

REVIEWED

By SLGFD at 7:19 am, May 12, 2022



Town of Hookerton

Hookerton, North Carolina

Financial Statements

**For the Fiscal Years Ended
June 30, 2021 and 2020**



**Nunn, Brashear
& Uzzell, P.A.**

Accountants and Consultants
919-778-1000

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Financial Section

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Independent Auditors' Report

To the Honorable Mayor
And Members of the Board of Commissioners
Hookerton, 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 Hookerton, North Carolina, North Carolina (the "Town"), as of and for the years ended June 30, 2021 and 2020, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, 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 Hookerton, North Carolina, as of June 30, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 on pages 3 through 12 and the Local Government Employee's Retirement System's Schedules of Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 68 through 71, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hookerton, North Carolina's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The 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. In our opinion, the budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the Town of Hookerton, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hookerton, North Carolina's internal control over financial reporting and compliance.

Nunn, Brashear, & Uzzell, P.A.

Goldsboro, North Carolina
March 31, 2022

Management's Discussion and Analysis

As management of Town of Hookerton, we offer readers of Town of Hookerton's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2021 and 2020. 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

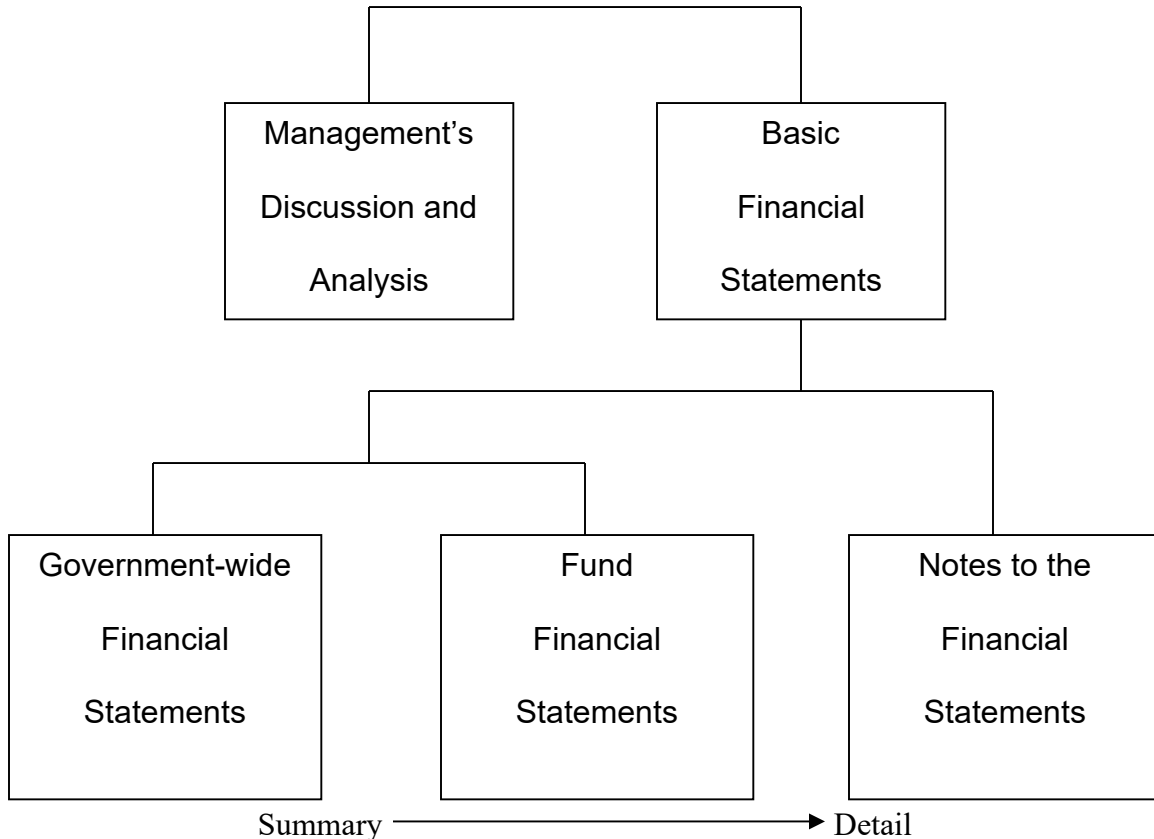
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the fiscal years ending June 30, 2021 and 2020, respectively, by \$3,168,814 and \$3,296,795 (net position).
- The government's total net position decreased by \$127,981 and \$1,913,392 as of June 30, 2021 and 2020, respectively.
- At the close of the June 30, 2021 fiscal year, the Town's governmental funds reported combined ending fund balances of \$402,414 with a net increase of \$170,972. Approximately 19.4 % of this total amount, or \$78,051, is restricted.
- At the end of the June 30, 2021 fiscal year, unassigned fund balance for the General Fund was \$324,363, or 49.9% of total General Fund expenditures for the fiscal year.
- At the close of the June 30, 2020 fiscal year, the Town's governmental funds reported combined ending fund balances of \$231,442 with a net increase of \$65,705. Approximately 20.66% of this total amount, or \$47,808, is restricted.
- At the end of the June 30, 2020 fiscal year, unassigned fund balance for the General Fund was \$183,634, or 60.8% of total General Fund expenditures for the fiscal year.
- The Town's total debt increased by \$109,930 (21.9%) during the current fiscal year. The debt increased due to the increase in net pension liability (LGERS) and new loans for a generator and a vehicle.
- The Town's Duckweed Sewer treatment system is considered an impaired asset as of June 30, 2020 and an impairment loss of \$2,070,839 has been reported.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Hookerton's basic financial statements. The Town's 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 Town of Hookerton.

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 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 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; 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 and electric services offered by the Town of Hookerton.

The government-wide financial statements are 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 Hookerton, 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 General Statutes or the Town's budget ordinance. All of the funds of Town of Hookerton can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – 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* 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 Hookerton 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, 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 Hookerton has one kind of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Hookerton uses an enterprise fund to account for its water and sewer activity and for its electric operations. These funds are 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 begin on page 36 of this report.

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

	Governmental Activities			Business-type Activities		
	2021	2020	2019 Prior Auditor	2021	2020	2019 Prior Auditor
Current and other assets	\$ 593,908	\$ 250,571	\$ 202,186	\$ 1,098,209	\$ 1,140,394	\$ 1,337,336
Capital assets	864,567	1,218,144	1,157,858	1,477,629	1,306,814	3,303,629
Total assets	<u>1,458,475</u>	<u>1,468,715</u>	<u>1,360,044</u>	<u>2,575,838</u>	<u>2,447,208</u>	<u>4,640,965</u>
Total deferred outflow s of resources	19,502	14,544	18,534	33,805	28,459	35,196
Long-term liabilities	195,821	36,814	43,875	499,577	439,709	443,988
Other liabilities	42,588	27,014	16,560	177,332	154,780	126,768
Total liabilities	<u>238,409</u>	<u>63,828</u>	<u>60,435</u>	<u>676,909</u>	<u>594,489</u>	<u>570,756</u>
Total deferred inflow s of resources	1,051	1,208	767	2,437	2,606	1,859
Net position:						
Net investment in capital assets	856,843	1,199,810	1,126,837	1,477,629	902,881	2,892,333
Restricted	78,051	47,808	79,782	-	-	-
Unrestricted	303,623	170,605	110,756	452,668	975,691	1,212,618
Total net position	<u>\$ 1,238,517</u>	<u>\$ 1,418,223</u>	<u>\$ 1,317,375</u>	<u>\$ 1,930,297</u>	<u>\$ 1,878,572</u>	<u>\$ 4,104,951</u>

Totals			
	2021	2020	2019 Prior Auditor
Current and other assets	\$ 1,692,117	\$ 1,390,965	\$ 1,539,522
Capital assets	2,342,196	2,524,958	4,461,487
Total assets	<u>4,034,313</u>	<u>3,915,923</u>	<u>6,001,009</u>
Total deferred outflow s of resources	53,307	43,003	53,730
Long-term liabilities	695,398	476,523	487,863
Other liabilities	219,920	181,794	143,328
Total liabilities	<u>915,318</u>	<u>658,317</u>	<u>631,191</u>
Total deferred inflow s of resources	3,488	3,814	2,626
Net position:			
Net investment in capital assets	2,334,472	2,102,691	4,019,170
Restricted	78,051	47,808	79,782
Unrestricted	756,291	1,146,296	1,323,374
Total net position	<u>\$ 3,168,814</u>	<u>\$ 3,296,795</u>	<u>\$ 5,422,326</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 the Town of Hookerton exceeded liabilities and deferred inflows by \$3,168,814 and \$3,296,795 as of June 30, 2021 and 2020, respectively. The Town's net position decreased by \$127,981 and \$1,913,392 for the fiscal years ended June 30, 2021 and 2020. However, the largest portion \$2,334,472 (73.7%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Hookerton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Hookerton's net investment in 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 Hookerton's net position, \$78,051 (2.5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$756,291 (23.9%) 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 95.90%.

Town of Hookerton's Changes in Net Position

Figure 3

	Governmental Activities			Business-type Activities		
	2021	2020	2019 Prior Auditor	2021	2020	2019 Prior Auditor
Revenues:						
Program revenues:						
Charges for services	\$ 211,128	\$ 148,294	\$ 68,816	\$ 1,052,191	\$ 1,015,735	1,009,316
Operating grants/contributions	119,069	19,445	33,948	7,000	178,500	-
Capital grants/contributions	11,467	102,988	-	48,000	52,624	-
General revenues:						
Property taxes	70,031	74,185	73,597	-	-	-
Other taxes	26,981	27,115	9,594	-	-	-
Grants and contributions not restricted to specific programs	54,960	44,843	41,261	-	-	-
Asset impairment loss	-	-	-	-	(2,060,299)	-
Other	13,794	11,180	51,432	3,174	-	17,890
Total revenue	<u>507,430</u>	<u>428,050</u>	<u>278,648</u>	<u>1,110,365</u>	<u>(813,440)</u>	<u>1,027,206</u>
Expenses:						
General government	486,362	184,171	142,701	-	-	-
Public safety	15,656	16,870	15,360	-	-	-
Transportation	30,620	30,391	32,851	-	-	-
Economic & physical dev.	12,074	12,961	16,973	-	-	-
Environmental protection	60,842	50,523	42,251	-	-	-
Cultural and recreation	103,308	28,861	37,797	-	-	-
Interest on long-term debt	804	552.00	1,352	-	-	-
Electric	-	-	-	822,918	791,699	790,007
Water	-	-	-	100,234	204,001	110,937
Sewer	-	-	-	112,958	207,973	172,730
Total expenses	<u>709,666</u>	<u>324,329</u>	<u>289,285</u>	<u>1,036,110</u>	<u>1,203,673</u>	<u>1,073,674</u>
Increase (decrease) in net position before transfers	(202,236)	103,721	(10,637)	74,255	(2,017,113)	(46,468)
Transfers	<u>22,530</u>	<u>23,400</u>	<u>-</u>	<u>(22,530)</u>	<u>(23,400)</u>	<u>-</u>
Increase (decrease) in net position	(179,706)	127,121	(10,637)	51,725	(2,040,513)	(46,468)
Net position, July 1	1,418,223	1,317,375	1,329,661	1,878,572	4,104,951	4,125,067
Restatement	-	(26,273)	(1,649)	-	(185,866)	26,352
Net position, restated	<u>1,418,223</u>	<u>1,291,102</u>	<u>1,328,012</u>	<u>1,878,572</u>	<u>3,919,085</u>	<u>4,151,419</u>
Net position, June 30	<u>\$ 1,238,517</u>	<u>\$ 1,418,223</u>	<u>\$ 1,317,375</u>	<u>\$ 1,930,297</u>	<u>\$ 1,878,572</u>	<u>\$ 4,104,951</u>

	Total		
	2021	2020	2019 Prior Auditor
Revenues:			
Program revenues:			
Charges for services	\$ 1,263,319	\$ 1,164,029	\$ 1,078,132
Operating grants/contributions	126,069	197,945	33,948
Capital grants/contributions	-	155,612	-
General revenues:			
Property taxes	70,031	74,185	73,597
Other taxes	26,981	27,115	9,594
Grants and contributions not restricted to specific programs	54,960	44,843	41,261
Asset impairment loss	-	(2,060,299)	-
Other	16,968	11,180	69,322
Total revenue	<u>1,558,328</u>	<u>-385,390</u>	<u>1,305,854</u>
Expenses:			
General government	486,362	184,171	142,701
Public safety	15,656	16,870	15,360
Transportation	30,620	30,391	32,851
Economic & physical dev.	12,074	12,961	16,973
Environmental protection	60,842	50,523	42,251
Cultural and recreation	103,308	28,861	37,797
Interest on long-term debt	804	552	1,352
Electric	822,918	791,699	790,007
Water	100,234	-	-
Sewer	112,958	207,973	172,730
Total expenses	<u>1,745,776</u>	<u>1,324,001</u>	<u>1,252,022</u>
Increase (decrease) in net position before transfers	(187,448)	(1,709,391)	53,832
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(127,981)	(1,913,392)	53,832
Net position, July 1	3,296,795	5,422,326	5,454,728
Restatement	-	(212,139)	24,703
Net position, restated	<u>3,296,795</u>	<u>5,210,187</u>	<u>5,479,431</u>
Net position, June 30	<u>\$ 3,168,814</u>	<u>\$ 3,296,795</u>	<u>\$ 5,533,263</u>

Governmental activities. Governmental activities decreased the Town's net position by \$179,706 as of June 30, 2021 and increased net position by \$127,121 as of June 30, 2020.

Business-type activities. Business-type activities increased the Town's net position by \$74,255 as of June 30, 2021 and decreased net position by \$2,040,513 as of June 30, 2020.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Hookerton. At the end of the June 30, 2021 fiscal year, fund balance available in the General Fund was \$350,690, while total fund balance reached \$402,414. At the end of the June 30, 2020 fiscal year, fund balance available in the General Fund was \$205,571, while total fund balance reached \$231,442. 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 49.9 percent and 60.8 percent of total General Fund expenditures, while total fund balances represent 61.9 percent and 76.6 percent of that same amounts for the years ending June 30, 2021 and 2020, respectively.

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.

Revenues were greater than the budgeted amounts primarily due to greater than expected intergovernmental revenues for both years.

Expenditures were lower than the budgeted amounts for all categories except public safety in the year ending June 30, 2020. Expenditures were greater than budgeted amounts for all categories except transportation in the year ending June 30, 2021.

Proprietary Fund: Town of Hookerton's proprietary funds provide the same type of information found in the basic financial statements but in more detail. Unrestricted net position of the Electric, Water and Sewer Funds at the end of the June 30, 2021 fiscal year was \$425,880, \$174,389, and \$348,711, respectively and at the end of the June 30, 2020 fiscal year amounted to \$499,038, \$168,831, and \$307,822, respectively. The total change in net position for the Electric, Water and Sewer Funds as of June 30, 2021 was \$5,311, \$28,441 and \$17,973, respectively and as of June 30, 2020 was \$21,565, \$4,150 and \$(2,066,228), respectively.

Capital Asset Administration

Capital assets: Town of Hookerton's investment in capital assets for its governmental and business-type activities as of June 30, 2021 and 2020, respectively, totals \$2,342,196 and \$2,524,958 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, lines, plants, park facilities and vehicles.

Town of Hookerton's Capital Assets
(net of depreciation and amortization)
Figure 4

	Governmental Activities			Business-type Activities		
	2021	2020	2019 prior auditor	2021	2020	2019 prior auditor
Land	\$ 184,985	\$ 184,985	\$ 96,037	\$ -	\$ -	\$ -
Buildings	435,767	972,926	991,785	30,441	34,641	38,841
Equipment	54,604	2,920	6,124	177,591	82,477	64,896
Vehicles	1,117	1,317	1,517	-	-	-
Plant and distribution system	188,094	55,996	62,395	1,269,597	1,189,696	2,482,033
Construction in progress	-	-	-	-	-	717,858
Total	<u>\$ 864,567</u>	<u>\$ 1,218,144</u>	<u>\$ 1,157,858</u>	<u>\$1,477,629</u>	<u>\$1,306,814</u>	<u>\$3,303,628</u>

	Total		
	2021	2020	2019 prior auditor
Land	\$ 184,985	\$ 184,985	\$ 96,037
Buildings	466,208	1,007,567	1,030,626
Equipment	232,195	85,397	71,020
Vehicles	1,117	1,317	1,517
Plant and distribution system	1,457,691	1,245,692	2,544,428
Construction in progress	-	-	717,858
Total	<u>\$ 2,342,196</u>	<u>\$ 2,524,958</u>	<u>\$ 4,461,486</u>

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

Long-term Debt: As of June 30, 2021 and 2020, the Town of Hookerton had total debt outstanding of \$611,952 and \$502,022, respectively. This debt is backed by the full faith and credit of the Town as well as the pledging of certain assets.

Town of Hookerton's Outstanding Debt
Figure 5

	Governmental Activities			Business-type Activities		
	2021	2020	2019 Prior Auditor	2021	2020	2019 Prior Auditor
Compensated absences	\$ 5,182	\$ 4,573	\$ 882	\$ 3,035	\$ 2,266	\$ 1,537
Capital leases	-	-	-	2,709	5,238	-
Installment purchase	7,724	18,334	31,021	411,133	398,695	411,296
Notes payable	-	-	-	82,470	-	-
Net pension liability	37,406	24,517	21,803	62,293	48,399	45,572
Total	<u>\$ 50,312</u>	<u>\$ 47,424</u>	<u>\$ 53,706</u>	<u>\$ 561,640</u>	<u>\$ 454,598</u>	<u>\$ 458,405</u>

	Total		
	2021	2020	2019 Prior Auditor
Compensated absences	\$ 8,217	\$ 6,839	\$ 2,419
Capital leases	2,709	5,238	-
Installment purchase	418,857	417,029	442,317
Notes payable	82,470	-	-
Net pension liability	99,699	72,916	67,375
Total	<u>\$ 611,952</u>	<u>\$ 502,022</u>	<u>\$ 512,111</u>

Town of Hookerton's Outstanding Debt. The Town of Hookerton's total debt increased \$109,930 (21.9%) during the past fiscal year, primarily due to the increase in net pension liability and a new note payable.

Additional information on the Town's long-term debt can be found in Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Property taxes and other revenues are expected to be consistent with the prior year.

Business-type Activities: The budgeted operating revenues and expenditures in the Enterprise Funds for fiscal year 2022 are consistent with the fiscal year ended June 30, 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 Clerk, Town of Hookerton, P. O. Box 296, Hookerton, NC 28538.

Town of Hookerton, North Carolina

Board of Commissioners

June 30, 2021

Board of Commissioners Members

Robert E. Taylor, Mayor

Arthur Robinson

Catherine Carraway

Sandra Stocks

Doris Jones

Administrative and Financial Staff

April Vinson, Town Clerk, Finance Officer

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Basic Financial Statements

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Town of Hookerton, North Carolina
Basic Financial Statements
June 30, 2021

<u>Exhibit</u>		<u>Page</u>
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2021-2	Statement of Activities	15
	Fund Financial Statements:	
2021-3	Balance Sheet - Governmental Funds	17
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2021-5	Statement of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual - General	21
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Town of Hookerton, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activitie	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 662,521	\$ 439,902	\$ 1,102,423
Restricted cash and cash equivalents	26,327	44,240	70,567
Investments	34,066	309,548	343,614
Taxes receivable (net)	4,378	-	4,378
Accrued interest receivable on taxes	240	-	240
Accounts receivable (net)	3,554	115,821	119,375
Due from other governments	46,949	4,571	51,520
Internal balances	(184,127)	184,127	-
Total current assets	<u>593,908</u>	<u>1,098,209</u>	<u>1,692,117</u>
Noncurrent assets:			
Capital assets:			
Land and non-depreciable improvements, and construction in progress	184,985	-	184,985
Other capital assets, net of depreciation	679,582	1,477,629	2,157,211
Total capital assets	<u>864,567</u>	<u>1,477,629</u>	<u>2,342,196</u>
Total assets	<u>1,458,475</u>	<u>2,575,838</u>	<u>4,034,313</u>
Deferred Outflows of Resources			
Pension deferrals	<u>19,502</u>	<u>33,805</u>	<u>53,307</u>
LIABILITIES			
Current liabilities:			
Accounts payable	178,520	48,109	226,629
Accrued liabilities	9,577	6,615	16,192
Accrued interest payable	-	16,305	16,305
Current portion of long-term liabilities	7,724	62,063	69,787
Customer meter deposits	-	44,240	44,240
Total current liabilities	<u>195,821</u>	<u>177,332</u>	<u>373,153</u>
Long-term liabilities:			
Compensated absences	5,182	3,035	8,217
Net pension liability	37,406	62,293	99,699
Due in more than one year	-	434,249	434,249
Total liabilities	<u>238,409</u>	<u>676,909</u>	<u>915,318</u>
Deferred Inflows of Resources			
Pension deferrals	<u>1,051</u>	<u>2,437</u>	<u>3,488</u>
NET POSITION			
Net investment in capital assets	856,843	981,317	2,342,196
Restricted for:			
Stabilization by State Statute	51,724	-	51,724
Transportation	26,327	-	26,327
Unrestricted	303,623	948,980	748,567
Total net position	<u>\$ 1,238,517</u>	<u>\$ 1,930,297</u>	<u>\$ 3,168,814</u>

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

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

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 486,362	\$ 115,776	\$ 46,286	\$ 11,467
Public safety	15,656	-	-	-
Transportation	30,620	-	12,924	-
Economic and physical development	12,074	18,675	-	-
Environmental protection	60,842	45,899	-	-
Cultural and recreation	103,308	30,778	59,859	-
Interest on long-term debt	804	-	-	-
Total governmental activities (See Note 1)	709,666	211,128	119,069	11,467
Business-type activities:				
Water	100,234	121,444	7,000	-
Sewer	112,958	100,692	-	30,000
Electric	822,918	830,055	-	18,000
Total business-type activities	1,036,110	1,052,191	7,000	48,000
Total primary government	\$ 1,745,776	\$ 1,263,319	\$ 126,069	\$ 59,467

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Unrestricted intergovernmental

Unrestricted investment earnings

Miscellaneous

Total general revenues not including transfers

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

Exhibit 2021-2

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities		Business-type Activities		Total
\$	(312,833)	\$	-	\$ (312,833)
	(15,656)		-	(15,656)
	(17,696)		-	(17,696)
	6,601		-	6,601
	(14,943)		-	(14,943)
	(12,671)		-	(12,671)
	(804)		-	(804)
	(368,002)		-	(368,002)
	-		28,210	28,210
	-		17,734	17,734
	-		25,137	25,137
	-		71,081	71,081
	(368,002)		71,081	(296,921)
	70,031		-	70,031
	26,981		-	26,981
	54,960		-	54,960
	470		3,174	3,644
	13,324		-	13,324
	165,766		3,174	168,940
	22,530		(22,530)	-
	188,296		(19,356)	168,940
	(179,706)		51,725	(127,981)
	1,418,223		1,878,572	3,296,795
\$	1,238,517	\$	1,930,297	\$ 3,168,814

**Town of Hookerton
Balance Sheet
Governmental Funds
June 30, 2021**

	General
ASSETS	
Cash and cash equivalents	\$ 662,521
Restricted cash and cash equivalents	26,327
Investments	34,066
Receivables, net:	
Taxes	4,378
Accounts	3,554
Due from other governments	46,949
Total assets	<u>777,795</u>
LIABILITIES	
Accounts payable	178,520
Accrued liabilities	9,577
Due to other funds	184,127
Total liabilities	<u>372,224</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	<u>3,157</u>
FUND BALANCES	
Restricted	
Stabilization by State Statute	51,724
Transportation	26,327
Unassigned	324,363
Total fund balances	<u>402,414</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 777,795</u>

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

Town of Hookerton
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position

Total Fund Balance, Governmental Funds	\$ 402,414
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	864,567
Long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures	240
Earned revenues considered deferred inflows of resources in fund statements	3,157
Long-term liabilities used in governmental activities are not financial uses and	
Compensated absences	(5,182)
Net pension liability	(37,406)
Long-term debt	(7,724)
Deferred outflows of resources related to pensions are not reported in the funds	19,502
Deferred inflows of resources related to pensions are not reported in the funds	(1,051)
Net position of governmental activities	<u><u>\$ 1,238,517</u></u>

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

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

Major Funds

	<u>General Fund</u>
REVENUES	
Ad valorem taxes	\$ 69,359
Unrestricted intergovernmental	141,800
Restricted intergovernmental	70,677
Sales and services	210,783
Investment earnings	470
Miscellaneous	13,669
Total revenues	<u>506,758</u>
EXPENDITURES	
Current:	
General government	295,098
Public safety	13,902
Transportation	23,612
Economic and physical development	7,247
Environmental protection	60,842
Culture and recreation	238,450
Debt service:	
Principal	8,578
Interest and other charges	2,836
Total expenditures	<u>650,565</u>
Excess (deficiency) of revenues over expenditures	<u>(143,807)</u>
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	22,530
Sales of capital assets	292,249
Total other financing sources (uses)	<u>314,779</u>
Net change in fund balance	170,972
Fund balances, beginning	231,442
Fund balances, ending	<u><u>\$ 402,414</u></u>

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

Town of Newton Grove
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Funds to the Statement of Activities
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	\$ 170,972
---------------------------------------------------------	------------

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 expenditures which were capitalized	191,908
Depreciation expense for governmental assets	(41,500)
Loss on disposal of assets	(503,985)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in accrued interest receivable on taxes	58
Change in unavailable revenue for tax revenues	614

The issuance of long-term debt provides current financial resources	
Principal payments on long-term debt	10,610

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(609)
Pension expense	(7,774)

Total changes in net position of governmental activities	\$ (179,706)
----------------------------------------------------------	--------------

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

Town of Hookerton
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2021

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 67,835	\$ 67,835	\$ 69,359	\$ 1,524
Unrestricted intergovernmental	109,900	110,174	141,800	31,626
Restricted intergovernmental	14,000	60,286	70,677	10,391
Sales and services	94,960	206,061	210,783	4,722
Investment earnings	4,085	4,085	470	(3,615)
Miscellaneous	17,000	20,700	13,669	(7,031)
Total revenues	307,780	469,141	506,758	37,617
Expenditures:				
Current:				
General government	165,037	292,825	295,098	(2,273)
Public safety	23,230	13,855	13,902	(47)
Transportation	29,000	29,047	23,612	5,435
Economic development	3,776	7,247	7,247	-
Environmental protection	55,300	58,407	60,842	(2,435)
Cultural and recreation	42,214	81,664	238,450	(156,786)
Debt service:				
Principal retirement	-	5,790	8,578	(2,788)
Interest and other charges	-	2,836	2,836	-
Contingency	11,753	-	-	-
Total expenditures	330,310	491,671	650,565	(158,894)
Revenues over (under) expenditures	(22,530)	(22,530)	(143,807)	(121,277)
Other financing sources (uses):				
Transfers from other funds	22,530	22,530	22,530	-
Sales of capital assets	-	-	292,249	292,249
Total other financing sources (uses)	22,530	22,530	314,779	292,249
Net change in fund balance	\$ -	\$ -	170,972	\$ 170,972
Fund balances, beginning as previously reported			231,442	
Fund balances, ending			\$ 402,414	

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

**Town of Hookerton
Statement of Net Position
Proprietary Fund
June 30, 2021**

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 36,190	\$ 126,061	\$ 277,651	\$ 439,902
Investments	238,006	18,034	53,508	309,548
Accounts receivable (net) - billed	54,631	14,698	10,547	79,876
Accounts receivable (net) - unbilled	28,234	4,113	3,598	35,945
Due from other governments	3,054	675	842	4,571
Due from other funds	134,196	27,450	22,481	184,127
Restricted cash and cash equivalents	43,565	675	-	44,240
Total current assets	<u>537,876</u>	<u>191,706</u>	<u>368,627</u>	<u>1,098,209</u>
Noncurrent assets:				
Capital assets:				
Other capital assets, net of depreciation	457,993	123,010	896,626	1,477,629
Total assets	<u>995,869</u>	<u>314,716</u>	<u>1,265,253</u>	<u>2,575,838</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>21,824</u>	<u>11,104</u>	<u>877</u>	<u>33,805</u>
LIABILITIES				
Current liabilities:				
Accounts payable	43,371	3,588	1,150	48,109
Accrued liabilities	4,379	1,720	516	6,615
Accrued interest payable	-	-	16,305	16,305
Notes payable - current portion	9,705	42,188	10,170	62,063
Payable from restricted assets:				
Customer meter deposits	43,565	675	-	44,240
Total current liabilities	<u>101,020</u>	<u>48,171</u>	<u>28,141</u>	<u>177,332</u>
Noncurrent liabilities:				
Compensated absences	2,107	727	201	3,035
Net pension liability	39,060	21,014	2,219	62,293
Notes payable - noncurrent portion	19,980	40,799	373,470	434,249
Total noncurrent liabilities	<u>61,147</u>	<u>62,540</u>	<u>375,890</u>	<u>499,577</u>
Total liabilities	<u>162,167</u>	<u>110,711</u>	<u>404,031</u>	<u>676,909</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>1,338</u>	<u>697</u>	<u>402</u>	<u>2,437</u>
NET POSITION				
Net investment in capital assets	428,308	40,023	512,986	1,477,629
Unrestricted	425,880	174,389	348,711	452,668
Total net position	<u>\$ 854,188</u>	<u>\$ 214,412</u>	<u>\$ 861,697</u>	<u>\$ 1,930,297</u>

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

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

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
OPERATING REVENUES				
Charges for services	\$ 814,721	\$ 120,895	\$ 100,692	\$ 1,036,308
Other operating revenues	15,334	549	-	15,883
Total operating revenues	830,055	121,444	100,692	1,052,191
OPERATING EXPENSES				
Administration	125,097	64,324	28,395	217,816
Electric operations	84,359	-	-	84,359
Electric power purchases	582,072	-	-	582,072
Water treatment and distribution	-	33,109	-	33,109
Waste collection and treatment	-	-	35,541	35,541
Depreciation	31,207	2,801	32,672	66,680
Total operating expenses	822,735	100,234	96,608	1,019,577
Operating income (loss)	7,320	21,210	4,084	32,614
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,704	231	239	3,174
Interest and other charges	(183)	-	(16,350)	(16,533)
Total Nonoperating revenues (expenses)	2,521	231	(16,111)	(13,359)
Income (loss) Before contributions and transfers	9,841	21,441	(12,027)	19,255
Restricted Intergovernmental	18,000	7,000	30,000	55,000
Transfers to other funds	(22,530)	-	-	(22,530)
Change in net positoin	5,311	28,441	17,973	51,725
Total net position - beginning	848,877	185,971	843,724	1,878,572
Total net position - ending	\$ 854,188	\$ 214,412	\$ 861,697	\$ 1,930,297

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

Town of Hookerton
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Cash flows from (used for) operating activities:				
Cash received from customers	\$ 838,481	\$ 122,163	\$ 101,523	\$ 1,062,167
Cash paid for goods and services	(695,354)	(55,927)	(62,300)	(813,581)
Cash paid to or on behalf of employees for services	(86,272)	(45,946)	(16,344)	(148,562)
Customer deposits received, net	(506)	(125)	-	(631)
Net cash provided (used) by operating activities	56,349	20,165	22,879	99,393
Cash flows from noncapital financing activities:				
Grant proceeds	18,000	7,000	30,000	55,000
Increase in due from other funds	(5,811)	(2,430)	(5,224)	(13,465)
Transfers to other funds	(22,530)	-	-	(22,530)
Net cash provided by noncapital financing activities	(10,341)	4,570	24,776	19,005
Cash flows from capital and related financing activities:				
Installment purchase debt proceeds	24,798	82,470	-	107,268
Acquisition and construction of capital assets	(129,824)	(107,671)	-	(237,495)
Interest paid on long-term debt	(183)	-	(16,719)	(16,902)
Principal paid on long-term debt	(4,650)	(483)	(9,756)	(14,889)
Net cash used for capital and related financing activities	(109,859)	(25,684)	(26,475)	(162,018)
Cash flows from investing activities:				
Interest and dividends	2,704	231	239	3,174
Net cash provided by investing activities	2,704	231	239	3,174
Net increase (decrease) in cash and cash equivalents	(61,147)	(718)	21,419	(40,446)
Balances, beginning	378,908	145,488	309,740	834,136
Balances, ending	\$ 317,761	\$ 144,770	\$ 331,159	\$ 793,690
Reconciliation of operating loss to net cash used for operation activities:				
Operating income (loss)	\$ 7,320	\$ 21,210	\$ 4,084	\$ 32,614
Adjustments to reconcile operating loss to net cash used for operating activities:				
Depreciation	31,207	2,801	32,672	66,680
(Increase) decrease in operating assets				
Accounts receivable	8,426	719	831	9,976
Due from other governments	3,835	255	1,138	5,228
Deferred outflows of resources for pensions	(3,118)	(2,005)	(223)	(5,346)
Increase (decrease) in operating liabilities				
Accounts payable	(2,136)	(8,543)	(16,289)	(26,968)
Accrued liabilities	2,776	502	68	3,346
Accrued vacation	541	202	26	769
Customer meter deposits	(506)	(125)	-	(631)
Net pension liability	8,103	5,212	579	13,894
Deferred inflows of resources for pensions	(99)	(63)	(7)	(169)
Net cash used for operating activities	\$ 56,349	\$ 20,165	\$ 22,879	\$ 99,393

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

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Town of Hookerton, North Carolina
Basic Financial Statements
June 30, 2020

<u>Exhibit</u>		<u>Page</u>
	Government-wide Financial Statements:	
2020-1	Statement of Net Position	25
2020-2	Statement of Activities	26
	Fund Financial Statements:	
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2020-4	Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	31
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2020-7	Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	34
2020-8	Statement of Cash Flows - Proprietary Funds	35

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Town of Hookerton, North Carolina
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 235,074	481,996	\$ 717,070
Restricted cash and cash equivalents	21,937	44,871	66,808
Investments	135,626	307,269	442,895
Taxes receivable (net)	2,687	-	2,687
Accrued interest receivable on taxes	182	-	182
Accounts receivable (net)	3,566	125,797	129,363
Due from other governments	22,161	9,799	31,960
Internal balances	(170,662)	170,662	-
Total current assets	<u>250,571</u>	<u>1,140,394</u>	<u>1,390,965</u>
Noncurrent assets:			
Capital assets:			
Land and non-depreciable improvements, and construction in progress	184,985	-	184,985
Other capital assets, net of depreciation	1,033,159	1,306,814	2,339,973
Total capital assets	<u>1,218,144</u>	<u>1,306,814</u>	<u>2,524,958</u>
Total assets	<u>1,468,715</u>	<u>2,447,208</u>	<u>3,915,923</u>
Deferred Outflows of Resources			
Pension deferrals	<u>14,544</u>	<u>28,459</u>	<u>43,003</u>
LIABILITIES			
Current liabilities:			
Accounts payable	12,869	75,077	87,946
Accrued liabilities	3,535	3,269	6,804
Accrued interest payable	-	16,674	16,674
Current portion of long-term liabilities	10,610	14,889	25,499
Customer meter deposits	-	44,871	44,871
Total current liabilities	<u>27,014</u>	<u>154,780</u>	<u>181,794</u>
Long-term liabilities:			
Compensated absences	4,573	2,266	6,839
Net pension liability	24,517	48,399	72,916
Due in more than one year	7,724	389,044	396,768
Total liabilities	<u>63,828</u>	<u>594,489</u>	<u>658,317</u>
Deferred Inflows of Resources			
Pension deferrals	<u>1,208</u>	<u>2,606</u>	<u>3,814</u>
NET POSITION			
Net investment in capital assets	1,199,810	902,881	2,524,958
Restricted for:			
Stabilization by State Statute	25,871	-	25,871
Transportation	21,937	-	21,937
Unrestricted	<u>170,605</u>	<u>975,691</u>	<u>724,029</u>
Total net position	<u>\$ 1,418,223</u>	<u>\$ 1,878,572</u>	<u>\$ 3,296,795</u>

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

Town of Hookerton, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 184,171	\$ 47,710	\$ 4,991	\$ 102,988
Public safety	16,870	-	-	-
Transportation	30,391	-	13,806	-
Economic and physical development	12,961	35,698	-	-
Environmental protection	50,523	40,887	-	-
Cultural and recreation	28,861	23,999	648	-
Interest on long-term debt	552	-	-	-
Total governmental activities (See Note 1)	324,329	148,294	19,445	102,988
Business-type activities:				
Water	204,001	119,200	87,250	-
Sewer	207,973	96,674	91,250	22,500
Electric	791,699	799,861	-	30,124
Total business-type activities	1,203,673	1,015,735	178,500	52,624
Total primary government	\$ 1,528,002	\$ 1,164,029	\$ 197,945	\$ 155,612

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Unrestricted intergovernmental

Unrestricted investment earnings

Miscellaneous

Asset impairment loss, see Note IV

Total general revenues not including transfers

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning, as previously reported

Prior period restatement, see Note VI

Net position, beginning

Net position, ending

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

Exhibit 2020-2

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities		Business-type Activities		Total
\$	(28,482)	\$	-	\$ (28,482)
	(16,870)		-	(16,870)
	(16,585)		-	(16,585)
	22,737		-	22,737
	(9,636)		-	(9,636)
	(4,214)		-	(4,214)
	(552)		-	(552)
	(53,602)		-	(53,602)
	-		2,449	2,449
	-		2,451	2,451
	-		38,286	38,286
	-		43,186	43,186
	(53,602)		43,186	(10,416)
	74,185		-	74,185
	27,115		-	27,115
	44,843		-	44,843
	3,682		10,540	14,222
	7,498		-	7,498
	-		(2,070,839)	(2,070,839)
	157,323		(2,060,299)	(1,902,976)
	23,400		(23,400)	-
	180,723		(2,083,699)	(1,902,976)
	127,121		(2,040,513)	(1,913,392)
	1,317,375		4,104,951	5,422,326
	(26,273)		(185,866)	(212,139)
	1,291,102		3,919,085	5,210,187
\$	1,418,223	\$	1,878,572	\$ 3,296,795

**Town of Hookerton
Balance Sheet
Governmental Funds
June 30, 2020**

	General
ASSETS	
Cash and cash equivalents	235,074
Restricted cash and cash equivalents	21,937
Investments	135,626
Receivables, net:	
Taxes	2,687
Accounts	3,566
Due from other governments	22,161
Total assets	<u>421,051</u>
LIABILITIES	
Accounts payable	12,869
Accrued liabilities	3,535
Due to other funds	170,662
Total liabilities	<u>187,066</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	<u>2,543</u>
FUND BALANCES	
Restricted	
Stabilization by State Statute	25,871
Transportation	21,937
Unassigned	183,634
Total fund balances	<u>231,442</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 421,051</u></u>

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

Town of Hookerton
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position

Total Fund Balance, Governmental Funds	\$ 231,442
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,218,144
Long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures	182
Earned revenues considered deferred inflows of resources in fund statements	2,543
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	
Compensated absences	(4,573)
Net pension liability	(24,517)
Long-term debt	(18,334)
Deferred outflows of resources related to pensions are not reported in the funds	14,544
Deferred inflows of resources related to pensions are not reported in the funds	(1,208)
Net position of governmental activities	<u><u>\$ 1,418,223</u></u>

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

Town of Hookerton
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds
	General Fund
REVENUES	
Ad valorem taxes	\$ 71,740
Unrestricted intergovernmental	72,606
Restricted intergovernmental	34,351
Sales and services	149,402
Investment earnings	3,682
Miscellaneous	7,733
Total revenues	<u>339,514</u>
EXPENDITURES	
Current:	
General government	175,050
Public safety	14,428
Transportation	23,368
Economic and physical development	1,910
Environmental protection	50,523
Culture and recreation	25,507
Debt service:	
Principal	8,578
Interest and other charges	2,836
Total expenditures	<u>302,200</u>
Excess (deficiency) of revenues over expenditures	<u>37,314</u>
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	23,400
Insurance recovery	4,991
Total other financing sources (uses)	<u>28,391</u>
Net change in fund balance	65,705
Fund balances, beginning	194,535
Prior period adjustment (Note VI)	<u>(28,798)</u>
Fund balances, beginning as restated	165,737
Fund balances, ending	<u><u>\$ 231,442</u></u>

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

Town of Newton Grove
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	\$ 65,705
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 expenditures which were capitalized	117,014
Depreciation expense for governmental assets	(56,728)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in accrued interest receivable on taxes	80
Change in unearned revenue for notes	(1,343)
Change in unavailable revenue for tax revenues	2,365
The issuance of long-term debt provides current financial resources	
Principal payments on long-term debt	10,162
Change in accrued interest payable	702
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(3,691)
Pension expense	(7,145)
Total changes in net position of governmental activities	<u>\$ 127,121</u>

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

Town of Hookerton
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 67,835	\$ 67,835	\$ 71,740	\$ 3,905
Unrestricted intergovernmental	71,700	68,500	72,606	4,106
Restricted intergovernmental	14,000	14,000	34,351	20,351
Sales and services	100,460	103,660	149,402	45,742
Investment earnings	4,085	4,085	3,682	(403)
Miscellaneous	16,200	16,200	7,733	(8,467)
Total revenues	274,280	274,280	339,514	65,234
Expenditures:				
Current:				
General government	152,228	183,021	175,050	7,971
Public safety	23,230	15,141	14,428	713
Transportation	29,000	23,915	23,368	547
Economic development	-	1,910	1,910	-
Environmental protection	55,300	51,657	50,523	1,134
Cultural and recreation	33,884	27,510	25,507	2,003
Debt service:				
Principal retirement	-	5,790	8,578	(2,788)
Interest and other charges	-	2,836	2,836	-
Contingency	4,038	-	-	-
Total expenditures	297,680	311,780	302,200	9,580
Revenues over (under) expenditures	(23,400)	(37,500)	37,314	74,814
Other financing sources (uses):				
Transfers from other funds	23,400	23,400	23,400	-
Insurance recovery	-	-	4,991	4,991
Total other financing sources (uses)	23,400	23,400	28,391	4,991
Fund balance appropriated	-	14,100	-	14,100
Net change in fund balance	\$ -	\$ -	65,705	\$ 60,714
Fund balances, beginning as previously reported			194,535	
Prior period adjustment			(28,798)	
Fund balances, beginning as restated			165,737	
Fund balances, ending			\$231,442	

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

**Town of Hookerton
Statement of Net Position
Proprietary Fund
June 30, 2020**

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 99,097	\$ 126,657	\$ 256,242	\$ 481,996
Investments	235,740	18,031	53,498	307,269
Accounts receivable (net) - billed	53,467	15,232	11,198	79,897
Accounts receivable (net) - unbilled	37,824	4,298	3,778	45,900
Due from other governments	6,889	930	1,980	9,799
Due from other funds	128,385	25,020	17,257	170,662
Restricted cash and cash equivalents	44,071	800	-	44,871
Total current assets	<u>605,473</u>	<u>190,968</u>	<u>343,953</u>	<u>1,140,394</u>
Noncurrent assets:				
Capital assets:				
Other capital assets, net of depreciation	359,376	18,140	929,298	1,306,814
Total assets	<u>964,849</u>	<u>209,108</u>	<u>1,273,251</u>	<u>2,447,208</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>18,706</u>	<u>9,099</u>	<u>654</u>	<u>28,459</u>
LIABILITIES				
Current liabilities:				
Accounts payable	45,507	12,131	17,439	75,077
Accrued liabilities	1,603	1,218	448	3,269
Accrued interest payable	-	-	16,674	16,674
Notes payable - current portion	4,650	483	9,756	14,889
Payable from restricted assets:				
Customer meter deposits	44,071	800	-	44,871
Total current liabilities	<u>95,831</u>	<u>14,632</u>	<u>44,317</u>	<u>154,780</u>
Noncurrent liabilities:				
Compensated absences	1,566	525	175	2,266
Net pension liability	30,957	15,802	1,640	48,399
Notes payable - noncurrent portion	4,887	517	383,640	389,044
Total noncurrent liabilities	<u>37,410</u>	<u>16,844</u>	<u>385,455</u>	<u>439,709</u>
Total liabilities	<u>133,241</u>	<u>31,476</u>	<u>429,772</u>	<u>594,489</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>1,437</u>	<u>760</u>	<u>409</u>	<u>2,606</u>
NET POSITION				
Net investment in capital assets	349,839	17,140	535,902	1,306,814
Unrestricted	499,038	168,831	307,822	571,758
Total net position	<u>\$ 848,877</u>	<u>\$ 185,971</u>	<u>\$ 843,724</u>	<u>\$ 1,878,572</u>

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

Town of Hookerton
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
OPERATING REVENUES				
Charges for services	\$ 791,692	\$ 118,717	\$ 96,674	\$ 1,007,083
Other operating revenues	8,169	483	-	8,652
Total operating revenues	799,861	119,200	96,674	1,015,735
OPERATING EXPENSES				
Administration	113,635	77,987	26,456	218,078
Electric operations	47,775	-	-	47,775
Electric power purchases	601,538	-	-	601,538
Water treatment and distribution	-	123,334	-	123,334
Waste collection and treatment	-	-	131,155	131,155
Depreciation	28,482	2,680	33,640	64,802
Total operating expenses	791,430	204,001	191,251	1,186,682
Operating income (loss)	8,431	(84,801)	(94,577)	(170,947)
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	6,679	1,701	2,160	10,540
Interest and other charges	(269)	-	(16,722)	(16,991)
Total Nonoperating revenues (expenses)	6,410	1,701	(14,562)	(6,451)
Income (loss) Before contributions and transfers	14,841	(83,100)	(109,139)	(177,398)
Restricted Intergovernmental	30,124	87,250	113,750	231,124
Asset impairment loss	-	-	(2,070,839)	(2,070,839)
Transfers to other funds	(23,400)	-	-	(23,400)
Change in net position	21,565	4,150	(2,066,228)	(2,040,513)
Total net position - beginning	962,770	206,912	2,935,269	4,104,951
Prior period adjustment, see Note VI	(135,458)	(25,091)	(25,317)	(185,866)
Total net position - as restated	827,312	181,821	2,909,952	3,919,085
Total net position - ending	\$ 848,877	\$ 185,971	\$ 843,724	\$ 1,878,572

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

**Town of Hookerton
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020**

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Cash flows from (used for) operating activities:				
Cash received from customers	\$ 803,218	\$ 118,083	\$ 96,635	\$ 1,017,936
Cash paid for goods and services	(672,257)	(129,378)	(146,718)	(948,353)
Cash paid to or on behalf of employees for services	(90,681)	(61,130)	(18,097)	(169,908)
Customer deposits received, net	(4,208)	75	-	(4,133)
Net cash provided (used) by operating activities	36,072	(72,350)	(68,180)	(104,458)
Cash flows from noncapital financing activities:				
Grant proceeds	30,124	87,250	113,750	231,124
Increase in due from other funds	17,630	(14,561)	(1,475)	1,594
Transfers to other funds	(23,400)	-	-	(23,400)
Net cash provided by noncapital financing activities	24,354	72,689	112,275	209,318
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(102,943)	-	-	(102,943)
Interest paid on long-term debt	(269)	-	(17,118)	(17,387)
Principal paid on long-term debt	(4,428)	(451)	(9,357)	(14,236)
Net cash used for capital and related financing activities	(107,640)	(451)	(26,475)	(134,566)
Cash flows from investing activities:				
Interest and dividends	6,679	1,701	2,160	10,540
Net cash provided by investing activities	6,679	1,701	2,160	10,540
Net increase (decrease) in cash and cash equivalents	(40,535)	1,589	19,780	(19,166)
Balances, beginning	419,443	143,899	289,960	853,302
Balances, ending	\$ 378,908	\$ 145,488	\$ 309,740	\$ 834,136
Reconciliation of operating loss to net cash used for operation activities:				
Operating income (loss)	\$ 8,431	\$ (84,801)	\$ (94,577)	\$ (170,947)
Adjustments to reconcile operating loss to net cash used for operating activities:				
Depreciation	28,482	2,680	33,640	64,802
(Increase) decrease in operating assets				
Accounts receivable	3,357	(1,117)	(39)	2,201
Due from other governments	(6,370)	(852)	(1,947)	(9,169)
Deferred outflows of resources for pensions	4,019	2,342	376	6,737
Increase (decrease) in operating liabilities				
Accounts payable	(3,048)	6,235	(6,463)	(3,276)
Accrued liabilities	1,603	1,218	448	3,269
Accrued vacation	627	17	85	729
Customer meter deposits	(4,208)	75	-	(4,133)
Net pension liability	2,734	1,593	255	4,582
Deferred inflows of resources for pensions	445	260	42	747
Net cash used for operating activities	\$ 36,072	\$ (72,350)	\$ (68,180)	\$ (104,458)

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

Town of Hookerton

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Hookerton (the "Town") 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 Hookerton 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 and all of its operations for which it is financially accountable.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. 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 specific 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.

Town of Hookerton

Notes to the Financial Statements

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, and sanitation services.

The Town reports the following major enterprise funds:

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

Water Fund. This fund is used to account for the Town's water operations.

Sewer Fund. This fund is used to account for the Town's sewer 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 fiduciary 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. 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 sewer system. Operating expenses for enterprise funds include the cost of sales and services,

Town of Hookerton

Notes to the Financial Statements

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. 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 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 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 Hookerton 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 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 are 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.

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. Project ordinances are adopted for the Enterprise Capital Projects Funds. 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

Town of Hookerton

Notes to the Financial Statements

level for the multi-year funds. All amendments must be approved by the governing board and the 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, 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 SuperNOW 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 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.

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

The unexpended grant funds in the General Fund are restricted to the purpose for which the grants were issued. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Cash reflected in the accompanying financial statements includes cash, which is restricted by the United States Department of Agriculture related to certain financing agreements that the Town has with this agency, as follows:

Town of Hookerton

Notes to the Financial Statements

<u>Town of Hookerton Restricted Cash</u>		
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Governmental Activities		
Transportation	\$ 26,327	\$ 21,937
Business-type Activities		
Electric fund customer deposits	43,565	44,071
Water fund customer deposits	675	800
Total business-type activities	<u>44,240</u>	<u>44,871</u>
Total restricted cash	<u>\$ 70,567</u>	<u>\$ 66,808</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 and 2019. 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

The inventories of the Town are valued at cost (first-in, first-out), which approximates market.

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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 expensed as the items are used.

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 is \$1,000 for all asset types. 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. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were

Town of Hookerton

Notes to the Financial Statements

acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at 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:

	Estimated
Buildings and system	10-50
Leasehold Improvements	10-20
Furniture and Equipment	5-10

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 pension deferrals. 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 two items that meet the criterion for this category - property taxes receivable, and pension deferrals.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund 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 the 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 reporting 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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Town of Hookerton

Notes to the Financial Statements

10. Compensated Absences

The paid time off policy of the Town provides for the accumulation of up to twenty-eight days earned personal leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town does not provide for specific sick or vacation leave.

11. Net Position/Fund Balances

a. 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 externally imposed either by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

b. 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:

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 non-

Town of Hookerton

Notes to the Financial Statements

spendable. 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 Transportation - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of unexpended Powell Bill funds.

Assigned fund balance – portion of fund balance that Town of Hookerton 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. There were no amounts classified as assigned fund balance at fiscal year end June 30, 2021.

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

The Town does not have a specific revenue spending policy outside of spending done at the fund level. The Finance Officer expends funds on the basis of fund balance classification and as such 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.

12. 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 Government 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.

13. Estimates

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

Town of Hookerton

Notes to the Financial Statements

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for general government by \$2,273, public safety by \$47, environmental protection by \$2,435, culture and recreation by \$156,786 and debt service by \$2,788. For the fiscal year ended June 30, 2020, the debt service exceeded appropriations by \$2,788.

Management and the Board will more closely review the budget reports to ensure compliance in future years.

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 the unit's name. 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 provision of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021 and 2020, the Town's deposits had carrying amounts of \$1,102,423 and \$717,070, and bank balances of \$1,234,644 and \$511,045, respectively. Of the bank balances, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021 and 2020, the Town's petty cash fund totaled \$1,200.

Town of Hookerton

Notes to the Financial Statements

2. Investments

At June 30, 2021, the Town's investment balances were as follows:

Investmentse by Type	Valuation Measurement Method	Valuation Measurement Method	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair value Level 1	\$ 343,614	N/A	Unrated

At June 30, 2020, the Town's investment balances were as follows:

Investmentse by Type	Valuation Measurement Method	Valuation Measurement Method	Maturity	Rating
Government Agency: Federal Farm Credit Bank Bonds	Fair value Level 2	\$ 101,566	3/22/2021	AA+
NC Capital Management Trust - Government Portfolio	Fair value Level 1	341,329	N/A	Unrated
Total		\$ 442,895		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk.

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 investment in the Federal Farm Credit Bank bonds is rated AA+ by Standard and Poor's and AAA by Moody's Investors Service. 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.

Concentration of Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has no formal policy on custodial credit risk, but management procedures are that the Town shall utilize a third-party custodial agent for book entry transactions, all of which shall be held in the Town's name.

Town of Hookerton

Notes to the Financial Statements

3. Receivables – Allowance for Doubtful Accounts

Receivables at the government-wide level at June 30, 2021, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Ending Balances
<i>Governmental Activities:</i>				
General	\$ 22,353	\$ 4,618	\$ 46,949	\$ 73,920
Allowance for Doubtful Accounts	(18,799)	-	-	(18,799)
Total Governmental Activities	<u>\$ 3,554</u>	<u>\$ 4,618</u>	<u>\$ 46,949</u>	<u>\$ 55,121</u>
<i>Business-type Activities:</i>				
Electric	\$ 93,678	\$ -	\$ 3,054	\$ 96,732
Water	33,396	-	675	34,071
Sewer	37,385	-	842	38,227
Total receivables	164,459	-	4,571	169,030
Allowance for doubtful accounts	(48,638)	-	-	(48,638)
Total Business-type Activities	<u>\$ 115,821</u>	<u>\$ -</u>	<u>\$ 4,571</u>	<u>\$ 120,392</u>

The due from other governments that is owed to the Town consisted of the following at June 30, 2021

<i>Governmental Activities:</i>	
Local Option Sales Tax	\$ 9,369
County and State Sales Tax	5,462
State of North Carolina	6,878
Franchise Tax	5,479
Video Programming	19,761
Total Governmental Activities	<u>\$ 46,949</u>

Receivables at the government-wide level at June 30, 2020, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Ending Balances
<i>Governmental Activities:</i>				
General	\$ 19,103	\$ 2,869	\$ 22,161	\$ 44,133
Allowance for Doubtful Accounts	(15,537)	-	-	(15,537)
Total Governmental Activities	<u>\$ 3,566</u>	<u>\$ 2,869</u>	<u>\$ 22,161</u>	<u>\$ 28,596</u>
<i>Business-type Activities:</i>				
Electric	\$ 101,226	\$ -	\$ 6,889	\$ 108,115
Water	32,096	-	930	33,026
Sewer	36,870	-	1,980	38,850
Total receivables	170,192	-	9,799	179,991
Allowance for doubtful accounts	(44,395)	-	-	(44,395)
Total Business-type Activities	<u>\$ 125,797</u>	<u>\$ -</u>	<u>\$ 9,799</u>	<u>\$ 135,596</u>

The due from other governments that is owed to the Town consisted of the following at June 30, 2020

<i>Governmental Activities:</i>	
Local Option Sales Tax	\$ 7,649
County and State Sales Tax	2,203
State of North Carolina	6,903
Franchise Tax	5,406
Total Governmental Activities	<u>\$ 22,161</u>

Town of Hookerton

Notes to the Financial Statements

4. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 184,985	\$ -	\$ -	\$ 184,985
Capital assets being depreciated:				
Buildings	1,026,254	-	492,693	533,561
Infrastructure	95,995	138,497	-	234,492
Equipment and furniture	136,883	53,411	16,626	173,668
Vehicles and motorized equipment	149,192	-	-	149,192
Leasehold improvements	528,410	-	327,426	200,984
Total capital assets being depreciated	<u>1,936,734</u>	<u>191,908</u>	<u>836,745</u>	<u>1,291,897</u>
Less Accumulated depreciation:				
Buildings	196,219	19,634	80,114	135,739
Infrastructure	39,999	6,399	-	46,398
Equipment and furniture	133,963	1,727	16,626	119,064
Vehicles and motorized equipment	147,875	200	-	148,075
Leasehold improvements	385,519	13,540	236,020	163,039
Total accumulated depreciation	<u>903,575</u>	<u>\$ 41,500</u>	<u>\$ 332,760</u>	<u>612,315</u>
Total capital assets being depreciated, net	<u>1,033,159</u>			<u>679,582</u>
Total capital assets, net	<u>\$ 1,218,144</u>			<u>\$ 864,567</u>

Depreciation expense was charged to functions/programs of the primary government for the fiscal year ended June 30, 2021 as follows:

General government	\$ 24,556
Public safety	1,754
Economic Development	4,827
Transportation	7,008
Cultural and recreational	3,355
Total depreciation expense	<u>\$ 41,500</u>

Town of Hookerton

Notes to the Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Electric Fund:				
Capital assets being depreciated:				
Buildings	\$ 64,687	\$ -	\$ -	\$ 64,687
Consumer installations	83,692	-	-	83,692
Equipment	193,036	27,553	-	220,589
Land improvements	2,300	-	-	2,300
Office furniture & equipment	5,635	-	-	5,635
PCB disposal	1,650	-	-	1,650
Transmission and Distribution lines	534,247	102,271	-	636,518
Total capital assets being depreciated	885,247	129,824	-	1,015,071
Less Accumulated depreciation:				
Buildings	30,046	4,200	-	34,246
Consumer installations	59,492	1,220	-	60,712
Equipment	138,843	15,224	-	154,067
Land improvements	2,300	-	-	2,300
Office furniture & equipment	5,625	10	-	5,635
PCB disposal	1,650	-	-	1,650
Transmission and Distribution lines	287,915	10,553	-	298,468
Total accumulated depreciation	525,871	\$ 31,207	\$ -	557,078
Electric Fund capital assets, net	\$ 359,376			\$ 457,993
	Beginning Balance	Increases	Decreases	Ending Balance
Water Fund:				
Capital assets being depreciated:				
Water System	\$ 290,140	\$ 21,777	\$ -	\$ 311,917
Equipment	19,549	85,894	-	105,443
Office furniture & equipment	592	-	-	592
Total capital assets being depreciated	310,281	107,671	-	417,952
Less Accumulated depreciation:				
Water System	274,233	1,714	-	275,947
Equipment	17,316	1,087	-	18,403
Office furniture & equipment	592	-	-	592
Total accumulated depreciation	292,141	\$ 2,801	\$ -	294,942
Water Fund capital assets, net	\$ 18,140			\$ 123,010

Town of Hookerton

Notes to the Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Fund:				
Capital assets being depreciated:				
Sanitary Sewer System	\$ 1,054,538	\$ -	\$ -	\$ 1,054,538
Equipment	34,253	-	-	34,253
Office furniture & equipment	593	-	-	593
Two Sewer Lagoons	456,137	-	-	456,137
Total capital assets being depreciated	1,545,521	-	-	1,545,521
Less Accumulated depreciation:				
Sanitary Sewer System	241,113	22,757	-	263,870
Equipment	32,412	792	-	33,204
Office furniture & equipment	593	-	-	593
Two Sewer Lagoons	342,105	9,123	-	351,228
Total accumulated depreciation	616,223	\$ 32,672	\$ -	648,895
Total capital assets being depreciated, net	929,298			896,626
Sewer Fund capital assets, net	\$ 929,298			\$ 896,626
Business-type Activities Capital Assets, Net	\$ 1,306,814			\$ 1,477,629

Town of Hookerton

Notes to the Financial Statements

Capital assets activity for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 96,037	\$ 88,948	\$ -	\$ 184,985
Capital assets being depreciated:				
Buildings	1,010,744	15,510	-	1,026,254
Infrastructure	95,995	-	-	95,995
Equipment and furniture	136,883	-	-	136,883
Vehicles and motorized equipment	149,192	-	-	149,192
Leasehold improvements	515,854	12,556	-	528,410
Total capital assets being depreciated	1,908,668	28,066	-	1,936,734
Less Accumulated depreciation:				
Buildings	171,830	24,389	-	196,219
Infrastructure	33,600	6,399	-	39,999
Equipment and furniture	130,759	3,204	-	133,963
Vehicles and motorized equipment	147,675	200	-	147,875
Leasehold improvements	362,983	22,536	-	385,519
Total accumulated depreciation	846,847	\$ 56,728	\$ -	903,575
Total capital assets being depreciated, net	1,061,821			1,033,159
Total capital assets, net	\$ 1,157,858			\$ 1,218,144

Depreciation expense was charged to functions/programs of the primary government for the fiscal year ended June 30, 2021 as follows:

General government	\$ 32,858
Public safety	2,442
Economic Development	11,051
Transportation	7,023
Cultural and recreational	3,354
Total depreciation expense	\$ 56,728

Town of Hookerton

Notes to the Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Electric Fund:				
Capital assets being depreciated:				
Buildings	\$ 64,687	\$ -	\$ -	\$ 64,687
Consumer installations	83,692	-	-	83,692
Equipment	193,036	-	-	193,036
Land improvements	2,300	-	-	2,300
Office furniture & equipment	5,635	-	-	5,635
PCB disposal	1,650	-	-	1,650
Transmission and Distribution lines	431,304	102,943	-	534,247
Total capital assets being depreciated	782,304	102,943	-	885,247
Less Accumulated depreciation:				
Buildings	25,846	4,200	-	30,046
Consumer installations	58,188	1,304	-	59,492
Equipment	123,923	14,920	-	138,843
Land improvements	2,300	-	-	2,300
Office furniture & equipment	5,611	14	-	5,625
PCB disposal	1,650	-	-	1,650
Transmission and Distribution lines	279,871	8,044	-	287,915
Total accumulated depreciation	497,389	\$ 28,482	\$ -	525,871
Electric Fund capital assets, net	\$ 284,915			\$ 359,376
	Beginning Balance	Increases	Decreases	Ending Balance
Water Fund:				
Capital assets being depreciated:				
Water System	\$ 290,140	\$ -	\$ -	\$ 290,140
Equipment	19,549	-	-	19,549
Office furniture & equipment	592	-	-	592
Total capital assets being depreciated	310,281	-	-	310,281
Less Accumulated depreciation:				
Water System	272,662	1,571	-	274,233
Equipment	16,207	1,109	-	17,316
Office furniture & equipment	592	-	-	592
Total accumulated depreciation	289,461	\$ 2,680	\$ -	292,141
Water Fund capital assets, net	\$ 20,820			\$ 18,140

Town of Hookerton

Notes to the Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ 717,858	\$ -	\$ 717,858	\$ -
Capital assets being depreciated:				
Sanitary Sewer System	\$ 2,925,229	\$ 717,858	\$ 2,588,549	\$ 1,054,538
Equipment	34,253	-	-	34,253
Office furniture & equipment	593	-	-	593
Two Sewer Lagoons	456,137	-	-	456,137
Total capital assets being depreciated	3,416,212	717,858	2,588,549	1,545,521
Less Accumulated depreciation:				
Sanitary Sewer System	735,262	23,561	517,710	241,113
Equipment	31,456	956	-	32,412
Office furniture & equipment	593	-	-	593
Two Sewer Lagoons	332,982	9,123	-	342,105
Total accumulated depreciation	1,100,293	\$ 33,640	\$ 517,710	616,223
Total capital assets being depreciated, net	2,315,919			929,298
Sewer Fund capital assets, net	\$ 3,033,777			\$ 929,298
Business-type Activities Capital Assets, Net	\$ 3,339,512			\$ 1,306,814

The Town's Duckweed Treatment system was put into place a number of years ago and is not in use. The Town has determined that this asset has not been, and will never be used, and therefore has no value. An impairment loss of \$2,070,839 has been recognized as of June 30, 2020. This impaired asset was funded through a grant and loan from the USDA. The loan is required to be repaid by the USDA and is included in these notes to the financial statements.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
<i>Governmental Activities:</i>				
General	\$ 178,520	\$ 9,577	\$ -	\$ 188,097
Total Governmental Activities	\$ 178,520	\$ 9,577	\$ -	\$ 188,097
<i>Business-type Activities:</i>				
Electric	\$ 43,371	\$ 4,379	\$ -	\$ 47,750
Water	3,588	1,720	-	5,308
Sewer	1,150	516	16,305	17,971
Total Business-type Activities	\$ 48,109	\$ 6,615	\$ 16,305	\$ 71,029

Town of Hookerton

Notes to the Financial Statements

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
<i>Governmental Activities:</i>				
General	\$ 12,869	\$ 3,535	\$ -	\$ 16,404
Total Governmental Activities	<u>\$ 12,869</u>	<u>\$ 3,535</u>	<u>\$ -</u>	<u>\$ 16,404</u>
<i>Business-type Activities:</i>				
Electric	\$ 45,507	\$ 1,603	\$ -	\$ 47,110
Water	12,131	1,218	-	13,349
Sewer	17,439	448	16,674	34,561
Total Business-type Activities	<u>\$ 75,077</u>	<u>\$ 3,269</u>	<u>\$ 16,674</u>	<u>\$ 95,020</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town 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 consists 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, or by calling (919)981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation is calculated as the average of a 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's 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.

Town of Hookerton

Notes to the Financial Statements

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. Leo plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town 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's contractually required contribution rate for the year ended June 30, 2021 and 2020, was 9.70% for law enforcement officers and 8.95% 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 were \$14,538 and \$18,367 for the year ended June 30, 2021 and 2020, respectively.

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 income, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

At June 30, 2021 and 2020, respectively, the Town reported a liability of \$104,344 and \$86,570, 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 asset 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 of the net pension liability 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 (measurement date), the Town's proportion was .00317%, which was an increase of .00310% from its proportion measured as of June 30, 2019.

Town of Hookerton

Notes to the Financial Statements

For the year ended June 30, 2021, the Town recognized pension expense of \$35,760. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,590	\$ -
Changes in assumption	7,420	-
Net difference between projected and actual earnings on pension plan investments	14,030	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	900	3,488
Town contributions subsequent to measurement date	18,367	-
Total	<u>\$ 53,307</u>	<u>\$ 3,488</u>

For the year ended June 30, 2020, the Town recognized pension expense of \$39,529. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,485	\$ -
Changes in assumption	11,884	-
Net difference between projected and actual earnings on pension plan investments	1,778	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,318	3,814
Town contributions subsequent to measurement date	14,538	-
Total	<u>\$ 43,003</u>	<u>\$ 3,814</u>

For fiscal year ended June 30, 2021, \$18,367 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease 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:

Years Ended June 30,	
2022	\$ 8,451
2023	12,284
2024	6,563
2025	4,152
2026	-
Thereafter	-
	<u>\$ 31,450</u>

Town of Hookerton

Notes to the Financial Statements

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:

Inflation	3.0 percent
Salary increases	3.5 to 8.1 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternative	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

Town of Hookerton

Notes to the Financial Statements

The information above is based on 30 years expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study of the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic 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 benefits 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 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of net pension liability (asset)	\$ 202,278	\$ 99,699	\$ 14,448

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.

3. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Town of Hookerton

Notes to the Financial Statements

4. Deferred Outflows and Inflows of Resources

Deferred outflows of resources on the Statement of Net Position is comprised of the following:

Source	Amount at June 30, 2021	Amount at June 30, 2020
Contributions to pension plan in current fiscal year	\$ 18,367	\$ 14,538
Differences between expected and actual experience	12,590	12,485
Changes in assumptions	7,420	11,884
Net difference between projected and actual	14,030	1,778
Changes in proportion and differences between employer contributions and proportionate share of contributions	900	2,318
Total	<u>\$ 53,307</u>	<u>\$ 43,003</u>

Deferred inflows of resources at June 30, 2021 comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	-	\$ 3,157
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,488	-
Total	<u>3,488</u>	<u>3,157</u>

Deferred inflows of resources at June 30, 2020 comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	-	\$ 2,543
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,814	-
Total	<u>3,814</u>	<u>2,543</u>

5. 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 contract laborers; 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 carries no flood insurance as of June 30, 2021. The Town does feel that it has significant assets in designated "A" areas (areas close to a river, lake or stream) as determined by the Federal Emergency Management Agency, that are subject to flooding and have thus determined it necessary to carry flood insurance, but is unable to afford it at this time.

Town of Hookerton

Notes to the Financial Statements

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 Finance Officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

6. Long-term Obligations

a. Capital Leases

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

In July 2018, the Town entered into an agreement to lease a mower for the Electric Fund and Water Fund. The agreement requires annual installments of \$2,901 for three years at 0% interest. The title passes to the Town at the end of the lease term.

The following is an analysis of the assets recorded under capital leases at June 30, 2021:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 10,500	\$ 4,500	\$ 6,000

The future minimum lease obligations of these minimum lease payments as of June 30, 2021 were as follows:

Year ending June 30,	
2022	\$ 2,709

b. Installment Purchase – Governmental Activities

On March 19, 2003, the Town entered into a direct placement contract with the USDA Rural Development to finance the purchase of a fire truck. The fire truck is pledged as collateral for the debt while the debt is outstanding. The financing contract requires 20 annual principal payments beginning in the fiscal year 2003 with interest at 4.75%. The related fire truck and fire department building secure the installment purchase contract. The amount outstanding at June 30, 2021 was \$5,029.

On September 1, 2017, the Town entered into a government obligation contract with KS State Bank to finance one Daktronics LED sign. The contract required one initial payment of principal only on September 1, 2017 and thereafter four annual payments of \$5,575 including interest at 6.205%. The amount outstanding at June 30, 2021 is \$2,695. The balance and principal and interest payments are split 50 percent each to the General Fund and Electric Fund.

Town of Hookerton

Notes to the Financial Statements

The future minimum payments of the installment purchase as of June 30, 2021, are as follows:

Year Ending June 30	Governmental activities		
	Principal	Interest	Total
2022	\$ 7,724	\$ 331	\$ 8,055

c. Installment Purchase – Business-type Activities

On July 1, 2003, the Town entered into a direct placement contract with the USDA to finance a portion of the construction of the Wastewater Treatment Facility. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract required one initial payment of interest only on July 1, 2004 and thereafter forty annual payments of \$26,475 including interest at 4.25%. The amount outstanding at June 30, 2021 was \$383,640.

On September 1, 2017, the Town entered into a government obligation contract with KS State Bank to finance one Daktronics LED sign. The contract required one initial payment of principal only on September 1, 2017 and thereafter four annual payments of \$5,575 including interest at 6.205%. The amount outstanding at June 30, 2021 is \$2,695. The balance and principal and interest payments are split 50 percent each to the General Fund and Electric Fund.

On November 1, 2020, The Town entered into a government obligation contract with Sparta Commercial Services, Inc. to finance a vehicle for the Electric Fund. The contract requires five annual payments of \$5,572 including interest at 4.4% beginning July 1, 2021. The amount outstanding at June 30, 2021 is \$24,798.

The future minimum payments of the installment purchase as of June 30, 2021 are as follows:

Year Ending June 30	Business-type activities		
	Principal	Interest	Total
2022	\$ 17,683	\$ 17,152	\$ 34,835
2023	15,272	16,775	32,047
2024	15,933	16,114	32,047
2025	16,623	15,424	32,047
2026	17,344	14,703	32,047
2027-2031	53,378	78,997	132,375
2032-2036	98,731	33,644	132,375
2037-2041	103,360	29,015	132,375
2042-2044	72,809	6,616	79,425
Total	\$ 411,133	\$ 228,440	\$ 639,573

Town of Hookerton

Notes to the Financial Statements

d. Notes Payable – Business-type activities

In March 2021, the Town received funding through the North Carolina Department of Environmental Quality for a Water Project in the amount of \$85,894. Upon fully executing the promissory note on July 27, 2021, \$42,948 of the loan principal was immediately forgiven and is considered a current liability at June 30, 2021. The loan has a 0% interest rate and the remaining balance is to be repaid in annual installments of \$2,147 over 20 years. The amount outstanding at June 30, 2021 is \$82,470.

Year Ending June 30	Business-type activities		
	Principal	Interest	Total
2022	\$ 41,671	\$ -	\$ 41,671
2023	2,147	-	2,147
2024	2,147	-	2,147
2025	2,147	-	2,147
2026	2,147	-	2,147
2027-2031	10,735	-	10,735
2032-2036	10,735	-	10,735
2037-2041	10,741	-	10,741
Total	<u>\$ 82,470</u>	<u>\$ -</u>	<u>\$ 82,470</u>

e. Changes in long-term liabilities

Changes in long-term liabilities for the year ending June 30, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balances	Current Portion of Balance
<i>Governmental Activities:</i>					
Installment purchase	\$ 18,334	\$ -	\$ 10,610	\$ 7,724	\$ 7,724
Compensated absences	4,573	609	-	5,182	-
Net pension liability	24,517	12,889	-	37,406	-
Total Governmental Activities	<u>\$ 47,424</u>	<u>\$ 13,498</u>	<u>\$ 10,610</u>	<u>\$ 50,312</u>	<u>\$ 7,724</u>
<i>Business-type Activities:</i>					
<i>Electric Fund</i>					
Installment purchase	\$ 5,299	\$ 24,798	\$ 2,604	\$ 27,493	\$ 7,513
Capitalized leases	4,238	-	2,046	2,192	2,192
Compensated absences	1,566	541	-	2,107	-
Net pension liability	30,957	8,103	-	39,060	-
Electric Fund activity long-term liabilities	<u>\$ 42,060</u>	<u>\$ 33,442</u>	<u>\$ 4,650</u>	<u>\$ 70,852</u>	<u>\$ 9,705</u>
<i>Water Fund</i>					
Note Payable	\$ -	\$ 82,470	\$ -	\$ 82,470	\$ 41,671
Capitalized leases	1,000	-	483	517	517
Compensated absences	525	202	-	727	-
Net pension liability	15,802	5,212	-	21,014	-
Water Fund activity long-term liabilities	<u>\$ 17,327</u>	<u>\$ 87,884</u>	<u>\$ 483</u>	<u>\$ 104,728</u>	<u>\$ 42,188</u>

Town of Hookerton

Notes to the Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balances	Current Portion of Balance
Sewer Fund					
Installment purchase	\$ 393,396	\$ -	\$ 9,756	\$ 383,640	\$ 10,170
Compensated absences	175	26	-	201	-
Net pension liability	1,640	579	-	2,219	-
Sewer Fund activity long-term liabilities	\$ 395,211	\$ 605	\$ 9,756	\$ 386,060	\$ 10,170
Business activity long-term liabilities	\$ 454,598	\$ 121,931	\$ 14,889	\$ 561,640	\$ 62,063

Changes in long-term liabilities for the year ending June 30, 2020 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental Activities:					
Installment purchase	\$ 28,496	\$ -	\$ 10,162	\$ 18,334	\$ 10,610
Compensated absences	882	3,691	-	4,573	-
Net pension liability	21,803	2,714	-	24,517	-
Total Governmental Activities	\$ 51,181	\$ 6,405	\$ 10,162	\$ 47,424	\$ 10,610
Business-type Activities:					
Electric Fund					
Installment purchase	\$ 7,817	\$ -	\$ 2,518	\$ 5,299	\$ 2,604
Capitalized leases	6,148	-	1,910	4,238	2,046
Compensated absences	939	627	-	1,566	-
Net pension liability	28,223	2,734	-	30,957	-
Electric Fund activity long-term liabilities	\$ 43,127	\$ 3,361	\$ 4,428	\$ 42,060	\$ 4,650
Water Fund					
Capitalized leases	\$ 1,451	\$ -	\$ 451	\$ 1,000	\$ 483
Compensated absences	508	17	-	525	-
Net pension liability	14,209	1,593	-	15,802	-
Water Fund activity long-term liabilities	\$ 16,168	\$ 1,610	\$ 451	\$ 17,327	\$ 483
Sewer Fund					
Installment purchase	\$ 402,753	\$ -	\$ 9,357	\$ 393,396	\$ 9,756
Compensated absences	90	85	-	175	-
Net pension liability	1,385	255	-	1,640	-
Sewer Fund activity long-term liabilities	\$ 404,228	\$ 340	\$ 9,357	\$ 395,211	\$ 9,756
Business activity long-term liabilities	\$ 463,523	\$ 5,311	\$ 14,236	\$ 454,598	\$ 14,889

Town of Hookerton

Notes to the Financial Statements

C. Interfund Balances and Activity

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

Due from the General Fund for the payments made between funds as of:

	June 30, 2021	June 30, 2020
Water Fund	\$ 7,950	\$ 7,020
Sewer Fund	17,493	15,513
Electric Fund	158,684	148,129
Total	<u>184,127</u>	<u>170,662</u>

Due from the Electric Fund for the payments made between funds as of:

	June 30, 2021	June 30, 2020
Water Fund	\$ 19,500	\$ 18,000
Sewer Fund	4,988	1,744
Total	<u>24,488</u>	<u>19,744</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Loans – The Water Fund, Sewer Fund and Electric Fund paid operating expenses for the General Fund during prior fiscal years in the amounts of \$10,459, \$15,782, and \$148,803, respectively. The terms of the arrangement require the General Fund to repay each respective fund on demand. The board intends to setup a board approved repayment schedule during the fiscal year 2021-2022 to reimburse each enterprise fund over the next five to ten years.

Transfers to/from other funds consisted of the payment of the Electric Fund to the General Fund for payment in lieu of taxes. The transfers were \$22,530 and \$23,400 for the years ending June 30, 2021 and 2020, respectively.

D. Net Investment in Capital Assets

Net investment in Capital Assets for the year June 30, 2021 was as follows:

	Governmental Activities	Business-type Activities
Capital Assets	\$ 864,567	\$ 1,477,629
Less: Long-term debt	7,724	496,312
Net investment in capital assets	<u>\$ 856,843</u>	<u>\$ 981,317</u>

Net investment in Capital Assets for the year June 30, 2020 was as follows:

	Governmental Activities	Business-type Activities
Capital Assets	\$ 1,218,144	\$ 1,306,814
Less: Long-term debt	18,334	403,933
Net investment in capital assets	<u>\$ 1,199,810</u>	<u>\$ 902,881</u>

Town of Hookerton

Notes to the Financial Statements

E. Fund Balance

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

	June 30, 2021	June 30, 2020
Total fund balance - General Fund	\$ 402,414	\$ 231,442
Less:		
Stabilization by State Statute	51,724	25,871
Streets - Powell Bill	26,327	21,937
Remaining Fund Balance	<u>\$ 324,363</u>	<u>\$ 183,634</u>

IV. – JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with twenty other local governments, is a member of the North Carolina Eastern Municipalities Power Agency (Power Agency). The Power Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Power Agency's governing board. The members, who receive power from the Power Agency, have signed power sales agreements to purchase a specified share of the power generated by the Power Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal years ended June 30, 2021 and 2020 were \$530,681 and \$539,209, respectively.

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. – RESTATEMENTS

A. Fund Level - During the fiscal year ended June 30, 2020, the Town determined the fund balance of the General Fund needed restatements as follows:

Restatements:	
Decrease in investments	\$ (12,121)
Increase in accounts receivable	(1,480)
Decrease in due from other governments	(14,141)
Increase in taxes receivable	931
Increase in accounts payable	(5,651)
Decrease in accrued liabilities	3,664
Total Restatement - Electric Fund	<u>\$ (28,798)</u>

Town of Hookerton

Notes to the Financial Statements

B. Government-Wide - During the fiscal year ended June 30, 2020, the Town determined the net position of the Governmental Activities needed restatements as follows:

Restatements:	
Decrease in investments	\$ (12,121)
Increase in accounts receivable	(1,480)
Decrease in due from other governments	(14,141)
Increase in taxes receivable	931
Increase in accounts payable	(5,651)
Decrease in accrued liabilities	3,664
Decrease in long term debt	2,525
Total Restatement - Electric Fund	<u><u>\$ (26,273)</u></u>

C. Fund Level – During the fiscal year ended June 30, 2020, the Town determined the net position of the Electric Fund needed restatements as follows:

Restatements:	
Increase in investments	\$ 1,561
Increase in accounts receivable	11,294
Decrease in inventory	(174,378)
Increase in fixed assets	35,884
Increase in accounts payable	(3,407)
Decrease in accrued liabilities	130
Increase in long term debt	(6,542)
Total Restatement - Electric Fund	<u><u>\$ (135,458)</u></u>

D. Fund Level – During the fiscal year ended June 30, 2020, the Town determined the net position of the Water Fund needed restatements as follows:

Restatements:	
Increase in investments	\$ 490
Decrease in accounts receivable	(1,179)
Decrease in inventory	(18,269)
Increase in accounts payable	(5,333)
Decrease in accrued liabilities	651
Increase in long term debt	(1,451)
Total Restatement - Water Fund	<u><u>\$ (25,091)</u></u>

Town of Hookerton

Notes to the Financial Statements

E. Fund Level – During the fiscal year ended June 30, 2020, the Town determined the net position of the Sewer Fund needed restatements as follows:

Restatements:	
Increase in investments	\$ 10,070
Decrease in accounts receivable	(7,995)
Decrease in inventory	(4,745)
Increase in accounts payable	(23,506)
Increase in accrued liabilities	(261)
Decrease in long term debt	1,120
Total Restatement - Sewer Fund	<u>\$ (25,317)</u>

F. Government-Wide – During the fiscal year ended June 30, 2020, the Town determined the net position of the business-type activities needed restatements as follows:

Restatements:	
Increase in investments	\$ 12,121
Increase in accounts receivable	2,120
Decrease in inventory	(197,392)
Increase in fixed assets	35,884
Increase in accounts payable	(32,246)
Decrease in accrued liabilities	520
Increase in long term debt	(6,873)
Total Restatement - business-type activities	<u>\$ (185,866)</u>

VII. – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2022, the date on which the financial statements were available to be issued. Significant subsequent events are noted below:

COVID 19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of various businesses. During the fiscal year ending June 30, 2020, the Governor of North Carolina issued executive order 124/142. The order prohibited utility providers from disconnecting customers unable to pay during the COVID-19 pandemic and from collecting fees, penalties, or interest for late payments. The order expired at 11:59 p.m. on July 29, 2020. The order gave customers at least six months to pay outstanding bills. Some water and sewer customers are still in arrears; however, the amount is immaterial to these statements. As of March, 2021, the outbreak has subsided and no additional executive orders are expected.

Town of Hookerton

Notes to the Financial Statements

Property Donation

In December 2019, the Town received a piece of property and its related structure as a donation. In November 2021, the property has been donated to Greene Lamp, a local nonprofit corporation to better improve the economy in the area. The property had a value of \$82,443 per the Greene County assessor.

Grants

The Town has been awarded a Part F grant in the amount of \$195,400 and a Land and Water Conservation Fund grant in the amount of \$187,640 from the State of North Carolina for improvements to the Town's park system.

The Town has been awarded a \$1,999,466 Community Development Block Grant for a water line replacement project.

Department of Motor Vehicles

The Town leases space to the State of North Carolina Department of Motor Vehicles and provides employees to provide DMV services to the community. The employees are paid by and generally supervised by the Town, and no funds or services are intermingled between the DMV and Town activities. The DMV reimburses the Town for all costs of the employees, leases the office space, and allows the Town to charge fees for its services. During October 2021, the DMV closed these offices due to potentially fraudulent activities of DMV office staff members. The Town will have a reduction in revenues and related expenditures due to this closure.

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Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System

Schedule of Contributions
Local Government Employees' Retirement System

Town of Hookerton, North Carolina
Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)
 Local Governmental Employees' Retirement System
 Last Eight Fiscal Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net pension liability (asset) %	0.00279%	0.00267%	0.00284%
Town's proportionate share of the net pension liability (asset) \$	\$ 99,699	\$ 72,916	\$ 67,375
Town's covered employee payroll	\$ 157,955	\$ 165,201	\$ 158,317
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.12%	44.14%	42.56%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

Note: Town implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015; therefore, ten years of data is not yet available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.00236%	0.00256%	0.00139%	0.00135%	0.00150%
\$ 36,054	\$ 54,332	\$ 6,238	\$ (6,897)	\$ 18,081
\$ 127,527	\$ 120,718	\$ 70,972	\$ 71,206	\$ 71,206
28.27%	45.01%	8.79%	-9.69%	25.39%
98.09%	99.07%	102.64%	94.35%	96.45%

Town of Hookerton, North Carolina
Schedule of District Contributions
Local Governmental Employees' Retirement System
Last Eight Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 18,367	\$ 14,538	\$ 12,836
Contributions in relation to the contractually required contribution	<u>18,367</u>	<u>14,538</u>	<u>12,836</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 180,717	\$ 157,955	\$ 165,201
Contributions as a percentage of covered-employee payroll	10.16%	9.20%	7.77%

Note: Town implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015; therefore, ten years of data is not yet available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 11,905	\$ 9,271	\$ 8,049	\$ 5,018	\$ 5,034
<u>11,905</u>	<u>9,271</u>	<u>8,049</u>	<u>5,018</u>	<u>5,034</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 158,317	\$ 127,527	\$ 120,718	\$ 70,972	\$ 71,206
7.52%	7.27%	6.67%	7.07%	7.07%

**Town of Hookerton
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)
Revenues:			
Ad valorem taxes:			
Current year	\$ 67,585	\$ 68,922	\$ 1,337
Prior year	-	15	15
Penalties and interest	250	422	172
Total	<u>67,835</u>	<u>69,359</u>	<u>1,524</u>
Unrestricted intergovernmental:			
Local option sales taxes	43,000	54,960	11,960
Utilities sales tax	26,000	25,340	(660)
Beer and wine tax	1,700	1,641	(59)
Video franchise fee	39,474	59,859	20,385
Total	<u>110,174</u>	<u>141,800</u>	<u>31,626</u>
Restricted intergovernmental:			
Powell Bill allocation	14,000	12,924	(1,076)
CRF Grant	46,286	46,286	-
FEMA Grant	-	11,467	11,467
Total	<u>60,286</u>	<u>70,677</u>	<u>10,391</u>
Sales and services:			
Garbage collection fees	37,800	42,796	4,996
Penalties and interest on late garbage fees	3,100	3,103	3
NC Department of Motor Vehicles	104,701	112,701	8,000
Rents and fees	60,460	52,183	(8,277)
Total	<u>206,061</u>	<u>210,783</u>	<u>4,722</u>
Investment earnings	<u>4,085</u>	<u>470</u>	<u>(3,615)</u>
Other Revenues:			
Miscellaneous	<u>20,700</u>	<u>13,669</u>	<u>(7,031)</u>
Total	<u>20,700</u>	<u>13,669</u>	<u>(7,031)</u>
Total revenues	<u>469,141</u>	<u>506,758</u>	<u>37,617</u>

**Town of Hookerton
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)
Expenditures:			
General government:			
Salaries and employee benefits	15,862	15,986	(124)
Dues	4,037	4,037	-
Legal	11,673	19,063	(7,390)
Travel and education	8,000	8,107	(107)
Total	<u>39,572</u>	<u>47,193</u>	<u>(7,621)</u>
Administration:			
Salaries and employee benefits	111,929	113,533	(1,604)
Miscellaneous	7,505	7,158	347
Telephone	4,350	4,350	-
Supplies and postage	47,183	46,577	606
Annual Audit	6,275	-	6,275
Town utilities	4,952	5,233	(281)
Beautification	771	770	1
Planning and zoning	5,510	5,507	3
Capital outlay	64,778	64,777	1
Total	<u>253,253</u>	<u>247,905</u>	<u>5,348</u>
Total general government	<u>292,825</u>	<u>295,098</u>	<u>(2,273)</u>
Public safety:			
Fire and EMS	13,855	13,902	(47)
Total public safety	<u>13,855</u>	<u>13,902</u>	<u>(47)</u>
Transportation:			
Streets and highways:			
Street construction	12,660	7,483	5,177
Operating expenditures	16,287	16,029	258
Insurance	100	100	-
Total Transportation	<u>29,047</u>	<u>23,612</u>	<u>5,435</u>
Economic and Physical Development:			
Operating expenses	7,247	7,247	-
Total Economic and Physical Development	<u>7,247</u>	<u>7,247</u>	<u>-</u>

**Town of Hookerton
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)
Environmental protection:			
Sanitation Department			
Salaries and employee benefits	10,165	9,297	868
Truck expense	1,000	1,000	-
Tractor expense	473	473	-
Other operating expenses	4,040	7,190	(3,150)
Insurance	5,915	5,914	1
Garbage contract agreement	36,814	36,968	(154)
Total	58,407	60,842	(2,435)
Total environmental protection	58,407	60,842	(2,435)
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	9,765	8,911	854
Maintenance and repairs	10,191	10,136	55
Operating expenditures	1,000	900	100
Insurance	2,541	2,541	-
Wildlife expense	13,524	13,394	130
Capital Outlay	-	138,498	(138,498)
Total	37,021	174,380	(137,359)
Peg Channel contributions	39,474	59,082	(19,608)
Community Building:			
Repairs and maintenance	2,319	2,397	(78)
Supplies and utilities	2,850	2,591	259
Total	5,169	4,988	181
Total culture and recreation	81,664	238,450	(156,786)
Debt service:			
Principal retirement	5,790	8,578	(2,788)
Interest and other charges	2,836	2,836	-
Total debt service	8,626	11,414	(2,788)
Total expenditures	491,671	650,565	(158,894)
Revenues over (under) expenditures	(22,530)	(143,807)	(121,277)

**Town of Hookerton
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)
Transfers from other funds:			
Enterprise Funds	22,530	22,530	-
Sale of capital assets	-	292,249	292,249
Total	<u>22,530</u>	<u>314,779</u>	<u>292,249</u>
Net change in fund balance	<u>\$ -</u>	170,972	<u>\$ 170,972</u>
Fund balances, beginning as previously reported		231,442	
Fund balances, ending		<u>\$ 402,414</u>	

**Town of Hookerton
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for Services:			
Electricity Sales	\$ 804,000	\$ 799,206	\$ (4,794)
Penalties for late collections	16,000	15,515	(485)
Other operating revenue	<u>3,000</u>	<u>15,334</u>	<u>12,334</u>
Total operating revenues	823,000	830,055	7,055
Nonoperating revenues:			
FEMA Grant	-	18,000	18,000
Interest	<u>6,700</u>	<u>2,704</u>	<u>(3,996)</u>
Total nonoperating revenues	<u>6,700</u>	<u>20,704</u>	<u>14,004</u>
Total revenues	<u>829,700</u>	<u>850,759</u>	<u>21,059</u>
Expenditures:			
Administration:			
Salaries and employee benefits	87,474	77,034	10,440
Legal and audit	6,225	4,000	2,225
Office supplies and maintenance	8,866	9,742	(876)
Insurance and dues	8,316	8,314	2
Telephone	<u>3,545</u>	<u>3,544</u>	<u>1</u>
Total Administration	<u>114,426</u>	<u>102,634</u>	<u>11,792</u>
Electrical operations:			
Equipment, supplies & maintenance	194,893	192,550	2,343
Miscellaneous	<u>13,068</u>	<u>9,530</u>	<u>3,538</u>
Total	<u>207,961</u>	<u>202,080</u>	<u>5,881</u>
Debt Service:			
Interest and other charges	<u>-</u>	<u>183</u>	<u>(183)</u>
Electrical power purchases	<u>584,783</u>	<u>582,072</u>	<u>2,711</u>
Total expenditures	<u>907,170</u>	<u>886,969</u>	<u>20,201</u>
Revenues over expenditures	(77,470)	(36,210)	41,260

**Town of Hookerton
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing (uses):			
Fund balance appropriated	100,000	-	(100,000)
Transfers to other funds:			
General Fund	(22,530)	(22,530)	-
Total other financing (uses)	<u>77,470</u>	<u>(22,530)</u>	<u>(100,000)</u>
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>(58,740)</u>	<u>\$ (58,740)</u>

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Reconciling items:	
Increase in compensated absences	(541)
Increase in net pension liability	(8,103)
Increase in deferred outflows of resources - pensions	(3,118)
Decrease in deferred inflows of resources - pensions	99
Capital outlays	102,271
Depreciation	(31,207)
Principal retirement	4,650
Total	<u>64,051</u>
Change in net position	<u>\$ 5,311</u>

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water Sales	\$ 113,756	\$ 115,095	\$ 1,339
Penalties for late collections	3,100	3,103	3
Other operating revenue	2,500	3,246	746
Total operating revenues	<u>119,356</u>	<u>121,444</u>	<u>2,088</u>
Nonoperating revenues:			
State of North Carolina Grant	150,000	-	(150,000)
Interest	1,560	231	(1,329)
Total nonoperating revenues	<u>151,560</u>	<u>231</u>	<u>(151,329)</u>
Total revenues	<u>270,916</u>	<u>121,675</u>	<u>(149,241)</u>
Expenditures:			
Administration:			
Salaries and employee benefits	46,343	38,590	7,753
Legal and audit	1,608	179	1,429
Office supplies	5,394	7,256	(1,862)
Insurance and dues	5,572	5,571	1
Telephone	2,000	2,000	-
Travel	1,222	1,222	-
Lawn care	2,190	2,150	40
Total Administration	<u>64,329</u>	<u>56,968</u>	<u>7,361</u>
Water operations			
Repairs and maintenance	5,500	3,609	1,891
Water supplies	5,389	5,319	70
Water analysis	4,563	2,252	2,311
Electricity of wells	4,666	2,803	1,863
Non-capital grant expense	150,000	-	150,000
Contractual services	33,183	33,184	(1)
Total	<u>203,301</u>	<u>47,167</u>	<u>156,134</u>
Capital outlay:	115,772	85,894	29,878
Total expenditures	<u>383,402</u>	<u>190,029</u>	<u>193,373</u>
Revenues over expenditures	(112,486)	(68,354)	44,132
Other financing sources (uses):			
State of North Carolina loan proceeds	112,486	82,470	(30,016)
Total other financing sources (uses)	<u>112,486</u>	<u>82,470</u>	<u>(30,016)</u>
Revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	14,116	<u>\$ 14,116</u>

Town of Hookerton
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>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Loan proceeds		(82,470)	
Increase in compensated absences		(202)	
Increase in net pension liability		(5,212)	
Increase in deferred outflows of resources - pensions		(2,005)	
Decrease in deferred inflows of resources - pensions		63	
Capital outlays		107,671	
Depreciation		(2,801)	
Principal retirement		(719)	
Total		<u>14,325</u>	
Change in net position		<u>\$ 28,441</u>	

**Town of Hookerton
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sewer charges	\$ 93,200	\$ 97,589	\$ 4,389
Penalties for late collections	3,000	3,103	103
Total operating revenues	96,200	100,692	4,492
Nonoperating revenues:			
FEMA Grant	-	30,000	30,000
State of North Carolina Grant	150,000	-	(150,000)
Interest	1,560	239	(1,321)
Total nonoperating revenues	151,560	30,239	(121,321)
Total revenues	247,760	130,931	(116,829)
Expenditures:			
Administration:			
Salaries and employee benefits	16,769	15,523	1,246
Legal and audit	1,126	1,126	-
Office supplies	3,074	4,392	(1,318)
Insurance and dues	1,265	1,264	1
Telephone	2,503	2,707	(204)
Lawn care	2,664	2,562	102
Total Administration	27,401	27,574	(173)
Sewer operations			
Repairs and maintenance	5,963	3,378	2,585
Sewer supplies	8,500	6,181	2,319
Waste water analysis	8,360	6,321	2,039
Electricity for wells and pumps	13,839	14,062	(223)
Travel and education	422	421	1
Non-capital grant expense	150,000	0	150,000
Contractual services	5,300	5,178	122
Total	192,384	35,541	156,843
Debt Service:			
Interest and other charges	-	16,350	(16,350)
Principal retirement	26,475	9,756	16,719
Total	26,475	26,106	369
Capital outlay:	1,500	-	1,500
Total expenditures	247,760	89,221	158,539
Revenues over expenditures	-	41,710	41,710
Net change in fund balance	\$ -	41,710	\$ 41,710

Town of Hookerton
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Increase in compensated absences		(26)	
Increase in net pension liability		(579)	
Decrease in deferred outflows of resources - pensions		(223)	
Decrease in deferred inflows of resources - pensions		7	
Depreciation		(32,672)	
Principal retirement		9,756	
Total		<u>(23,737)</u>	
Change in net position		<u>\$ 17,973</u>	

**Town of Hookerton
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 67,585	\$ 71,363	\$ 3,778
Penalties and interest	250	377	127
Total	<u>67,835</u>	<u>71,740</u>	<u>3,905</u>
Unrestricted intergovernmental:			
Local option sales taxes	40,800	44,843	4,043
Utilities sales tax	26,000	25,429	(571)
Beer and wine tax	1,700	1,686	(14)
Video franchise fee	-	648	648
Total	<u>68,500</u>	<u>72,606</u>	<u>4,106</u>
Restricted intergovernmental:			
Powell Bill allocation	14,000	13,806	(194)
FEMA Grant	-	20,545	20,545
Total	<u>14,000</u>	<u>34,351</u>	<u>20,351</u>
Sales and services:			
Garbage collection fees	37,800	38,474	674
Penalties and interest on late garbage fees	3,100	2,413	(687)
NC Department of Motor Vehicles	-	43,586	43,586
Rents and fees	62,760	64,929	2,169
Total	<u>103,660</u>	<u>149,402</u>	<u>45,742</u>
Investment earnings	<u>4,085</u>	<u>3,682</u>	<u>(403)</u>
Other Revenues:			
Insurance Proceeds	-	4,991	4,991
Miscellaneous	16,200	7,733	(8,467)
Total	<u>16,200</u>	<u>12,724</u>	<u>(3,476)</u>
Total revenues	<u>274,280</u>	<u>344,505</u>	<u>70,225</u>

**Town of Hookerton
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Salaries and employee benefits	15,801	15,691	110
Dues	3,795	3,795	-
Legal	7,000	8,809	(1,809)
Travel and education	6,690	6,689	1
Total	<u>33,286</u>	<u>34,984</u>	<u>(1,698)</u>
Administration:			
Salaries and employee benefits	58,209	59,204	(995)
Miscellaneous	671	-	671
Telephone	5,640	5,635	5
Supplies and postage	14,230	14,568	(338)
Annual Audit	6,275	720	5,555
Elections	3,125	3,125	-
Town utilities	4,366	4,105	261
Beautification	5,360	1,881	3,479
Planning and zoning	8,231	7,231	1,000
Capital outlay	43,628	43,597	31
Total	<u>149,735</u>	<u>140,066</u>	<u>9,669</u>
Total general government	<u>183,021</u>	<u>175,050</u>	<u>7,971</u>
Public safety:			
Fire and EMS	15,141	14,428	713
Total public safety	<u>15,141</u>	<u>14,428</u>	<u>713</u>
Transportation:			
Streets and highways:			
Street construction	8,272	7,792	480
Operating expenditures	15,543	15,476	67
Insurance	100	100	-
Total Transportation	<u>23,915</u>	<u>23,368</u>	<u>547</u>
Economic and Physical Development:			
Operating expenditures	1,910	1,910	-
Total Economic and Physical Development	<u>1,910</u>	<u>1,910</u>	<u>-</u>

**Town of Hookerton
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Environmental protection:			
Sanitation Department			
Salaries and employee benefits	10,435	10,850	(415)
Truck expense	1,600	1,580	20
Tractor expense	1,483	280	1,203
Operating expenditures	2,000	1,825	175
Insurance	5,905	5,905	-
Garbage contract agreement	30,234	30,083	151
Total environmental protection	51,657	50,523	1,134
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	10,266	9,142	1,124
Maintenance and repairs	4,733	3,148	1,585
Operating expenditures	1,000	932	68
Insurance	2,400	2,400	-
Wildlife expense	3,000	3,629	(629)
Total	21,399	19,251	2,148
Peg Channel contributions	-	-	-
Community Building:			
Repairs and maintenance	2,614	2,501	113
Supplies and utilities	3,497	3,755	(258)
Total	6,111	6,256	(145)
Total culture and recreation	27,510	25,507	2,003
Debt service:			
Principal retirement	5,790	8,578	(2,788)
Interest and other charges	2,836	2,836	-
Total debt service	8,626	11,414	(2,788)
Total expenditures	311,780	302,200	9,580
Revenues over (under) expenditures	(37,500)	42,305	79,805
Other financing sources (uses):			
Transfers from other funds:			
Enterprise Funds	23,400	23,400	-
Total	23,400	23,400	-

**Town of Hookerton
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Fund balance appropriated	14,100	-	(14,100)
Net change in fund balance	<u>-</u>	65,705	<u>\$ 65,705</u>
Fund balances, beginning as previously reported		194,535	
Prior period adjustment		<u>(28,798)</u>	
Fund balances, beginning as restated		165,737	
Fund balances, ending		<u>231,442</u>	

**Town of Hookerton
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for Services:			
Electricity Sales	\$ 836,630	\$ 779,627	\$ (57,003)
Penalties for late collections	16,000	12,065	(3,935)
Other operating revenue	2,000	8,169	6,169
Total operating revenues	<u>854,630</u>	<u>799,861</u>	<u>(54,769)</u>
Nonoperating revenues:			
FEMA Grant	-	30,124	30,124
Interest	6,700	6,679	(21)
Total nonoperating revenues	<u>6,700</u>	<u>36,803</u>	<u>30,103</u>
Total revenues	<u>861,330</u>	<u>836,664</u>	<u>(24,666)</u>
Expenditures:			
Administration:			
Salaries and employee benefits	85,922	92,641	(6,719)
Legal and audit	5,225	5,100	125
Office supplies and maintenance	7,123	5,780	1,343
Insurance and dues	6,547	7,034	(487)
Telephone	2,000	2,000	-
Total Administration	<u>106,817</u>	<u>112,555</u>	<u>(5,738)</u>
Electrical operations:			
Equipment, supplies & maintenance	157,307	155,595	1,712
Miscellaneous	865	844	21
Total	<u>158,172</u>	<u>156,439</u>	<u>1,733</u>
Debt Service:			
Interest and other charges	-	269	(269)
Electrical power purchases	<u>642,941</u>	<u>601,538</u>	<u>41,403</u>
Total expenditures	<u>907,930</u>	<u>870,801</u>	<u>37,129</u>
Revenues over expenditures	(46,600)	(34,137)	12,463

**Town of Hookerton
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Other financing (uses):			
Fund balance appropriated	70,000	-	(70,000)
Transfers to other funds:			
General Fund	(23,400)	(23,400)	-
Total other financing (uses)	<u>46,600</u>	<u>(23,400)</u>	<u>(70,000)</u>
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	(57,537)	<u>\$ (57,537)</u>

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Reconciling items:	
Increase in compensated absences	(627)
Increase in net pension liability	(2,734)
Decrease in deferred outflows of resources - pensions	4,019
Decrease in deferred inflows of resources - pensions	(445)
Capital outlays	102,943
Depreciation	(28,482)
Principal retirement	4,428
Total	<u>79,102</u>
Change in net position	<u>\$ 21,565</u>

**Town of Hookerton
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water Sales	\$ 111,698	\$ 112,859	\$ 1,161
Penalties for late collections	3,100	2,413	(687)
Other operating revenue	2,500	3,928	1,428
Total operating revenues	<u>117,298</u>	<u>119,200</u>	<u>1,902</u>
Nonoperating revenues:			
State of North Carolina Grant	150,000	87,250	(62,750)
Interest	1,560	1,701	141
Total nonoperating revenues	<u>151,560</u>	<u>88,951</u>	<u>(62,609)</u>
Total revenues	<u>268,858</u>	<u>208,151</u>	<u>(60,707)</u>
Expenditures:			
Administration:			
Salaries and employee benefits	58,130	61,602	(3,472)
Legal and audit	2,000	1,000	1,000
Office supplies	3,622	5,354	(1,732)
Insurance and dues	5,341	5,341	-
Telephone	2,477	2,477	-
Travel	404	403	1
Lawn care	500	2,282	(1,782)
Total Administration	<u>72,474</u>	<u>78,459</u>	<u>(5,985)</u>
Water operations			
Repairs and maintenance	10,063	9,473	590
Water supplies	15,846	13,447	2,399
Water analysis	4,563	4,548	15
Electricity of wells	4,652	4,111	541
Non-capital grant expense	150,000	87,250	62,750
Contractual services	11,260	4,505	6,755
Total	<u>196,384</u>	<u>123,334</u>	<u>73,050</u>
Total expenditures	<u>268,858</u>	<u>201,793</u>	<u>67,065</u>
Revenues over expenditures	<u>-</u>	<u>6,358</u>	<u>6,358</u>
Revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>6,358</u>	<u>\$ 6,358</u>

Town of Hookerton
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
increase in compensated absences		(17)	
Increase in net pension liability		(1,593)	
Decrease in deferred outflows of resources - pensions		2,342	
Increase in deferred inflows of resources - pensions		(260)	
Depreciation		(2,680)	
Total		<u>(2,208)</u>	
Change in net position		<u>\$ 4,150</u>	

**Town of Hookerton
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sewer charges	\$ 92,371	\$ 94,261	\$ 1,890
Penalties for late collections	3,000	2,413	(587)
Total operating revenues	95,371	96,674	1,303
Nonoperating revenues:			
FEMA Grant	-	22,500	22,500
State of North Carolina Grant	150,000	91,250	(58,750)
Interest	1,560	2,160	600
Total nonoperating revenues	151,560	115,910	(35,650)
Total revenues	246,931	212,584	(34,347)
Expenditures:			
Administration:			
Salaries and employee benefits	17,390	18,091	(701)
Legal and audit	1,126	-	1,126
Office supplies	2,200	5,091	(2,891)
Insurance and dues	1,638	1,637	1
Telephone	1,500	1,243	257
Lawn care	500	388	112
Total Administration	24,354	26,450	(2,096)
Sewer operations			
Repairs and maintenance	10,771	9,026	1,745
Sewer supplies	11,333	11,332	1
Waste water analysis	4,492	3,058	1,434
Electricity for wells and pumps	11,384	10,593	791
Travel and education	50	50	-
Non-capital grant expense	150,000	91,250	58,750
Contractual services	25,992	1,801	24,191
Total	214,022	127,110	86,912
Debt Service:			
Interest and other charges	-	16,722	(16,722)
Principal retirement	26,475	9,357	17,118
Total	26,475	26,079	396
Capital outlay:	4,045	4,045	-
Total expenditures	268,896	183,684	85,212
Revenues over expenditures	(21,965)	28,900	50,865

**Town of Hookerton
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Fund balance appropriated	21,965	-	(21,965)
Total other financing sources (uses)	21,965	-	(21,965)
Net change in fund balance	\$ -	28,900	\$ 28,900

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Reconciling items:

Increase in compensated absences	(85)
Increase in net pension liability	(255)
Increase in deferred outflows of resources - pensions	376
Increase in deferred inflows of resources - pensions	(42)
Depreciation	(33,640)
Principal retirement	9,357
Asset impairment loss	(2,070,839)
Total	(2,095,128)
Change in net position	\$ (2,066,228)

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Town of Hookerton
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	\$ -	\$ 68,896 (a)	\$ 66,074 (b)	\$ 2,822 (c)
2019-2020	2,369	-	2,193	176
2018-2019	53	-	-	53
2017-2018	53	-	-	53
2016-2017	53	-	-	53
2015-2016	-	-	-	-
2014-2015	15	-	15	-
	<u>\$ 2,543</u>	<u>\$ 68,896</u>	<u>\$ 68,282 (d)</u>	<u>3,157</u>
Ad valorem taxes receivable - net				<u>\$ 3,157</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 69,359
Reconciling items:				
Interest collected				422
Releases and adjustments				(1,121)
Discounts allowed				(378)
Taxes written off				0
Subtotal				<u>(1,077)</u>
Total collections and credits				<u>\$ 68,282 (d)</u>

**Town of Hookerton
Analysis of Current Tax Levy
Town - Wide Levy
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	\$ 14,816,344	0.465	\$ 68,896	\$ 56,181	\$ 12,715
Total property valuation	<u>\$ 14,816,344</u>				
Net levy			68,896 (a)	56,181	12,715
Unpaid (by taxpayer) taxes at June 30, 2021			<u>(2,822) (c)</u>	<u>(2,733)</u>	<u>(89)</u>
Current year's taxes collected			\$ <u>66,074</u> (b)	\$ <u>53,448</u>	\$ <u>12,626</u>
Current levy collection percentage			<u>95.90%</u>	<u>95.14%</u>	<u>99.30%</u>

Compliance Section

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**Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

To the Honorable Mayor and
Members of the Board of Commissioners
Hookerton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hookerton, North Carolina, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Town of Hookerton's basic financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Town of Hookerton, North Carolina's Response to Findings

The Town of Hookerton's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Hookerton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nunn, Brashear, & Uzzell, P.A.

Goldsboro, North Carolina
March 31, 2022

Town of Hookerton
Schedule of Findings and Questioned Costs
For the Fiscal Years Ended June 30, 2021 and 2020

II. Financial Statement Findings

Finding 2021-001 Segregation of Duties

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated among Town personnel. This is especially a concern in the cash management, account receivable, purchasing, and payroll functions.

Effect: Transactions could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

Cause: There are a limited number of personnel for certain functions and lack of board oversight.

Recommendation: The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will take appropriate action to segregate duties to the amount economically feasible.

Finding 2021-002 Budget Violation

Criteria: NC General Statute 159-8(a) states that all monies received or expended by a local government or public authority should be included in the budget ordinance.

Condition: The Town failed to properly budget for all expenditures within the general government, public safety, environmental protection, cultural and recreation and debt service functional areas.

Effect: Town funds were received that were not properly budgeted for and funds were spent that were not properly appropriated.

Cause: The Town adopted a budget, but maintained their general ledger on a cash basis of accounting. This caused significant items to be missed when reviewed for amendments.

Recommendation: The Town needs to maintain their general ledger on the modified accrual basis of accounting and properly monitor the budget to help ensure no material items are missed when reviewing for budget amendments.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will maintain the general ledger on the modified accrual basis of accounting and properly review and amend the budget as necessary.

III. Federal Awards Findings and Questioned Costs

None Reported

IV. State Awards Findings and Questioned Costs

None Reported

Town of Hookerton
Summary Schedule of Prior Audit Findings
For the Fiscal Years Ended June 30, 2021 and 2020

None

Robert E. Taylor
Mayor

Arthur Robinson Mayor Pro-Tem

Doris Jones

Catherine Carraway

Sandra Stocks

Commissioners



Town of Hookerton

April Vinson, CMC
Town Clerk/Finance Officer/Notary

Ruth Almaraz
Utility Billing/Tax Collector/Notary

Tyler Shirley
Utilities Superintendent

Laisha Garcia
DMV/Notary

Corrective Action Plan For the Fiscal Year Ended June 30, 2021

Section II-Financial Statement Findings

SIGNIFICANT DEFICIENCIES

2021-001 Segregation of Duties

Name of contact person: April Vinson, Town Clerk

Corrective action: Duties and functions will be reviewed to determine where segregation needs to occur. The duties will be separated as much as possible and alternative controls will be implemented to compensate for lack of segregation. However, the risk of not segregated certain duties are not worth the additional costs. Nonfinancial employees will be trained and provide some assistance.

Proposed Completion Date: The Board will implement the above procedure immediately.

2021-002 Budgetary Violation

Name of contact person: April Vinson, Town Clerk

Corrective action: The Town will maintain their general ledger on the modified accrual basis of accounting, not on a cash basis of accounting, and monitor the budget.

Proposed Completion Date: The Town Clerk will implement the above procedure immediately.

Section III-Federal Award Findings and Responses

None reported.

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Section IV-State Award Findings and Responses

None reported.



since 1784

Town of Hookerton

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