets	1,837,074
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	11,668
Sales tax payable	(120)
Customer deposits	13,975
Total current liabilities	25,523
Total liabilities	25,523
<b>Net Position</b>	
Investment in capital assets	1,525,000
Unrestricted	286,551
<b>Total net position</b>	<b>\$ 1,811,551</b>

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

**TOWN OF STANTON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2022

	<b>Water and Sewer</b>
Operating revenues:	
Water and sewer sales	\$ 263,098
Operating expenses:	
Salaries and other payroll	11,535
Depreciation and amortization	63,739
Operating supplies	6,344
Management fees	42,000
Contract fees	12,079
Dues and licenses	1,147
Utilities	15,861
Telephone	367
Accounting and auditing	18,800
Operating expense	45,131
Repairs and maintenance	2,054
Insurance	17,320
Capital outlay	750
Total operating expenses	237,127
Operating income (loss)	25,971
Non-operating revenue (expense):	
Interest income	57
Income before contributions	26,028
Capital contributions-federal grant	21,055
Change in net position	47,083
Net position, July 1, 2021	1,764,468
Net position, June 30, 2022	\$ 1,811,551

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

**TOWN OF STANTON, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2022

	<b>Water and Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 261,024
Payments to suppliers	(173,948)
Payments to employees	(11,535)
Net cash provided (used) by operating activities	75,541
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of depreciable assets	(21,055)
Capital contributions	21,055
Net cash provided (used) by capital and related financing activities	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	57
Net cash provided (used) by investing activities	57
Net increase (decrease) in cash and cash equivalents	75,598
Cash and cash equivalents at July 1, 2021	203,842
Cash and cash equivalents at June 30, 2022	\$ 279,440

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

**TOWN OF STANTON, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2022

	<b>Water and Sewer</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ 25,971
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	63,739
Increase in accounts receivable, customers	(2,074)
Increase in prepaid expense	(9,910)
Decrease in accounts payable	(3,518)
Increase in other payables	<u>1,333</u>
Total adjustments	<u>49,570</u>
Net cash provided (used) by operating activities	<u>\$ 75,541</u>

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

**TOWN OF STANTON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

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

**A. Reporting entity**

The Town of Stanton (Town) is a municipal corporation governed by an elected mayor and a four member Board of Aldermen. The accompanying financial statements include the accounts of all Town operations.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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 instead as general revenues.

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

**C. 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, as are the proprietary fund financial statements. 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

**TOWN OF STANTON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

Property taxes, franchise taxes, licenses, 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. 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 governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The state street aid fund is used to account for the Town's share of motor fuel tax revenues that are legally restricted to maintenance and safety of streets and sidewalks.

The solid waste fund accounts for the activities associated with the Town's garbage collection.

The government reports the following major proprietary fund:

The water and sewer fund accounts for the activities of the Town's sewage collection and treatment system and the water distribution system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the water and sewer, and gas functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions, including special assessments, 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, liabilities, deferred inflows of resources, and net position or equity**

**1. Deposits and investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**TOWN OF STANTON, TENNESSEE**  
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State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The Town has no investments.

**2. Receivables and payables**

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes are levied on October 1 of each year and attach as an enforceable lien on property as of January 1, and are mailed to property owners on the levy date of October 1. The Town's property tax rate as of June 30, 2022 is \$1.24. The taxes are due and payable from the following October through February in the year succeeding the tax levy. An unperfected lien attaches by statute to property on March 1 (delinquent date) for unpaid taxes from the prior year's levy. Taxes uncollected by April 1 of the second year they are due are submitted to Chancery Court for collection. Tax liens become perfected at the time the court enters judgment. The Town bills and collects its own property taxes and tax revenues are recognized when levied to the extent that they result in current receivables. Governmental funds report unavailable revenues in connection with taxes receivable for revenues that are not considered to be available to liquidate liabilities of the current period.

**3. Inventories**

Inventory records are not maintained on a perpetual basis. The City takes a physical inventory at fiscal year-end, which is recorded at cost using the first-in/first-out (FIFO) method.

**4. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town has adopted a policy of capitalizing fixed assets with a cost greater than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, is depreciated using the straight line method over the following estimated useful lives:

**TOWN OF STANTON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

<u>Assets</u>	<u>Years</u>
Buildings	30 - 50
Building improvements	10 - 20
Public domain infrastructure	10 - 50
System infrastructure	40
Machinery and vehicles	5 - 20
Office equipment	5
Computer equipment	5

**5. Compensated absences**

Employees who have been continuously employed by the Town for one year or longer may accrue vacation leave that must be taken during the following year. Vacation earned is according to length of service. After one year, and up to two years employees earn five days vacation. Between two and ten years of service earns ten days vacation. Between ten and fifteen years of service earns fifteen days vacation. After fifteen years of service, employees earn twenty days vacation. Vacation leave may be accrued up to twenty days.

Each regular full-time employee will accrue sick leave at the rate of one fifth of their average weekly hours worked. The maximum amount of sick leave that can be accumulated is thirty days. Unused sick leave is forfeited by employees upon termination, resignation, or other departure from employment.

**6. Deferred inflows of resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Unavailable revenues – property taxes in the general fund and deferred revenues - grants. See Note 4B for additional information related to this item.

**7. Fund equity**

In the governmental fund financial statements, fund balances are classified as follows:

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

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution or ordinance) of the Board of

**TOWN OF STANTON, TENNESSEE**  
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Mayor and Aldermen (the Town’s highest level of decision-making authority). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by the Board of Mayor and Aldermen.

Unassigned: This classification is the residual fund balance for the General Fund. It also represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The detail of governmental fund balance classifications are as follows:

	<u>General Fund</u>	<u>State Street Aid</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Restricted:				
State Street Aid	\$ -	\$ 19,242	\$ -	\$ 19,242
Solid Waste	-	-	17,457	17,457
Nonspendable	2,492	-	-	2,492
Unassigned	<u>62,584</u>	<u>-</u>	<u>-</u>	<u>62,584</u>
Total	<u>\$ 65,076</u>	<u>\$ 19,242</u>	<u>\$ 17,457</u>	<u>\$ 101,775</u>

Net position in the government-wide statements is categorized as follows:

Investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any payables that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – net position that has third party limitations on their use.

Unrestricted net position – all net position that is not included in the categories identified above.

When fund balance resources are available for a specific purpose in multiple classifications, the Board would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

**Net Position Flow Assumption**

Sometimes the Town 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 financial statements, a flow assumption must be made

**TOWN OF STANTON, TENNESSEE**  
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June 30, 2022

about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**8. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Impact of New Pronouncements**

The GASB issued Statement No. 87, *Leases*, in June 2017. This statement improves accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management has determined that the Utility has no arrangements that qualify as leases under the new standard; therefore, it had no impact on the current or prior year financial statements.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A.Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position**

The fund financial statements include a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of the \$1,775,619 difference are as follows:

Governmental fund capital assets	\$ 2,817,944
Less: accumulated depreciation	<u>(1,042,325)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at net assets - governmental activities	   <u>\$ 1,775,619</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$(27,781) difference are as follows:

**TOWN OF STANTON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

Capital outlay	\$ 49,203
Depreciation expense	<u>(76,984)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (27,781)</u>

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before May 15 of each year, the Mayor is to submit to the Board a proposed budget for the next fiscal year. A final budget must be adopted by the Board before the beginning of the next fiscal year.

The appropriated budget is prepared by fund and department. The Town's department heads may make transfers of appropriations within a department. Transfers between departments require informing the Mayor and Board of Aldermen. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

The state street aid fund, and solid waste fund were over budget \$487 and \$48 respectively.

**NOTE 4 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

**Legal Provisions**

All deposits with financial institutions in excess of FDIC limits are required to be secured by one of two methods. Excess funds can be deposited with financial institutions that participate in the State of Tennessee Bank Collateral Pool administered by the state treasurer. 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. At June 30, 2022 all deposits were collateralized.

**Cash Deposits**

Cash in bank represents funds on deposit in various depositories.

**Custodial Credit Risk**

*Custodial credit risk* is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. None of the Town's deposits were exposed to custodial credit risk because all balances were entirely insured by the FDIC or through the Bank Collateral Pool with the State of Tennessee.

**TOWN OF STANTON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

**B. Receivables**

Receivables as of year-end for the government's individual major funds and nonmajor funds net of uncollectible accounts, are as follows:

	<u>General</u>	<u>State Street Aid</u>	<u>Solid Waste</u>	<u>Water and Sewer</u>	<u>Total</u>
Receivables:					
Taxes, property	\$ 65,140	\$ -	\$ -	\$ -	\$ 65,140
Accounts receivable	26,393	3,094	-	-	29,487
Accounts, customers	<u>-</u>	<u>-</u>	<u>4,223</u>	<u>22,724</u>	<u>26,947</u>
Total	<u>\$ 91,533</u>	<u>\$ 3,094</u>	<u>\$ 4,223</u>	<u>\$ 22,724</u>	<u>\$ 121,574</u>

The Town utilizes the direct charge off method for recognizing uncollectible accounts.

Governmental funds report *unavailable/deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *deferred revenue* reported in the governmental funds were as follows:

Deferred revenue - property taxes – 2022 assessment (General Fund)	<u>Unavailable</u> \$ 60,312
Unavailable revenue – property taxes (General Fund)	<u>4,828</u>
	\$ <u>65,140</u>

**C. Capital assets**

Capital assets activity for the year ended June 30, 2022 was as follows:

**TOWN OF STANTON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,903	\$ -	\$ -	\$ 6,903
Construction in progress	<u>17,686</u>	<u>41,060</u>	<u>-</u>	<u>58,746</u>
Total capital assets, not being depreciated	<u>24,589</u>	<u>41,060</u>	<u>-</u>	<u>65,649</u>
Capital assets, being depreciated:				
Buildings	\$ 687,849	\$ -	\$ -	\$ 687,849
Vehicles	247,532	-	-	247,532
Machinery and equipment	143,468	8,143	-	151,611
Infrastructure	<u>1,665,303</u>	<u>-</u>	<u>-</u>	<u>1,665,303</u>
Total capital assets, being depreciated	2,744,152	8,143	-	2,752,295
Less accumulated depreciation	<u>965,341</u>	<u>76,984</u>	<u>-</u>	<u>1,042,325</u>
Total capital assets, being depreciated, net	<u>1,778,811</u>	<u>(68,841)</u>	<u>-</u>	<u>1,709,970</u>
Governmental activities capital assets, net	<u>\$ 1,803,400</u>	<u>\$ (27,781)</u>	<u>\$ -</u>	<u>\$ 1,775,619</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,549	\$ -	\$ -	\$ 6,549
Construction in progress	<u>-</u>	<u>21,055</u>	<u>-</u>	<u>21,055</u>
Total capital assets, not being depreciated	<u>6,549</u>	<u>21,055</u>	<u>-</u>	<u>27,604</u>
Capital assets, being depreciated:				
Buildings and system	2,945,502	-	-	2,945,502
Machinery and equipment	<u>12,731</u>	<u>-</u>	<u>-</u>	<u>12,731</u>
Total capital assets, being depreciated	<u>2,958,233</u>	<u>-</u>	<u>-</u>	<u>2,958,233</u>
Less accumulated depreciation	<u>1,397,098</u>	<u>63,739</u>	<u>-</u>	<u>1,460,837</u>
Total capital assets, being depreciated, net	<u>1,561,135</u>	<u>(63,739)</u>	<u>-</u>	<u>1,497,396</u>
Business-type activities capital assets, net	<u>\$ 1,567,684</u>	<u>\$ (42,684)</u>	<u>\$ -</u>	<u>\$ 1,525,000</u>

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

**TOWN OF STANTON, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

Governmental activities:		
General government		\$ 7,894
Public safety		11,820
Highway and streets		41,633
Public welfare		<u>15,637</u>
Total depreciation expense - governmental activities		<u>\$ 76,984</u>
Business-type activities:		
Water and Sewer		<u>\$ 63,739</u>

**D. Interfund Transfers**

During the year ending June 30, 2022, the general fund transferred \$1,039 to the state street aid fund. These transfers were used for budgetary purposes and eliminated for the government-wide statements.

Transfer from	Transfer to	Amount
General	State Street Aid	\$ 1,039
Eliminated		<u>(1,039)</u>
Internal balance		<u>          -</u>

**E. Other Information**

**1. Concentration of Credit Risk**

The Town bills local property owners for property taxes and utility customers for services rendered. At June 30, 2022, these property owners and utility customers are indebted to the Town as noted on the balance sheets of the respective funds. The majority of the property owners and customers are local businesses or individuals. The property is subject to foreclosure in the event of non-payment after certain legal requirements are met. The utility services are sold to the customers without requiring any collateral although deposits are required in certain situations.

**2. 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

## **SUPPLEMENTARY AND OTHER INFORMATION**

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
For the Year Ended June 30, 2022

Year of Levy	Balance 07/01/21	Assessments and Adjustments	Collections	Balance 06/30/22
2012	\$ 350	\$ -	\$ -	\$ 350
2013	291	-	-	291
2014	349	-	-	349
2015	349	-	-	349
2016	358	-	-	358
2017	246	-	-	246
2018	410	-	(15)	425
2019	979	-	571	408
2020	4,198	-	3,770	428
2021	-	62,187	60,563	1,624
	<u>\$ 7,530</u>	<u>\$ 62,187</u>	<u>\$ 64,889</u>	<u>4,828</u>
2022 levy tax due October 1, 2022 considered as unavailable revenue				<u>60,312</u>
				<u><u>\$ 65,140</u></u>

Schedule of Tax Rates and Assessments

Assessment Year	Assessed Value	Tax Rate	Assessment
2021	\$ 5,015,081	1.24	\$ 62,187
2020	5,017,823	1.24	62,221
2019	4,942,834	1.24	61,390
2018	4,702,280	1.24	58,409
2017	4,581,544	1.24	56,907
2016	4,610,645	1.24	57,172
2015	4,613,629	1.24	57,209
2014	4,531,613	1.24	56,192
2013	4,481,774	1.24	55,574
2012	4,555,806	1.25	56,592

See independent auditor's report

**TOWN OF STANTON, TENNESSEE  
 SCHEDULE OF CURRENT UTILITY RATES IN FORCE  
 AND UTILITY CUSTOMERS IN SERVICE**

June 30, 2022

**Utility rates in force:**

Water:	First 2,000 gallons (outside city)	\$16.24 (minimum)
	First 2,000 gallons (inside city)	\$11.60 (minimum)
	All over 2,000 gallons	4.06 per thousand
	Wholesale water - commercial outside	\$150 (minimum)
Sewer:	Flat rate for all customers per month	\$6.96 (minimum)
	Per 1,000 gallons	4.06 per thousand
Sanitation:	Flat rate for all customers per month	\$16.20 per month
	Each additional can	3.25
Gas:	All customers	per MCF consumed

**Utility customers in service:**

Water	274
Sewer	244

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2022

<u>Federal Grantor/ Pass-Through Grantor/ Program/Cluster Name</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
US Department of Housing and Urban Development TN Department of Economic and Community Development TN Placemakers Entrepreneurship Program	14.239	HM-12-22	\$ <u>2,500</u>
US Department of Treasury ARPA Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>51,510</u>
Total Federal Awards			\$ <u>54,010</u>

\* indicates major program

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town of Stanton under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Stanton, it is not intended to and does not present the net position or fund balance, changes in net position or fund balance, or cash flows, where applicable, of the Town of Stanton.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Town of Stanton has not elected to use the 10-percent de minimus indirect cost rate as allowed under Uniform Guidance.

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
For the Year Ended June 30, 2022

<u>Federal Grantor/ Grantor/ Program</u>	<u>Contract Number</u>	<u>Expenditures</u>
State of Tennessee Department of Health Healthy Built Environments	Z-22-235211	\$ <u>20,000</u>
State of Tennessee Department of Commerce and Insurance Volunteer Firefighter Equipment and Training Grant Program	32506-11018	<u>24,246</u>
Total State Awards		\$ <u>44,246</u>

**Note 1. Basis of Presentation**

The accompanying schedule of state financial assistance summarizes the expenditures of the Town under programs of the State government for the year ended June 30, 2022. The schedule is presented using modified accrual basis of accounting.

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF INTERFUND TRANSFERS**  
 June 30, 2022

<b>Transfer from</b>	<b>Transfer to</b>	<b>Amount</b>
General	State Street Aid	\$ 1,039
Eliminated		(1,039)
Internal balance		-

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



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**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***

The Honorable Mayor and Board of Aldermen  
Town of Stanton, 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Stanton, Tennessee (Town) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 30, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings, recommendations, and responses as item 2022-001 that we consider to be a significant deficiency.

The Honorable Mayor and Board of Aldermen  
Town of Stanton, Tennessee

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests noted one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings, recommendations, and responses as item 2022-002.

### **Town of Stanton's Response to Findings**

The Town's responses to the findings identified in our audit is described in the accompanying schedule of findings, recommendations and responses. The Town'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.

*ATA CPAs + Advisors PLLC*

Dyersburg, Tennessee  
January 30, 2023

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Year Ended June 30, 2022

**Finding 2022 – 001 – Segregation of Duties – Significant Deficiency**

Condition:

The Town has one employee who is responsible for maintaining all financial records and who also performs the day to day accounting and bookkeeping functions.

Cause:

Due to a limited budget the Town cannot afford more than one employee for accounting functions.

Criteria:

Management of the Town is responsible for establishing adequate internal controls.

Effect:

Lack of sufficient internal controls could jeopardize the integrity of the accounting system.

Recommendation:

We recommend that the Town segregate as many accounting and bookkeeping duties as possible.

Response:

We will review our situation and see if we can realign responsibilities to strengthen internal controls. We have budgetary limitations and feel that the cost of additional personnel would exceed the benefits derived.

**Finding 2022 – 002 – Budget Exceeded –Non-compliance**

Condition: During the year ended June 30, 2022, expenditures exceeded appropriations in the state street fund and solid waste fund by \$487 and \$48 respectively.

Criteria: TCA 6-56-205 states that “the governing body shall not make any appropriations in excess of estimated available funds, except to provide for an actual emergency threatening the health, property, or lives of inhabitants of the municipality and declared by a two-thirds (2/3) vote of all members of the governing body present, when there is a quorum”.

Cause: Expenditures exceeded budgeted amounts without proper amendments.

Effect: Expenditures were not properly authorized by the Town’s board and state law was not followed relating to the budgeting of expenditures.

Recommendation: We recommend expenditures be compared to the budget on a regular basis and that the budget be amended when necessary, so all expenditures are adequately approved within the Town’s budgeting process.

Response: The Town will continue to compare expenditures to budget, amend the budget when necessary, and ensure a greater margin of balance in each account at the end of the fiscal year.

**TOWN OF STANTON, TENNESSEE**  
**SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS**  
For the Year Ended June 30, 2022

<b><u>Prior Year Finding Number</u></b>	<b><u>Finding Title</u></b>	<b><u>Status/Current Year Finding Number</u></b>
2021-001	Inadequate Segregation of Duties (Original finding # 2015-001)	Repeated/2022-001
2021-002	Budget Exceeded (Original finding # 2021-002)	Repeated/2022-002



**Management's Corrective Action Plan**

The Town of Stanton respectfully submits the following corrective action plan for the year ended June 30, 2022.

Name and address of independent public accounting firm:

ATA CPA + Advisors PLLC  
185 North Church Street  
Dyersburg, TN 38024

Responsible officials for corrective action:

Allan Sterbinsky, Mayor  
Town of Stanton

Signature: AM Sterbinsky

Audit period:

June 30, 2022

The findings from the June 30, 2022, schedule of findings, recommendations and responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**Finding 2022 – 001 – Segregation of Duties – Significant Deficiency**

Corrective Action Taken or Planned:

There is only one employee working at City Hall so it is impossible to segregate duties unless more staff is hired. The cost to hire the staff necessary to segregate duties is beyond the benefits derived at this time.

Anticipated Completion Date:

Not applicable

**Finding 2022 – 002 – Budget Exceeded – Non-compliance**

Corrective Action Taken or Planned:

The budget will be more closely monitored this year, particularly end of year invoices and billings, to ensure there are sufficient funds available to cover the final invoices.

Anticipated Completion Date:

End of budget year