

REVIEWED

By SLGFD at 3:23 pm, Aug 10, 2022

TOWN OF OAK CITY, NORTH CAROLINA

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2021

GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA

Financial Statements

Town of Oak City, North Carolina

June 30, 2021

Board of Commissioners

Eddie Brown, Mayor
Phillip Barnett
KeVonna Easley
Sue Harrell
Vonetta Porter
Kevin Turner

Administrative Staff

Pamela Bonner, Town Clerk

Town of Oak City, North Carolina
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June 30, 2021

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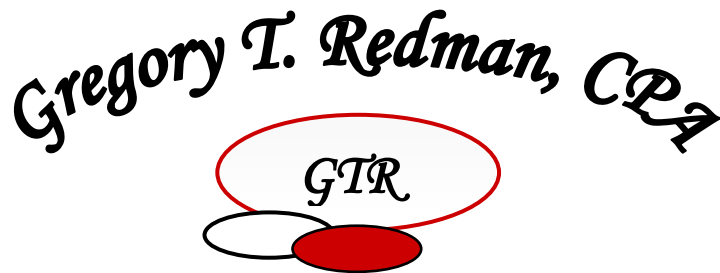
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Financial Section



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Independent Auditor's Report

To the Honorable Mayor and
Board of Commissioners
Oak City, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Town of Oak City as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in 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 and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Oak City, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory information has not been subjected to the auditing procedures applied in the audit of basic financial statements and accordingly, I do not express an opinion or provide assurance on them.

A handwritten signature in black ink that reads "Gregory T. Redman, CPA". The signature is written in a cursive style with a large initial 'G'.

Gregory T. Redman, CPA
Tarboro, North Carolina
July 27, 2022

Management's Discussion and Analysis

**Town of Oak City, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

As management of the Town of Oak City, North Carolina, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Oak City for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

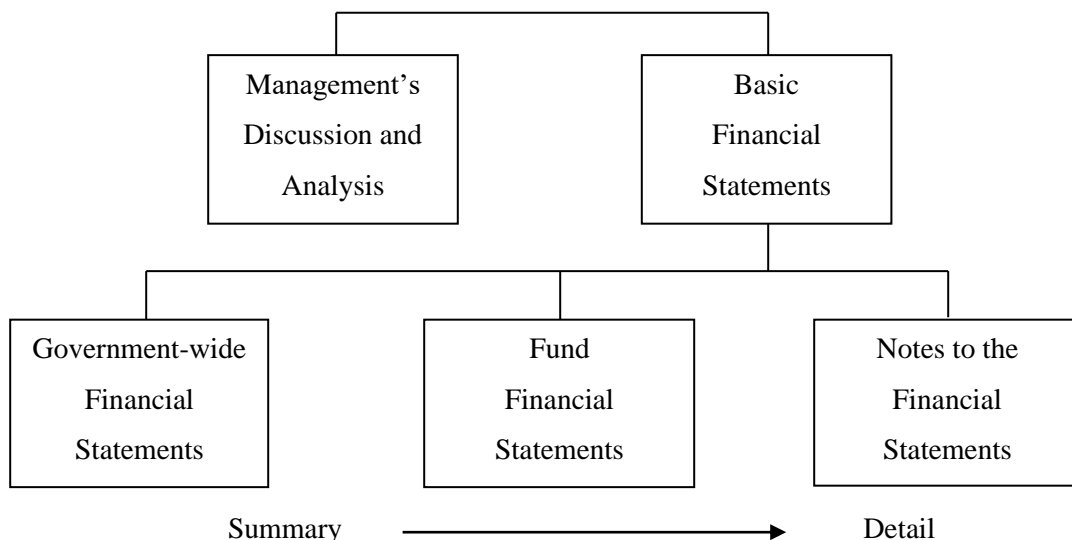
Financial Highlights

- The assets and deferred outflows of resources of the Town of Oak City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,266,195 (net position).
- The government's total net position decreased by \$39,230 mainly due to a decrease in governmental activities net position.
- At the close of the current fiscal year, the Town of Oak City's governmental funds reported combined ending fund balances of \$299,599, a decrease of \$32,821 in comparison with the prior year. Approximately 78 percent of this total amount, or \$233,504, 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 \$233,504 or 128 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Oak City's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Oak City.

Required Components of Annual Financial Report



**Town of Oak City, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Town's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the Notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the Notes, Supplemental Information is provided to show details about the Town's individual funds.

Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic service such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the electric services offered by the Town of Oak City.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. 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 Oak City, like all other government entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Oak City can be divided into two categories: governmental funds and proprietary funds.

**Town of Oak City, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Governmental Fund. *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Oak City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town's, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. Town of Oak City has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Oak City uses an enterprise fund to account for its electric operations. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Oak City's progress in funding its obligation to provide pension benefits to its employees.

Interdependence with Other Entities. The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to State and local laws and State and local appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

**Town of Oak City, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Government-wide Financial Analysis

The Town of Oak City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 348,565	\$ 410,775	\$ 734,346	\$ 768,430	\$ 1,082,911	\$ 1,179,205
Capital assets	194,452	204,711	57,128	65,086	251,580	269,797
Deferred outflows of resources	10,577	10,652	5,345	5,419	15,922	16,071
Outflows of Resources	<u>553,594</u>	<u>626,138</u>	<u>796,819</u>	<u>838,935</u>	<u>\$ 1,350,413</u>	<u>\$ 1,465,073</u>
Long-term liabilities	10,541	8,739	10,542	8,739	\$ 21,083	\$ 17,478
Other liabilities	5,485	37,722	56,796	104,122	62,281	141,844
Deferred inflows of resources	590	326	264	-	854	326
Inflows of Resources	<u>16,616</u>	<u>46,787</u>	<u>67,602</u>	<u>112,861</u>	<u>84,218</u>	<u>159,648</u>
Net Position:						
Net investment in capital assets	194,452	204,711	57,128	65,086	\$ 251,580	\$ 269,797
Restricted	50,416	77,449	-	-	50,416	77,449
Unrestricted	<u>292,110</u>	<u>297,191</u>	<u>672,089</u>	<u>660,988</u>	<u>964,199</u>	<u>958,179</u>
Total Net Position	<u>\$ 536,978</u>	<u>\$ 579,351</u>	<u>\$ 729,217</u>	<u>\$ 726,074</u>	<u>\$ 1,266,195</u>	<u>\$ 1,305,425</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Oak City exceeded liabilities and deferred inflows of resources by \$1,266,195 as of June 30, 2021. The Town's net position decreased by \$39,230 for the fiscal year ended June 30, 2021. However, 36% of net position reflects the Town's net investment in capital assets (e.g. land, buildings, water system, sewer system, machinery, and equipment). The Town of Oak City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Oak City's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Oak City's net position, \$50,416, represents resources that are subject to external restrictions in how they may be used. The remaining balance of the Town of Oak City's net position, \$292,110, is unrestricted.

**Town of Oak City, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Town of Oak City Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,000	\$ 750	\$ 389,553	\$ 355,459	\$ 390,553	\$ 356,209
Operating grants and contributions	19,031	12,420	-	-	19,031	12,420
General revenues:						
Property taxes	79,431	75,641	-	-	79,431	75,641
Other taxes	1,027	1,710	-	-	1,027	1,710
Grants and contributions not restricted	49,796	46,833	-	-	49,796	46,833
Other	1,384	14,243	7,239	28,311	8,623	42,554
Total Revenues	<u>\$151,669</u>	<u>\$151,597</u>	<u>\$ 396,792</u>	<u>\$ 383,770</u>	<u>\$ 548,461</u>	<u>\$ 535,367</u>
Expenses:						
General government	\$109,073	\$181,615	\$ -	\$ -	\$ 109,073	\$ 181,615
Public safety	26,470	26,584	-	-	26,470	26,584
Transportation and public works	50,733	52,658	-	-	50,733	52,658
Cultural and recreation	7,766	4,976	-	-	7,766	4,976
Electric	-	-	393,649	392,437	393,649	392,437
Total Expenses	<u>\$194,042</u>	<u>\$265,833</u>	<u>\$ 393,649</u>	<u>\$ 392,437</u>	<u>\$ 587,691</u>	<u>\$ 658,270</u>
Increase(decrease) in net position before transfers	(42,373)	(114,236)	3,143	(8,667)	(39,230)	(122,903)
Transfers	-	-	-	-	-	-
Increase(decrease) in net position	<u>(42,373)</u>	<u>(114,236)</u>	<u>3,143</u>	<u>(8,667)</u>	<u>(39,230)</u>	<u>(122,903)</u>
Net position, July 1	<u>579,351</u>	<u>693,587</u>	<u>726,074</u>	<u>734,741</u>	<u>1,305,425</u>	<u>1,428,328</u>
Net position, June 30	<u>\$536,978</u>	<u>\$579,351</u>	<u>\$ 729,217</u>	<u>\$ 726,074</u>	<u>\$ 1,266,195</u>	<u>\$ 1,305,425</u>

Governmental Activities. Governmental activities decreased the Town's net position by \$39,230 compared to a decrease in the prior year of \$114,236. The decrease is due to a decrease in Revenues.

Business-type Activities. Business-type activities increased the Town of Oak City's net position by \$3,143. The main reason for this increase is an increase in revenues from the prior year.

Financial Analysis of the Town's Funds

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

**Town of Oak City, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Governmental Funds. The focus of the Town of Oak City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Oak City's financing requirements.

The general fund is the chief operating fund of the Town of Oak City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$233,504, while total fund balance was \$299,599. 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 128% of total General Fund expenditures, while the total fund balance represents 165% of the same amount.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that became necessary to maintain/increase services.

General Fund line-item amendments were necessary to prevent over expenditures on certain items including professional fees and contract labor.

Proprietary Funds: The Town of Oak City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund amounted to \$672,089, while total net position amounted to \$729,217. The increase in net position was \$3,143. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital Assets: The Town of Oak City's investments in capital assets for its governmental and business-type activities as of June 30, 2021 total \$251,580 (net of accumulated depreciation).

These assets include buildings, land, machinery, equipment, and vehicles.

**Town of Oak City's Capital Assets
(Net of Depreciation)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land	\$ 34,326	\$ 34,326	\$ 7,405	\$ 7,405	\$ 41,731	\$ 41,731
Buildings and systems	160,126	170,385	-	-	160,126	170,385
Distribution systems	-	-	49,723	57,681	49,723	57,681
Total	\$ 194,452	\$ 204,711	\$ 57,128	\$ 65,086	\$ 251,580	\$ 269,797

Additional information on the Town's capital assets can be found in Note III(A)(4) of the Basic Financial Statements.

**Town of Oak City, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Long-term Debt: As of June 30, 2021 the Town of Oak City had no long-term debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Oak City is \$1,403,698.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the challenges to growth and prosperity of the Town.

Oak City is a municipality of Martin County, North Carolina. Oak City, a rural community as well as much of Martin County, North Carolina, The Town's access to additional revenues is limited.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Revenues and expenses for the governmental activities are expected to be lower for the fiscal year ending June 30, 2022 compared to June 30, 2021.

The Town has appropriated fund balance in the general fund in the amount of \$15,678 to cover operating expenditures instead of transferring funds from the electric fund. The Town also appropriated fund balance in the electric fund in the amount of \$17,777 to cover operating expenditures and approval raising rates effective July 1, 2021.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town of Oak City, Town Clerk, Post Office Box 289, Oak City, NC 27857 or by calling the Town Hall (252) 798-7721.

Financial Section

Basic Financial Statements

Town of Oak City, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 265,860	\$ 634,286	\$ 900,146
Taxes receivables (net)	33,645	-	33,645
Due from other governments	12,846	-	12,846
Accounts receivables	-	41,850	41,850
Accounts receivables - unbilled	-	15,374	15,374
Accrued interest receivables	9,836	-	9,836
Internal balances	(11,193)	11,193	-
Prepaid items	-	-	-
Restricted cash and cash equivalents	37,571	31,643	69,214
Total Current Assets	<u>\$ 348,565</u>	<u>\$ 734,346</u>	<u>\$ 1,082,911</u>
Non-current Assets			
Capital assets:			
Land, non-depreciable improvements and construction in progress	\$ 34,326	\$ 7,405	\$ 41,731
Other capital assets, net of depreciation	160,126	49,723	209,849
Total capital assets	<u>\$ 194,452</u>	<u>\$ 57,128</u>	<u>\$ 251,580</u>
Total Assets	<u>\$ 543,017</u>	<u>\$ 791,474</u>	<u>\$ 1,334,491</u>
Deferred Outflows of Resources			
Pension deferrals	\$ 10,577	\$ 5,345	\$ 15,922
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 5,485	\$ 25,153	\$ 30,638
Customer deposits	-	31,643	31,643
Total Current Liabilities	<u>\$ 5,485</u>	<u>\$ 56,796</u>	<u>\$ 62,281</u>
Long-term liabilities:			
Net pension liability	\$ 10,541	\$ 10,542	\$ 21,083
Total Liabilities	<u>\$ 16,026</u>	<u>\$ 67,338</u>	<u>\$ 83,364</u>
Deferred Inflows of Resources			
Pension deferrals	590	264	854
Net Position			
Net investment in capital assets	\$ 194,452	\$ 57,128	\$ 251,580
Restricted for:			
Transportation	37,571	-	37,571
Stabilization by State Statute	12,845	-	12,845
Unrestricted	292,110	672,089	964,199
Total Net Position	<u>\$ 536,978</u>	<u>\$ 729,217</u>	<u>\$ 1,266,195</u>

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary Government							
Governmental Activities:							
General government	\$ 109,073	\$ 1,000	\$ 5,380	\$ -	\$ (102,693)	\$ -	\$ (102,693)
Public safety	26,470	-	-	-	(26,470)	-	(26,470)
Transportation and public works	50,733	-	9,666	-	(41,067)	-	(41,067)
Cultural and recreation	7,766	-	3,985	-	(3,781)	-	(3,781)
Total Governmental Activities	<u>\$ 194,042</u>	<u>\$ 1,000</u>	<u>\$ 19,031</u>	<u>\$ -</u>	<u>\$ (174,011)</u>	<u>\$ -</u>	<u>\$ (174,011)</u>
Business-type activities:							
Electric	393,649	389,553	-	-	-	(4,096)	(4,096)
Total business-type activities	<u>\$ 393,649</u>	<u>\$ 389,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,096)</u>	<u>\$ (4,096)</u>
Total Primary Government	<u>\$ 587,691</u>	<u>\$ 390,553</u>	<u>\$ 19,031</u>	<u>\$ -</u>	<u>\$ (174,011)</u>	<u>\$ (4,096)</u>	<u>\$ (178,107)</u>
General Revenues							
Taxes:							
Property taxes, levied for general purpose					\$ 79,431	\$ -	\$ 79,431
Other taxes and licenses					1,027	-	1,027
Grants and contributions not restricted to specific programs					49,796	-	-
Unrestricted investment earnings					1,384	697	2,081
Miscellaneous					-	6,542	6,542
Total General Revenues, not including transfers					<u>\$ 131,638</u>	<u>\$ 7,239</u>	<u>\$ 89,081</u>
Change in Net Position					\$ (42,373)	\$ 3,143	\$ (39,230)
Net Position, beginning of year					579,351	726,074	1,305,425
Net Position, end of year					<u>\$ 536,978</u>	<u>\$ 729,217</u>	<u>\$ 1,266,195</u>

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	<u>Major Funds General</u>
Assets	
Cash and cash equivalents	\$ 265,860
Restricted cash	37,571
Receivables, net:	
Taxes	33,645
Due from other governments	12,846
Prepaid items	-
Total Assets	<u>\$ 349,922</u>
Liabilities	
Liabilities:	
Accounts payable and accrued liabilities	\$ 5,485
Due to other funds	11,193
Total Liabilities	<u>\$ 16,678</u>
Deferred Inflows of Resources	
Property taxes receivable	<u>\$ 33,645</u>
Fund Balances	
Restricted:	
Stabilization by State Statute	\$ 12,846
Streets-Powell Bill	37,571
Assigned:	
Subsequent year's expenditures	15,678
Unassigned:	
Total fund balance	<u>\$ 299,599</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 349,922</u>

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

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

Ending Fund Balance - Governmental Funds	\$	299,599
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		194,452
Deferred outflows of resources related to pension are not report in the funds		10,577
Net pension liability		(10,541)
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds		9,836
Deferred inflows of resources related to pension are not report in the funds		(590)
Liabilities for earned revenues considered deferred infows of resources in fund statements		<u>33,645</u>
Net Position of Governmental Activities	\$	<u><u>536,978</u></u>

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
Statement of Revenues, Expenditures And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>Major Funds General</u>
Revenues	
Ad valorem taxes	\$ 76,583
Other taxes and licenses	1,027
Unrestricted intergovernmental	49,796
Restricted intergovernmental	15,046
Sales and services	1,000
Investment earnings	1,384
Miscellaneous	3,985
Total Revenues	<u>\$ 148,821</u>
Expenditures	
Current:	
General government	\$ 104,600
Public safety	24,289
Transportation and public works	46,405
Cultural and recreation	6,348
Total Expenditures	<u>\$ 181,642</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (32,821)</u>
Net Change in Fund Balance	\$ (32,821)
Fund Balances	
Beginning of year	332,420
End of year	<u>\$ 299,599</u>

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement Activities
For the Year Ended June 30, 2021

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

Net Change in Fund Balance - Total Governmental Funds	\$	(32,821)
<p>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. This is the amount by which capital outlay exceeded depreciation in the current period</p>		
Capital outlay expenditures which were capitalized	\$	-
Depreciation expense for governmental assets	<u>(10,259)</u>	\$ (10,259)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities		2,120
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Change in unavailable revenue for tax revenues	<u>2,848</u>	\$ 2,848
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Pension expense		<u>(4,261)</u>
Total Changes in Net Position of Governmental Activities	<u>\$</u>	<u>(42,373)</u>

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
General Fund
Statement of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	General Fund			Variance with
	Original	Final	Actual	Final Budget
			Amounts	Positive
				(Negative)
Revenues				
Ad valorem taxes	\$ 69,200	\$ 69,200	\$ 76,583	\$ 7,383
Other taxes and licenses	1,200	1,200	1,027	(173)
Unrestricted intergovernmental	45,000	45,000	49,796	4,796
Restricted intergovernmental	13,000	18,380	15,046	(3,334)
Sales and services	1,600	1,600	1,000	(600)
Investment earnings	3,100	3,100	1,384	(1,716)
Miscellaneous	3,000	6,985	3,985	(3,000)
Total Revenues	\$ 136,100	\$ 145,465	\$ 148,821	\$ 3,356
Expenditures				
Current				
General government	\$ 103,750	\$ 121,145	\$ 104,600	\$ 16,545
Public safety	30,400	30,400	24,289	6,111
Transportation and public works	44,200	51,700	46,405	5,295
Cultural and recreation	12,150	10,370	6,348	4,022
Total Expenditures	\$ 190,500	\$ 213,615	\$ 181,642	\$ 31,973
Revenues Over (Under) Expenditures	\$ (54,400)	\$ (68,150)	\$ (32,821)	\$ 35,329
Other Financing Sources (Uses)				
Fund balance appropriation	\$ 54,400	\$ 68,150	\$ -	\$ (68,150)
Revenues and other sources over (under) expenditures and other uses	-	-	(32,821)	(32,821)
Fund Balances				
Beginning of year			332,420	
End of year			\$ 299,599	

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Enterprise Fund
	Electric Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 634,286
Accounts receivable (net)	41,314
Accounts receivable - unbilled	15,374
Accrued interest - CD	536
Due from other funds	11,193
Restricted cash and cash equivalents	31,643
Total Current Assets	\$ 734,346
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	7,405
Other capital assets, net of depreciation	49,723
Capital assets (net)	\$ 57,128
Total Noncurrent Assets	\$ 57,128
Total Assets	\$ 791,474
Deferred Outflows of Resources	
Pension deferrals	\$ 5,345
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 25,153
Liabilities payable from restricted assets:	
Customer deposits	31,643
Total Current Liabilities	\$ 56,796
Long-term Liabilities:	
Net pension liability	\$ 10,542
Total Long-term Liabilities	\$ 10,542
Total Liabilities	\$ 67,338
Deferred Inflows of Resources	
Pension deferrals	\$ 264
Net Position	
Net investment in capital assets	\$ 57,128
Unrestricted	672,089
Total Net Position	\$ 729,217

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Fund
	Electric Fund
Operating Revenues	
Charges for services	\$ 389,553
Other operating revenues	-
Total Operating Revenues	\$ 389,553
Operating Expenses	
Purchase of electricity	\$ 275,501
Contract labor	10,630
Repairs and maintenance	1,165
Supplies	22,053
Software maintenance	5,078
Sales tax	25,831
Salaries and benefits	27,050
Professional fees	16,486
Depreciation expense	7,958
Other operating expenses	1,897
Total Operating Expenses	\$ 393,649
Operating income (loss)	\$ (4,096)
Non-operating Revenues (Expenses)	
Investment earnings	\$ 697
Capital credit refunds	6,542
Vertical bridge reimbursement	-
Total Non-operating Revenues (expenses)	\$ 7,239
Income (loss) Before Contributions and Transfers	\$ 3,143
Transfers to other funds	-
Change in Net Position	\$ 3,143
Net Position, beginning	726,074
Net Position, ending	\$ 729,217

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Fund
	Water and Sewer
	Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 390,437
Cash paid for goods and services	(405,974)
Cash paid for employee services	(24,904)
Net Cash Provided (used) by Operating Activities	\$ (40,441)
Cash Flows From Noncapital Financing Activities	
Increase (decrease) in due to other funds	\$ (6,111)
Net Cash Provided by Noncapital Financing Activities	\$ (6,111)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	\$ -
Net Cash Provided (used) by Capital and Related Financing Activities	\$ -
Cash Flows From Investing Activities	
Capital credit refunds	\$ 6,542
Interest on investments	697
Net Cash Provided (used) by Investing Activities	\$ 7,239
Net Increase (decrease) in Cash and Cash Equivalents	\$ (39,313)
Balances - Beginning of year	705,242
Balances - End of year	\$ 665,929
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (4,096)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 7,958
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	3,501
(Increase) decrease in accounts receivables - unbilled	(2,617)
(Increase) decrease in accrued interest	(2)
(Increase) decrease in deferred outflows of resources-pensions	74
Increase (decrease) in accounts payable	(48,153)
Increase (decrease) in deposits	827
Increase (decrease) in net pension liability	1,803
(Increase) decrease in deferred inflows of resources-pensions	264
Total adjustments	\$ (36,345)
Net Cash Provided (Used) by Operating Activities	\$ (40,441)

The notes to the financial statements are an integral part of this statement.

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of Town of Oak City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Oak City is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town of Oak City, North Carolina.

B. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and State-shared revenues. The primary expenditures are for public safety, street maintenance sanitation, and general government services.

The Town reports the following major enterprise funds:

Electric Fund. This fund is used to account for the Town's electric operations.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 non-operating 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 Town enterprise funds are charges to customers for sales and services. 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 non-operating revenues and expenses.

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Oak City because the tax is levied by Greene County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. During the year, there were several amendments to the original budget. All amendments must be approved by the governing board. The budget ordinance must be

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 15-31]. The Town may designate, as an official depository, and bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund is measured at fair value. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied, are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, reporting, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

**Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

Town of Oak City Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 37,571
Total Government Activities	<u>\$ 37,571</u>
Business-type Activities	
Electric Fund	
Customer deposits	\$ 31,643
Total Business-type Activities	<u>\$ 31,643</u>
Total Restricted Cash	<u><u>\$ 69,214</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory and Prepaid Items

Enterprise fund supplies are recorded as expenditures when purchased and not inventoried at year-end because the amounts are considered immaterial by the Town. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and are expensed as the items are used.

**Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$500. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50
Infrastructure	30
Improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment	3

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 and so will not be recognized as an expense or expenditure until then. The Town has one item that meet this criterion, pension deferrals in the 2021 fiscal year. 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 and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – property taxes receivables, and pension deferrals.

9. Compensated Absences

The policy of the Town provides for the accumulation of up to six days earned vacation each year. At June 30, 2021, any accumulated amounts are considered immaterial, and accordingly, no accrued liability for accumulated earned vacation leave has been recorded in the accompanying financial statements. The Town does not have a formal sick leave policy; therefore, no accurate accrual of accumulated sick leave can be determined. Any amounts that may be accrued, however, are not considered material.

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

10. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of four classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – 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.

Prepaid – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenditures, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds.

The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by the law through constitutional provisions

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

or enabling legislation”. RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Assigned fund balance – portion of fund balance that Town of Oak City intends to use for specific purposes.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Oak City has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Town funds, Town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

11. Defined Benefit Cost-sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Oak City employer contributions are recognized when due and the Town of Oak City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

**Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

Annual Audit

In accordance with G.S. 159-34, each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year. The audit for the year ended June 30, 2021 was not completed until July 27, 2022. Due to changeover in finance personnel and the difficulty in obtaining an auditor, the final accounting records were not received for audit until May 2022. The Town has hired new staff and an outside accountant and anticipates more timely audits in the future.

B. Excess of Expenditures Over Appropriations

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows.

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

**Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designing official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$841,761 and a bank balance of \$864,864. Of the bank balance, \$797,830 of it was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

2. Investments

At June 30, 2021, the Town had \$127,599, invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor.s. The Town has no policy regarding credit risk.

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2021	Maturity	Rating
NC Capital Management Trust Government Portfolio	Fair Value-Level 1	\$ 127,599	N/A	AAAM
Total		\$ 127,599		

a. Interest Rate Risk

The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits as least half of the Town's investment portfolio to maturities of less than 12 months.

b. Credit Risk

The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAAM-mf by Moody's Investors Service as of June 30, 2021.

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

3. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 34,326	\$ -	\$ -	\$ 34,326
Total capital assets not being depreciated	<u>\$ 34,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,326</u>
Capital assets being depreciated:				
Buildings	\$ 186,036	\$ -	\$ -	\$ 186,036
Improvements	192,466	-	-	192,466
Equipment	31,621	-	-	31,621
Total capital assets being depreciated	<u>\$ 410,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,123</u>
Less accumulated depreciation for:				
Buildings	\$ 103,083	\$ 3,743	\$ -	\$ 106,826
Improvements	107,088	6,310	-	113,398
Equipment	29,567	206	-	29,773
Total accumulated depreciation	<u>\$ 239,738</u>	<u>\$ 10,259</u>	<u>\$ -</u>	<u>\$ 249,997</u>
Total capital assets being depreciated, net	<u>\$ 170,385</u>			<u>\$ 160,126</u>
Governmental activity capital assets, net	<u>\$ 204,711</u>			<u>\$ 194,452</u>

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

General government	\$ 2,332
Public safety	2,181
Cultural and recreation	1,418
Transportation	4,328
Total Depreciation Expense	<u>\$ 10,259</u>

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Electric Fund:				
Capital assets not being depreciated:				
Land	\$ 7,405	\$ -	\$ -	\$ 7,405
Total capital assets not being depreciated	\$ 7,405	\$ -	\$ -	\$ 7,405
Capital assets being depreciated:				
Buildings	\$ 4,082	\$ -	\$ -	\$ 4,082
Distribution system	219,767	-	-	219,767
Equipment	11,283	-	-	11,283
Vehicles	40,560	-	-	40,560
Total capital assets being depreciated	\$ 275,692	\$ -	\$ -	\$ 275,692
Less accumulated depreciation for:				
Buildings	\$ 374	\$ 408	\$ -	\$ 782
Distribution system	170,462	413	-	170,875
Equipment	11,283	4,804	-	16,087
Vehicles	35,892	2,333	-	38,225
Total capital assets being depreciated	\$ 218,011	\$ 7,958	\$ -	\$ 225,969
Total capital assets being depreciated, net	\$ 57,681			\$ 49,723
Business-type activities capital assets, net	\$ 65,086			\$ 57,128

C. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Oak City is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consist of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Oak City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Oak City contractually required contribution rate for the year ended June 30, 2021, was 10.15% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Oak City were \$4,266 for the year ended June 30, 2021.

Refunds of Contributions – Town employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2021, the Town reported a liability of \$21,083 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

of the net pension asset was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town’s proportion was 0.00059%, which was a decrease of 0.00005 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$8,546. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,662	\$ -
Changes of assumptions	1,569	-
Net difference between projected and actual earnings on pension plan investments	2,966	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,459	854
Town contributions subsequent to the measurement date	4,266	-
Total	\$ 15,922	\$ 854

\$4,266 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2022	\$ 3,258
2023	4,095
2024	2,573
2025	878
2026	-
Thereafter	-
	\$ 10,804

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

**Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town’s proportionate share of the net pension asset to changes in the discount rate. The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 42,776	\$ 21,083	\$ 3,055

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following elements:

**Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

Contributions to pension plan in current fiscal year	\$ 4,266
Differences between expected and actual experience	2,662
Changes of assumptions	1,569
Net difference between projected and actual earnings	2,966
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,459
Total	\$ 15,922

Deferred inflows of resources at year-end are comprised of the following elements:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivables, less penalties (General Fund)	\$ -	\$ 33,645
Prepaid taxes	-	-
Differences between expected and actual experience	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	854	-
	\$ 854	\$ 33,645

3. 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 carries commercial coverage for all risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town has assessed the risk of flood at very low and decided not to purchase flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town has crime coverage for employee dishonesty and forgery alteration, as well as coverage for theft of money or securities inside or outside of the premises. The finance officer is bonded for \$50,000.

4. Claims, Judgements, and Contingent Liabilities

No claims or judgements existed at June 30, 2021.

**Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

5. Commitments

On July 6, 2010, the Board approved an annual contribution to the fire department of \$15,000. The fire department operates out of the building owned by the Town. The Town also pays for gas and utilities.

6. Legal Debt Margin

At June 30, 2021, the Town had a legal debt margin of \$1,403,698.

7. Interfund Balances and Activities

Balances due to/from other funds at June 30, 2021 consist of the following:

Due To	Due From	Amount
Electric Fund	General Fund	\$ 11,193

8. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 299,599
Less:	
Stabilization by State Statute	12,846
Streets-Powell Bill	37,571
Fund Balance Appropriated for 2021-2022	15,678
Remaining Fund Balance	233,504

IV. Jointly Governed Organizations

The Town, in conjunction with five counties and thirty-nine other municipalities, is a member of the Mid-East Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$350 to the Commission during the fiscal year ended June 30, 2021.

Town of Oak City, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VI. Subsequent Events

The Town has evaluated event and transaction that occurred between June 30, 2021 and July 27, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

On March 11, 2021, the American Rescue Plan (ARP) Act of 2021 was signed into law and the State of North Carolina will receive a share of the funding and will disburse funds to municipalities that are non-entitlement units (NEUs). In July 2021, the Town received \$45,733 of funding through the State of North Carolina's Local Fiscal Recovery Funds. The funds are to be used for COVID-19 relief and economic recovery measures. The Town has until 2026 to expend these funds as long as the funds are obligated by 2024.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contribution to Local Government Employees' Retirement System

Town of Oak City, North Carolina
Town of Oak City's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Town of Oak City's proportion of the net pension liability (asset) (%)	0.00059%	0.00064%	0.00000%	0.00000%	0.00170%	0.00160%	0.00020%	0.00020%
Town of Oak City's proportion of the net pension liability (asset) (\$)	\$ 21,083	\$ 17,478	\$ -	\$ -	\$ 3,608	\$ 720	\$ (1,060)	\$ 2,411
Town of Oak City's covered-employee payroll	\$ 39,072	\$ 35,210	\$ 28,796	\$ 28,820	\$ 32,930	\$ 29,784	\$ 26,730	\$ 24,192
Town of Oak City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.96%	49.64%	0.00%	0.00%	10.96%	2.42%	-3.97%	9.97%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

**Town of Oak City, North Carolina
Town of Oak City's Contributions
Required Supplementary Information
Last Eight Fiscal Years**

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,266	\$ 3,497	\$ 2,950	\$ 2,190	\$ 373	\$ 1,712	\$ 2,106	\$ 1,652
Contributions in relation to the contractually required contributions	<u>4,266</u>	<u>3,497</u>	<u>2,950</u>	<u>2,190</u>	<u>373</u>	<u>1,712</u>	<u>2,106</u>	<u>1,652</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Oak City's covered-employee payroll	\$ 42,244	\$ 39,072	\$ 35,210	\$ 28,796	\$ 28,820	\$ 28,820	\$ 29,784	\$ 26,730
Contributions as a percentage of covered-employee payroll	10.10%	8.95%	8.38%	7.61%	1.29%	5.94%	7.07%	6.18%

Individual Fund Statements and Schedules

Town of Oak City, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Current year		\$ 71,174	
Prior years		4,390	
Penalties and interest		1,019	
Total	<u>\$ 69,200</u>	<u>\$ 76,583</u>	<u>\$ 7,383</u>
Other taxes and licenses:			
Motor vehicle license	1,200	1,027	(173)
Total	<u>\$ 1,200</u>	<u>\$ 1,027</u>	<u>\$ (173)</u>
Unrestricted intergovernmental:			
Local option sales taxes	\$ 28,000	\$ 33,865	\$ 5,865
ABC profit distribution	\$ 500	393	\$ (107)
Utility franchise	15,000	14,298	(702)
Beer and wine tax	1,500	1,240	(260)
Total	<u>\$ 45,000</u>	<u>\$ 49,796</u>	<u>\$ 4,796</u>
Restricted intergovernmental:			
Powell Bill allocation	\$ 13,000	\$ 9,666	\$ (3,334)
CARES Act	5,380	5,380	-
Total	<u>\$ 18,380</u>	<u>\$ 15,046</u>	<u>\$ (3,334)</u>
Sales and services:			
Farm water sales	\$ 1,600	\$ 1,000	\$ (600)
Total	<u>\$ 1,600</u>	<u>\$ 1,000</u>	<u>\$ (600)</u>
Investment earnings:			
General	3,100	1,384	(1,716)
Total	<u>\$ 3,100</u>	<u>\$ 1,384</u>	<u>\$ (1,716)</u>
Miscellaneous:			
Martin County recreation contribution	\$ 3,985	\$ 3,985	\$ -
Miscellaneous revenue	3,000	-	(3,000)
Total	<u>\$ 6,985</u>	<u>\$ 3,985</u>	<u>\$ (3,000)</u>
Total Revenues	<u>\$ 145,465</u>	<u>\$ 148,821</u>	<u>\$ 3,356</u>

Town of Oak City, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General Government:			
Administration			
Salaries and employee benefits		\$ 24,832	
Accounting services		10,136	
Professional fees		11,715	
CARES Act expenditures		5,380	
Meeting and travel		2,824	
Utilities and telephone		2,766	
Office and other supplies		11,667	
Miscellaneous		2,862	
Repairs and maintenance		2,798	
Capital outlay and contingency		-	
Tax collection		2,033	
Election		-	
Travel		-	
Insurance and bonds		6,036	
Total Administration	<u>\$ 93,895</u>	<u>\$ 83,049</u>	<u>\$ 10,846</u>
Governing Body:			
Salaries and employee benefits		\$ 21,551	
Total	<u>\$ 27,250</u>	<u>\$ 21,551</u>	<u>\$ 5,699</u>
Total General Government	<u>\$ 121,145</u>	<u>\$ 104,600</u>	<u>\$ 16,545</u>
Public Safety:			
Fire Department and Rescue			
Fire protections		\$ 15,000	
Rescue		2,300	
Utilities		1,214	
Total Fire Department and Rescue	<u>\$ 20,400</u>	<u>\$ 18,514</u>	<u>\$ 1,886</u>
Police:			
Police Contract		\$ 5,775	
Total Police	<u>\$ 10,000</u>	<u>\$ 5,775</u>	<u>\$ 4,225</u>
Total Public Safety	<u>\$ 30,400</u>	<u>\$ 24,289</u>	<u>\$ 6,111</u>

Town of Oak City, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Transportation and Public Works:			
Contract labor		\$ 33,140	
Miscellaneous		115	
Utilities		2,683	
Mosquito and pest control		2,698	
Cemetery		650	
Repairs and maintenance		2,372	
Street repairs and maintenance		4,747	
Total Transportation and Public Works	\$ 51,700	\$ 46,405	\$ 5,295
 Cultural and Recreation			
Parks and Recreation:			
Parade and community projects		\$ 235	
Operating expenses		3,985	
Senior center expenses		2,128	
Total Cultural and Recreation	\$ 10,370	\$ 6,348	\$ 4,022
 Total Expenditures	\$ 213,615	\$ 181,642	\$ 31,973
Revenues Over (Under) Expenditures	\$ (68,150)	\$ (32,821)	\$ 35,329
Other Financing Sources (uses):			
Fund balance appropriated	\$ 68,150	\$ -	\$ (68,150)
Total	\$ 68,150	\$ -	\$ (68,150)
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (32,821)	\$ (32,821)
Fund Balances			
Beginning of year		332,420	
End of year		\$ 299,599	

Town of Oak City, North Carolina
Electric Fund
Schedule of Revenues And Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Electric charges	\$ 380,000	\$ 389,553	\$ 9,553
Capital credit refund	8,500	6,542	(1,958)
Total Operating Revenues	\$ 388,500	\$ 396,095	\$ 7,595
Nonoperating revenues:			
Investment earnings	3,000	697	(2,303)
Total Revenues	\$ 391,500	\$ 396,792	\$ 5,292
Expenditures:			
Salaries and employee benefits		\$ 24,910	
Electricity purchases		275,501	
Sales tax		25,831	
Contract services		10,630	
Equipment repairs		1,165	
Other operating expenditures		45,514	
Total	\$ 422,100	\$ 383,551	\$ 38,549
Capital outlay:			
Electrical purchases	\$ -	\$ -	\$ -
Total Expenditures	\$ 422,100	\$ 383,551	\$ 38,549
Revenues over Expenditures	\$ (30,600)	\$ 13,241	\$ 43,841
Other Financing Sources:			
Fund balance appropriation	30,600	-	(30,600)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 13,241	\$ 13,241
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ 13,241	
Reconciling items:			
Capital outlay		-	
GASB 68 adjustment		(2,140)	
Depreciation		(7,958)	
Total		\$ (10,098)	
Change in Net Position		\$ 3,143	

Other Schedules

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of Oak City, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 78,958	\$ 71,531	\$ 7,427
2019-2020	8,590	-	3,037	5,553
2018-2019	5,189	-	645	4,544
2017-2018	4,281	-	115	4,166
2016-2017	3,556	-	286	3,270
2015-2016	2,925	-	57	2,868
2014-2015	2,059	-	82	1,977
2013-2014	1,677	-	168	1,509
2012-2013	1,465	-	-	1,465
2011-2012	866	-	-	866
2010-2011	876	-	876	-
Total	<u>\$ 31,484</u>	<u>\$ 78,958</u>	<u>\$ 76,797</u>	<u>\$ 33,645</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 76,583
Taxes written off and refunds	<u>1,233</u>
Subtotal	77,816
Less interest and penalties collected	<u>(1,019)</u>
Total collections and credits	<u>\$ 76,797</u>

Town of Oak City, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2021

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 17,546,222	0.45	\$ 78,958	\$ 65,209	\$ 13,749
Abatements	-	0.45	-	-	-
Total Property Valuation	<u>\$ 17,546,222</u>				
Net levy			\$ 78,958	\$ 65,209	\$ 13,749
Uncollected taxes at June 30, 2021			7,427	7,352	75
Current year's taxes collected			<u>\$ 71,531</u>	<u>\$ 57,857</u>	<u>\$ 13,674</u>
Current levy collection percentage			<u>90.59%</u>	<u>88.73%</u>	<u>99.45%</u>