

**Town of Proctorville, North Carolina**

**Financial Statements**

**For the Year Ended  
June 30, 2021**

**Town of Proctorville, North Carolina**

**Financial Statements**

**For the Year Ended June 30, 2021**

Mayor and Aldermen

Michael Sealy, Mayor

Virginia Ivey

Allen Clyburn

Alphonso McRae

Michelle Bass, Finance Officer

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

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**Town of Proctorville, North Carolina**  
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# **S. Preston Douglas & Associates, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

## **MEMBERS**

American Institute of CPAs  
N. C. Association of CPAs

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Board of Aldermen  
Town of Proctorville, 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 Proctorville, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the 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 and 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Proctorville, 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Supplementary and other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Proctorville's basic financial statements. The budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Lumberton, North Carolina  
March 2, 2022

**Town of Proctorville, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2021**

As management of the Town of Proctorville, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Proctorville for the fiscal year ending 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**

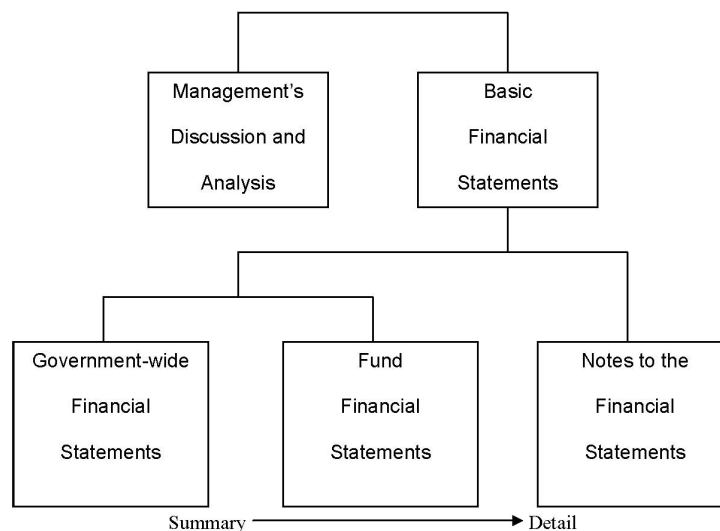
- The assets of the Town of Proctorville exceeded its liabilities at the close of the fiscal year by \$1,241,694 (net position).
- The government's total net position decreased by \$9,868.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$387,372. Approximately 94.91% of this total amount or \$367,651 is available for spending at the government's discretion.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Proctorville's basic financial statements. The Town's basic financial statements comprise 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 also contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town of Proctorville.

**Required Components of Annual Financial Report**

**Figure 1**



**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.

**Town of Proctorville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2021**

**Basic Financial Statements (continued)**

The next section of the basic financial statements is the **Notes to Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, additional information is provided to show details about the Town's individual funds. Budgetary information required by the N.C. General Statutes can also be found in this part of the statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, in a manner similar to the 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. 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 general administration and street maintenance. 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 sewer services offered by the Town of Proctorville. The government-wide financial statements can be found on pages 9 and 10 of this report.

**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 Proctorville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same 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 monies that are unexpended 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 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 Proctorville 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.



**Town of Proctorville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2021**

**Fund Financial Statements (continued)**

**Proprietary funds.** The Town of Proctorville maintains one type of proprietary fund called an Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its sewer activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund, which is considered a major fund of the Town.

**Notes to 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 can be found on pages 19-28 of this report.

**Other Information.** The combining statements, referred to earlier about non-major governmental funds and details of the enterprise fund, can be found on pages 29-31 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 Proctorville's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2,021	2020	2021	2020
Current and other assets	\$ 391,036	\$ 381,561	\$ 27,349	\$ 14,151	\$ 418,385	\$ 395,712
Capital assets	62,000	65,722	762,325	792,345	824,325	858,067
Total assets	453,036	447,283	789,674	806,496	1,242,710	1,253,779
Current liabilities	1,016	2,217	-	-	1,016	2,217
Non-current liabilities	-	-	-	-	-	-
Total liabilities	1,016	2,217	-	-	1,016	2,217
Net position						
Net investment in						
capital assets	62,000	65,722	762,325	792,345	824,325	858,067
Restricted	19,721	23,236	-	-	19,721	23,236
Unrestricted	370,299	356,108	27,349	14,151	397,648	370,259
Total net position	\$ 452,020	\$ 445,066	\$ 789,674	\$ 806,496	\$ 1,241,694	\$ 1,251,562

**Town of Proctorville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2021**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets of the Town exceeded liabilities by \$1,241,694 at the close of the current fiscal year. The Town's investment in capital assets (e.g. land, buildings, machinery, and equipment) reflects 66.39% of net position, less any related debt still outstanding that was issued to acquire those items. The Town of Proctorville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Proctorville's 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 Proctorville's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted amount is \$397,648.

The collection of property taxes has a tax collection percentage of 97.47%.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	31,600	26,068	\$ 31,600	\$ 26,068
Operating grants and contributions	7,593	4,029	-	-	7,593	4,029
Capital grants and contributions	-	-	-	-	-	-
General revenues					-	-
Property taxes	13,274	10,454	-	-	13,274	10,454
Other taxes	39,098	35,624	-	-	39,098	35,624
Other	1,389	3,273	18,986	2	20,375	3,275
Total revenues	61,354	53,380	50,586	26,070	111,940	79,450
Expenses:						
General government	49,350	46,866	-	-	49,350	46,866
Transportation	5,050	3,850	-	-	5,050	3,850
Sewer	-	-	67,408	48,738	67,408	48,738
Total expenses	54,400	50,716	67,408	48,738	121,808	99,454
Change in net position	6,954	2,664	(16,822)	(22,668)	(9,868)	(20,004)
Net position, beginning	445,066	442,402	806,496	829,164	1,251,562	1,271,566
Net position, June 30	\$ 452,020	\$ 445,066	\$ 789,674	\$ 806,496	\$ 1,241,694	\$ 1,251,562

**Governmental activities.** Governmental activities increased the Town's net position by \$6,954.

**Business-type activities.** Business-type activities decreased the Town's net position by \$16,822.

**Town of Proctorville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2021**

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

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

***Governmental Funds.*** The focus of the Town'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'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 Proctorville. At the end of the fiscal year, unassigned fund balance for the General Fund was \$367,651, while the total fund balance reached \$387,372. As a measure of the General Fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total expenditures. Unassigned fund balance represents 725.46% of total General Fund expenditures.

**General Fund Budgetary Highlights**

As stated previously, the Town made no revisions to the original budget. However, 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 Proctorville's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail. Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$27,349. The total change in net position for the Proprietary Fund was a decrease of \$16,822.

**Town of Proctorville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2021**

**Capital Asset and Debt Administration Capital Assets**

The Town of Proctorville's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$824,325 (net of accumulated depreciation). These include land, buildings, and machinery and equipment.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings & infrastructure	186,100	186,100	-	-	186,100	186,100
Equipment	13,275	13,275	-	-	13,275	13,275
Sewer infrastructure	-	-	1,200,807	1,200,807	1,200,807	1,200,807
Total depreciable assets	199,375	199,375	1,200,807	1,200,807	1,400,182	1,400,182
Less – accumulated depreciation	137,375	133,653	438,482	408,462	575,857	542,115
Total depreciable assets, net	62,000	65,722	762,325	792,345	824,325	858,067
Total capital assets, net	\$ 62,000	\$ 65,722	\$ 762,325	\$ 792,345	\$ 824,325	\$ 858,067

Additional information on the Town's capital assets can be found in the notes on pages 25 and 26 of this report. North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Proctorville is \$352,750.

**Economic Factors and Rates**

The unemployment rate for the Town and surrounding area is 7.3% at June 30, 2021, which is a decrease from a rate of 8.8% a year ago. This comparison is higher than the state's rate of 4.6% and lower than the national rate of 10.1%.

**Budget Highlights for the Fiscal Year Ending June 30, 2022**

***Governmental activities.*** Property taxes (benefiting from the economic growth) and revenues from the State are expected to remain comparable to the prior year.

***Business-type activities.*** The sewer revenue is expected to remain static and comparable to the prior year.

**Request for Information**

This report is designed to provide a general overview of the Town of Proctorville's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Proctorville, PO Box 190, Proctorville NC 28375.

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

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 388,389	\$ 3,868	\$ 392,257
Taxes receivable (net)	2,648	-	2,648
Accounts receivable (net)	1,085	3,759	4,844
Internal balances	(19,722)	19,722	-
Restricted cash and cash equivalents	18,636	-	18,636
<b>Total current assets</b>	<u>391,036</u>	<u>27,349</u>	<u>418,385</u>
<b>Non-current assets:</b>			
<b>Capital assets (Note 3)</b>			
Capital assets, net of depreciation	62,000	762,325	824,325
<b>Total capital assets</b>	<u>62,000</u>	<u>762,325</u>	<u>824,325</u>
<b>Total assets</b>	<u>453,036</u>	<u>789,674</u>	<u>1,242,710</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	1,016	-	1,016
<b>Total current liabilities</b>	<u>1,016</u>	<u>-</u>	<u>1,016</u>
<b>Long-term liabilities:</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>1,016</u>	<u>-</u>	<u>1,016</u>
<b>Net position</b>			
Net investment in capital assets	62,000	762,325	824,325
Restricted for:			
Stabilization by State Statute	1,085	-	1,085
Transportation	18,636	-	18,636
Unrestricted	370,299	27,349	397,648
<b>Total net position</b>	<u>\$ 452,020</u>	<u>\$ 789,674</u>	<u>\$ 1,241,694</u>

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

**Town of Proctorville, 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
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 49,350	\$ -	\$ -	\$ -	\$ (49,350)	\$ -	\$ (49,350)
Transportation	5,050	-	7,593	-	2,543	-	2,543
<b>Total government activities</b>	<u>54,400</u>	<u>-</u>	<u>7,593</u>	<u>-</u>	<u>(46,807)</u>	<u>-</u>	<u>(46,807)</u>
<b>Business-type activities</b>							
Sewer	67,408	31,600	-	-	-	(35,808)	(35,808)
<b>Total business-type activities</b>	<u>67,408</u>	<u>31,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,808)</u>	<u>(35,808)</u>
<b>Total primary government</b>	<u>\$ 121,808</u>	<u>\$ 31,600</u>	<u>\$ 7,593</u>	<u>\$ -</u>	<u>(46,807)</u>	<u>(35,808)</u>	<u>(82,615)</u>
<b>General revenues</b>							
Taxes:							
Property taxes, levied for general purpose					13,274	-	13,274
Other taxes					39,098	-	39,098
Miscellaneous					-	18,986	18,986
Investment earnings					1,389	-	1,389
<b>Total general revenues</b>					<u>53,761</u>	<u>18,986</u>	<u>72,747</u>
<b>Change in net position</b>					6,954	(16,822)	(9,868)
<b>Net position, beginning</b>					445,066	806,496	1,251,562
<b>Net position, ending</b>					<u>\$ 452,020</u>	<u>\$ 789,674</u>	<u>\$ 1,241,694</u>

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

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

	<u><b>Major Fund</b></u> <u><b>General</b></u> <u><b>Fund</b></u>
<b>Assets</b>	
Cash and cash equivalents	\$ 388,389
Restricted cash and cash equivalents	18,636
Taxes receivable	2,648
Accounts receivable	1,085
<b>Total assets</b>	<u><u>\$ 410,758</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 1,016
Due to other funds	19,722
<b>Total liabilities</b>	<u><u>20,738</u></u>
<b>Deferred inflows of resources</b>	
Property taxes receivable	2,648
<b>Total deferred inflows of resources</b>	<u><u>2,648</u></u>
<b>Fund balance</b>	
Restricted	
Stabilization by State Statute	1,085
Streets	18,636
Unassigned	367,651
<b>Total fund balances</b>	<u><u>387,372</u></u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u><u>\$ 410,758</u></u>

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

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

**Reconciliation of Balance Sheet to Statement of Net Position:**

Fund balance	\$ 387,372
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	62,000
Liabilities for earned revenues considered deferred inflows inflows of resources in fund statements	<u>2,648</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 452,020</u></u></b>

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



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

	<b>Major Fund</b>
	<b>General</b>
	<b>Fund</b>
<b>Revenues:</b>	
Ad valorem taxes	\$ 13,958
Unrestricted intergovernmental	39,098
Restricted intergovernmental	7,593
Investment earnings	1,389
Miscellaneous	-
<b>Total revenues</b>	<b>62,038</b>
<b>Expenditures:</b>	
General government	45,628
Transportation	5,050
<b>Total expenditures</b>	<b>50,678</b>
<b>Net change in fund balance</b>	<b>11,360</b>
<b>Fund balances, beginning</b>	<b>376,012</b>
<b>Fund balances, ending</b>	<b>\$ 387,372</b>

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

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

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

Net change in fund balance - total governmental funds	\$ 11,360
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax revenues	(684)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital outlays exceeded depreciation for the current period.	
Depreciation	<u>(3,722)</u>
<b>Total changes in net position of governmental activities</b>	<b><u><u>\$ 6,954</u></u></b>

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

**Town of Proctorville, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 10,000	\$ 10,000	\$ 13,958	\$ 3,958
Unrestricted intergovernmental	34,000	34,000	39,098	5,098
Restricted intergovernmental	4,060	4,060	7,593	3,533
Investment earnings	400	400	1,389	989
Miscellaneous	350	350	-	(350)
<b>Total revenues</b>	<u>48,810</u>	<u>48,810</u>	<u>62,038</u>	<u>13,228</u>
<b>Expenditures:</b>				
Current:				
General government	44,750	44,950	45,628	(678)
Transportation	3,300	3,300	5,050	(1,750)
<b>Total expenditures</b>	<u>48,050</u>	<u>48,250</u>	<u>50,678</u>	<u>(2,428)</u>
<b>Revenues over (under) expenditures</b>	760	560	11,360	10,800
Fund balance appropriated	<u>760</u>	<u>560</u>	<u>-</u>	<u>560</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	11,360	<u>\$ 11,360</u>
<b>Fund balance, beginning</b>			376,012	
<b>Fund balance, ending</b>			<u>\$ 387,372</u>	

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

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

	<b>Sewer Fund</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 3,868
Accounts receivable	3,759
Due from other funds	19,722
<b>Total current assets</b>	<u>27,349</u>
<b>Capital assets</b>	
Capital assets, net of depreciation	762,325
<b>Total capital assets</b>	<u>762,325</u>
<b>Total assets</b>	<u>\$ 789,674</u>
<b>Net position</b>	
Net investment in capital assets	\$ 762,325
Unrestricted	27,349
<b>Total net position</b>	<u>\$ 789,674</u>

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

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

	<u>Sewer Fund</u>
<b>Operating revenues:</b>	
Charges for services	\$ 31,600
<b>Total operating revenues</b>	<u>31,600</u>
<b>Operating expenses:</b>	
Operations and maintenance	37,388
Depreciation	30,020
<b>Total operating expenses</b>	<u>67,408</u>
<b>Operating income (loss)</b>	<u>(35,808)</u>
<b>Nonoperating revenues (expenses):</b>	
Insurance proceeds	18,986
<b>Total nonoperating revenues (expenses)</b>	<u>18,986</u>
<b>Income (loss) before transfers</b>	(16,822)
<b>Transfers</b>	<u>-</u>
<b>Change in net position</b>	(16,822)
<b>Net position, beginning</b>	806,496
<b>Net position, ending</b>	<u><u>\$ 789,674</u></u>

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

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

	<b>Sewer Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 31,600
Cash paid for goods and services	(37,388)
<b>Net cash provided (used) by operating activities</b>	<u>(5,788)</u>
<b>Cash flows from noncapital financing activities</b>	
Cash received from grant revenues	18,986
Increase in due from other funds	6,184
<b>Total cash flows from noncapital financing activities</b>	<u>6,184</u>
<b>Cash flows from investing activities</b>	
Interest and dividends	-
<b>Total cash flows from investing activities</b>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	396
<b>Balances, beginning</b>	3,472
<b>Balances, ending</b>	<u><u>\$ 3,868</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (35,808)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	30,020
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	-
Total adjustments	<u>30,020</u>
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ (5,788)</u></u>

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

**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Proctorville, North Carolina, 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 Proctorville is a municipal corporation that is governed by an elected mayor and a three-member council.

**B - Basis of Presentation - Fund Accounting**

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a 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 and 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 the 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 the 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:

Governmental Funds are used to account for the Town's governmental functions. Governmental funds include the following fund types:

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

**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B - Basis of Presentation - Fund Accounting (continued)**

Proprietary Funds include the following fund type:

*Enterprise Funds* - Enterprise Funds account for those operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Proctorville has one Enterprise Fund, the Sewer Fund.

**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 the 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.

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

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



**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C - Measurement Focus and Basis of Accounting (continued)**

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Proctorville because the tax is levied by Robeson County and then remitted to and distributed by the State. Most intergovernmental revenue and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenue that is unearned at year-end is recorded as deferred revenue. 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 and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental 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 \$2,500. 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**

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)] authorized the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by 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; certain high quality issues of commercial paper and banker's acceptances and the North Carolina Capital Management Trust (NCCMT).

**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

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.

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. At June 30, 2021, restricted cash related to Powell Bill funds was \$18,636.

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 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. 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 revenue is reported net of such discounts.

Allowance 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.

Inventory

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's Enterprise Funds consist of materials and supplies held for consumption. The cost of these inventories is recorded as an expense as the inventories are consumed.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain threshold and an estimated life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40
Buildings	50
Improvements	40
Vehicles	7
Furniture and equipment	5
Computer equipment	5

**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

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 no items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has one item that meets the criterion for this category – property taxes receivable.

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 are reported as deferred charges and amortized over the term of the related 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.

Compensated Absences

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

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

The vacation policy of the Town does not provide for the accumulation of vacation leave.

Net Position

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; 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.

**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

1. Noncompliance with North Carolina General Statutes

None noted.

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

None noted.

**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2021**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**C. Excess of Expenditures over Appropriations (continued)**

For the fiscal year ended June 30, 2021, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing-board for general government and transportation activities by \$678 and \$1,750, respectively. The Town also exceeded the authorized appropriations made by the governing-board in the Sewer Fund by \$10,508. Management and the Board will more closely review the budget reports to ensure compliance in future years.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS**

**A - Assets**

**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 Deposit Insurance Coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$410,893 and a bank balance of \$412,787. All bank balances were covered by federal deposit insurance.

**Capital Assets**

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental activities:</b>				
<b>Capital assets being depreciated:</b>				
Buildings	\$ 186,100	\$ -	\$ -	\$ 186,100
Equipment	13,275	-	-	13,275
Total capital assets being depreciated	<u>199,375</u>	<u>-</u>	<u>-</u>	<u>199,375</u>
<b>Less accumulated depreciation for:</b>				
Buildings	120,378	3,722	-	124,100
Equipment	13,275	-	-	13,275
Total accumulated depreciation	<u>133,653</u>	<u>3,722</u>	<u>-</u>	<u>137,375</u>
Total capital assets being depreciated, net	<u>65,722</u>			<u>62,000</u>
<b>Governmental activity capital assets, net</b>	<u><u>\$ 65,722</u></u>			<u><u>\$ 62,000</u></u>

**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2021**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**A - Assets (continued)**

Capital Assets (continued)

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

General government	\$ 3,722			
Total	<u>\$ 3,722</u>			
	<b>Beginning</b>			<b>Ending</b>
	<b>Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances</b>
<b>Business-type activities:</b>				
<b>Capital assets being depreciated:</b>				
Plant & distribution system	\$ 1,200,807	\$ -	\$ -	\$ 1,200,807
Equipment	-	-	-	-
Total capital assets being depreciated	<u>1,200,807</u>	<u>-</u>	<u>-</u>	<u>1,200,807</u>
<b>Less accumulated depreciation for:</b>				
Plant & distribution system	408,462	30,020	-	438,482
Equipment	-	-	-	-
Total accumulated depreciation	<u>408,462</u>	<u>30,020</u>	<u>-</u>	<u>438,482</u>
Total capital assets being depreciated, net	<u>792,345</u>			<u>762,325</u>
<b>Business-type activity capital assets, net</b>	<u><u>\$ 792,345</u></u>			<u><u>\$ 762,325</u></u>

**B - Liabilities**

Pension Plan Obligations

The Town of Proctorville does not have any pension plan obligations.

Deferred inflows of resources

Deferred inflows of resources at year-end are comprised of property taxes receivable of \$2,648.

**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2021**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

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 coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to the statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000, and \$300,000 up to statutory limits for worker's compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The Town 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 located 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, and accordingly carries no insurance coverage for flood damages.

The Town Clerk, who operates in the capacity of a finance officer, is performance bonded in the amount of \$50,000.

Other postemployment benefits

The Town has no postemployment benefit liability.

**C - Use of Estimates**

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

**D - Interfund Balances and Activity**

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

Due from the General Fund - \$19,722

Due to the Sewer Fund - \$19,722

The interfund balances result from one fund covering the shared expenses of both funds.

**Town of Proctorville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2021**

**NOTE 4 - NET INVESTMENT IN CAPITAL ASSETS**

	<u><b>Governmental</b></u>	<u><b>Business-type</b></u>
<b>Capital assets</b>	\$ 62,000	\$ 762,325
less: long-term debt	-	-
<b>Net investment in capital assets</b>	<u>\$ 62,000</u>	<u>\$ 762,325</u>

**NOTE 5 - FUND BALANCE**

Total fund balance-General Fund	\$ 387,372
Less:	
Stabilization by State Statute	1,085
Transportation	18,636
Remaining Fund Balance	367,651

**NOTE 6 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 2, 2022, which is the date of the financial statements were available to be issued.



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

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Ad valorem taxes:</b>			
Taxes	\$	\$ 13,958	\$
<b>Total</b>	<u>10,000</u>	<u>13,958</u>	<u>3,958</u>
<b>Unrestricted intergovernmental:</b>			
Local option sales tax		34,082	
Telecommunications sales tax		678	
Utilities sales tax		4,009	
Video franchise fee		329	
<b>Total</b>	<u>34,000</u>	<u>39,098</u>	<u>5,098</u>
<b>Restricted intergovernmental:</b>			
CARES Act grant income		3,831	
Powell Bill		3,762	
<b>Total</b>	<u>4,060</u>	<u>7,593</u>	<u>3,533</u>
<b>Investment earnings:</b>			
Investment earnings		1,389	
<b>Total</b>	<u>400</u>	<u>1,389</u>	<u>989</u>
<b>Miscellaneous:</b>			
Rent-community building		-	
Hurricane insurance proceeds		-	
Other miscellaneous income		-	
<b>Total</b>	<u>350</u>	<u>-</u>	<u>(350)</u>
<b>Total revenues</b>	<u>\$ 48,810</u>	<u>\$ 62,038</u>	<u>\$ 13,228</u>

**Town of Proctorville, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (continued)**  
**For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures</b>			
<b>General government:</b>			
Salaries and employee benefits	\$	\$ 9,600	\$
Utilities		20,465	
Office supplies and postage		261	
Travel		422	
Repairs and maintenance		2,186	
Dues and subscriptions		850	
Insurance		2,340	
Professional services		4,300	
Covid expenses		2,400	
Stipend fund		2,000	
Donations		129	
Miscellaneous		675	
<b>Total general government</b>	<u>44,950</u>	<u>45,628</u>	<u>(678)</u>
<b>Transportation:</b>			
<b>Powell Bill - streets</b>			
Maintenance and drainage		5,050	
<b>Total transportation</b>	<u>3,300</u>	<u>5,050</u>	<u>(1,750)</u>
<b>Total expenditures</b>	<u>48,250</u>	<u>50,678</u>	<u>(2,428)</u>
<b>Revenues over (under) expenditures</b>	560	11,360	10,800
Fund balance appropriated	<u>560</u>	<u>-</u>	<u>560</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>11,360</u>	<u>\$ 11,360</u>
<b>Fund balance</b>			
Beginning of year		<u>376,012</u>	
End of year		<u>\$ 387,372</u>	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
<b>Operating revenues:</b>			
Charges for services	\$	\$ 31,600	\$
<b>Total operating revenues</b>	<u>26,880</u>	<u>31,600</u>	<u>4,720</u>
<b>Nonoperating revenues:</b>			
Insurance proceeds		18,986	
<b>Total nonoperating revenues</b>	<u>-</u>	<u>18,986</u>	<u>18,986</u>
<b>Total revenues</b>	<u>26,880</u>	<u>50,586</u>	<u>23,706</u>
<b>Expenditures:</b>			
Operations and maintenance		37,388	
<b>Total expenditures</b>	<u>26,880</u>	<u>37,388</u>	<u>(10,508)</u>
<b>Revenues over (under) expenditures</b>	-	13,198	13,198
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over (under) expenditures and other sources</b>	<u>\$ -</u>	13,198	<u>\$ 13,198</u>
<b>Revenues from budgetary basis (modified accrual) to full accrual</b>			
<b>Reconciling items:</b>			
Depreciation		(30,020)	
<b>Total reconciling items</b>		<u>(30,020)</u>	
<b>Change in net position</b>		<u>\$ (16,822)</u>	

**Town of Proctorville, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2021**

<b><u>Fiscal Year</u></b>	<b>Uncollected Balances June 30, 2020</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balances June 30, 2021</b>
2020-2021	\$ -	\$ 12,424	\$ 12,110	\$ 314
2019-2020	314	-	2	312
2018-2019	279	-	50	229
2017-2018	495	-	280	215
2016-2017	293	-	78	215
2015-2016	243	-	97	146
2014-2015	362	-	102	260
2013-2014	342	-	50	292
2012-2013	298	-	31	267
2011-2012	421	-	23	398
2010-2011	285	-	285	-
	<u>\$ 3,332</u>	<u>\$ 12,424</u>	<u>\$ 13,108</u>	<u>2,648</u>

Less - allowance for uncollectible accounts

General Fund

-

**Ad valorem taxes receivable - net**

\$ 2,648

**Reconcilement with revenues:**

Taxes - ad valorem - General Fund

\$ 13,958

**Reconciling items:**

Taxes written off

(850)

**Total collections and credits**

\$ 13,108

**Town of Proctorville, North Carolina**  
**Analysis of Current Year Tax Levy**  
**June 30, 2021**

	<b>Town Wide</b>			<b>Total Levy</b>	
	<b>Property Valuation</b>	<b>Rate</b>	<b>Total Levy</b>	<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
<b>Original levy</b>					
Property taxed at current year's rate	\$ 4,409,379	0.20	\$ 12,424	\$ 8,841	\$ 3,583
<b>Total property valuation</b>	<u>\$ 4,409,379</u>				
<b>Net levy</b>			12,424	8,841	3,583
Uncollected taxes at June 30, 2021			<u>(314)</u>	<u>(314)</u>	<u>-</u>
<b>Current year's taxes collected</b>			<u>\$ 12,110</u>	<u>\$ 8,527</u>	<u>\$ 3,583</u>
<b>Current levy collection percentage</b>			<u>97.47%</u>	<u>96.45%</u>	<u>100.00%</u>