

**TOWN OF POLLOCKSVILLE
North Carolina**

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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North Carolina**

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

**Prepared By
BARROW, PARRIS & DAVENPORT, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
Kinston, North Carolina**

TOWN OF POLLOCKSVILLE, NORTH CAROLINA

MAYOR

James V. Bender, Jr.

BOARD OF COMMISSIONERS

Maria Robles

Nancy Barbee

Ellis Banks

Sherry Henderson

FINANCE OFFICER

Toni Floyd

TOWN CLERK

Toni Floyd

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Commissioners
Town of Pollocksville, 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 Pollocksville, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement 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 Pollocksville, North Carolina, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Downtown Revitalization Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V to the financial statements, effective July 1, 2020, the entity adopted new accounting guidance promulgated in GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 38 and 39, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied the certain limited procedures to the required supplementary information typically performed 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Pollocksville, North Carolina. The individual fund financial statements and schedules, budgetary and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements, budgetary schedules and other schedules, as well as the accompanying Schedule of Federal and State Awards, 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 individual fund financial statements and schedules, budgetary schedules, and other schedules, and the accompanying Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022 on our consideration of Town of Pollocksville'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 the 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 Town of Pollocksville's internal control over financial reporting and compliance.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
Kinston, North Carolina

February 23, 2022

Management's Discussion and Analysis

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

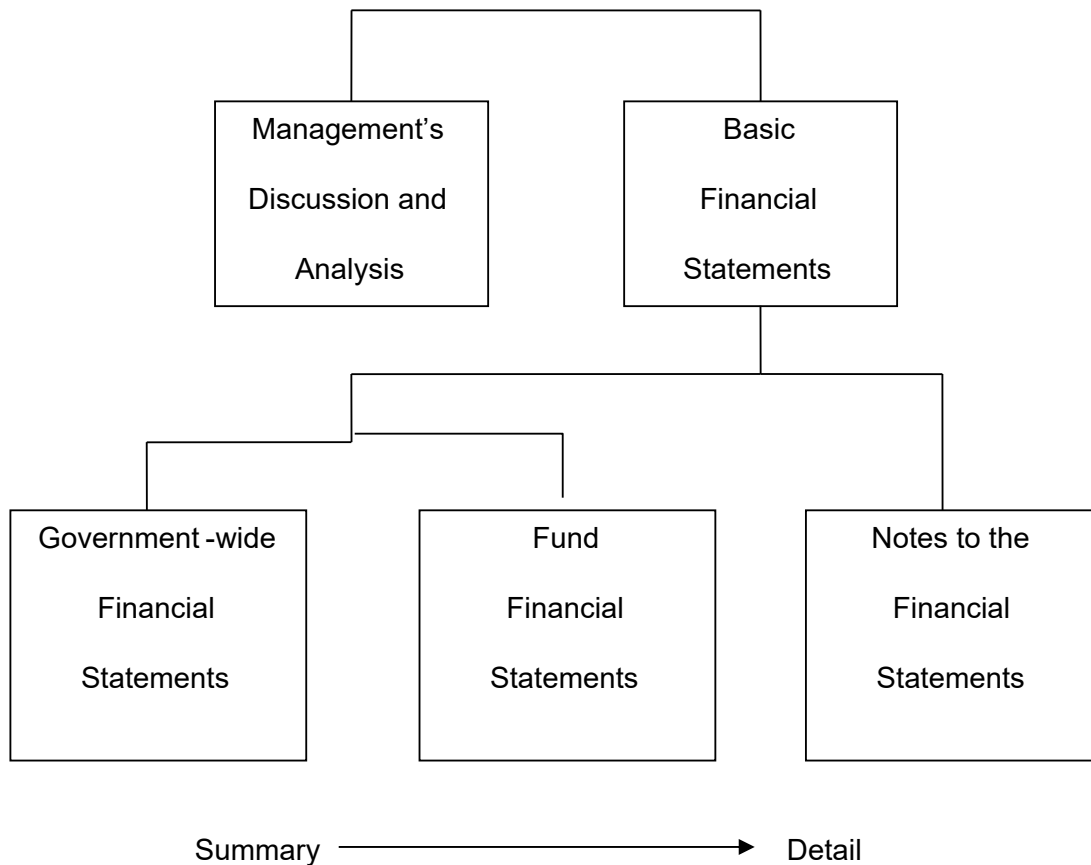
Financial Highlights

- The assets and deferred outflows of the Town of Pollocksville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,756,059 (*net position*).
- The government's total net position increased by \$112,750, due to an increase in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Pollocksville's governmental funds reported ending fund balances of \$593,685 with a net change of (\$50,669) in fund balance. Approximately 71.70 percent of this total amount, or \$425,700, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$118,951, or 55.20 percent of total general fund expenditures for the fiscal year.
- The Town of Pollocksville's total debt increased by \$470,620 (61.18%) during the current fiscal year. The Town received the second and third installments (\$700,000) of a loan from the North Carolina Office of Recovery and Resiliency, the total amount of which is \$1,660,000. This loan will be used to cover the Town's expenses that are eligible for reimbursement by the Federal Emergency Management Agency (FEMA) Public Assistance program. FEMA reimbursed the Town \$186,444 during the current fiscal year, and the Town repaid this portion of the outstanding loan from the North Carolina Office of Recovery and Resiliency. The Town is currently making payments on its sewer bonds issued in 1995 as well as an ARRA loan.
- The Town had three capital projects during the year: 1) a capital project related to the relocation and restoration of the train depot (Town hall) during the year. The Town is using part of the loan from the North Carolina Office of Recovery and Resiliency to fund the project until it receives reimbursement from FEMA. 2) a capital project related to the replacement of the wastewater lagoon, storage facility, and irrigation system during the year. The Town is using a Community Development Block Grant – Infrastructure Fund to fund the project. 3) a capital project related to elevation of wastewater lift stations during the year. The Town is using part of the loan from the North Carolina Office of Recovery and Resiliency to fund the project until it receives reimbursement from FEMA. All projects were ongoing at year end.
- The Town had a special revenue fund related to the revitalization of its downtown area. The Town received \$100,000 from the North Carolina Department of Commerce, Rural Economic Development Commission in the prior year. The Town is using the grant proceeds to make improvements to building facades, parks, streetscapes, and other various improvements to its downtown area. This project was ongoing at year end.
- During the fiscal year, the Town implemented GASB Statement No. 84 Fiduciary Activities. The implementation of this standard resulted in the creation of a new Fines and Forfeitures Special Revenue Fund. The fines and forfeitures activity were previously accounted for in a fiduciary agency fund.

Overview of the Financial Statements

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

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 and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, public works, 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 offered by the Town of Pollocksville.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Pollocksville, 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 Pollocksville 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 Pollocksville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Town of Pollocksville has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Pollocksville uses enterprise funds to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 20-37 of this report.

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Government-Wide Financial Analysis

Town of Pollocksville's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$1,115,269	\$1,112,261	\$9,868	\$285,277	\$1,125,137	\$1,397,538
Capital assets	949,987	371,868	4,708,145	4,130,273	5,658,132	4,502,141
Deferred outflows of resources	1,764	720	2,646	7,193	4,410	7,913
Total assets and deferred outflows of resources	\$2,067,020	\$1,484,849	\$4,720,659	\$4,422,743	\$6,787,679	\$5,907,592
Current liabilities	\$797,130	\$20,663	\$324,171	\$82,407	\$1,121,301	\$103,070
Long-term liabilities	2,430	167,267	520,805	566,904	523,235	734,171
Deferred inflows of resources	384,508	425,875	2,576	1,167	387,084	427,042
Total liabilities and deferred inflows of resources	\$1,184,068	\$613,805	\$847,552	\$650,478	\$2,031,620	\$1,264,283
Net position:						
Net investment in capital assets	\$949,987	\$371,868	\$4,153,902	\$3,540,947	\$5,103,889	\$3,912,815
Restricted	425,700	56,393			425,700	56,393
Unrestricted	(492,735)	442,783	(280,795)	231,318	(773,530)	674,101
Total net position	\$882,952	\$871,044	\$3,873,107	\$3,772,265	\$4,756,059	\$4,643,309

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 Pollocksville exceeded liabilities and deferred inflows by \$4,756,059 as of June 30, 2021. The Town's net position increased by \$112,750 for the fiscal year ended June 30, 2021. However, the largest portion (107.31%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Pollocksville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Pollocksville's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Pollocksville's net position (8.95%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$773,530) is unrestricted.

Town of Pollocksville Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services			\$258,707	\$211,379	\$258,707	\$211,379
Operating grants and contributions	\$90,847	\$128,040		23,757	90,847	151,797
Capital grants and contributions			210,044		210,044	
General revenues:						
Property taxes	75,016	67,445			75,016	67,445
Grants and contributions not restricted to specific programs	48,952	48,992			48,952	48,992
Other	29,885	18,539	195	463	30,080	19,002
Total revenues	\$244,700	\$263,016	\$468,946	\$235,599	\$713,646	\$498,615
Expenses:						
General government	\$128,352	\$90,809			\$128,352	\$90,809
Public safety	41,989	40,338			41,989	40,338
Public works	31,483	26,546			31,483	26,546
Economic and Physical Development	30,968	23,255			30,968	23,255
Water and sewer			\$368,104	\$378,218	368,104	378,218
Total expenses	\$232,792	\$180,948	\$368,104	\$378,218	\$600,896	\$559,166
Increase (decrease) in net position before transfers and extraordinary item	\$11,908	\$82,068	\$100,842	(\$142,619)	\$112,750	(\$60,551)
Transfers		(80,776)		80,776		
Increase (decrease) in net position before transfers and extraordinary item	\$11,908	\$1,292	\$100,842	(\$61,843)	\$112,750	(\$60,551)
Net position, July 1	871,044	869,752	3,772,265	3,834,108	4,643,309	4,703,860
Net position, June 30	\$882,952	\$871,044	\$3,873,107	\$3,772,265	\$4,756,059	\$4,643,309

Governmental activities. Governmental activities increased the Town's net position by \$11,908. Key elements of this increase are as follows:

- Total revenues decreased by \$18,316, primarily due to decreases in operating grants and contributions. Expenses increased by \$51,844, primarily in the general government area.
- The Town did not have a transfer from Governmental activities to Business-type activities in the current year. In the prior year, \$80,766 was transferred.

Business-type activities: Business-type activities increased the Town of Pollocksville's net position by \$100,842. Key elements of this decrease are as follows:

- The Town received capital contributions of \$210,044 related to sewer capital projects.
- Operating revenues increased by \$47,328 or 22.39% compared to the prior year primarily due to an increase in water and sewer sales.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Pollocksville. At the end of the current fiscal year, Town of Pollocksville's fund balance available in the General Fund was \$143,920 while total fund balance reached \$569,620. The Town currently has an available fund balance of 66.79% of general fund expenditures, and total fund balance represents 264.33% of the same amount. The Town has not adopted a formal fund balance policy.

At June 30, 2021, the governmental funds of the Town of Pollocksville reported a combined fund balance of \$593,685, with a net decrease in fund balance of (\$50,669). Included in this change in fund balance is a decrease in fund balance in the Train Depot Relocation and Restoration Capital Projects Fund.

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

Proprietary Funds. The Town of Pollocksville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to (\$280,795). The total increase in net position for the fund was \$100,842. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of Pollocksville's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Pollocksville's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$5,658,132 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, water and sewer facilities, and vehicles.

Major capital asset transactions during the year include the following additions and disposals:

- The Town had construction in progress of \$591,752 in governmental-type activities related to the relocation and restoration of the train depot.
- The Town had construction in progress of \$23,600 in business-type activities related to the construction of a new lagoon and other wastewater equipment.
- The Town had construction in progress of \$718,450 in business-type activities related to the elevation of wastewater lift stations and other improvements.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land	\$89,817	\$89,817	\$21,695	\$21,695	\$111,512	\$111,512
Construction in Progress	591,752	32,585	742,050		1,333,802	32,585
Buildings and System	7,623	8,749	3,939,140	4,107,137	3,946,763	4,115,886
Machinery and Equipment	22,232	22,691			22,232	22,691
Infrastructure	238,563	218,024			238,563	218,024
Vehicles and Motorized Equipment			5,260	1,441	5,260	1,441
Total	\$949,987	\$371,866	\$4,708,145	\$4,130,273	\$5,658,132	\$4,502,139

Additional information on the Town's capital assets can be found in note III.A.4 beginning on page 28 of this report.

Long-term Debt. As of June 30, 2021, the Town of Pollocksville had total bonded debt outstanding of \$1,233,799. Of this, \$1,233,799 is debt backed by the full faith and credit of the Town.

Town of Pollocksville's Outstanding Debt
Figure 5

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
NCORR State Revolving Loan	\$679,556	\$166,000			\$679,556	\$166,000
Direct Placement Installment Purchase			\$36,743	\$40,826	36,743	40,826
General Obligation Bonds			517,500	548,500	517,500	548,500
Net Pension Liability (LGERS)	2,430	1,267	3,645	12,661	6,075	13,928
Total	\$681,986	\$167,267	\$557,888	\$601,987	\$1,239,874	\$769,254

The Town of Pollocksville's total debt increased by \$470,620 (61.18%). The Town received the second and third installments of a State Revolving Loan from the North Carolina Office of Recovery and Resiliency (NCORR) in the amount of \$700,000. The full amount of the loan will be \$1,660,000, and it expires on April 28, 2023. This is a loan related to the FEMA projects that will be repaid once the grant funds are received. During the year, the Town received \$186,444 in FEMA reimbursements and repaid the same amount of the outstanding loan.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Pollocksville is \$1,562,444.

Additional information regarding the Town of Pollocksville's long-term debt can be found in note III-B-6 beginning on page 33 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Jones County's unemployment rate is 4.4% for June 2021 compared to 6.8% at June 2020. The Statewide averages were 4.9% at June 2021 and 8.9% at June 2020.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The tax rate will remain at 38 cents per \$100 valuation. Budgeted expenditures in the General Fund are also expected to be consistent with the prior year.

Business – type Activities: The Town expects water and sewer revenues to increase due to an increase in water and sewer rates charged to customers. General operating expenses are also expected to be consistent with the prior year. The Town will also pay \$37,083 in principal to reduce its sewer debt.

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 Pollocksville, P.O. Box 97, Pollocksville, NC 28573. One can also call (252) 224-9831 or visit our website at www.townofpollocksville.com.

BASIC FINANCIAL STATEMENTS

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$665,014	\$317,687	\$982,701
Taxes Receivables (Net)	14,755		14,755
Accrued Interest Receivable on Taxes	3,854		3,854
Accounts Receivable (Net)		18,482	18,482
Due From Other Governments	17,331	8,934	26,265
Internal Balances	379,556	(379,556)	
Restricted Cash and Cash Equivalents	34,759	44,321	79,080
Total Current Assets	\$1,115,269	\$9,868	\$1,125,137
<i>Capital Assets:</i>			
Land, Non-depreciable Improvements, and Construction in Progress	\$681,569	\$763,745	\$1,445,314
Other Capital Assets, Net of Depreciation	268,418	3,944,400	4,212,818
Total Capital Assets	\$949,987	\$4,708,145	\$5,658,132
Total Assets	\$2,065,256	\$4,718,013	\$6,783,269
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Deferrals	\$1,764	\$2,646	\$4,410
Total Deferred Outflows of Resources	\$1,764	\$2,646	\$4,410
<u>LIABILITIES</u>			
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	\$116,352	\$240,534	\$356,886
Due to Other Governments	1,222		1,222
Accrued Interest Payable		2,233	2,233
Payable from Restricted Assets		44,321	44,321
Current Portion of Long-term Liabilities	679,556	37,083	716,639
Total Current Liabilities	\$797,130	\$324,171	\$1,121,301
<i>Long-term Liabilities:</i>			
Net Pension Liability	2,430	3,645	6,075
Due In More Than One Year		517,160	517,160
Total Liabilities	\$799,560	\$844,976	\$1,644,536
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Deferrals	\$1,718	\$2,576	\$4,294
Grants Not Earned	382,790		382,790
Total Deferred Inflows of Resources	\$384,508	\$2,576	\$387,084
Net Position:			
Net Investment in Capital Assets	\$949,987	\$4,153,902	\$5,103,889
<i>Restricted For:</i>			
Stabilization by State Statute	390,941		390,941
Streets	34,759		34,759
Unrestricted	(492,735)	(280,795)	(773,530)
Total Net Position	\$882,952	\$3,873,107	\$4,756,059

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$128,352		\$35,255		(\$93,097)		(\$93,097)
Public Safety	41,989				(41,989)		(41,989)
Public Works	31,483		20,626		(10,857)		(10,857)
Economic and Physical Development	30,968		34,966		3,998		3,998
Total Governmental Activities	\$232,792	\$0	\$90,847	\$0	(\$141,945)	\$0	(\$141,945)
Business-type Activities:							
Water and Sewer	\$368,104	\$258,707		\$210,044		\$100,647	\$100,647
Total Business-type Activities	\$368,104	\$258,707	\$0	\$210,044		\$100,647	\$100,647
Total Primary Government	\$600,896	\$258,707	\$90,847	\$210,044	(\$141,945)	\$100,647	(\$41,298)
<i>General Revenues:</i>							
Taxes:							
Property Taxes, Levied for General Purpose					\$75,016		\$75,016
Grants and Contributions Not Restricted to Specific Programs					48,952		48,952
Investment Earnings, Unrestricted					5,859	\$195	6,054
Miscellaneous, Unrestricted					24,026		24,026
Total General Revenues					\$153,853	\$195	\$154,048
Change in Net Position					\$11,908	\$100,842	\$112,750
<i>Net Position, Beginning</i>					871,044	3,772,265	4,643,309
NET POSITION, ENDING					\$882,952	\$3,873,107	\$4,756,059

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	Major Funds			Non-major Fund	
	General	Downtown Revitalization	Train Depot Relocation & Restoration	Fines and Forfeitures Special Revenue	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$483,343	\$55,034	\$125,415	\$1,222	\$665,014
Restricted Cash and Cash Equivalents	34,759				34,759
Taxes Receivable (Net)	14,755				14,755
Due From Other Funds	379,556				379,556
Due From Other Governments	13,996		3,335		17,331
TOTAL ASSETS	\$926,409	\$55,034	\$128,750	\$1,222	\$1,111,415
LIABILITIES:					
<i>Liabilities:</i>					
Accounts Payable and Accrued Liabilities	\$11,667		\$104,685		\$116,352
Due to Other Governments				\$1,222	1,222
Total Liabilities	\$11,667	\$0	\$104,685	\$1,222	\$117,574
DEFERRED INFLOWS OF RESOURCES:					
Property Taxes Receivable	\$14,755				\$14,755
Franchise Taxes Receivable	2,611				2,611
Grants Not Earned	327,756	\$55,034			382,790
Total Deferred Inflows of Resources	\$345,122	\$55,034	\$0	\$0	\$400,156
FUND BALANCES:					
Restricted:					
Stabilization by State Statute	\$390,941				\$390,941
Streets - Powell Bill	34,759				34,759
Assigned:					
Subsequent Year's Expenditures	24,969				24,969
Train Depot Relocation & Restoration			\$24,065		24,065
Unassigned	118,951				118,951
Total Fund Balances	\$569,620	\$0	\$24,065	\$0	\$593,685
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$926,409	\$55,034	\$128,750	\$1,222	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					
Gross capital assets at historical cost			\$1,195,735		
Accumulated depreciation			(245,748)		
					949,987
Deferred outflows of resources related to pensions are not reported in funds.					
					1,764
Liabilities for earned revenues considered deferred inflows of resources in fund statements					
					17,366
Deferred inflows of resources related to pensions are not reported in funds.					
					(1,718)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.					
Net pension liability					(2,430)
Long-term debt included as net position below					(679,556)
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and are deferred in the funds.					
					3,854
Net Position of Governmental Activities					\$882,952

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Major Funds			Non-major Fund	
	General	Downtown Revitalization	Train Depot Relocation & Restoration	Fines and Forfeitures Special Revenue	Total Governmental Funds
REVENUES:					
Ad Valorem Taxes	\$74,785				\$74,785
Unrestricted Intergovernmental	49,887				49,887
Restricted Intergovernmental	55,881	\$34,966			90,847
Permits and Fees	250				250
Investment Earnings	5,859				5,859
Other Revenues	23,776			\$12	23,788
TOTAL REVENUES	\$210,438	\$34,966	\$0	\$12	\$245,416
EXPENDITURES:					
<i>Current:</i>					
General Government	\$127,928			\$12	\$127,940
Public Safety	40,266				40,266
Public Works	31,483				31,483
Economic and Physical Development	15,819	\$34,966	\$559,167		609,952
TOTAL EXPENDITURES	\$215,496	\$34,966	\$559,167	\$12	\$809,641
OTHER FINANCING SOURCES (USES):					
Transfers to Other Funds	(\$449,817)		\$449,817		
NCORR State Revolving Loan Proceeds	513,556				\$513,556
TOTAL OTHER FINANCING SOURCES (USES)	\$63,739	\$0	\$449,817	\$0	\$513,556
Net Change in Fund Balance	\$58,681	\$0	(\$109,350)	\$0	(\$50,669)
<i>Fund Balance, Beginning</i>	510,939		133,415		644,354
FUND BALANCE, ENDING	\$569,620	\$0	\$24,065	\$0	\$593,685

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	(\$50,669)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures that were capitalized	596,478	
Depreciation expense for governmental assets	<u>(18,357)</u>	
		578,121

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	1,100
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Change in unavailable revenue for tax revenues	231	
Change in unavailable revenue for other revenues	<u>(935)</u>	
		(704)

The issuance of long-term debt provides current financial resources to governmental funds. This transaction has no effect on net position.

New long-term debt issued	(513,556)
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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.

Pension expense	<u>(2,384)</u>	
		<u>(2,384)</u>

Total Changes in Net Position of Governmental Activities	<u>\$11,908</u>
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TOWN OF POLLOCKSVILLE, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	General Fund				Downtown Revitalization Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Positive (Negative)
Revenues:								
Ad Valorem Taxes	\$64,670	\$64,670	\$74,785	\$10,115				
Unrestricted Intergovernmental	46,029	46,029	49,887	3,858				
Restricted Intergovernmental	40,797	40,797	55,881	15,084	\$100,000	\$100,000	\$34,966	(\$65,034)
Permits and Fees	250	250	250					
Investment Earnings			5,859	5,859				
Miscellaneous	89,215	104,390	23,776	(80,614)				
Total Revenues	\$240,961	\$256,136	\$210,438	(\$45,698)	\$100,000	\$100,000	\$34,966	(\$65,034)
Expenditures:								
<i>Current:</i>								
General Government	\$103,037	\$159,732	\$127,928	\$31,804				
Public Safety	39,762	40,882	40,266	616				
Public Works	121,272	78,632	31,483	47,149				
Economic and Physical Development	50,150	50,150	15,819	34,331	\$100,000	\$100,000	\$34,966	\$65,034
Total Expenditures	\$314,221	\$329,396	\$215,496	\$113,900	\$100,000	\$100,000	\$34,966	\$65,034
Revenues Over (Under) Expenditures	(\$73,260)	(\$73,260)	(\$5,058)	\$68,202	\$0	\$0	\$0	\$0
Other Financing Sources (Uses):								
Transfers to Other Funds	\$7,875	(\$505,681)	(\$449,817)	\$55,864				
NCORR State Revolving Loan Proceeds		513,556	513,556					
Total Other Financing Sources (Uses)	\$7,875	\$7,875	\$63,739	\$55,864		\$0	\$0	\$0
Fund Balance Appropriated	\$65,385	\$65,385		(\$65,385)				\$0
Net Change in Fund Balance	\$0	\$0	\$58,681	\$58,681	\$0	\$0	\$0	\$0
<i>Fund Balances:</i>								
<i>Beginning of Year, July 1</i>			510,939					
End of Year, June 30			\$569,620				\$0	

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Major Enterprise Fund Water & Sewer Fund
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$317,687
Accounts Receivable (Net)	18,482
Due From Other Governments	2,710
Due From Other Governments - Capital Projects Fund	6,224
Restricted Cash and Cash Equivalents	44,321
Total Current Assets	\$389,424
Noncurrent Assets:	
Capital Assets:	
Land and Other Non-Depreciable Assets	\$763,745
Other Capital Assets, Net of Depreciation	3,944,400
Total Capital Assets (Net)	\$4,708,145
Total Noncurrent Assets	\$4,708,145
Total Assets	\$5,097,569
<u>Deferred Outflows of Resources</u>	
Pension Deferrals	\$2,646
Total Deferred Outflows of Resources	\$2,646
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	\$5,556
Accounts Payable - Capital Projects Fund	234,978
Due to Other Funds	379,556
Accrued Interest Payable	2,233
General Obligation Bonds Payable - Current	33,000
Installment Note Payable - Current	4,083
Liabilities Payable from Restricted Assets:	
Customer Deposits	44,321
Total Current Liabilities	\$703,727
Noncurrent Liabilities:	
General Obligation Bonds Payable - Noncurrent	\$484,500
Installment Note Payable - Noncurrent	32,660
Net Pension Liability	3,645
Total Noncurrent Liabilities	\$520,805
Total Liabilities	\$1,224,532
<u>Deferred Inflows of Resources</u>	
Pension Deferrals	\$2,576
Total Deferred Inflows of Resources	\$2,576
<u>Net Position</u>	
Net Investment in Capital Assets	\$4,153,902
Unrestricted	(280,795)
Total Net Position	\$3,873,107

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Major Enterprise Fund Water and Sewer Fund
OPERATING REVENUES:	
Charges for Services	\$253,770
Other Operating Revenues	4,937
Total Operating Revenues	\$258,707
OPERATING EXPENSES:	
Administration	\$73,023
Water and Sewer Treatment and Distribution	97,441
Depreciation	168,978
Total Operating Expenses	\$339,442
Operating Income (Loss)	(\$80,735)
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	\$195
Interest and Other Charges	(28,662)
Total Nonoperating Revenues (Expenses)	(\$28,467)
Income (Loss) Before Contributions and Transfers	(\$109,202)
Capital Contributions - Federal and State Grants	\$210,044
Change in Net Position	\$100,842
Total Net Position, Beginning	3,772,265
Total Net Position, Ending	\$3,873,107

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Major Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$259,995
Cash Paid for Goods and Services	(97,258)
Cash Paid to or on Behalf of Employees for Services	(76,083)
Customer Deposits Received	4,250
Customer Deposits Returned	(2,223)
Net Cash Provided (Used) by Operating Activities	\$88,681
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Increase in Due to Other Funds	360,789
Net Cash Provided (Used) by Noncapital Financing Activities	\$360,789
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contributions - Federal and State Grants	\$210,044
Acquisition and Construction of Capital Assets	(518,095)
Principal Paid on Bond Maturities	(35,083)
Interest Paid on Bond Maturities	(28,797)
Net Cash Provided (Used) by Capital and Related Financing Activities	(\$371,931)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earnings	\$195
Net Increase (Decrease) in Cash and Cash Equivalents	\$77,734
Cash and Cash Equivalents, July 1	284,274
Cash and Cash Equivalents, June 30	\$362,008
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	(\$80,735)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$168,978
<i>Changes in Assets, Deferred Inflows and Outflows and Liabilities:</i>	
(Increase) Decrease in Accounts Receivable	1,288
(Increase) Decrease in Due to Other Governments	(2,710)
(Increase) Decrease in Deferred Outflows of Resources for Pensions	4,547
Decrease in Net Pension Liability	(9,016)
Increase (Decrease) in Deferred Inflows of Resources for Pensions	1,409
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,893
Increase (Decrease) in Customer Deposits	2,027
Total Adjustments	\$169,416
Net Cash Provided by (Used by) Operating Activities	\$88,681

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Pollocksville 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 Pollocksville is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and all of its operations.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds separate statements for each fund category – *governmental and proprietary* – are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund is used for accounts for and report all financial resources not accounted for and reported 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.

Downtown Revitalization Special Revenue Fund. This fund is used to account for streetscapes, building facades, and other costs associated with the Town's revitalization of the Town's downtown businesses.

Train Depot Relocation and Restoration Capital Project Fund. This fund is used to account for the relocation and restoration of the Train Depot, which also will serve as the Town Hall.

The Town reports the following non-major governmental fund:

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Fines and Forfeitures Special Revenue Fund. This fund accounts for various legal fines and forfeitures that the Town is required to remit to the Jones County Board of Education.

The Town reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations. Two water and sewer capital projects funds have been combined with the Water and Sewer Fund for financial reporting.

C. Measurement Focus and Basis of Accounting

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than 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 revenue of the Town enterprise fund is 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, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the 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 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed 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.

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Sales taxes and certain intergovernmental revenues 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 Pollocksville because the tax is levied by Jones County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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, the Fines and Forfeitures Special Revenue Fund, and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Downtown Revitalization Special Revenue Fund, Train Depot Relocation and Restoration Fund, Wastewater Elevation Capital Project Fund, and CDBG-I Lagoon Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multiyear funds. Amendments are required for any revisions to the budget. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and 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).

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per 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.

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Restricted Cash:

Governmental Activities

General Fund:

Streets	\$34,759
Total Governmental Activities	<u><u>\$34,759</u></u>

Business-type Activities

Water and Sewer Fund:

Customer Deposits	\$44,321
Total Business-type Activities	<u><u>\$44,321</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

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. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$1,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$1,000; infrastructure, \$1,000; furniture and equipment, \$1,000; and vehicles, \$1,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. General infrastructure assets acquired prior to July 1, 2003 have not been capitalized as the Town has elected not to retroactively implement the capitalization of infrastructure.

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

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50
Improvements	10 - 25
Vehicles	6
Furnishings and Fixtures	5 - 10
Computer Equipment	3
Equipment (Non-Computer)	5 - 10
Software	5 - 7

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
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7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meet this criterion at the end of the year, contributions made to the pension plan in the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category – property taxes receivable, pension deferrals, and unearned grants.

8. 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 are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

9. Compensated Absences

The vacation policies of the Town provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, the liability related to compensated absences has been deemed immaterial and has not been recorded.

The Town's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of 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:

Non-Spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

Assigned Fund Balance – This classification includes portion of fund balance that the Town of Pollocksville 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 all appropriations.

Train Depot Relocation & Restoration – portion of fund balance appropriated for the Train Depot Relocation and Restoration Capital Project Fund.

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

11. Defined Benefit Cost-Sharing Plans

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2021

II. Stewardship, Compliance, and Accountability

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

Noncompliance with North Carolina General Statutes

Two of the Town's capital projects are not in accordance with State law (G.S. 159-13.2(b)). State law requires that a capital project ordinance must be adopted before the beginning of the project. The Town did not adopt a capital project budget for the Train Depot Relocation and Restoration Capital Project Fund and the Wastewater Elevation Capital Project Fund before beginning the projects. Management will adopt capital project budgets as soon as possible.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, expenditures in the Train Depot Relocation and Restoration Capital Project Fund exceeded appropriations by \$647,094. This over-expenditure occurred because a capital budget project was not adopted for the fund. In addition, expenditures in the Wastewater Elevation Capital Project Fund exceeded appropriations by \$718,450. This over-expenditure occurred because a capital budget project was not adopted for the fund.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$1,061,706 and a bank balance of \$1,089,024. Of the bank balance, \$271,546 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$75.

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2021

2. Accounts Receivable

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

	<u>Due From Other Governments</u>	<u>Other</u>	<u>Due From Other Funds (Internal Balances)</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$13,996			\$13,996
Train Depot Relocation & Restoration Fund	3,335		\$379,556	382,891
Business-Type Activities:				
Enterprise Fund	8,934	\$18,482	(379,556)	(352,140)
	<u>\$26,265</u>	<u>\$18,482</u>	<u>\$0</u>	<u>\$44,747</u>

Due from other governments consists of the following:

Governmental Activities:	
Local Option Sales Tax	\$5,692
Sales Tax Refund	4,496
Utility Franchise and Telecommunications	
Sales Tax	2,611
Property Tax Due From Jones County	4,532
	<u>\$17,331</u>
Business-Type Activities:	
Sales Tax Refund	\$8,934
	<u>\$8,934</u>

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Statement of Net Position and the Statement of Fund Net Position is net of the following allowances for doubtful accounts:

Business-Type Activities:	
Enterprise Fund	\$5,415
	<u>\$5,415</u>

4. Capital Assets

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

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	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$89,817			\$89,817
Construction in Progress	32,585	\$559,167		591,752
Total Capital Assets Not Being Depreciated	\$122,402	\$559,167	\$0	\$681,569
Capital Assets Being Depreciated:				
Buildings	\$24,860			\$24,860
Equipment	67,701	\$4,439		72,140
Infrastructure	364,523	32,872		397,395
Vehicles and Motorized Equipment	19,771			19,771
Total Capital Assets Being Depreciated	\$476,855	\$37,311	\$0	\$514,166
Less Accumulated Depreciation for:				
Buildings	\$16,111	\$1,126		\$17,237
Equipment	45,010	4,898		49,908
Infrastructure	146,499	12,333		158,832
Vehicles and Motorized Equipment	19,771			19,771
Total Accumulated Depreciation	\$227,391	\$18,357	\$0	\$245,748
<i>Total Capital Assets Being Depreciated, Net</i>	\$249,464			\$268,418
Governmental Activity Capital Assets, Net	\$371,866			\$949,987

Depreciation expense for governmental activities was charged to functions/programs of the Town as follows:

General Government	\$16,451
Economic and Physical Development	183
Public Safety	1,723
Total Depreciation Expense	\$18,357

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activity:				
Water and Sewer Fund:				
Capital Assets Not Being Depreciated:				
Land	\$21,695			\$21,695
Construction in Progress		\$742,050		742,050
Total Capital Assets Not Being Depreciated	\$21,695	\$742,050	\$0	\$763,745
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$7,016,374			\$7,016,374
Furniture and Maintenance Equipment	150			150
Vehicles and Construction Equipment	96,810	\$4,800		101,610
Total Assets Being Depreciated	\$7,113,334	\$4,800	\$0	\$7,118,134
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$2,909,237	\$167,997		\$3,077,234
Furniture and Maintenance Equipment	150			150
Vehicles and Construction Equipment	95,369	981		96,350
Total Accumulated Depreciation	\$3,004,756	\$168,978	\$0	\$3,173,734
<i>Total Capital Assets Being Depreciated, Net</i>	\$4,108,578			\$3,944,400
Water and Sewer Fund Capital Assets, Net	\$4,130,273			\$4,708,145

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For the Fiscal Year Ended June 30, 2021

B. Liabilities

1. Payables

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

	Vendors	Other	Capital Projects	Total
Governmental Activities:				
General Fund	\$11,667		\$104,685	\$116,352
Business-Type Activities:				
Water and Sewer Fund	\$5,556		\$234,978	\$240,534

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Pollocksville 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 of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and 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.

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 55, or have completed 15 years of creditable service as a

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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 was 10.15% for employees, actuarially determined as an amount that, when combined with employer contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$2,284 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$6,075 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of the future payroll covered by the pension plan of all participating LGERS employees, actuarially determined. At June 30, 2020, the Town's proportion was 0.0005%, which was a decrease of 0.0001% from its proportion measured at June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of (\$1,340). At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$767	
Changes of assumptions	452	
Net difference between projected and actual earnings on pension plan investments	855	
Change in proportion and differences between Town contributions and proportionate share of contributions	52	\$4,294
Town contributions subsequent to the measurement date	2,284	
	\$4,410	\$4,294

\$2,284 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset 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:

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Year Ended June 30:

2022	(\$999)
2023	(744)
2024	(677)
2025	253
2026	-
Thereafter	-
	<u>(\$2,167)</u>

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target class 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, 2020, are summarized in the following table:

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

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

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability 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 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$12,325	\$6,075	\$880

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. Deferred Outflows and Inflows of Resources:

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

Differences between expected and actual experience	\$767
Changes of assumptions	452
Net difference between projected and actual earnings on pension plan investments	855
Change in proportion and differences between Town contributions and proportionate share of contributions	52
Town contributions subsequent to the measurement date	2,284
Total	\$4,410

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes Receivable (General Fund), less penalties		\$14,755
Franchise Taxes Receivable (General Fund)		2,611
Grants Not Earned	\$382,790	327,756
Change in proportion and differences between Town contributions and proportionate share of contributions	1,718	
Total	\$384,508	\$345,122

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
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4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the N.C. League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through the NFIP. The Town is also eligible to and has purchased commercial flood insurance for another \$207,500 of coverage for the Town Hall.

In September 2018, flooding caused by Hurricane Florence caused extensive damage to the Town Hall and destroyed its contents. The Town has received approximately \$406,000 at the statement date in flood insurance proceeds.

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 and town clerk are bonded for \$50,000 each.

5. Claims and Judgments

At June 30, 2021, the Town was not a defendant to any lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of legal matters will not have a material adverse effect on the Town's financial position.

6. Long-Term Obligations

a. Installment Purchase Obligation

On December 15, 2010, the Town entered into a financing agreement with NC Department of Environment & Natural Resources – Division of Water Quality to complete a construction project designed to provide more updated and improved meters to local area residents and improved meter reading function to Town personnel. The financing contract is part of the American Recovery Reinvestment Act of 2009 (ARRA) and totals \$163,304, with a forgiveness principal amount of \$81,652. The loan requires 20 annual principal payments in the amount of \$4,083 beginning May 2011. The agreement carries an interest rate of 0%. The project assets and the related liability will be recorded in the Water and Sewer Fund. The balance at June 30, 2021 is \$36,743.

Annual debt service requirements to maturity for long-term obligations are as follows:

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Year Ending June 30,	Business Activities	
	Principal	Interest
2022	\$4,083	\$0
2023	4,083	0
2024	4,083	0
2025	4,083	0
2026	4,083	0
2027-2030	16,328	0
Total	\$36,743	\$0

b. General Obligation Indebtedness

Those general obligation indebtedness issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation indebtedness is collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

General obligation debt payable at June 30, 2021 is comprised of the following individual issues:

Series A Sewer Bonds held by Rural Economic and Community Development issued on September 7, 1995, due in annual variable installments through June 1, 2034; interest at 5.25%.

\$473,500

Series B Sewer Bonds held by Rural Economic and Community Development issued on September 7, 1995, due in annual variable installments through June 1, 2034; interest at 5.25%.

44,000

\$517,500

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30,	Business Activities	
	Principal	Interest
2022	\$33,000	\$27,169
2023	34,500	25,436
2024	37,000	23,626
2025	38,500	21,683
2026	40,500	19,661
2027-2031	208,000	57,146
2032-2034	126,000	22,050
Total	\$517,500	\$196,771

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

c. NCORR State Revolving Loan

On April 28, 2020, the Town was approved by the North Carolina Office of Recovery and Resiliency ("NCORR") to receive a temporary loan of \$1,660,000 to cover expenses eligible for reimbursement by the Federal Emergency Management Agency (FEMA) Public Assistance program. The Town received the initial draw of \$166,000 in June 2020. The Town received the second draw of \$200,000 in November 2020 and the third draw of \$500,000 in April 2021. The agreement carries a 0% interest rate. Repayment of the loan will occur at the time of reimbursement by FEMA. The Town received a reimbursement from FEMA in the amount of \$186,444 in May 2021 and repaid \$186,444 of the outstanding loan balance. The agreement shall terminate on April 28, 2023 or upon full repayment of loan proceeds and submission of the Town's final report, whichever comes first. The outstanding loan balance is expected to be repaid during the fiscal year ending June 30, 2022.

d. Changes in Long-Term Liabilities

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental Activities:					
Net Pension Liability (LGRS)	\$1,267	\$1,163		\$2,430	
NCORR State Revolving Loan	166,000	700,000	\$186,444	679,556	\$679,556
Governmental Activity Long-Term Liabilities	\$167,267	\$701,163	\$186,444	\$681,986	\$679,556
	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Business-type Activities:					
Net Pension Liability (LGRS)	\$12,661		\$9,016	\$3,645	
Direct Placement Installment Purchase	40,826		4,083	36,743	\$4,083
General Obligation Bonds	548,500		31,000	517,500	33,000
Business-type Activity Long-Term Liabilities	\$601,987	\$0	\$44,099	\$557,888	\$37,083

7. Operating Lease

The Town has entered into an agreement to maintain and repair their water tank with Utility Service Co., Inc. The lease agreement qualifies as an operating lease for accounting purposes. The agreement was executed on October 5, 2011 and requires 12 annual payments. The lease qualifies as an operating lease because, although the current cost to cancel the contract at June 30, 2021 is \$13,868, the Town has no intention of cancelling the contract before the term of the lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Year Ending June 30	
2022	\$13,868
2023	13,868
Total Minimum Future Payments Required	\$27,736

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

C. Interfund Balances and Activity

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

Due to the General Fund for NCORR loan funds to the Water/Sewer Fund for Wastewater Elevation Project	\$379,556
	\$379,556

During the current year, the Water and Sewer Fund borrowed \$379,556 from the General Fund in order to fund the Wastewater Elevation project. This amount will be repaid as grant funds are received, which is anticipated in the upcoming fiscal year.

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

From General Fund to Train Depot Relocation and Restoration Fund for depot construction	\$449,817
	\$449,817
From Water and Sewer Fund to Water and Sewer Capital Project Fund - Wastewater Elevation for elevation of lift stations	\$379,556
	\$379,556

During the year, the Town was in the process of relocating and reconstructing the Train Depot, which also serves as the Town Hall. The General Fund transferred funds to the Train Depot Relocation and Restoration Capital Project Fund to help pay for the project.

During the year, the Town was in the process of elevating wastewater lift stations during the year. The Water and Sewer Fund transferred funds to the Water and Sewer Capital Project Fund – Wastewater Elevation to help pay for the project.

IV. *Summary Disclosure of Significant Contingencies*

The Town has received proceeds from federal 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 monies.

V. *Change in Accounting Principle*

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provide guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The implementation has no effect on beginning fund balance or net position.

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

VI. Fund Balance

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

<i>Total Fund Balance - General Fund</i>	<i>\$569,620</i>
Less:	
Stabilization by State Statute	390,941
Streets - Powell Bill	34,759
Appropriated Fund Balance in 2022 Budget	24,969
<i>Remaining Fund Balance</i>	<i>\$118,951</i>

VII. Significant Effects of Subsequent Events

The Town has recently finished relocating and renovating the Train Depot, which is also functioning as the Town Hall as of completion in January 2022. The Town also finished a Wastewater Elevation project in September 2021. The Town is also in the early stages of replacing the sewer lagoon, storage facility, and spray/irrigation system for the Town. It is estimated to cost \$5,000,000 and will be financed by a Community Development Block Grant – Infrastructure Fund (CFBG-I) grant for \$2,000,000 and an Additional Supplemental Appropriation for Disaster Relief Act (ASADRA) grant for \$3,000,000. It is unknown when this project will be completed.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability (Asset)

Schedule of Contributions

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS*

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.0002%	0.0005%	0.0006%	0.0008%	0.0009%	0.0006%	-0.0009%	0.0016%
Town's portion of the net pension liability (asset) (\$)	\$6,075	\$13,928	\$13,048	\$12,833	\$19,525	\$2,648	(\$5,427)	\$19,286
Town's covered-employee payroll	\$22,501	\$41,423	\$44,665	\$58,313	\$60,136	\$73,356	\$101,054	\$115,540
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	27.00%	33.62%	29.21%	22.01%	32.47%	3.61%	-5.37%	16.69%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS*

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$2,284	\$2,412	\$3,318	\$3,439	\$4,368	\$4,167	\$5,186	\$7,145
Contributions in relation to the contractually required contribution	2,284	2,412	3,318	3,439	4,368	4,167	5,186	7,145
Contribution deficiency (excess)								
Town's covered-employee payroll	\$22,501	\$26,945	\$41,423	\$44,665	\$58,313	\$60,136	\$73,356	\$101,054
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	8.01%	7.70%	7.49%	6.93%	7.07%	7.07%

Individual Fund Statements and Schedules

GENERAL FUND

The General Fund is used to account for and report all financial resources not accounted for and reported in other funds.

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	2021		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
<i>Ad Valorem Taxes:</i>			
Current Year	\$64,670	\$69,441	\$4,771
Prior Years		4,272	4,272
Interest		1,072	1,072
Total	\$64,670	\$74,785	\$10,115
<i>Unrestricted Intergovernmental:</i>			
Local Option Sales Tax	\$26,700	\$31,550	\$4,850
Utility Sales Tax	12,500	12,116	(384)
Telecommunications Sales Tax	2,900	2,305	(595)
Video Franchise Tax	2,200	2,006	(194)
Beer and Wine Tax	1,429	1,370	(59)
Piped Natural Gas Sales Tax	300	540	240
Total	\$46,029	\$49,887	\$3,858
<i>Restricted Intergovernmental:</i>			
Powell Bill Allocation	\$12,000	\$11,222	(\$778)
NCORR Disaster Relief Grant		8,000	8,000
FEMA		9,404	9,404
Coronavirus Relief Funds	28,797	27,255	(1,542)
Total	\$40,797	\$55,881	\$15,084
<i>Permits and Fees:</i>			
Zoning and Other Permits and Fees	\$250	\$250	
Total	\$250	\$250	\$0
<i>Investment Earnings</i>		\$5,859	\$5,859
<i>Miscellaneous:</i>			
Lead for NC Payroll Reimbursement	\$28,100	\$21,351	(\$6,749)
Other	76,290	2,425	(73,865)
Total	\$104,390	\$23,776	(\$80,614)
Total Revenues	\$256,136	\$210,438	(\$45,698)

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	2021		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures:			
<i>General Government:</i>			
Board of Commissioners	\$4,809	\$1,621	\$3,188
Salaries and Employee Benefits	53,300	37,194	\$16,106
Professional and Contracted Services	46,100	38,853	7,247
Other Operating Expenses	45,558	40,376	5,182
Capital Outlay	1,000	3,400	(2,400)
Insurance	8,965	6,484	2,481
Total General Government	\$159,732	\$127,928	\$31,804
<i>Public Safety:</i>			
Professional Services	\$29,000	\$28,897	\$103
Other Operating Expenses	1,720	1,207	513
Assistance to Local Fire Department	7,762	7,762	
Assistance to Local Rescue Unit	2,400	2,400	
Total Public Safety	\$40,882	\$40,266	\$616
<i>Public Works:</i>			
Salaries and Employee Benefits	\$40,704	\$12,615	\$28,089
Street Lighting	8,500	7,572	928
Other Operating Expenses	250	74	176
Other Operating Expenses - Powell Bill	29,178	11,222	17,956
Total Public Works	\$78,632	\$31,483	\$47,149
<i>Economic and Physical Development:</i>			
Economic and Community Development	\$50,150	\$15,819	\$34,331
Total Economic Development	\$50,150	\$15,819	\$34,331
Total Expenditures	\$329,396	\$215,496	\$113,900
Revenues Over (Under) Expenditures	(\$73,260)	(\$5,058)	\$68,202
Other Financing Sources (Uses):			
Transfers To Other Funds	(\$505,681)	(\$449,817)	\$55,864
NCORR State Revolving Loan Proceeds	513,556	513,556	
Total Other Financing Sources	\$7,875	\$63,739	\$55,864
Fund Balance Appropriated	\$65,385		(\$65,385)
Revenues and Other Financing Sources Over Expenditures	\$0	\$58,681	\$58,681
Fund Balances:			
Beginning of Year, July 1		510,939	
End of Year, June 30		\$569,620	

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
DOWNTOWN REVITALIZATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	2021		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Restricted Intergovernmental:			
Federal and State Grants	\$100,000	\$34,966	(\$65,034)
Total Revenues	\$100,000	\$34,966	(\$65,034)
Expenditures:			
Economic and Physical Development:			
Park Plan	\$10,000		\$10,000
Building Facades	40,000	\$14,966	25,034
Street Scapes	30,000		30,000
Kayak Launch	20,000	20,000	
Total Expenditures	\$100,000	\$34,966	\$65,034
Revenues Over (Under)			
Expenditures	\$0	\$0	\$0
Fund Balances:			
Beginning of year, July 1			
End of year, June 30		\$0	

STATEMENT 5

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
FINES AND FORFEITURES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>			
Sales and Services:			
Penalties, Fines and Forfeitures	\$12	\$12	\$0
<i>Total Revenues</i>	\$12	\$12	\$0
<i>Expenditures:</i>			
Current:			
General Government:			
Payments of Penalties, Fines and Forfeitures to the Jones County Board of Education	\$12		\$12
<i>Total Expenditures</i>	\$12	\$0	\$12
Net Change in Fund Balance	\$0	\$12	(\$12)
Fund Balance:			
Beginning		1,210	
Ending		\$1,222	

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
TRAIN DEPOT RELOCATION AND RESTORATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental:					
Federal and State Grants					
Total Revenues	\$0	\$0	\$0	\$0	\$0
Expenditures:					
Economical and Physical					
Development:					
Land		\$55,342		\$55,342	(\$55,342)
Architecture		32,585	\$60,874	93,459	(93,459)
Construction			498,293	498,293	(498,293)
Contingency					
Total Expenditures	\$0	\$87,927	\$559,167	\$647,094	(\$647,094)
Revenues Over (Under)	\$0	(\$87,927)	(\$559,167)	(\$647,094)	(\$647,094)
Expenditures					
Other Financing Sources (Uses):					
Transfers From Other Funds		\$221,342	\$449,817	\$671,159	\$671,159
Total Other Financing Sources	\$0	\$221,342	\$449,817	\$671,159	\$671,159
Revenues and Other Financing Sources					
Over Expenditures	\$0	(\$309,269)	(\$109,350)	\$24,065	\$24,065
Fund Balances:					
Beginning of year, July 1			133,415		
End of year, June 30			\$24,065		

ENTERPRISE FUNDS

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

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

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2021

	2020		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating Revenues:			
Charges For Service:			
Water Sales	\$92,690	\$90,036	(\$2,654)
Sewer Sales	139,476	148,655	9,179
Water Recap Fees	5,500	5,269	(231)
Sewer Recap Fees	8,800	8,490	(310)
Reconnect and Other Fees	1,800	1,320	(480)
Total Charges for Service	\$248,266	\$253,770	\$5,504
Other Operating Revenues:			
Penalties and Interest	\$5,000	\$4,937	(\$63)
Total Other Operating Revenues	\$5,000	\$4,937	(\$63)
Total Operating Revenues	\$253,266	\$258,707	\$5,441
Nonoperating Revenues:			
Interest on Investments		\$195	\$195
Total Nonoperating Revenues	\$0	\$195	\$195
TOTAL REVENUES	\$253,266	\$258,902	\$5,636
EXPENDITURES			
Administration, Treatment and Distribution:			
Personal Services - Board	\$3,216	\$1,760	\$1,456
Water Salaries and Benefits	38,895	30,103	8,792
Sewer Salaries and Benefits	33,120	29,505	3,615
Administrative Expenditures	12,201	8,223	3,978
Water Operating Expenditures	30,420	25,005	5,415
Water Repairs and Maintenance	42,733	22,087	20,646
Sewer Operating Expenditures	38,749	32,473	6,276
Sewer Repairs and Maintenance	84,817	24,367	60,450
Total Administration, Treatment and Distribution	\$284,151	\$173,523	\$110,628

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Favorable (Unfavorable)
Debt Service:			
Interest Expense	\$28,797	\$28,797	
Principal Retirement	35,083	35,083	
Total Debt Service	\$63,880	\$63,880	\$0
TOTAL EXPENDITURES	\$348,031	\$237,403	\$110,628
Revenues Over (Under) Expenditures	(\$94,765)	\$21,499	\$116,264
Other Financing Sources (Uses):			
Transfers From Other Funds	\$474,321		(\$474,321)
Transfer To Water and Sewer Capital Projects Fund - Wastewater Elevation	(379,556)	(\$379,556)	
Total Other Financing Sources (Uses)	\$94,765	(\$379,556)	(\$474,321)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$0	(\$358,057)	(\$358,057)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		(\$358,057)	
Reconciling Items:			
Principal Retirement		\$35,083	
Depreciation		(168,978)	
Decrease in Bond Interest Accrued		134	
Capital Contributions - Federal and State Grants		210,044	
Decrease in Deferred Outflows of Resources for Pensions		(4,547)	
Decrease in Net Pension Liability		9,016	
Increase in Deferred Inflows of Resources for Pensions		(1,409)	
Transfer To Water and Sewer Capital Projects Fund - Wastewater Elevation		379,556	
Total Reconciling Items		\$458,899	
Change in Net Position		\$100,842	

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECT FUND – CDBG-I LAGOON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2021

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Favorable (Unfavorable)
Revenues:					
Community Development Block Grant	\$2,000,000		\$23,600	\$23,600	(\$1,976,400)
Total Revenues	\$2,000,000	\$0	\$23,600	\$23,600	(\$1,976,400)
Expenditures:					
Sewer Improvements	\$1,800,500				\$1,800,500
Legal			\$3,432	\$3,432	(3,432)
Administration	199,500		23,600	23,600	175,900
Other Costs					
Total Expenditures	\$2,000,000	\$0	\$27,032	\$27,032	\$1,972,968
Revenues Over (Under) Expenditures	\$0	\$0	(\$3,432)	(\$3,432)	(\$3,432)
Other Financing Sources:					
Transfer from Water and Sewer Fund					
Total Other Financing Sources	\$0	\$0	\$0	\$0	\$0
Revenues Over (Under) Expenditures and Other Financing Sources	\$0	\$0	(\$3,432)	(\$3,432)	(\$3,432)

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECT FUND – WASTEWATER ELEVATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
FEMA Reimbursements			\$186,444	\$186,444	\$186,444
Total Revenues	\$0	\$0	\$186,444	\$186,444	\$186,444
Expenditures:					
Lift Station Improvements			\$558,801	\$558,801	(\$558,801)
Construction Administration			159,649	159,649	(159,649)
Other Costs					
Total Expenditures	\$0	\$0	\$718,450	\$718,450	(\$718,450)
Revenues Over (Under) Expenditures	\$0	\$0	(\$532,006)	(\$532,006)	(\$532,006)
Other Financing Sources:					
Transfer from Water and Sewer Fund			\$379,556	\$379,556	(\$379,556)
Total Other Financing Sources	\$0	\$0	\$379,556	\$379,556	(\$379,556)
Revenues Over (Under) Expenditures and Other Financing Sources	\$0	\$0	(\$152,450)	(\$152,450)	(\$911,562)

OTHER SCHEDULES

**This section contains additional information
required on property taxes.**

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

SCHEDULE 1

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021

	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-21		\$74,229	\$69,452	\$4,777
2019-20	\$4,343		1,383	2,960
2018-19	5,216		2,765	2,451
2017-18	845		125	720
2016-17	1,123			1,123
2015-16	774			774
2014-15	48			48
2013-14	511			511
2012-13	1,357		1	1,356
2011-12	251		216	35
2010-11	57		57	
	\$14,525	\$74,229	\$73,999	
Ad Valorem Taxes Receivable - Net				\$14,755

Reconciliation With Revenues:

Ad Valorem Taxes - General Fund	\$74,785
Penalties Collected on Ad Valorem Taxes - Fines and Forfeitures	
Special Revenue Fund	12
Reconciling Items:	
Taxes Written Off	274
Interest Collected	(1,072)
Total Collections and Credits	\$73,999

SCHEDULE 2

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2021

	Town-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$19,530,548	0.38	\$74,216	\$64,853	\$9,363
Penalties			13	13	
Total	\$19,530,548		\$74,229	\$64,866	\$9,363
Total Property Valuation	\$19,530,548				
Net Levy			\$74,229	\$64,866	\$9,363
Uncollected Taxes at June 30, 2021			(4,777)	(4,764)	(13)
Current Year's Taxes Collected			\$69,452	\$60,102	\$9,350
Current Levy Collection Percentage			93.56%	92.66%	99.86%

COMPLIANCE SECTION



BARROW, PARRIS & DAVENPORT, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
662 SUSSEX STREET
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Mayor and Board of Commissioners
Town of Pollocksville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pollocksville, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Pollocksville's basic financial statements and have issued our report thereon dated February 23, 2022.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this 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.

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 Town's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 21-1, 21-2, and 21-3 to be material weaknesses.

A *significant deficiency* is a deficiency or 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 21-4 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Pollocksville'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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 21-2 and 21-3.

Town of Pollocksville's Response to Findings

The Town of Pollocksville's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Town of Pollocksville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This 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.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
Kinston, North Carolina

February 23, 2022



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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT
IMPLEMENTATION ACT**

To the Honorable Mayor and Board of Commissioners
Town of Pollocksville, North Carolina

Report on Compliance for Each Major State Program

We have audited the compliance of Town of Pollocksville, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2021. Town of Pollocksville's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Pollocksville's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted by the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Town of Pollocksville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on Town of Pollocksville's compliance with those requirements.

Opinion on Each Major State Program

In our opinion, the Town of Pollocksville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 21-5. Our opinion on each major State program is not modified with respect to this matter.

The Town of Pollocksville's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The Town of Pollocksville's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Town of Pollocksville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Pollocksville's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Pollocksville's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
Kinston, NC

February 23, 2022

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified

Internal control over financial reporting:

* Material weakness(es) identified

YES NO

X _____

* Significant deficiency(s) identified

X _____

None reported

Noncompliance material to financial statements noted

X _____

State Awards

Internal control over major State programs:

* Material weakness(es) identified

_____ X _____

* Significant deficiency(s) identified

X _____

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act

X _____

Identification of major State programs:

Program Name

NCORR State Revolving Loans for Temporary Cash Assistance to Local Governments

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

II. FINANCIAL STATEMENT FINDINGS

FINDING 21-1
MATERIAL WEAKNESS

Criteria: Bank accounts should be reconciled monthly, financial transactions should be entered into the accounting system at regular intervals, and financial reports should be prepared within a reasonable period of time to ensure that management is provided with accurate, timely financial reports.

Condition: Even though the Town's bank accounts were reconciled by year-end, they were not reconciled in a timely manner for the majority of the year. Timely reconciliation of bank statements is an important part of monthly financial reporting to ensure that financial information prepared for management is accurate and complete.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit 20-1.

Effect: Monthly financial reports prepared for management may be materially misstated or not received in a timely manner.

Cause: Personnel turnover and the effects of historic flooding in a prior year were primary causes of delays in timeliness of financial reporting in the most recent fiscal years.

Recommendation: All bank accounts should be reconciled in a timely manner to ensure financial reporting can be prepared accurately and timely.

Views of Responsible Officials and Planned Corrective Action: The Town agrees with this finding. The Town contracted a local CPA firm with experience in governmental accounting in December 2020 to assist with correcting this finding as well as other accounting functions. By the end of the fiscal year, the bank accounts were reconciled in a timely manner allowing more accurate financial reporting. Therefore, we feel this issue has been corrected.

FINDING 21-2
MATERIAL WEAKNESS
MATERIAL NON-COMPLIANCE

Criteria: N.C. General Statute 159-13.2(b) states that a capital project budget ordinance must be adopted before the beginning of the project.

Condition: In the prior year, the Town started the Train Depot Relocation and Restoration Capital Project Fund activity without adopting a capital project budget ordinance. In the current year, the Town began the Wastewater Elevation Capital Project Fund activity without adopting a capital project budget ordinance. Also, a capital project budget ordinance still has not been adopted for the Train Depot Relocation and Restoration Capital Project Fund.

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

<i>Identification of a Repeat Finding:</i>	This is a repeat finding from the immediate previous audit 20-3.
<i>Effect:</i>	The Town is in violation of N.C. General Statute 159-13.2(b) regarding the adoption of capital project budget ordinances before any activities related to the project occur.
<i>Cause:</i>	Management of the Town overlooked this requirement.
<i>Recommendation:</i>	Adopt capital project budget ordinances as soon as possible.
<i>Views of Responsible Officials and Planned Corrective Action:</i>	The Town agrees with this finding. The Town will adopt capital project budgets as soon as possible.

FINDING 21-3
MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE

<i>Criteria:</i>	N.C. General Statute 159-8(a) states that all moneys received and expended by a local government should be included in the budget ordinance.
<i>Condition:</i>	Budget over-expenditures exceeded appropriations in the Train Depot Relocation and Restoration Capital Project Fund for expenditures by \$647,094 and in the Wastewater Elevation Capital Project Fund by \$718,450.
<i>Identification of a Repeat Finding:</i>	This is a repeat finding from the immediate previous audit 20-4.
<i>Effect:</i>	Expenditures were incurred that had not been budgeted.
<i>Cause:</i>	Capital project budget ordinances had not been adopted.
<i>Recommendation:</i>	Adopt capital project ordinances as soon as possible.
<i>Views of Responsible Officials and Planned Corrective Action:</i>	The Town agrees with this finding. The Town will adopt capital project budgets as soon as possible.

FINDING 21-4
REPORTABLE CONDITION

<i>Criteria:</i>	The Town should file quarterly payroll returns to the required agencies in a timely manner.
<i>Condition:</i>	The Town did not file Forms 941 for the 2 nd and 4 th quarters of 2020 to the federal government by the required due date.

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

<i>Effect:</i>	Although the Town did make the monthly payroll tax deposits, they did not file the Forms 941. The Internal Revenue Service can impose penalties for failure to file tax forms.
<i>Cause:</i>	The former finance officer for the Town failed to file the forms.
<i>Recommendation:</i>	File Forms 941 for these quarters as soon as possible.
<i>Views of Responsible Officials and Planned Corrective Action:</i>	The Town agrees with this finding. The Town will file the Forms 941 as soon as possible.

III. STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 21-5

N.C. OFFICE OF RECOVERY AND RESILIENCY
STATE REVOLVING LOANS FOR TEMPORARY CASH ASSISTANCE TO LOCAL GOVERNMENTS

SIGNIFICANT DEFICIENCY
NON-MATERIAL NONCOMPLIANCE

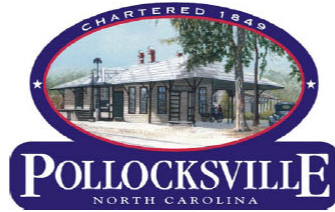
<i>Criteria:</i>	As part of the loan agreement with the N.C. Office of Recovery and Resiliency, the Town is to submit quarterly progress reports in a timely manner to the agency. Reports are required to have, at a minimum, outstanding loan amount, expenditures disbursed for each purpose set out in agreement, a brief description of specific expenses, and total loan payments made to the N.C. Office of Recovery and Resiliency for the quarter.
<i>Condition:</i>	The Town was not timely in submitting any of the reports.
<i>Questioned Costs:</i>	None. Even though reports were not timely, it did not affect funding amount.
<i>Context:</i>	The Town is required, in the loan agreement with the agency, to submit quarterly progress reports by the 7 th day of the following month. We examined all four progress reports, compared to underlying records, and communicated with NCORR about dates that they received the reports. Even though all quarterly reports were accurate and agreed with underlying records, all four quarterly reports were received after the deadlines, ranging from eight days late to a month late.
<i>Effect:</i>	Reports were not received by the agreed-upon due dates specified in the grant agreement.
<i>Cause:</i>	The Town overlooked these deadlines.
<i>Recommendation:</i>	The Town should implement procedures to ensure all required grant reporting is complete and submitted in a timely manner.
<i>Views of Responsible Officials and Planned Corrective Action:</i>	The Town agrees with this finding. The Town will submit all required reports in a timely manner.

TOWN OF POLLOCKSVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2021

The Town was not required to have a federal or State single audit for the year ended June 30, 2020. Therefore, there were no prior year audit findings to report.

Mayor
James V. Bender, Jr.

Commissioners
Maria Robles
Nancy Barbee
Sherry W. Henderson
Ellis Banks



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Town Clerk & Finance Officer
Toni Floyd

Utilities Operations
Johnnie J. Chadwick, Jr.

Public Works
Robbie Tew

SCHEDULE 3
Page 1 of 2

CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding:	21-1
Name of Contact Person:	Toni Floyd, Finance Officer
Corrective Action:	The Town contracted a local CPA firm with experience in governmental accounting in December 2020 to assist with correcting this finding as well as other accounting functions. By the end of the fiscal year, the bank accounts were reconciled in a timely manner allowing more accurate financial reporting.
Proposed Completion Date:	Immediately. The Town anticipates completion by June 30, 2022.
Finding:	21-2
Name of Contact Person:	Toni Floyd, Finance Officer
Corrective Action:	The Town will adopt capital project budgets for the Train Depot Relocation and Restoration Capital Project Fund and the Wastewater Elevation Capital Project Fund.
Proposed Completion Date:	Immediately. The Town anticipates completion by June 30, 2022.
Finding:	21-3
Name of Contact Person:	Toni Floyd, Finance Officer
Corrective Action:	The Town will adopt capital project budgets for the Train Depot Relocation and Restoration Capital Project Fund and the Wastewater Elevation Capital Project Fund.
Proposed Completion Date:	Immediately. The Town anticipates completion by June 30, 2022.

Mayor

James V. Bender, Jr.

Commissioners

Maria Robles

Nancy Barbee

Sherry W. Henderson

Ellis Banks



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SCHEDULE 3

Page 2 of 2

**CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2021**

Finding: 21-4

Name of Contact Person: Toni Floyd, Finance Officer

Corrective Action: The Town will file Forms 941 for the 2nd and 4th quarters of 2020 to the federal government.

Proposed Completion Date: Immediately. The Town anticipates completion by June 30, 2022.

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding: 21-5

Name of Contact Person: Toni Floyd, Finance Officer

Corrective Action: The Town will submit all required reports in a timely manner.

Proposed Completion Date: Immediately. The Town anticipates completion by June 30, 2022.

TOWN OF POLLOCKSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Direct and Pass-Through Expenditures	State
<u>FEDERAL GRANTS</u>				
<i>Cash Assistance:</i>				
<u>U.S. Department of Homeland Security</u>				
<i>Passed Through the NC Department of Public Safety:</i>				
<i>Division of Emergency Management, Public Assistance Program:</i>				
Disaster Grants - Public Assistance	97.036		\$146,886	\$48,962
<u>U.S. Department of Treasury</u>				
<i>Passed Through the Office of State Budget and Management:</i>				
<i>NC Pandemic-Recovery Office:</i>				
<i>Passed Through Jones County:</i>				
Coronavirus Relief Fund	21.019		27,255	
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed Through the NC Department of Environmental Quality:</i>				
Community Development Block Grant - Infrastructure Fund	14.228		23,600	
<u>STATE GRANTS</u>				
<i>Cash Assistance:</i>				
<u>North Carolina Department of Commerce</u>				
<u>Rural Economic Development Division</u>				
Downtown Revitalization Grant				34,966
<u>North Carolina Department of Transportation</u>				
Powell Bill	N/A			8,612
<u>North Carolina Department of Public Safety:</u>				
<u>North Carolina Office of Recovery and Resiliency:</u>				
<u>Division of Environmental Health:</u>				
State Revolving Loans for Temporary Cash Assistance to				
Local Governments	N/A	NCORR-TCALG-023		513,556
State Grants for Financially Distressed Local Governments	N/A	NCORR-FDLG001-1		8,000
TOTAL FEDERAL AND STATE ASSISTANCE			\$197,741	\$614,096

TOWN OF POLLOCKSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 2021

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS:

1. *Basis of Presentation*

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Town of Pollocksville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operation of Town of Pollocksville, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Pollocksville.

2. *Summary of Significant Accounting Policies*

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. *Indirect Cost Rate*

Town of Pollocksville has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.