

**TOWN OF POWELLSVILLE, NORTH CAROLINA**

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

**FOR THE YEAR ENDED JUNE 30, 2021**

**GREGORY T. REDMAN, CPA**  
TARBORO, NORTH CAROLINA

# Financial Statements

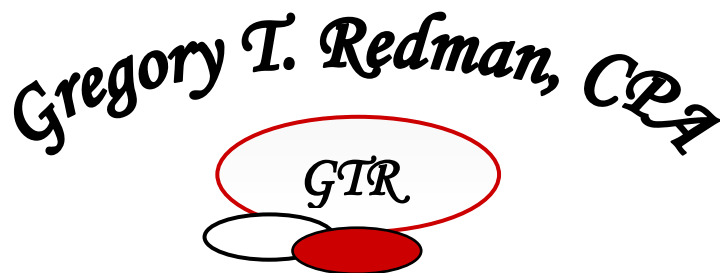
Town of Powellsville, North Carolina

Add board and staff info???

**Town of Powellsville, North Carolina**  
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**June 30, 2021**

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## **Financial Section**



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## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Town Council  
Powellsville, North Carolina

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Powellsville, 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

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

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

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

## Opinions

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

## Other Matters

### Required Supplementary Information

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

### Supplementary and Other Information

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

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

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



Gregory T. Redman, CPA  
Tarboro, North Carolina  
October 22, 2021

## **Management's Discussion and Analysis**

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

As management of the Town of Powellsville, North Carolina, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Powellsville 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 of the Town of Powellsville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,427,231 (net position).
- The Town's total net position decreased by \$151,210. The governmental activities net position decreased by \$19,356, and the net position decreased by \$131,854 for the business-type activities.
- As of the close of the current fiscal year, the Town of Powellsville's governmental funds reported ending fund balance of \$180,487, a decrease of \$18,015 in comparison with the prior year. Approximately 9 percent of this total amount or \$15,978 is restricted. Approximately 91 percent of this total amount, \$164,509 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$164,509 or 107 percent of total general fund expenditures for the fiscal year.

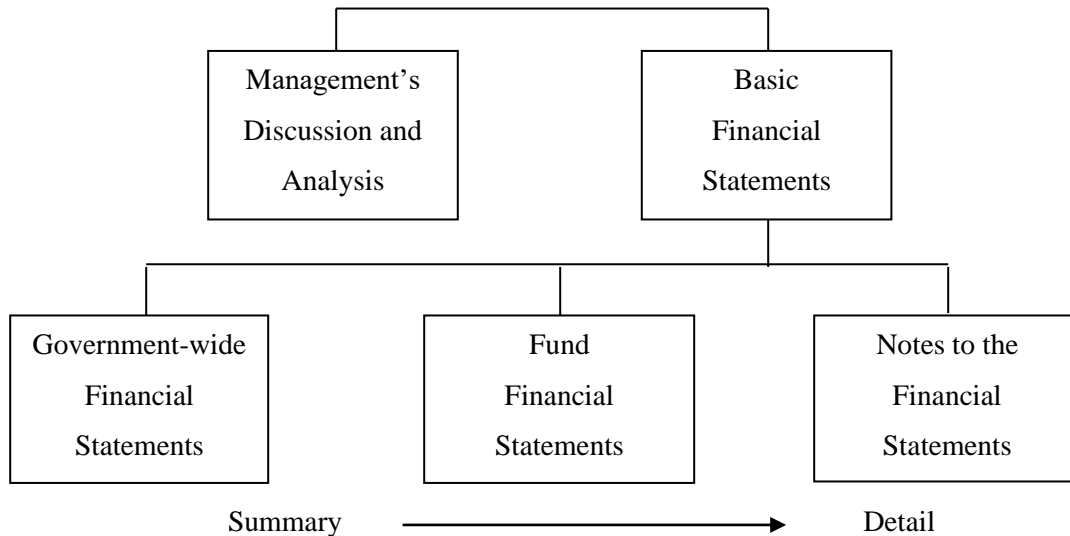
**Overview of the Financial Statements**

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



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

**Required Components of Annual Financial Report**



**Basic Financial Statements**

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

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

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

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

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Powellsville, like all other government entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Powellsville can be divided into two categories: governmental funds and proprietary funds.

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

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

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

**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 included in this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Powellville's ad valorem tax receivable and current tax levy.

**Government-wide Financial Analysis**

**The Town of Powellville's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$190,257	\$207,219	\$ 56,264	\$ 41,206	\$ 246,521	\$ 248,425
Non-current assets	60,086	60,899	4,531,433	4,684,190	4,591,519	4,745,089
Total Assets	\$250,343	\$268,118	\$4,587,697	\$4,725,396	\$4,838,040	\$4,993,514
Long-term liabilities outstanding	\$ -	\$ -	\$ 378,000	\$ 386,000	\$ 378,000	\$ 386,000
Current liabilities	8,136	6,491	24,329	22,174	32,465	28,665
Deferred inflows of resources	344	408	-	-	344	408
Total Liabilities and Deferred Inflows of Resources	\$ 8,480	\$ 6,899	\$ 402,329	\$ 408,174	\$ 410,809	\$ 415,073
Net Position:						
Net investment in capital assets	\$ 60,086	\$ 60,899	\$4,145,433	\$4,290,190	\$4,205,519	\$4,351,089
Restricted	15,978	33,898	-	-	15,978	33,898
Unrestricted	165,799	166,422	39,935	27,032	205,734	193,454
Total Net Position	<u>\$241,863</u>	<u>\$261,219</u>	<u>\$4,185,368</u>	<u>\$4,317,222</u>	<u>\$4,427,231</u>	<u>\$4,578,441</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Powellville exceeded liabilities and deferred inflows of resources by \$4,427,231 as of June 30, 2021. The Town's net position decreased by \$151,210 for the fiscal year ended June 30, 2021. However, the largest portion (94%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Powellville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Powellville'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 Powellville's net position \$15,978 (1%) represents resources that are subject to external restrictions in how they may be used. The Town of Powellville had unrestricted net position in the amount of \$205,734 (5%).

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

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.90%. The state-wide average in fiscal year 2019 was 98.15%.

**Town of Powellville's Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 20,593	\$ 21,934	\$ 203,183	\$ 189,221	\$ 223,776	\$ 211,155
Operating grants and contributions	6,675	7,084	-	-	6,675	7,084
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	28,565	25,560	-	-	28,565	25,560
Other taxes	77,618	72,680	-	-	77,618	72,680
Unrestricted investment earnings	406	2,597	2	105	408	2,702
Miscellaneous	808	5,183	-	-	808	5,183
Total Revenues	<u>\$ 134,665</u>	<u>\$ 135,038</u>	<u>\$ 203,185</u>	<u>\$ 189,326</u>	<u>\$ 337,850</u>	<u>\$ 324,364</u>
Expenses:						
General government	\$ 69,516	\$ 48,717	\$ -	\$ -	\$ 69,516	\$ 48,717
Public safety	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Environmental protection	13,200	13,200	-	-	13,200	13,200
Economic and physical development	-	-	-	-	-	-
Transportation	71,305	27,529	-	-	71,305	27,529
Interest expense	-	-	10,711	9,524	10,711	9,524
Water and sewer	-	-	324,328	314,314	324,328	314,314
Total Expenses	<u>\$ 154,021</u>	<u>\$ 89,446</u>	<u>\$ 335,039</u>	<u>\$ 323,838</u>	<u>\$ 489,060</u>	<u>\$ 413,284</u>
Increase(decrease) in net position before transfers	(19,356)	45,592	(131,854)	(134,512)	(151,210)	(88,920)
Transfers	-	-	-	-	-	-
Increase(decrease) in net position	(19,356)	45,592	(131,854)	(134,512)	(151,210)	(88,920)
Net position, July 1	<u>261,219</u>	<u>215,627</u>	<u>4,317,222</u>	<u>4,451,734</u>	<u>4,578,441</u>	<u>4,667,361</u>
Net position, June 30	<u>\$ 241,863</u>	<u>\$ 261,219</u>	<u>\$ 4,185,368</u>	<u>\$ 4,317,222</u>	<u>\$ 4,427,231</u>	<u>\$ 4,578,441</u>

**Governmental Activities.** Governmental activities decreased the Town's net position by \$19,356. Revenues were \$134,665 compared to the previous year of \$135,038. The decrease was mainly due to a decrease in Miscellaneous Revenue. Expenses were \$154,021 compared to \$89,446 for the previous year. The increase was mainly due to an increase in Transportation expenses.

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

***Business-type Activities.*** Business-type activities decreased the Town of Powellsville's net position by \$131,854. The current rate structure does not cover depreciation expense.

**Financial Analysis of the Town's Funds**

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

***Governmental Funds.*** The focus of the Town of Powellsville'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 Powellsville's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Powellsville. At the end of the current fiscal year, the General fund had an unassigned fund balance of \$164,509, while total fund balance was \$180,487. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 107 percent of total General Fund expenditures and 91 percent of the total Fund Balance.

At June 30, 2021, the governmental funds of Town of Powellsville reported a combined fund balance of \$180,487, a 9 percent decrease over last year.

***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.

Total revenues exceeded the budget. Total expenditures were \$947 under budget.

***Proprietary Funds.*** The Town'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 \$39,935. The total net position was \$4,185,368. The total decrease in net position was \$131,854. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

**Capital Asset and Debt Administration**

***Capital Assets.*** The Town of Powellsville's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$4,591,519 (net of accumulated depreciation). These assets include buildings, roads, and bridges, land, machinery and equipment, and vehicles.

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

**The Town of Powellsville's Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 7,484	\$ 4,125	\$ 49,000	\$ 49,000	\$ 56,484	\$ 53,125
Buildings and systems	42,958	46,492	-	-	42,958	46,492
Vehicles	-	-	-	-	-	-
Equipment	9,644	10,282	-	2,430	9,644	12,712
Water and sewer	-	-	4,482,433	4,632,760	4,482,433	4,632,760
Construction in progress	-	-	-	-	-	-
Total	<u>\$ 60,086</u>	<u>\$ 60,899</u>	<u>\$ 4,531,433</u>	<u>\$ 4,684,190</u>	<u>\$ 4,591,519</u>	<u>\$ 4,745,089</u>

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

**Long-term Debt.** As of June 30, 2021, the Town of Powellsville had Revenue Bonds related to the Water and Sewer Fund in the amount of \$386,000.

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 Powellsville is \$304,982. The Town has \$0 in bonds authorized but un-issued at June 30, 2021.

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

The following indicators reflect Powellsville and the surrounding are economic condition.

- High unemployment

**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:

Town Clerk  
Town of Powellsville  
106 E. Main Street  
Powellsville, NC 27967  
(252) 332-5933

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## **Financial Section**

## **Basic Financial Statements**



**Town of Powellsville, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 172,989	\$ 25,537	\$ 198,526
Taxes receivable (net)	1,122	-	1,122
Accounts receivable - trade - (net)	7,443	17,898	25,341
Accrued interest receivable	168	-	168
Internal balances	78	-	78
Restricted cash and cash equivalents	8,457	12,829	21,286
Total Current Assets	<u>\$ 190,257</u>	<u>\$ 56,264</u>	<u>\$ 246,521</u>
Non-current Assets:			
Capital assets:			
Land, non-depreciable improvements and construction in progress	\$ 7,484	\$ 49,000	\$ 56,484
Other capital assets, net of depreciation	52,602	4,482,433	4,535,035
Total capital assets	<u>\$ 60,086</u>	<u>\$ 4,531,433</u>	<u>\$ 4,591,519</u>
Total Assets	<u>\$ 250,343</u>	<u>\$ 4,587,697</u>	<u>\$ 4,838,040</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable - trade	\$ 8,136	\$ 3,500	\$ 11,636
Customer deposits	-	6,425	6,425
Unearned revenue	-	6,404	6,404
Current portion of long-term liabilities	-	8,000	8,000
Total Current Liabilities	<u>\$ 8,136</u>	<u>\$ 24,329</u>	<u>\$ 32,465</u>
Long-term liabilities:			
Due in more than one year	-	378,000	378,000
Total Liabilities	<u>\$ 8,136</u>	<u>\$ 402,329</u>	<u>\$ 410,465</u>
Deferred Inflows of Resources			
Pension deferrals	\$ -	\$ -	\$ -
Prepaid garbage fees	344	-	344
Total Deferred Inflows of Resources	<u>\$ 344</u>	<u>\$ -</u>	<u>\$ 344</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 60,086	\$ 4,145,433	\$ 4,205,519
Restricted for:			
Other functions	8,457	-	8,457
Stabilization by State Statute	7,521	-	7,521
Unrestricted	165,799	39,935	205,734
Total Net Position	<u>\$ 241,863</u>	<u>\$ 4,185,368</u>	<u>\$ 4,427,231</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Governmental Activities	Business- Activities	
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 69,516	\$ 5,395	\$ -	\$ -	\$ (64,121)	\$ -	\$ (64,121)
Public safety	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-
Environmental protection	13,200	15,198	185	-	2,183	-	2,183
Economic development	-	-	-	-	-	-	-
Transportation	71,305	-	6,490	-	(64,815)	-	(64,815)
Interest expense	-	-	-	-	-	(10,711)	(10,711)
Total governmental activities	<u>\$ 154,021</u>	<u>\$ 20,593</u>	<u>\$ 6,675</u>	<u>\$ -</u>	<u>\$ (126,753)</u>	<u>\$ (10,711)</u>	<u>\$ (137,464)</u>
Business-type activities:							
Water and sewer	324,328	203,183	-	-	-	(121,145)	(121,145)
Total primary government	<u>\$ 478,349</u>	<u>\$ 223,776</u>	<u>\$ 6,675</u>	<u>\$ -</u>	<u>\$ (126,753)</u>	<u>\$ (131,856)</u>	<u>\$ (258,609)</u>
General Revenues							
Taxes:							
Property taxes, levied for general purpose					\$ 28,565	\$ -	\$ 28,565
Other taxes					-	-	-
Grants and contributions not restricted to specific programs					77,618	-	-
Unrestricted investment earnings					406	2	408
Miscellaneous					808	-	808
Total general revenues					<u>107,397</u>	<u>2</u>	<u>29,781</u>
Change in Net Position					\$ (19,356)	\$ (131,854)	\$ (151,210)
Net Position, Beginning of year					261,219	4,317,222	4,578,441
Net Position, End of year					<u>\$ 241,863</u>	<u>\$ 4,185,368</u>	<u>\$ 4,427,231</u>

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

**Town of Powellsville, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>Major Funds</b>
	<b>General</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 172,989
Restricted cash	8,457
Receivables, net:	
Taxes	1,122
Accounts	7,443
Due from other funds	78
Total Assets	<u>\$ 190,089</u>
<b>Liabilities</b>	
Liabilities:	
Accounts payable - trade	\$ 8,136
Total Liabilities	<u>\$ 8,136</u>
<b>Deferred Inflows of Resources</b>	
Property taxes receivable	\$ 1,122
Prepaid garbage fees	344
Total Deferred Inflows of Resources	<u>\$ 1,466</u>
<b>Fund Balances</b>	
Restricted:	
Stabilization by State Statute	\$ 7,521
Streets	8,457
Unassigned	164,509
Total Fund Balances	<u>\$ 180,487</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 190,089</u>

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

**Town of Powellsville, North Carolina**  
**Reconciliation of the Balance Sheet of the**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2021**

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

Ending fund balance - governmental funds	\$ 180,487
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	60,086
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are not reported in the funds.	168
Earned revenues considered deferred inflows of resources in fund statements	<u>1,122</u>
Net position of governmental activities	<u><u>\$ 241,863</u></u>

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

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

	<u><b>Major Funds</b></u> <u><b>General</b></u>
<b>Revenues</b>	
Ad valorem taxes	\$ 29,093
Other taxes and licenses	-
Unrestricted intergovernmental	77,618
Restricted intergovernmental	6,675
Sales and services	20,593
Investment earnings	406
Miscellaneous	808
Total Revenues	<u>\$ 135,193</u>
<b>Expenditures</b>	
General government	\$ 68,703
Public safety	-
Cultural and recreation	-
Environmental protection	13,200
Transportation	71,305
Total Expenditures	<u>\$ 153,208</u>
Excess of Revenues Over (Under) Expenditures	\$ (18,015)
<b>Other Financing Sources (Uses)</b>	
Transfers to other funds	<u>-</u>
Net Change in Fund Balance	\$ (18,015)
<b>Fund balances</b>	
Beginning of year	198,502
End of year	<u><u>\$ 180,487</u></u>

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

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

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

Net change in fund balance - total governmental funds	\$ (18,015)
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 depreciation exceeded capital outlay in the current period.	(813)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in funds.	
- Change in deferred revenue for tax revenues	(528)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Compensated absences	-
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	-
Total changes in net position of governmental activities	<u><u>\$ (19,356)</u></u>

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

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

	<b>General Fund</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 21,000	\$ 28,000	\$ 29,093	\$ 1,093
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	78,975	75,958	77,618	1,660
Restricted intergovernmental	6,950	6,690	6,675	(15)
Sales and services	17,825	19,035	20,593	1,558
Investment earnings	3,100	240	406	166
Miscellaneous	100	963	808	(155)
Total Revenues	<u>\$ 127,950</u>	<u>\$ 130,886</u>	<u>\$ 135,193</u>	<u>\$ 4,307</u>
<b>Expenditures</b>				
General government	\$ 78,825	\$ 69,419	\$ 68,703	\$ 716
Public safety	-	-	-	-
Cultural and recreation	-	-	-	-
Environmental protection	13,200	13,200	13,200	-
Transportation	35,925	71,536	71,305	231
Total Expenditures	<u>\$ 127,950</u>	<u>\$ 154,155</u>	<u>\$ 153,208</u>	<u>\$ 947</u>
<b>Revenues Over (Under) Expenditures</b>	\$ -	\$ (23,269)	\$ (18,015)	\$ 5,254
<b>Other Financing Sources (Uses)</b>				
Fund balance appropriated	-	23,269	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,015)</u>	<u>\$ 5,254</u>
<b>Fund Balances</b>				
Beginning of year			198,502	
End of year			<u>\$ 180,487</u>	

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

**Town of Powellsville, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Major Enterprise Funds</b>
	<b>Water and Sewer Fund</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 25,537
Restricted cash	12,829
Accounts receivable (net)	17,898
Due from other governments	-
Due from other funds	-
Total Current Assets	<u>\$ 56,264</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	49,000
Other capital assets, net of depreciation	4,482,433
Capital assets (net)	<u>\$ 4,531,433</u>
Total Non-current Assets	<u>\$ 4,531,433</u>
Total Assets	<u><u>\$ 4,587,697</u></u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable - trade	\$ 3,500
Due to other funds	-
General obligation bonds payable - current	8,000
Liabilities payable from restricted assets:	-
Prepaid water bill	6,404
Utility deposits	6,425
Total Current Liabilities	<u>\$ 24,329</u>
Noncurrent liabilities:	
Compensated absences	\$ -
Note payable - non-current	378,000
Total non-current liabilities	<u>\$ 378,000</u>
Total Liabilities	<u><u>\$ 402,329</u></u>
<b>Net Position</b>	
Net investment in capital assets	\$ 4,145,434
Restricted net position	-
Unrestricted net position	39,934
Total Net Position	<u><u>\$ 4,185,368</u></u>

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



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

	<b>Major Enterprise Funds Water and Sewer Fund</b>
<b>Operating Revenues</b>	
Charges for services	\$ 184,681
Other operating revenues	18,502
Total Operating Revenues	<u>\$ 203,183</u>
<b>Operating Expenses</b>	
Salaries and employee benefits	\$ 44,387
Administration	20,731
Water and sewer operations	106,453
Depreciation	152,757
Total Operating Expenses	<u>\$ 324,328</u>
Operating income (loss)	<u>\$ (121,145)</u>
<b>Non-operating Revenues (Expenses)</b>	
Investment earnings	\$ 2
Miscellaneous revenue	-
Interest and other charges	(10,711)
Total Non-operating Revenues (expenses)	<u>\$ (10,709)</u>
<b>Income (loss) before contributions and transfers</b>	<u>\$ (131,854)</u>
Capital contributions	-
Transfers from other funds	-
Transfers to other funds	-
Change in net position	<u>\$ (131,854)</u>
Net position, beginning	4,317,222
Net position, ending	<u><u>\$ 4,185,368</u></u>

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

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

	<b>Major Enterprise Funds</b>
	<b>Water and Sewer Fund</b>
<b>Cash Flows From Operating Activities</b>	
Cash received from customers	\$ 181,356
Cash paid for goods and services	(125,029)
Cash paid to or on behalf of employees for services	(44,387)
Other operating revenues	18,502
Net cash provided (used) by operating activities	<u>\$ 30,442</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Other revenue	\$ -
Due to(from) other funds	-
Net cash provided by noncapital financing activities	<u>\$ -</u>
<b>Cash Flows From Capital and Related Financing</b>	
Acquisition of capital assets	\$ -
Principal paid on notes payable	(8,000)
Interest paid on notes payable	(10,711)
Capital contributions	-
Net cash provided (used) by capital and related financing activities	<u>\$ (18,711)</u>
<b>Cash Flows From Investing Activities</b>	
Interest and dividends	\$ 2
Net increase (decrease) in cash and cash equivalents	<u>\$ 11,733</u>
Balances - Beginning of year	26,633
Balances - End of year	<u><u>\$ 38,366</u></u>

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

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

	<b>Major Enterprise Funds</b>
	<b>Water and Sewer Fund</b>
Reconciliation of operating income to net cash provided by	
Operating income (loss)	\$ (121,145)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 152,757
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(3,325)
Increase (decrease) in accounts payable and accrued liabilities	413
Increase (decrease) in customer deposits	1,419
Increase (decrease) in prepaid water bills	323
Total adjustments	<u>\$ 151,587</u>
Net cash provided by operating activities	<u><u>\$ 30,442</u></u>

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

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

**I. Summary of Significant Accounting Policies**

The accounting policies of Town of Powellsville 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 Powellsville is a municipal corporation, which is governed by an elected mayor and a three-member council. As required by generally accepted accounting principles, these financial statements present the Town. The Town does not have a component unit.

**B. Basis of Presentation**

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

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

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

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.

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

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the 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 this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures

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

are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes 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 Powellsville because the tax is levied by Bertie 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.

**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. All annual appropriations lapse at the fiscal year-end. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. All amendments must be approved by 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, and bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

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

2. Cash and Cash Equivalents

All cash and investments include cash on hand, demand deposits, and certificates of deposits and are deemed to be cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted assets because it 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 Powellsville Restricted Cash

Governmental Activities:	
General Fund	
Streets	\$ 8,457
Business Activities:	
Water and Sewer Fund:	
Customer Deposits	6,425
Prepaid Water Bills	6,404
Total	<u>\$ 12,829</u>
Total Restricted Cash	<u><u>\$ 21,286</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<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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

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; 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 are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimate historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	20-40
Buildings	20-40
Improvements	20
Furniture and equipment	5-10
Computer equipment	5

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. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for deferred inflows of resources – prepaid garbage collections and property taxes receivables.

8. Compensated Absences

The Town does not provide for the accumulation of vacation or sick pay.



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

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for 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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

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

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

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

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

Assigned – This classification includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

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

**II. Stewardship, Compliance, and Accountability**

There were no stewardship, compliance, and accountability issue to report.

**III. Detail Notes on All Funds**

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits.

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

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 formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions 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 \$26,922, which is comprised of cash and cash equivalents, and a bank balance of \$47,338. Of the bank balance, all of it was covered by federal depository insurance. At June 30, 2021 the Town's petty cash fund totaled \$150.

2. Investments

At June 30, 2021, the Town of Powellsville had \$192,740 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

<b>Investment by Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/2021</b>	<b>Maturity</b>	<b>Rating</b>
NC Capital Management Trust Government Portfolio	Fair Value Level 1	\$ 192,740	N/A	AAAm
Total		\$ 192,740		

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk

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

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

b. Credit Risk

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

3. Capital Assets

**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,125	\$ 3,359	\$ -	\$ 7,484
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>\$ 4,125</u>	<u>\$ 3,359</u>	<u>\$ -</u>	<u>\$ 7,484</u>
Capital assets being depreciated:				
Buildings	\$ 73,661	\$ -	\$ -	\$ 73,661
Equipment	37,176	-	-	37,176
Vehicles	1,300	-	-	1,300
Total capital assets being depreciated	<u>\$ 112,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,137</u>
Less accumulated depreciation for:				
Buildings	\$ 27,169	\$ 3,534	\$ -	\$ 30,703
Equipment	26,894	638	-	27,532
Vehicles	1,300	-	-	1,300
Total accumulated depreciation	<u>\$ 55,363</u>	<u>\$ 4,172</u>	<u>\$ -</u>	<u>\$ 59,535</u>
Total capital assets being depreciated, net	<u>\$ 56,774</u>			<u>\$ 52,602</u>
Governmental activity capital assets, net	<u>\$ 60,899</u>			<u>\$ 60,086</u>

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

General government	<u>\$ 4,172</u>
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**Town of Powellsville, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

Capital asset activity for the Town's business-type activities for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 49,000	\$ -	\$ -	\$ 49,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	\$ 49,000	\$ -	\$ -	\$ 49,000
Capital assets being depreciated:				
Water and sewer systems	\$ 6,282,078	\$ -	\$ -	\$ 6,282,078
Machinery and equipment	8,823	-	-	8,823
Total capital assets being depreciated	\$ 6,290,901	\$ -	\$ -	\$ 6,290,901
Less accumulated depreciation	1,655,711	152,757	-	1,808,468
Total capital assets being depreciated, net	\$ 4,635,190			\$ 4,482,433
Business-type activities capital assets	\$ 4,684,190			\$ 4,531,433

**B. Liabilities**

**1. Pension Plan Obligations**

The Town of Powellsville does not participate in any type of retirement system.

**2. Deferred Outflows and Inflows of Resources**

Deferred Inflows of Resources at year-end are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid garbage collection	\$ 344	\$ 344
Property taxes receivable	-	1,122
Total	\$ 344	\$ 1,466

**3. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town 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

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

the Board of Trustees each year. Stop loss insurance is purchased 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 NC 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 is not deemed to be located in a flood zone and is not required to carry flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

4. Long-Term Obligations

Note from Direct Placement

In December 2014, the Town entered into an agreement to finance water and sewer system improvements in the amount of \$422,000. Principal installments are due annually on June 1 with interest on the unpaid part of such principal at a rate of 2.375%.

The future payments of the direct placement note are as follows:

<u>Year Ended June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	17,168	8,000	9,168
2023	16,978	8,000	8,978
2024	16,788	8,000	8,788
2025	16,598	8,000	8,598
2026	17,408	9,000	8,408
2027-2031	84,831	46,000	38,831
2032-2036	85,108	52,000	33,108
2037-2041	84,648	58,000	26,648
2042-2046	84,722	65,000	19,722
2047-2051	84,330	73,000	11,330
2052-2056	53,493	51,000	2,493
	<u>\$ 562,072</u>	<u>\$ 386,000</u>	<u>\$ 176,072</u>

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

The Town covenants to fix, charge, and collect rates in Section 502 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2014. Section 502(a) of the Bond Order requires the debt service coverage ratio to be no less than 110%.

The Town was in compliance with the covenants as to rates, fees, rentals, and charges in Section 5.02 of the Bond Order, authorizing the issuance for the Water and Sewer Revenue Bonds, Series 2014. Section 5.02 of the Bond Order requires the debt service coverage ratio to be no less than 100% of the debt service requirement excluding revenue bonds plus 110% of the revenue bonds debt service requirement.

Operating revenues	\$ 203,183
Operating expenses*	171,571
Operating income	<u>31,612</u>
Nonoperating revenues (expenses)**	<u>2</u>
Income available for debt service	31,614
Debt service, principal and interest paid	18,711
Debt service coverage ratio	169%

\*Per rate covenants, this does not include the depreciation expense of \$152,757.

\*\*Per rate covenants, this does not include interest paid of \$10,711.

The Town's outstanding note from direct placement related to the water and sewer fund in the amount of \$386,000 is pledged to be funded by future water and sewer customer revenues, net of specified operating expenses, to repay note from direct placement, issued in December 2014. Proceeds from the bonds provided financing to construct a central sewer collection system along Highway 42. The bonds are payable solely from water and sewer customer net revenues and are payable through 2054. The total principal and interest remaining to be paid on the bonds is \$562,072. At June 30, 2021, the legal debt margin was \$304,982.

The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner USDA may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

**5. Changes in Long-Term Liabilities**

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Business-type activities:					
Note from direct placement	<u>\$394,000</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$386,000</u>	<u>\$ 8,000</u>

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

**6. Fund Balance**

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

Total fund balance - General Fund	\$ 180,487
Less:	
Stabilization by State Statute	7,521
Streets-Powell Bill	8,457
Working Capital/Fund Balance Policy	-
Remaining Fund Balance	164,509

**7. Net Investment in Capital Assets**

	<u>Governmental</u>	<u>Business-type</u>
Capital Assets	\$ 60,086	\$ 4,531,433
Less: Long-term debt	-	386,000
Plus: Unexpended debt proceeds	-	-
Net Investment in Capital Assets	<u>\$ 60,086</u>	<u>\$ 4,145,433</u>

**IV. Related Party Transaction**

The Town did not have any related party transactions during the year ended June 30, 2021.

**V. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

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

**VI. Estimates**

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

**VII. Subsequent Events**

As of October 22, 2021, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.



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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Ad valorem taxes:			
Taxes	\$ -	\$ 29,077	\$ 29,077
Penalties and interest	-	16	16
Total	<u>\$ 28,000</u>	<u>\$ 29,093</u>	<u>\$ 1,093</u>
Unrestricted intergovernmental revenues:			
Local option sales tax	\$ 64,500	\$ 45,318	\$ (19,182)
Telecommunication sales tax	-	1,637	1,637
Utility franchise tax	9,475	7,260	(2,215)
Tax refunds	1,983	1,983	-
Hold harmless revenues	-	19,082	19,082
Video programming	-	1,298	1,298
Beer and wine tax	-	1,040	1,040
Total	<u>\$ 75,958</u>	<u>\$ 77,618</u>	<u>\$ 1,660</u>
Restricted intergovernmental revenues:			
Powell bill allocation	\$ 6,490	\$ 6,490	\$ -
Solid waste disposal tax	200	185	(15)
PARTF grant	-	-	-
Total	<u>\$ 6,690</u>	<u>\$ 6,675</u>	<u>\$ (15)</u>
Sales and Services:			
Cemetery fees	\$ -	\$ -	\$ -
Rents	4,130	5,395	1,265
Solid waste and recycling collection	14,905	15,198	293
Total	<u>\$ 19,035</u>	<u>\$ 20,593</u>	<u>\$ 1,558</u>
Investment Earnings	<u>\$ 240</u>	<u>\$ 406</u>	<u>\$ 166</u>
Miscellaneous	<u>\$ 963</u>	<u>\$ 808</u>	<u>\$ (155)</u>
<b>Total Revenues</b>	<u><b>\$ 130,886</b></u>	<u><b>\$ 135,193</b></u>	<u><b>\$ 4,307</b></u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures</b>			
General Government:			
Governing Body			
Salaries and employee benefits	\$ 3,900	\$ 5,059	\$ -
Taxes			
Collection fee	\$ 160	\$ 190	\$ -
Administrative			
Salaries and employee benefits	\$ -	\$ 6,810	\$ -
Insurance	-	6,945	-
Contract services	-	2,742	-
Dues and subscriptions	-	1,394	-
Utilities	-	8,686	-
Office expense	-	10,870	-
Telephone	-	652	-
Accounting	-	11,713	-
Legal and audit	-	4,252	-
Capital outlay	-	3,359	-
Other operating expenditures	-	6,031	-
Total Administrative	<u>\$ 65,359</u>	<u>\$ 63,454</u>	<u>\$ -</u>
Total General Government	<u>\$ 69,419</u>	<u>\$ 68,703</u>	<u>\$ 716</u>
Transportation:			
Salaries and employee benefits	\$ -	\$ 23,942	\$ -
Street lights	-	11,485	-
Contract services	-	12,000	-
Street repairs	-	19,250	-
Other operating expenditures	-	4,628	-
Capital outlay	-	-	-
Total Transportation	<u>\$ 71,536</u>	<u>\$ 71,305</u>	<u>\$ 231</u>

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Environmental Protection			
Garbage Collection fees	\$ 13,200	\$ 13,200	\$ -
Other operating expenditures	-	-	-
Total Environmental Protection	<u>\$ 13,200</u>	<u>\$ 13,200</u>	<u>\$ -</u>
Cultural and recreation:			
Utilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 154,155</u>	<u>\$ 153,208</u>	<u>\$ 947</u>
Revenues over (under) expenditures	<u>\$ (23,269)</u>	<u>\$ (18,015)</u>	<u>\$ 5,254</u>
Other financing sources (uses):			
Transfers to other funds	\$ -	\$ -	\$ -
Fund balance appropriated	23,269	-	-
Total	<u>\$ 23,269</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ (18,015)</u></u>	<u><u>\$ 5,254</u></u>
Fund Balances			
Beginning of year		198,502	
End of year		<u><u>\$ 180,487</u></u>	

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues			
Charges for services	\$ -	\$ 184,681	\$ 184,681
Other operating revenues	-	18,502	18,502
Total operating revenues	\$ 198,435	\$ 203,183	\$ 4,748
Non-operating revenues:			
Miscellaneous revenue	\$ -	\$ -	\$ -
Interest earnings	2	2	-
Total Revenues	\$ 198,437	\$ 203,185	\$ 4,748
Expenditures			
Sewer			
Salaries and employee benefits	\$ -	\$ 44,387	\$ -
Administration	-	20,731	-
Water and sewer operations	-	106,453	-
Total	\$ 173,060	\$ 171,571	\$ 1,489
Debt Service			
Principal	\$ -	\$ 8,000	\$ -
Interest	-	10,711	-
Total Debt Service	\$ 17,358	\$ 18,711	\$ (1,353)
Capital Outlay	\$ 8,019	\$ -	\$ 8,019
Total Expenditures	\$ 198,437	\$ 190,282	\$ 8,155
Revenues Over (Under) Expenditures	\$ -	\$ 12,903	\$ 12,903
Other Financing Sources (Uses)			
Transfers from (to) other funds	\$ -	\$ -	\$ -
Fund balance appropriated	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 12,903	\$ 12,903
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and Other Sources Over Expenditures and Other Uses		\$ 12,903	
Reconciling items:			
Depreciation		(152,757)	
Capital outlay		-	
Principal retirement		8,000	
Capital contributions		-	
Total Reconciling Items		\$ (144,757)	
Change in Net Position		\$ (131,854)	

## **Other Schedules**

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This section contains additional information on property taxes.

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

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

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2020</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-2021	\$ -	\$ 28,503	\$ 28,156	\$ 528
2019-2020	528	-	163	365
2018-2019	422	-	374	48
2017-2018	191	-	68	123
2016-2017	137	-	121	16
2015-2016	53	-	34	19
2014-2015	42	-	35	7
2013-2014	46	-	38	8
2012-2013	40	-	32	8
2011-2012	28	-	28	-
2010-2011	28	-	28	-
<b>Total</b>	<b>\$ 1,515</b>	<b>\$ 28,503</b>	<b>\$ 29,077</b>	<b>\$ 1,122</b>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 29,093
Reconciling items:	
Interest collected	(16)
Write-offs and adjustments	-
Total collections and credits	<u>\$ 29,077</u>

**Town of Powellsville**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2021**

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	<u>\$ 8,637,273</u>	0.33	\$ 28,503	\$ 23,663	\$ 4,840
Uncollected taxes at June 30, 2021			528	528	-
Current year's taxes collected			<u>\$ 27,975</u>	<u>\$ 23,135</u>	<u>\$ 4,840</u>
Current levy collection percentage			<u>98.15%</u>	<u>97.77%</u>	<u>100.00%</u>