

**TOWN OF ATKINSON,
NORTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

MAYOR

Elton Newkirk

COMMISSIONERS

Denise Lewis

Bryan Stewart

Penny Stith

Gary Alsup – Mayor Pro Tem

FINANCE OFFICER/CLERK

Becky Lanier

**Town of Atkinson
Table of Contents
June 30, 2021**

<u>Exhibit</u>		<u>Page(s)</u>
	Financial Section	
	Independent Auditors' Report	1 - 2
	Management's Discussion and Analysis	3-9
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
1	Statement of Net Position	10
2	Statement of Activities	11
	Fund Financial Statements:	
3	Balance Sheet-Governmental Funds	12
	Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
5	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	15
6	Statement of Fund Net Position - Proprietary Funds	16
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	17
8	Statement of Cash Flows - Proprietary Funds	18
	Notes to the Financial Statements	19-29
	Individual Fund Statements and Schedules:	
	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	30-31
	Proprietary Funds:	
	Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Water Fund	32
	Other Schedules:	
	Schedule of Ad Valorem Taxes Receivable	33
	Analysis of Current Tax Levy Town-Wide Levy	34

FINANCIAL SECTION



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Independent Auditor's Report

To the Mayor and Members of the Board of Commissioners
Atkinson, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atkinson, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, 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 Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a required 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 and opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Atkinson, 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 financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the 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.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

February 1, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Atkinson (the "Town"), we offer readers of the Town of Atkinson's financial statements this narrative overview and analysis of the financial activities of the Town of Atkinson 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

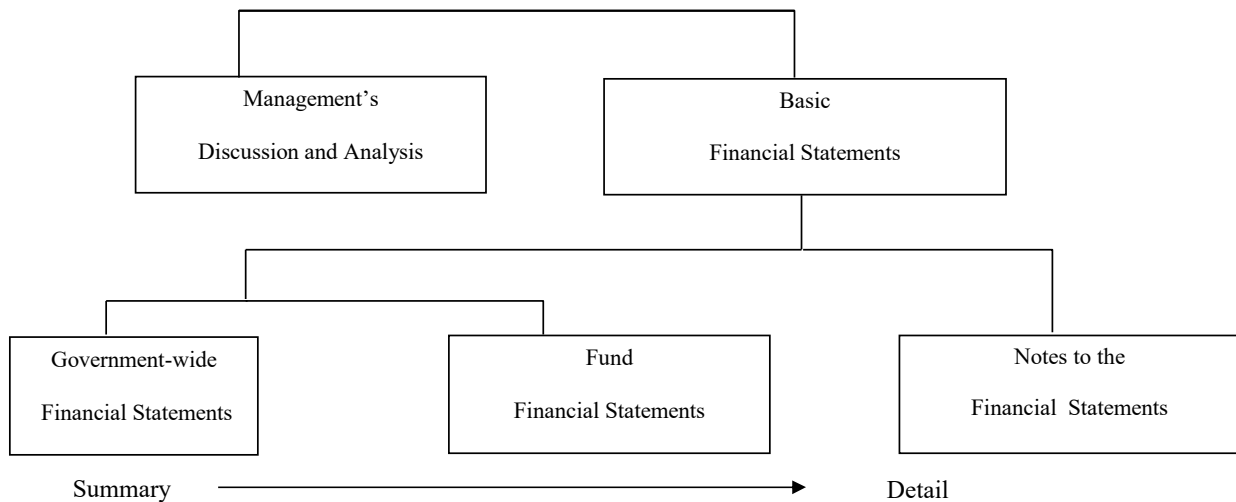
- The assets and deferred outflows of resources of the Town of Atkinson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,422,900 (net position).
- The government's total net position decreased from the prior year by \$69,876
- As of the close of the current fiscal year, the Town of Atkinson's governmental fund reported an ending fund balance of \$920,832 with a negative net change of \$106,990 in fund balance. Approximately 5.05% of this total amount, or \$46,492, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$874,340 or 139% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Atkinson'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 (see Figure 1). 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 Atkinson.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 (Exhibits 3 through 8) 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 additional details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes can also 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 deferred outflows of resources 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 services 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 water and sewer services offered by the Town of Atkinson.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) 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 Atkinson, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the Town's budget ordinance. All of the funds of the Town of Atkinson can be divided into two categories: governmental funds and proprietary fund.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All 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* which 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 Atkinson 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, 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 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 Fund

Town of Atkinson has one kind of proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Atkinson uses an enterprise fund to account for its water fund activity. 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. The notes to the financial statements follow Exhibit 8 of this report.

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 Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis

**Town of Atkinson's Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 934,942	\$ 1,037,966	\$ 149,806	\$ 152,717	\$ 1,084,748	\$ 1,190,683
Capital assets	270,689	272,017	1,742,849	1,798,178	2,013,538	2,070,195
Total assets	1,205,631	1,309,983	1,892,655	1,950,895	3,098,286	3,260,878
Current liabilities	30,886	57,717	14,000	14,000	44,886	71,717
Long-term liabilities	-	51,885	630,500	644,500	630,500	696,385
Total liabilities	30,886	109,602	644,500	658,500	675,386	768,102
Net position:						
Net investment in capital assets	245,630	165,531	1,098,349	1,139,678	1,343,979	1,305,209
Restricted	46,492	27,781	-	-	46,492	27,781
Unrestricted	882,623	1,007,069	149,806	152,717	1,032,429	1,159,786
Total net position	\$ 1,174,745	\$ 1,200,381	\$ 1,248,155	\$ 1,292,395	\$ 2,422,900	\$ 2,492,776

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 the Town of Atkinson exceeded liabilities and deferred inflows by \$2,422,900 as of June 30, 2021. The Town's net position decrease by \$69,876 for the fiscal year ended June 30, 2021. However the largest portion, \$1,343,979 (55%) reflects

the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Atkinson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Atkinson'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 Atkinson's net position, \$46,492, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,032,429 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 93.65%.

Town of Atkinson
Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 31,021	\$ 49,418	\$ 87,774	\$ 82,102	\$ 118,795	\$ 131,520
Operating grants and contributions	34,468	187,159	-	-	34,468	187,159
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	56,909	53,935	-	-	56,909	53,935
Other taxes	361,119	436,542	-	-	361,119	436,542
Other	39,008	3,499	-	-	39,008	3,499
Total revenues	522,525	730,553	87,774	82,102	610,299	812,655
Expenses:						
General government	219,704	91,324	-	-	219,704	91,324
Culture & Recreation	24,236	17,779	-	-	24,236	17,779
Transportation	13,943	2,897	-	-	13,943	2,897
Public works and buildings	62,940	68,048	-	-	62,940	68,048
Fire department	198,123	193,027	-	-	198,123	193,027
Interest	29,215	4,868	-	-	29,215	4,868
Water and sewer	-	-	132,014	120,313	132,014	120,313
Total expenses	548,161	377,943	132,014	120,313	680,175	498,256
Increase (decrease) in net position	(25,636)	352,610	(44,240)	(38,211)	(69,876)	314,399
Net position, July 1	1,200,381	847,771	1,292,395	1,330,606	2,492,776	2,178,377
Net position, June 30	\$ 1,174,745	\$ 1,200,381	\$ 1,248,155	\$ 1,292,395	\$ 2,422,900	\$ 2,492,776

Governmental activities. Governmental activities decreased the Town's net position by \$25,636 accounting for 37% of the total decrease in the net position of the town of Atkinson. Key elements of this decrease are as follows:

- Increase in Expenditures.

Business-type activities. Business-type activities decreased the Town's net position by \$44,240, accounting for 63% of the total decrease in the net position of the town of Atkinson. Key elements of this decrease are as follows:

- Increase in Expenditures.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Atkinson'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 Atkinson's financing requirements.

The general fund is the chief operating fund of the Town of Atkinson. At the end of the current fiscal year, Town of Atkinson's fund balance available in the General Fund was \$874,340, while total fund balance reached \$920,832. The Town currently has an available fund balance of 139% of general fund expenditures, while total fund balance represents 147% of the same amount.

At June 30, 2021, the governmental fund of the Town of Atkinson reported a fund balance of \$920,832 with a net decrease in fund balance of \$106,990.

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 become necessary to maintain services.

Proprietary Fund. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$149,806. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Capital Assets and Debt Administration

Capital assets. The Town of Atkinson's investment in capital assets for its governmental and business type activities as of June 30, 2021, totals \$2,013,538 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Town of Atkinson's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 18,754	\$ 18,754	\$ -	\$ -	\$ 18,754	\$ 18,754
Buildings and other systems	53,845	56,144	-	-	53,845	56,144
Infrastructure	84,423	87,481	-	-	84,423	87,481
Vehicles and motorized equipment	113,667	109,638	-	-	113,667	109,638
Substation, lines, and related equipment	-	-	1,742,849	1,798,178	1,742,849	1,798,178
Total	\$ 270,689	\$ 272,017	\$ 1,742,849	\$ 1,798,178	\$ 2,013,538	\$ 2,070,195

Management Discussion and Analysis
Town of Atkinson

Additional information on the Town's capital assets can be found in the notes to the Basic Financial Statements.

Long-term Debt. As of June 30, 2021, the following changes occurred in liabilities in the Long-Term Debt:

	Balance 06/30/20	Additions	Retirements	Balance 06/30/21	Current Portion
Governmental Activities:					
Direct placement installments	\$ 106,486	\$ -	\$ 81,427	\$ 25,059	\$ 25,059
Governmental activity					
long-term liabilities	\$ 106,486	\$ -	\$ 81,427	\$ 25,059	\$ 25,059
Business-type activities:					
General obligation bonds	\$ 658,500	\$ -	\$ 14,000	\$ 644,500	\$ 14,000
Business-type activity					
long-term liabilities	\$ 658,500	\$ -	\$ 14,000	\$ 644,500	\$ 14,000

Additional information regarding the Town of Atkinson's long-term debt can be found in the notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town:

- Unemployment rates remained low.
- The Town will benefit greatly from the water project through an increase in services provided.

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 Finance Officer, Becky Lanier, Post Office Box 160, Atkinson, NC 28421. You can also call 910-283-7341 or send an email to atkinsontownclerk@yahoo.com for more information.

BASIC FINANCIAL STATEMENTS

Town of Atkinson, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 880,167	\$ 143,504	\$ 1,023,671
Restricted cash	22,112	-	22,112
Taxes receivable	8,284	-	8,284
Receivables (net)	24,379	6,302	30,681
Capital assets:			
Land, improvements, and construction in progress	18,754	-	18,754
Other capital assets, net of depreciation	251,935	1,742,849	1,994,784
Total capital assets	270,689	1,742,849	2,013,538
Total assets	1,205,631	1,892,655	3,098,286
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	5,827	-	5,827
Current portion of long-term liabilities	25,059	14,000	39,059
Total current liabilities	30,886	14,000	44,886
Long-term liabilities:			
Due in more than one year	-	630,500	630,500
Total liabilities	30,886	644,500	675,386
NET POSITION			
Net investment in capital assets	245,630	1,098,349	1,343,979
Restricted for:			
Stabilization by State Statue	24,380	-	24,380
Streets	22,112	-	22,112
Unrestricted	882,623	149,806	1,032,429
Total net position	\$ 1,174,745	\$ 1,248,155	\$ 2,422,900

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 219,704	\$ -	\$ -	\$ -	\$ (219,704)	\$ -	\$ (219,704)
Culture & Recreation	24,236	-	-	-	(24,236)	-	(24,236)
Transportation	13,943	-	12,618	-	(1,325)	-	(1,325)
Public works and buildings	62,940	31,021	-	-	(31,919)	-	(31,919)
Fire department	198,123	-	21,850	-	(176,273)	-	(176,273)
Interest	29,215	-	-	-	(29,215)	-	(29,215)
Total governmental activities	<u>548,161</u>	<u>31,021</u>	<u>34,468</u>	<u>-</u>	<u>(482,672)</u>	<u>-</u>	<u>(482,672)</u>
Business-type activities:							
Water	132,014	87,774	-	-	-	(44,240)	(44,240)
Total Government	<u>\$ 680,175</u>	<u>\$ 118,795</u>	<u>\$ 34,468</u>	<u>\$ -</u>			
General revenues:							
Taxes:							
Property taxes, levied for general purpose					56,909	-	56,909
Local option sales tax					134,904	-	134,904
Other taxes and licenses					226,215	-	226,215
Investment earnings, unrestricted					340	-	340
Miscellaneous, unrestricted					38,668	-	38,668
Total general revenues, special items, and transfers					<u>457,036</u>	<u>-</u>	<u>457,036</u>
Change in net position					(25,636)	(44,240)	(69,876)
Net position-beginning					1,200,381	1,292,395	2,492,776
Net position-ending					<u>\$ 1,174,745</u>	<u>\$ 1,248,155</u>	<u>\$ 2,422,900</u>

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

Town of Atkinson, North Carolina
Balance Sheet
Governmental Fund
June 30, 2021

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 880,167
Restricted cash	22,112
Taxes receivables, net	8,284
Account receivables, net	24,380
Total assets	<u><u>934,943</u></u>
LIABILITIES AND FUND BALANCES	
Accounts payable and accrued liabilities	<u>5,827</u>
Total liabilities	<u><u>5,827</u></u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	<u>8,284</u>
Total deferred inflows of resources	<u><u>8,284</u></u>
FUND BALANCES:	
Reserved for:	
Streets - Powell Bill	22,112
Stabilization by State Statute	24,380
Unassigned	874,340
Total fund balances	<u><u>920,832</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 934,943</u></u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 270,689
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	8,284
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
Long-term debt	<u>(25,059)</u>
Net position of governmental activities	<u><u>\$ 1,174,745</u></u>

Town of Atkinson, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2021

	<u>General Fund</u>
REVENUES	
Ad valorem taxes	\$ 55,654
Unrestricted intergovernmental	392,140
Restricted intergovernmental	34,468
Investment earnings	340
Miscellaneous	38,668
Total revenues	<u>521,270</u>
EXPENDITURES	
Current:	
General government	217,009
Culture & Recreation	19,775
Transportation	9,092
Public works and buildings	56,147
Fire department	215,595
Debt service:	
Principal	81,427
Interest	29,215
Total expenditures	<u>628,260</u>
Excess (deficiency) of revenues over expenditures	<u>(106,990)</u>
Net change in fund balance	(106,990)
Fund balances-beginning	1,027,822
Fund balances-ending	<u><u>\$ 920,832</u></u>

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

Town of Atkinson, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$	(106,990)
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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 outlays exceeded depreciation in the current period.

Capital Outlay	\$	41,987
Depreciation Expenses		(43,315)
		(1,328)

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		1,255
--	--	-------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

81,427

Total changes in net position of governmental activities	\$	(25,636)
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Town of Atkinson, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 61,600	\$ 61,600	\$ 55,654	\$ (5,946)
Unrestricted intergovernmental	439,617	393,322	392,140	(1,182)
Restricted intergovernmental	78,969	78,969	34,468	(44,501)
Investment earnings	5,200	5,200	340	(4,860)
Miscellaneous	16,775	44,000	38,668	(5,332)
Total revenues	<u>602,161</u>	<u>583,091</u>	<u>521,270</u>	<u>(61,821)</u>
Expenditures				
Current:				
General government	168,035	272,505	217,009	55,496
Culture & Recreation	17,367	20,867	19,775	1,092
Transportation	10,000	10,000	9,092	908
Public works and buildings	168,117	95,617	56,147	39,470
Fire department	182,642	228,027	215,595	12,432
Debt service				
Principal	56,000	86,187	81,427	4,760
Interest	-	30,000	29,215	785
Total expenditures	<u>602,161</u>	<u>743,203</u>	<u>628,260</u>	<u>114,943</u>
Revenues over (under) expenditures	-	(160,112)	(106,990)	53,122
Fund Balance Appropriated	<u>-</u>	<u>160,112</u>	<u>-</u>	<u>(160,112)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(106,990)	<u>\$ (106,990)</u>
Fund Balance, beginning			<u>1,027,822</u>	
Fund Balance, ending			<u>\$ 920,832</u>	

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

Town of Atkinson, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2021

	Major Enterprise Fund
	<u>Water Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 143,504
Receivables, net	<u>6,302</u>
Total current assets	<u>149,806</u>
Capital assets:	
Capital assets, net of depreciation	<u>1,742,849</u>
Total capital assets	<u>1,742,849</u>
Total assets	<u>1,892,655</u>
LIABILITIES	
Current liabilities:	
Current portion of long-term debt	<u>14,000</u>
Noncurrent liabilities:	
General obligation bonds payable	<u>630,500</u>
Total liabilities	<u>644,500</u>
NET POSITION	
Net investment in capital assets	1,098,349
Unrestricted	<u>149,806</u>
Total net position	<u>\$ 1,248,155</u>

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

Town of Atkinson, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2021

	Major Enterprise Fund
	<u>Water Fund</u>
Operating revenues	
Charges for services	\$ 87,774
Total operating revenues	<u>87,774</u>
Operating expenses	
Water & sewer operations	58,576
Depreciation	55,329
Total operating expenses	<u>113,905</u>
Operating income (loss)	<u>(26,131)</u>
Nonoperating revenues (expenses)	
Interest expense	(18,109)
Total nonoperating revenue (expenses)	<u>(18,109)</u>
Change in net position	(44,240)
Net position - beginning	1,292,395
Net position - ending	<u>\$ 1,248,155</u>

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

Town of Atkinson, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

Exhibit 8

	Major Enterprise Fund
	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 87,774
Cash Paid for Goods and Services	(56,056)
Net Cash Used by Operating Activities	<u>31,718</u>
Cash Flows form Non-Capital and Related Financing Activities	
Principal paid	(14,000)
Interest expense	(18,109)
Net Cash Used by Non-Capital and Related Financing Activities	<u>(32,109)</u>
Cash Flows form Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>-</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(391)
Cash and Cash Equivalents, July 1	<u>143,895</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 143,504</u></u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ (26,131)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	55,329
Changes in Assets and Liabilities:	
(Increase) Decrease	
in Receivables and other assets	2,520
Increase (Decrease)	
Total Adjustments	<u>57,849</u>
Net cash provided by operating activities	<u><u>\$ 31,718</u></u>

NOTES TO THE FINANCIAL STATEMENTS

**Town of Atkinson
Notes to the Financial Statements
For the Year Ended June 30, 2021**

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Atkinson conform to generally accepted accounting principles as applicable to governments. The Town does not have any discretely presented component units. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Atkinson (the "Town") is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town.

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 Town has no fiduciary funds to report. 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 non-major 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.

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, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance, and construction.

The Town reports the following major enterprise funds:

Water Fund. This fund is used to account for the Town's water and 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 when applicable. 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. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and 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 non-operating revenues and expenses.

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. Issuance 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 the utilities franchise 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 Atkinson because the tax is levied by Duplin 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 purpose 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 by general revenues.

Notes to the Financial Statements

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 Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Enterprise Fund Capital Projects Fund. The Enterprise Fund projects are consolidated with their respective operating fund for reporting purposes. 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 project level for the multi-year funds. The Finance Officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$2,500; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be 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. 159-31]. The Town may designate, as an official depository, any 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 generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, The Term portfolio has a duration of .15 years. 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.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Atkinson Restricted Cash

Governmental Activities
General Fund

Streets	\$ 22,112
Total governmental activities	22,112
Total Restricted Cash	\$ 22,112

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 which 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.

6. Inventory and Prepaid Items

The Town has no inventory or prepaid items.

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 cost for the Town's assets are \$5,000. 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. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	25
Vehicles	6
Furniture and Equipment	10
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 meets this criterion, contributions made to the pension plan 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 one item that meet the criterion for this category- property taxes receivable.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds or not, are reported as debt service expenditures.

10. Compensated Absences

For the Town, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental funds. The Town's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

11. 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 represent 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 five 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.

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 law through constitutional provisions 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 total unexpended Powell Bill funds.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Atkinson's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - portion of fund balance that the Town of Atkinson intends to use for specific purposes.

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

The Town of Atkinson has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the general fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Pensions

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's employer contributions are recognized when due and the Town 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.

II Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

No material instances of noncompliance with North Carolina Statutes were noted during the audit.

2. Contractual Violations

None.

B. Deficit in Fund Balance or Net Position of Individual Funds

None.

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made by the Town exceeded the authorized appropriations in the Water and Fund. Management and the Board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All FundsA. Assets1. 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. 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. 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 designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$601,281 and a bank balance of \$607,870. Of the bank balance \$250,000 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 of Atkinson had 444,502 invested with the North Carolina Capital Management Trust's Government Portfolio

3. Receivables - Allowances for Doubtful Accounts

All receivables are deemed to be collectible at this time.

	Accounts	Taxes and Related Accrued Interest	Total
Governmental Activities:			
General	\$ 24,379	\$ 8,284	\$ 32,663
Total Governmental Activities	<u>\$ 24,379</u>	<u>\$ 8,284</u>	<u>\$ 32,663</u>
Business-Type Activities:			
Water	\$ 6,302	\$ -	\$ 6,302
Total Business-Type Activities	<u>\$ 6,302</u>	<u>\$ -</u>	<u>\$ 6,302</u>

4. Capital Assets**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,754	\$ -	\$ -	\$ 18,754
Total capital assets not being depreciated	18,754	-	-	18,754
Capital assets being depreciated:				
Buildings	114,967	-	-	114,967
Infrastructure	116,599	-	-	116,599
Equipment and Vehicles	1,220,849	41,987	-	1,262,836
Total capital assets being depreciated	1,452,415	41,987	-	1,494,402
Less accumulated depreciation for:				
Buildings	58,823	2,299	-	61,122
Infrastructure	29,118	3,058	-	32,176
Equipment and Vehicles	1,111,211	37,958	-	1,149,169
Total accumulated depreciation	1,199,152	\$ 43,315	\$ -	1,242,467
Total capital assets being depreciated, net	253,263			251,935
Governmental activity capital assets, net	<u>\$ 272,017</u>			<u>\$ 270,689</u>

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

General government	\$ 2,695
Culture & Recreation	4,461
Transportation	4,851
Public works and buildings	6,793
Fire department	24,515
Total Depreciation Expense	<u>\$ 43,315</u>

Water & Fund

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Plant & Distribution Systems	\$ 2,213,142	\$ -	\$ -	\$ 2,213,142
Total capital assets being depreciated	2,213,142	-	-	2,213,142
Less accumulated depreciation for:				
Plant & Distribution Systems	414,964	55,329	-	470,293
Total accumulated depreciation	414,964	\$ 55,329	\$ -	470,293
Total capital assets being depreciated, net	1,798,178			1,742,849
Business-type activities capital assets, net	<u>\$ 1,798,178</u>			<u>\$ 1,742,849</u>

B. Liabilities

5. Deferred Outflows and Inflows of Resources

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

Source	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 8,284
Total	<u>\$ -</u>	<u>\$ 8,284</u>

6. 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 participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town does not carry any flood insurance. The Town is not in a flood plain.

The Town carries commercial coverage for all other 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. 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's Finance Officer is bonded for the amount of \$50,000.

7. Claims, Judgments, and Contingent Liabilities

At June 30, 2021, the Town had no claims or judgments.

8. Long Term Obligations

a. Installment Purchase

Governmental Activities

On September 28, 2012, the Town entered into a direct placement installment purchase contract for the refinance of a fire truck. The contract will be paid in annual installments of \$47,078 including interest at 3.10% for 10 years. The balance due at June 30, 2021 is \$25,059.

Notes to the Financial Statements

Business-Type Activities

The Town's general obligation bonds is serviced by the Business-type funds that were issued for water improvements. Those general obligation bonds are issued to finance the construction of facilities utilized in the operations of the water system which are being retired by its resources. These bonds are reported as long-term debt in the Water Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Serviced by the Water Fund:

\$750,000 Water-USDA general obligation bonds due in varying annual installments through June 2051; interest at 7.75 percent \$644,500

Annual debt service payments of the business-type activities are as follows:

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
2022	\$ 14,000	\$ 18,109
2023	14,000	17,724
2024	14,000	17,339
2025	16,000	16,954
2026	16,000	16,569
2027-2031	85,500	73,741
2032-2036	98,000	61,298
2037-2041	112,000	47,053
2042-2046	128,000	30,773
2047-2051	147,000	12,128
	<u>\$ 644,500</u>	<u>\$ 311,685</u>

b. Changes in General Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in liabilities reported in the Long-Term Debt:

	Balance 06/30/20	Additions	Retirements	Balance 06/30/21	Current Portion
Governmental Activities:					
Direct placement installments	\$ 106,486	\$ -	\$ 81,427	\$ 25,059	\$ 25,059
Governmental activity long-term liabilities	<u>\$ 106,486</u>	<u>\$ -</u>	<u>\$ 81,427</u>	<u>\$ 25,059</u>	<u>\$ 25,059</u>
Business-type activities:					
General obligation bonds	\$ 658,500	\$ -	\$ 14,000	\$ 644,500	\$ 14,000
Business-type activity long-term liabilities	<u>\$ 658,500</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 644,500</u>	<u>\$ 14,000</u>

At June 30, 2021, the Town of Atkinson had a legal debt margin of \$1,293,038.

C. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 270,689	\$ 1,742,849
less: long term debt	<u>(25,059)</u>	<u>(644,500)</u>
Net investment in capital asset	<u>\$ 245,630</u>	<u>\$ 1,098,349</u>

D. 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	\$ 920,832
Less:	
Stabilization by State Statute	24,380
Streets - Powell Bill	22,112
Remaining Fund Balance	\$ 874,340

The Town of Atkinson has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

IV. 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.

V. Significant Effects of Subsequent Events

There are no subsequent events that would have a material effect on the financial statements. Subsequent events have been analyzed through February 1, 2022, the date that the financial statements were available to be issued.

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Atkinson, 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:			
Taxes		\$ 55,654	
Total	\$ 61,600	55,654	\$ (5,946)
Unrestricted intergovernmental:			
Fire Tax		173,838	
Local option sales taxes		134,904	
Hold harmless		29,351	
Utilities sales taxes		31,021	
ABC revenues		23,026	
Total	393,322	392,140	(1,182)
Restricted intergovernmental:			
Powell Bill allocation		12,618	
Grants		21,850	
Total	78,969	34,468	(44,501)
Donations	30,000	25,239	(4,761)
Miscellaneous	14,000	13,429	(571)
Investment earnings	5,200	340	(4,860)
Total Revenues	583,091	521,270	(61,821)
Expenditures:			
General government:			
Governing Body:			
Salaries & benefits		15,156	
Operating expense		5,574	
Total	39,500	20,730	18,770
Administration:			
Salaries & benefits		22,483	
Operating expense		173,796	
Total	233,005	196,279	36,726
Total General Government	272,505	217,009	55,496

Town of Atkinson, 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>
Culture & Recreation			
Salaries & benefits		12,448	
Operating expense		7,327	
Total	<u>20,867</u>	<u>19,775</u>	<u>1,092</u>
Transportation			
Supplies		9,092	
Total	<u>10,000</u>	<u>9,092</u>	<u>908</u>
Public works and buildings			
Salaries & benefits		23,955	
Operating expense		32,192	
Total	<u>95,617</u>	<u>56,147</u>	<u>39,470</u>
Fire department			
Salaries & Benefits		43,563	
Other Operating Expenses		130,045	
Capital Outlay		41,987	
Total	<u>228,027</u>	<u>215,595</u>	<u>12,432</u>
Debt service			
Principal		81,427	
Interest		29,215	
Total	<u>116,187</u>	<u>110,642</u>	<u>5,545</u>
Total Expenditures	<u>743,203</u>	<u>628,260</u>	<u>114,943</u>
Revenues over (under) expenditures	(160,112)	(106,990)	53,122
Other financing sources (uses)			
Fund balance appropriated	160,112	-	(160,112)
Total Other financing sources (uses)	<u>160,112</u>	<u>-</u>	<u>(160,112)</u>
Net change in fund balance	<u>\$ -</u>	(106,990)	<u>\$ (106,990)</u>
Fund Balance, beginning		1,027,822	
Fund Balance, ending		<u>\$ 920,832</u>	

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water Sales:			
Residential &			
Commercial		\$ 87,774	
Total Operating Revenues	<u>\$ 87,355</u>	<u>87,774</u>	<u>\$ 419</u>
Expenditures:			
Water Operations:			
Professional fees		285	
Utilities		6,460	
Repairs and Maintenance		41,674	
Supplies		9,803	
Postage		354	
Total operating expenditures	<u>54,755</u>	<u>58,576</u>	<u>(3,821)</u>
Debt service:			
Principal		14,000	
Interest		18,109	
Total	<u>32,600</u>	<u>32,109</u>	<u>491</u>
Total expenditures	<u>87,355</u>	<u>90,685</u>	<u>(3,821)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (2,911)</u>	<u>\$ 4,240</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		<u>\$ (2,911)</u>	
Reconciling items:			
Depreciation		(55,329)	
Principal payments		14,000	
Total reconciling items		<u>(41,329)</u>	
Change in net position		<u>\$ (44,240)</u>	

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Atkinson, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
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	\$ -	\$ 60,962	\$ 57,090	\$ 3,872
2019-2020	4,495	-	2,321	2,174
2018-2019	1,265	-	10	1,255
2017-2018	414	-	97	317
2016-2017	290	-	-	290
2015-2016	188	-	-	188
2014-2015	188	-	-	188
2013-2014	188	-	188	-
	<u>\$ 7,028</u>	<u>\$ 60,962</u>	<u>\$ 59,706</u>	<u>8,284</u>
Less: allowance for uncollectible accounts - General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 8,284</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				55,654
Reconciling items:				
Discounts, Releases, Refunds, Fees, Write-offs				4,052
Total collections and credits				<u>\$ 59,706</u>

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

				Total Levy	
	Town - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	<u>\$ 16,476,216</u>	0.37	<u>\$ 60,962</u>	<u>\$ 57,144</u>	<u>\$ 3,818</u>
Total	<u>16,476,216</u>		<u>60,962</u>	<u>57,144</u>	<u>3,818</u>
 Total property valuation	<u><u>\$ 16,476,216</u></u>				
 Net levy			60,962	57,144	3,818
 Uncollected taxes at June 30, 2021			<u>(3,872)</u>	<u>(3,872)</u>	<u>-</u>
 Current year's taxes collected			<u><u>\$ 57,090</u></u>	<u><u>\$ 53,272</u></u>	<u><u>\$ 3,818</u></u>
 Current levy collection percentage			<u><u>93.65%</u></u>	<u><u>93.22%</u></u>	<u><u>100.00%</u></u>