



**Town of Autryville**  
**Autryville, North Carolina**  
**Financial Statements**  
**For the Fiscal Year Ended**  
**June 30, 2022**

MAYOR  
Grayson Spell

BOARD OF COMMISSIONERS

Debra Baxley  
Denise N. Tyndall

Kim Baker  
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CLERK  
Lisa Jones



**Nunn, Brashear  
& Uzzell, P.A.**  
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**Town of Autryville**  
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**June 30, 2022**

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## **Financial Section**

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## Independent Auditors' Report

To the Honorable Mayor and  
Members of the Board of Commissioners  
Autryville, NC

### Report on the Audit of Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Autryville, North Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Autryville, North Carolina as of June 30, 2022, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Autryville, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibility of Management's for the Audit of 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; and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Autryville's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, and Governmental Auditing Standards, we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Autryville's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Autryville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the Local Government Employee's Retirement System's Schedules of Proportionate Share of the Net Pension Liability and Contributions, on pages 42 through 45, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Autryville's basic financial statements. The budgetary schedules and other schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, on our consideration of the Town of Autryville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Autryville's internal control over financial reporting and compliance.

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

Goldsboro, North Carolina

September 30, 2022

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

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## Management's Discussion and Analysis

As management of the Town of Autryville, we offer readers of the Town of Autryville's financial statements this narrative overview and analysis of the financial activities of the Town of Autryville for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

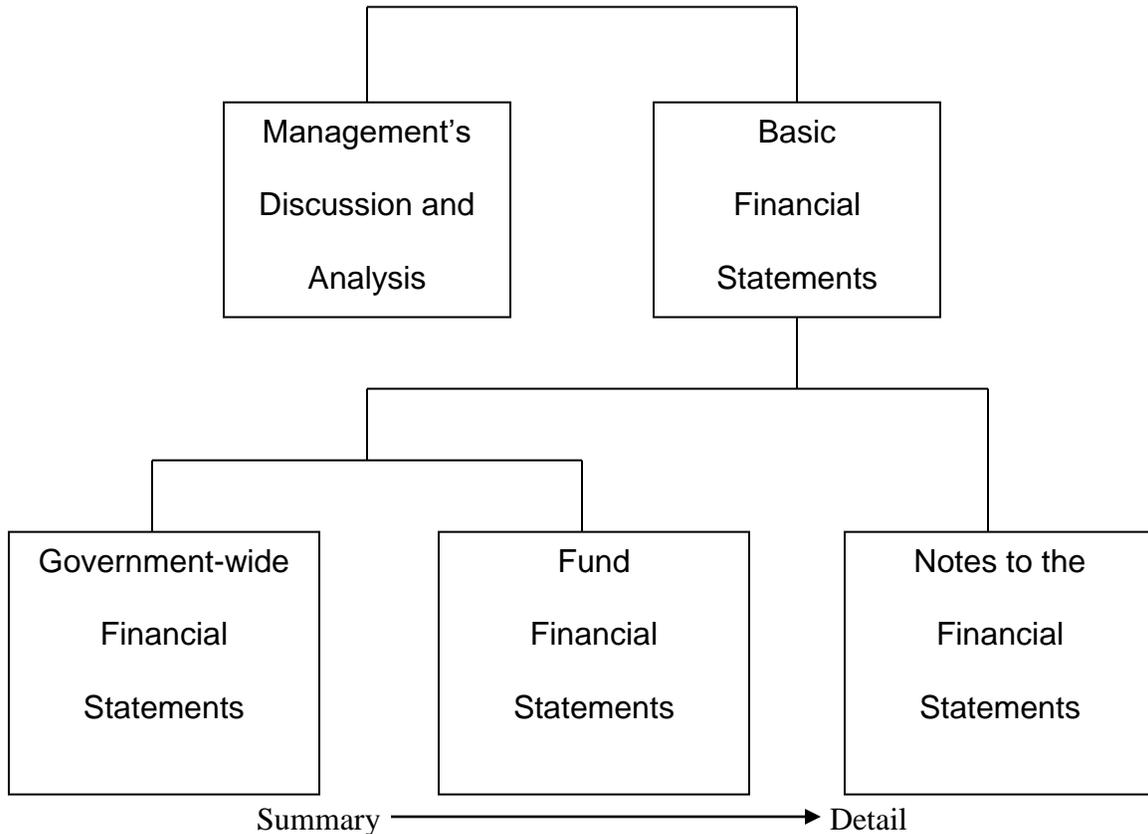
- The assets and deferred outflows of resources of the Town of Autryville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$929,297 (*net position*).
- As of the close of the current fiscal year, the Town of Autryville's governmental funds reported combined ending fund balances of \$445,809, an increase of \$14,635 in comparison with the prior year. Approximately 7.18 percent of this total amount, or \$32,031 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$413,778 or 92.82 percent of total general fund expenditures for the fiscal year.
- As of the close of the current fiscal year, the Town of Autryville's proprietary funds reported ending net position of \$243,671, a decrease of \$3,549 in comparison with the prior year.
- The Town of Autryville's total debt increased by \$96,170 during the current fiscal year. The key factors of this net increase are a new \$110,000 USDA loan to purchase equipment and a \$12,388 decrease in net pension liability for the Local Government Employees Retirement System.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements and 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 deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

The government-wide financial statements are on Exhibits 1 and 2 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 Autryville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Autryville can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Autryville 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.

The Town operates a special revenue fund for the American Rescue Plan Fund which is used to account for grant funding.

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Autryville’s progress in funding its obligation to provide pension benefits to its employees.

**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. It is also subject to changes in investment earnings and asset values associated with the U.S. Treasury Securities because of actions by foreign government and other holders of publicly held by U.S. Treasury Securities.

## Government-Wide Financial Analysis

**Town of Autryville’s Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021 Prior Auditor	2022	2021 Prior Auditor	2022	2021 Prior Auditor
Current and other assets	\$ 747,187	\$ 435,469	\$ 81,073	\$ 53,392	\$ 828,260	\$ 488,861
Capital assets	362,922	274,049	186,727	211,247	549,649	485,296
<b>Total assets</b>	<b>1,110,109</b>	<b>709,518</b>	<b>267,800</b>	<b>264,639</b>	<b>1,377,909</b>	<b>974,157</b>
Total deferred outflows of resources	13,450	-	6,725	-	20,175	-
Current liabilities	315,889	6,430	20,921	946	336,810	7,376
Long-term liabilities	110,359	6,663	4,090	11,033	114,449	17,696
<b>Total liabilities</b>	<b>426,248</b>	<b>13,093</b>	<b>25,011</b>	<b>11,979</b>	<b>451,259</b>	<b>25,072</b>
Total deferred inflows of resources	11,685	-	5,843	-	17,528	-
Net position:						
Net investment in capital assets	248,723	267,470	186,727	211,247	435,450	478,717
Restricted	32,031	34,290	-	-	32,031	34,290
Unrestricted	404,872	394,665	56,944	41,413	461,816	436,078
<b>Total net position</b>	<b>\$ 685,626</b>	<b>\$ 696,425</b>	<b>\$ 243,671</b>	<b>\$ 252,660</b>	<b>\$ 929,297</b>	<b>\$ 949,085</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Autryville exceeded liabilities and deferred inflows of resources by \$929,297 as of June 30, 2022. The Town's net position decreased by \$7,172 for the fiscal year ended June 30, 2022. However, the largest portion, \$435,450, reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Autryville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Autryville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Autryville's net position, \$32,031, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$461,816 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.87%. The statewide average in the fiscal year 2022 was 99.12%.
- Low cost of debt issued through the USDA.
- New grant funds to assist with projects and equipment

### Town of Autryville's Changes in Net Position Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021 Prior Auditor	2022	2021 Prior Auditor	2022	2021 Prior Auditor
Revenues:						
Program revenues:						
Charges for services	\$ 36,201	\$ 16,874	\$ 110,606	\$ 101,880	\$ 146,807	\$ 118,754
Operating grants/contributions	66,661	76,238	-	-	66,661	76,238
General revenues:						
Property taxes	56,449	62,952	-	-	56,449	62,952
Unrestricted intergovernmental	78,936	79,262	-	-	78,936	79,262
Investment earnings	131	-	-	-	131	-
Other	-	2,899	-	-	-	2,899
Total revenue	<u>238,378</u>	<u>238,225</u>	<u>110,606</u>	<u>101,880</u>	<u>348,984</u>	<u>340,105</u>
Expenses:						
General government	178,111	46,096	-	-	178,111	46,096
Public safety	5,920	32,297	-	-	5,920	32,297
Transportation	27,171	29,384	-	-	27,171	29,384
Environmental protection	29,659	77,391	-	-	29,659	77,391
Cultural and recreation	1,140	3,645	-	-	1,140	3,645
Water	-	-	114,155	101,999	114,155	101,999
Total expenses	<u>242,001</u>	<u>188,813</u>	<u>114,155</u>	<u>101,999</u>	<u>356,156</u>	<u>290,812</u>
Increase (decrease) in net position	(3,623)	49,412	(3,549)	(119)	(7,172)	49,293
Net position, July 1	696,425	647,013	252,660	252,779	949,085	899,792
Restatement	(7,176)	-	(5,440)	-	(12,616)	-
Net position, restated	<u>689,249</u>	<u>647,013</u>	<u>247,220</u>	<u>252,779</u>	<u>936,469</u>	<u>899,792</u>
Net position, June 30	\$ <u>685,626</u>	\$ <u>696,425</u>	\$ <u>243,671</u>	\$ <u>252,660</u>	\$ <u>929,297</u>	\$ <u>949,085</u>

**Governmental activities.** Governmental activities decreased the Town's net position by \$3,623. The decrease in net position was mainly due to increased spending in the General Government area on the operational needs of the Town.

**Business-type activities:** Business-type activities decreased the Town's net position by \$3,549. The decrease is mainly due to increased costs that were not offset by the increase in revenues.

### **Financial Analysis of the Town of Autryville Funds**

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

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

The general fund is the chief operating fund of the Town of Autryville. At the end of the current fiscal year, fund balance available in the General Fund was \$413,778 while total fund balance reached \$445,809. The Town currently has an available fund balance of 219.03% of General Fund expenditures, total fund balance represents 232.15% of the same amount.

At June 30, 2022, the governmental funds of the Town of Autryville reported a combined fund balance of \$445,809 with a net increase in fund balance of \$14,635.

**General Fund Budgetary Highlights.** During the fiscal year, the Town revised the budget. Generally, 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.

There were several reasons the Town revised its budget throughout the year. The Town received grant funds to spend and loan proceeds.

**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 Fund at the end of the fiscal year amounted to \$56,944. The total decrease in net position was \$3,549. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Autryville's business-type activities.

### **Capital Asset and Debt Administration**

**Capital assets:** Town of Autryville's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$549,649 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, infrastructure and vehicles.

Major capital asset transactions during the year include equipment and vehicle purchases of \$139,337 in the governmental funds and \$4,701 in the Water fund.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021 Prior Auditor	2022	2021 Prior Auditor	2022	2021 Prior Auditor
Land	\$ 32,787	\$ 44,692	\$ 8,198	\$ 8,198	\$ 40,985	\$ 52,890
Buildings and system	59,544	63,274	178,529	203,049	238,073	266,323
Improvements	7,438	7,438	-	-	7,438	7,438
Equipment	87,344	11,513	-	-	87,344	11,513
Vehicles	38,517	-	-	-	38,517	0
Infrastructure	137,292	147,132	-	-	137,292	147,132
<b>Total</b>	<b>\$ 362,922</b>	<b>\$ 274,049</b>	<b>\$ 186,727</b>	<b>\$ 211,247</b>	<b>\$ 549,649</b>	<b>\$ 485,296</b>

Additional information on the Town's capital assets can be found in Note III of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2022, the Town of Autryville had outstanding debt of \$130,243.

**Town of Autryville's Outstanding Debt  
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2022	2021 Prior Auditor	2022	2021 Prior Auditor	2022	2021 Prior Auditor
Compensated absences	\$ 2,517	\$ 1,891	\$ 1,258	\$ 946	\$ 3,775	\$ 2,837
Installment purchase	4,199	6,579	-	-	4,199	6,579
Notes payable	110,000	-	-	-	110,000	-
Net pension liability	8,179	-	4,090	-	12,269	-
<b>Total</b>	<b>\$ 124,895</b>	<b>\$ 8,470</b>	<b>\$ 5,348</b>	<b>\$ 946</b>	<b>\$ 130,243</b>	<b>\$ 9,416</b>

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 property located within that government's boundaries. The legal debt margin for the Town of Autryville is \$954,720.

**Next Year's Budgets and Rates**

**Budget Highlights for the Fiscal Year Ending June 30, 2023**

**Governmental Activities:** Overall revenues are budgeted to increase due to property tax rate to \$.50 per \$100 of assessed value and increases in transfers. Budgeted expenditures in the include the new debt service to the USDA. Operating expenditures are expected to be more than current year levels.

**Business – type Activities:**

Operating revenues and expenditures are expected to remain approximately the same in fiscal year 2023 as they were in 2022.

## **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Autryville, P. O. Drawer 10, Autryville, NC 28318 or call 910-525-4567.

## **Basic Financial Statements**

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**Town of Autryville**  
**Statement of Net Position**  
June 30, 2022

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 422,665	\$ 66,026	\$ 488,691
Accrued interest receivable on taxes	25	-	25
Accounts receivable (net)	16,238	8,192	24,430
Internal balances	8,963	(8,963)	-
Restricted cash and cash equivalents	299,296	15,818	315,114
Total current assets	<u>747,187</u>	<u>81,073</u>	<u>828,260</u>
Noncurrent assets:			
Capital assets:			
Land and non-depreciable improvements, and construction in progress	32,787	8,198	40,985
Other capital assets, net of depreciation	330,135	178,529	508,664
Total capital assets	<u>362,922</u>	<u>186,727</u>	<u>549,649</u>
Total assets	<u>1,110,109</u>	<u>267,800</u>	<u>1,377,909</u>
<b>Deferred Outflows of Resources</b>			
Pension deferrals	<u>13,450</u>	<u>6,725</u>	<u>20,175</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	8,190	3,497	11,687
Accrued payroll liabilities	697	348	1,045
Accrued compensated absences	2,517	1,258	3,775
Current portion of long-term liabilities	12,019	-	12,019
Deferred revenue - unearned grants	292,466	-	292,466
Customer meter deposits	-	15,818	15,818
Total current liabilities	<u>315,889</u>	<u>20,921</u>	<u>336,810</u>
Long-term liabilities:			
Net pension liability	8,179	4,090	12,269
Due in more than one year	102,180	-	102,180
Total liabilities	<u>426,248</u>	<u>25,011</u>	<u>451,259</u>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	<u>11,685</u>	<u>5,843</u>	<u>17,528</u>
Total deferred inflows of resources	<u>11,685</u>	<u>5,843</u>	<u>17,528</u>
<b>NET POSITION</b>			
Net investment in capital assets	248,723	186,727	435,450
Restricted for:			
Stabilization by state statute	25,201	-	25,201
Streets	6,830	-	6,830
Unrestricted	404,872	56,944	461,816
Total net position	<u>\$ 685,626</u>	<u>\$ 243,671</u>	<u>\$ 929,297</u>

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

**Town of Autryville**  
**Statement of Activities**  
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary government:</b>			
Governmental Activities:			
General government	\$ 178,111	\$ 18,700	\$ 55,624
Public safety	5,920	255	-
Transportation	27,171	-	11,037
Environmental protection	29,659	17,246	-
Cultural and recreation	1,140	-	-
Total governmental activities	242,001	36,201	66,661
Business-type activities:			
Water	114,155	110,606	-
Total business-type activities	114,155	110,606	-
Total primary government	\$ 356,156	\$ 146,807	\$ 66,661

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Unrestricted investment earnings

Total general revenues and transfers

Change in net position

Net position, beginning

Prior Period Adjustment, see Note VI

Net position, beginning as restated

Net position, ending

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

Exhibit 2

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (103,787)	\$ -	\$ (103,787)
(5,665)	-	(5,665)
(16,134)	-	(16,134)
(12,413)	-	(12,413)
(1,140)	-	(1,140)
<u>(139,139)</u>	<u>-</u>	<u>(139,139)</u>
-	(3,549)	(3,549)
-	(3,549)	(3,549)
<u>(139,139)</u>	<u>(3,549)</u>	<u>(142,688)</u>
56,449	-	56,449
78,936	-	78,936
131	-	131
<u>135,516</u>	<u>-</u>	<u>135,516</u>
(3,623)	(3,549)	(7,172)
696,425	252,660	949,085
<u>(7,176)</u>	<u>(5,440)</u>	<u>(12,616)</u>
<u>689,249</u>	<u>247,220</u>	<u>936,469</u>
<u>\$ 685,626</u>	<u>\$ 243,671</u>	<u>\$ 929,297</u>

**Town of Autryville**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	Major Funds		Total
	General Fund	American Rescue Plan Funds	Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 422,665	\$ -	\$ 422,665
Restricted cash and cash equivalents	299,296	-	299,296
Receivables, net:			
Taxes	2,652	-	2,652
Accounts	16,238	-	16,238
Due from other funds	8,963	-	8,963
Total assets	<u>749,814</u>	<u>-</u>	<u>749,814</u>
<b>LIABILITIES</b>			
Accounts payable	6,472	-	6,472
Accrued liabilities	2,415	-	2,415
Unearned revenue	292,466	-	292,466
Total liabilities	<u>301,353</u>	<u>-</u>	<u>301,353</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	2,652	-	2,652
Total deferred inflows of resources	<u>2,652</u>	<u>-</u>	<u>2,652</u>
<b>FUND BALANCES</b>			
Restricted			
Stabilization by state statute	25,201	-	25,201
Streets	6,830	-	6,830
Unassigned	413,778	-	413,778
Total fund balances	<u>445,809</u>	<u>-</u>	<u>445,809</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 749,814</u>	<u>\$ -</u>	

(cont)

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

**Town of Autryville**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2022**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	\$ 445,809
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	362,922
Long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures	25
Long-term liabilities used in governmental activities are not financial uses and	
Compensated absences	(2,517)
Net pension liability	(8,179)
Long-term debt	(114,199)
Deferred outflows of resources related to pensions are not reported in the funds	13,450
Deferred inflows of resources related to pensions are not reported in the funds	(11,685)
Net position of governmental activities	\$ 685,626

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

**Town of Autryville**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Major Funds		Total Governmental Funds
	General Fund	American Rescue Plan Funds	
<b>REVENUES</b>			
Ad valorem taxes	\$ 56,449	\$ -	\$ 56,449
Other taxes and licenses	78,936	-	78,936
Unrestricted intergovernmental	657	-	657
Restricted intergovernmental	34,293	31,710	66,003
Sales and services	17,701	-	17,701
Investment earnings	131	-	131
Miscellaneous	18,500	-	18,500
Total revenues	<u>206,667</u>	<u>31,710</u>	<u>238,377</u>
<b>EXPENDITURES</b>			
Current:			
General government	263,718	31,710	295,428
Public safety	5,920	-	5,920
Transportation	27,171	-	27,171
Environmental protection	2,027	-	2,027
Culture and recreation	816	-	816
Debt service:			
Principal	2,380	-	2,380
Total expenditures	<u>302,032</u>	<u>31,710</u>	<u>333,742</u>
Revenues over expenditures	<u>(95,365)</u>	<u>-</u>	<u>(95,365)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Installment purchase obligations issued	110,000	-	110,000
Total other financing sources (uses)	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Net change in fund balance	14,635	-	14,635
Fund balances, beginning	430,678	-	430,678
Prior period adjustment, see Note VI	496	-	496
Fund balances, beginning as restated	431,174	-	431,174
Fund balances, ending	<u>\$ 445,809</u>	<u>\$ -</u>	<u>\$ 445,809</u>

(cont)

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

**Town of Autryville**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**

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

Net changes in fund balances - total governmental funds	\$ 14,635
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	139,337
Depreciation expense for governmental assets	(38,560)
Loss on disposal of assets	(11,905)

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

New long-term debt issued	(110,000)
Principal payments on long-term debt	2,380

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	(626)
Pension expense	1,116

Total changes in net position of governmental activities	<u>\$ (3,623)</u>
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The notes to the financial statements are an integral part of this statement.

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

	<b>General Fund</b>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 61,793	\$ 61,166	\$ 56,449	\$ (4,717)
Other taxes and licenses	55,690	80,255	78,936	(1,319)
Unrestricted intergovernmental	-	658	657	(1)
Restricted intergovernmental	46,891	429,839	34,293	(395,546)
Sales and services	-	18,370	17,701	(669)
Investment earnings	-	-	131	131
Miscellaneous	17,657	20,532	18,500	(2,032)
Total revenues	<u>182,031</u>	<u>610,820</u>	<u>206,667</u>	<u>(404,153)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	153,645	376,625	263,718	112,907
Public safety	-	6,550	5,920	630
Transportation	16,440	216,780	27,171	189,609
Environmental protection	400	2,500	2,027	473
Cultural and recreation	6,000	5,400	816	4,584
<b>Debt service:</b>				
Principal retirement	-	2,965	2,380	585
Contingency	5,546	-	-	-
Total expenditures	<u>182,031</u>	<u>610,820</u>	<u>302,032</u>	<u>308,788</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(95,365)</u>	<u>(95,365)</u>
<b>Other financing sources (uses):</b>				
Loan proceeds	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>110,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>14,635</u>	<u>\$ 14,635</u>
Fund balances, beginning as previously reported			430,678	
Prior period adjustment, See Note VI			496	
Fund balances, beginning as restated			<u>431,174</u>	
Fund balances, ending			<u>\$ 445,809</u>	

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

**Town of Autryville  
Statement of Net Position  
Proprietary Fund  
June 30, 2022**

	<b>Major Fund Water Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 66,026
Accounts receivable (net) - billed and unbilled	8,192
Restricted cash and cash equivalents	15,818
Total current assets	90,036
Noncurrent assets:	
Capital assets:	
Capital assets not being depreciated	8,198
Other capital assets, net of depreciation	178,529
Capital assets	186,727
Total assets	276,763
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	6,725
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	3,497
Accrued payroll liabilities	348
Accrued compensated absences	1,258
Due to general fund	8,963
Payable from restricted assets:	
Customer meter deposits	15,818
Total current liabilities	29,884
Noncurrent liabilities:	
Net pension liability	4,090
Total liabilities	33,974
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	5,843
<b>NET POSITION</b>	
Net investment in capital assets	186,727
Unrestricted	56,944
<b>Total net position</b>	<b>\$ 243,671</b>

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

**Town of Autryville**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2022**

	<b>Major Fund Water Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 110,586
Other operating revenues	20
Total operating revenues	110,606
<b>OPERATING EXPENSES</b>	
Administration	7,856
Operations	77,078
Depreciation	13,570
Total operating expenses	98,504
Operating income (loss)	12,102
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Loss on disposal of assets	(15,651)
Total Nonoperating revenues (expenses)	(15,651)
Change in net position	(3,549)
Total net position - beginning	252,660
Prior period adjustment, see Note VI	(5,440)
Total net position - as restated	247,220
Total net position - ending	\$ 243,671

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

**Town of Autryville  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2022**

	<b>Major Fund Water Fund</b>
<b>Cash flows from (used for) operating activities:</b>	
Cash received from customers	\$ 111,658
Cash paid for goods and services	(70,121)
Cash paid to or on behalf of employees for services	(11,394)
Customer deposits, net	2,308
Net cash provided (used ) by operating activities	32,451
<b>Cash flows from noncapital financing activities:</b>	
Change in due to other funds	3,085
Net cash provided by noncapital financing activities	3,085
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(4,701)
Net cash used for capital and related financing activities	(4,701)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>30,835</b>
<b>Balances, beginning</b>	<b>51,009</b>
<b>Balances, ending</b>	<b>\$ 81,844</b>
<b>Reconciliation of operating loss to net cash used for operation activities:</b>	
Operating income (loss)	\$ 12,102
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	13,570
(Increase) decrease in operating assets	
Accounts receivable	1,052
Due from other governments	198
Deferred outflows of resources for pensions	(2,271)
Increase (decrease) in operating liabilities	
Accounts payable	3,432
Accrued payroll liabilities	34
Accrued compensated absences	312
Customer meter deposits	2,308
Net pension liability	(4,129)
Deferred inflows of resources for pensions	5,843
<b>Net cash used for operating activities</b>	<b>\$ 32,451</b>

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

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## **Notes to the Financial Statements**

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**Town of Autryville**  
**Notes to the Financial Statements**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

B. Basis of Presentation

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on the major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

## **Town of Autryville Notes to the Financial Statements**

The Town reports the following major governmental funds:

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

**American Rescue Plan Fund** – This fund is used to account for the American Rescue Plan Act Grant.

The Town reports the following major enterprise fund:

**Water Fund** – This fund is used to account for the Town's water 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's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water 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.

## **Town of Autryville**

### **Notes to the Financial Statements**

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Autryville because the tax is levied by Sampson County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there 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 general revenues.

#### **D. Budgetary Data**

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund and the Water Fund. All annual appropriations lapse at 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. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the

**Town of Autryville**  
**Notes to the Financial Statements**

governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

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

The Town does not have a formal investment policy.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for purposes of outlined in G.S. 136-41.1 through 136-41.4. Unearned grant revenues have a specific purpose and are, therefore, restricted assets.

**Town of Autryville**  
**Notes to the Financial Statements**

Town of Autryville, Restricted Cash

Governmental Activities			
General Fund	Streets	\$	6,830
	Unearned grants		292466
Business-type Activities			
Water Fund	Customer Deposits		15,818
Total Restricted Cash		\$	315,114

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, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of 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. The minimum capitalization costs are land, \$10,000; building, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$500; 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. 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	30
Buildings	50
Improvements	25
Vehicles	6
Furniture and Equipment	7-10
Computer equipment	3
Computer software	5

**Town of Autryville**  
**Notes to the Financial Statements**

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has items that meet the criterion for this category – property taxes receivable, and pension deferrals.

8. Long-Term Obligations

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

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

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to fifteen days earned vacation with such leave being fully vested when earned. For the Town's government-wide fund and propriety funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of 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 taken, no accrual for sick leave has been made.

**Town of Autryville**  
**Notes to the Financial Statements**

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Autryville's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted,

**Town of Autryville**  
**Notes to the Financial Statements**

the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – portion of fund balance that the Town of Autryville intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation and the governing body may modify the appropriation.

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

11. Defined Benefit Cost-Sharing Plans

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

12. Reimbursements for Pandemic-related Expenditures

In FY2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local and tribal governments. The Town received \$31,710 during the fiscal year ending June 30, 2022. The funds were utilized for general revenue replacement.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Noncompliance with North Carolina General Statutes

The Town's Tax Collector did not settle the taxes for the prior year accordance with state law [G.S. 105-373(a)]. State law requires the tax collector make a full settlement with the governing body of the taxing unit for all taxes in the collector's hands for collection for the preceding fiscal year and that settlement must be approved by the governing body. The Town Tax Collector will settle the taxes as required and the Board of Commissioners will review and approve the settlement.

**Town of Autryville**  
**Notes to the Financial Statements**

**III. DETAIL NOTES ON ALL FUNDS**

A. Assets

1. Deposits

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

At June 30, 2022, the Town's deposits had a carrying amount of \$803,795 and a bank balance of \$807,614. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the Town's petty cash fund totaled \$300.

2. Receivables - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets have not been reduced for any allowances for doubtful accounts since all receivables are considered collectible.

3. Capital Assets

Capital assets activity for the Primary Government ended June 30, 2022 was as follows:

**Town of Autryville**  
**Notes to the Financial Statements**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 44,692	\$ -	\$ 11,905	\$ 32,787
Capital assets being depreciated:				
Buildings	145,479	-	-	145,479
Improvements	64,280	-	23,338	40,942
Equipment	76,893	82,351	52,461	106,783
Vehicles and motorized equipment	42,846	47,164	17,329	72,681
Infrastructure	394,698	9,822	-	404,520
Total capital assets being depreciated	<u>724,196</u>	<u>139,337</u>	<u>93,128</u>	<u>770,405</u>
Less Accumulated depreciation:				
Buildings	82,205	3,730	-	85,935
Improvements	56,842	-	23,338	33,504
Equipment	65,380	6,520	52,461	19,439
Vehicles and motorized equipment	42,846	8,647	17,329	34,164
Infrastructure	247,566	19,662	-	267,228
Total accumulated depreciation	<u>494,839</u>	<u>\$ 38,559</u>	<u>\$ 93,128</u>	<u>440,270</u>
Total capital assets being depreciated, net	<u>229,357</u>			<u>330,135</u>
Total capital assets, net	<u>\$ 274,049</u>			<u>\$ 362,922</u>

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

General government	\$ 10,604
Environmental	27,632
Cultural and recreational	323
Total depreciation expense	<u>\$ 38,559</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water Fund				
Capital assets not being depreciated:				
Land	\$ 8,198	\$ -	\$ -	\$ 8,198
Capital assets being depreciated:				
Plant and distribution systems	692,337	4,701	18,112	678,926
Furniture and maintenance equipment	3,584	-	3,584	-
Total capital assets being depreciated	<u>695,921</u>	<u>4,701</u>	<u>21,696</u>	<u>678,926</u>
Less Accumulated depreciation:				
Plant and distribution systems	489,288	13,570	2,461	500,397
Vehicles and motorized equipment	3,584	-	3,584	-
Total accumulated depreciation	<u>492,872</u>	<u>\$ 13,570</u>	<u>\$ 6,045</u>	<u>500,397</u>
Total capital assets being depreciated, net	<u>203,049</u>			<u>178,529</u>
Total capital assets, net	<u>\$ 211,247</u>			<u>\$ 186,727</u>

**Town of Autryville**  
**Notes to the Financial Statements**

**B. Liabilities**

**1. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* The Town of Autryville is a participating employer in the statewide Local Government Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable

**Town of Autryville**  
**Notes to the Financial Statements**

service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Autryville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Autryville's contractually required contribution rate for the year ended June 30, 2022, was 11.42% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Autryville were \$5,408 for the year ended June 30, 2022.

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

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

At June 30, 2022, the Town reported a liability of \$12,269 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.0008% which was an increase of (.00011)% from its proportion measured June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$7,169. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Town of Autryville**  
**Notes to the Financial Statements**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,903	\$ -
Changes in assumption	7,708	-
Net difference between projected and actual earnings on pension plan investments	-	17,528
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,533	-
Town contributions subsequent to measurement date	5,031	-
Total	<u>\$ 20,175</u>	<u>\$ 17,528</u>

\$5,031 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2023	\$ 2,852
2024	1,038
2025	(909)
2026	(5,364)
2027	-
Thereafter	-
	<u>\$ (2,383)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

**Town of Autryville**  
**Notes to the Financial Statements**

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 years expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study of the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were

**Town of Autryville**  
**Notes to the Financial Statements**

calculated using a discount rate that is one percentage point lower (5.50 percent) or percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of net pension liability (asset)	\$ 47,626	\$ 12,269	\$ (19,828)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

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

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 5,031
Differences between expected and actual experience	3,903
Changes in assumptions	7,708
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,533
Total	\$ 20,175

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 2,652
Differences between expected and actual experience	17,528	-
Total	17,528	2,652

**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 insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation 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

**Town of Autryville**  
**Notes to the Financial Statements**

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 has no 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 and tax collector are each individually bonded for \$50,000 and \$10,000, respectively. The remaining employees that are insured under the blanket crime coverage provisions of the Town's insurance provider.

4. Claims, Judgements and Contingent Liabilities

At June 30, 2022, there were no lawsuits against the Town that materially impact its financial statements.

5. Long-term Obligations

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 the Town of Autryville is \$954,720.

a. Installment Purchase

In August 2020, the Town entered into a direct placement contract with Ariens/Gravely in the amount of \$8,148 for the purchase of equipment. The loan is due in monthly installments of \$170. Interest is computed at 0%. The balance at June 30, 2022 was \$4,199.

Annual debt service payments of the installment purchase as of June 30, 2022, are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 2,040	\$ -
2024	2,040	-
2025	119	-
	\$ 4,199	\$ -

**Town of Autryville**  
**Notes to the Financial Statements**

**b. Notes Payable**

In April 2020, the Town entered into an agreement with the USDA in the amount of \$110,000 for the purchase of equipment. The loan is due in annual installments of \$12,339 of principal and interest of 2.125%. The balance at June 30, 2022 was \$110,000.

Annual debt service payments of the note payable as of June 30, 2022, are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 9,979	\$ 2,361
2024	10,193	2,147
2025	10,412	1,928
2026	10,635	1,705
2027	10,864	1,476
2028-2032	57,917	3,783
	<u>\$ 110,000</u>	<u>\$ 13,400</u>

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

Compensated absences for governmental activities have typically been liquidated in the General Fund.

	Beginning Balance	Increases	Decreases	Ending Balances	Current Portion of Balance
<i>Governmental Activities:</i>					
Installment purchase	\$ 6,579	\$ -	\$ 2,380	\$ 4,199	\$ 2,040
Note payable	-	110,000	-	110,000	9,979
Compensated absences	1,891	626	-	2,517	2,517
Net pension liability	16,438	-	8,259	8,179	-
Total Governmental Activities	<u>\$ 24,908</u>	<u>\$ 110,626</u>	<u>\$ 10,639</u>	<u>\$ 124,895</u>	<u>\$ 14,536</u>
<i>Business-type Activities:</i>					
<u>Water Fund</u>					
Compensated absences	\$ 946	\$ 312	\$ -	\$ 1,258	\$ 1,258
Net pension liability	8,219	-	4,129	4,090	-
Total Business-type Activities	<u>\$ 9,165</u>	<u>\$ 312</u>	<u>\$ 4,129</u>	<u>\$ 5,348</u>	<u>\$ 1,258</u>

**C. Interfund Balances and Activity**

Balances due to/from other funds at June 30, 2022 consist of the following:

Due to the General Fund for the allocation of costs from the Water Fund      \$ 8,963

**Town of Autryville**  
**Notes to the Financial Statements**

D. Net Investment in Capital Assets

	Governmental Activities	Business-type Activities
Capital Assets	\$ 362,922	\$ 186,727
Less: Long-term debt	114,199	-
Net investment in capital assets	\$ 248,723	\$ 186,727

E. Fund Balance

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

Total fund balance - General Fund	\$ 445,809
Less:	
Stabilization by State Statute	25,201
Streets - Powell Bill	6,830
Remaining Fund Balance	\$ 413,778

The Town has not adopted a formal minimum fund balance policy.

**IV. SUMMARY DISCLOSURES 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 funds.

**V. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 30, 2022 which is the date the financial statements were available to be issued.

The Town will receive a \$550,000 State of North Carolina budget appropriation, \$200,000 of which will be used for street paving and \$350,000 for storm damage.

The Town will receive a \$150,000 grant for the Water Fund to complete an asset inventory and rate study.

The Town will receive a \$50,000 grant from the USDA to assist in the purchase of equipment.

**Town of Autryville**  
**Notes to the Financial Statements**

**VI. RESTATEMENTS**

A. Fund Level - During the fiscal year ended June 30, 2022, the Town determined the fund balance of the General Fund needed restatements as follows:

Restatements:	
Accrued payroll	\$ (628)
Unbilled revenue	1,124
Total Restatement - Fund Level	<u>\$ 496</u>

Government-Wide - During the fiscal year ended June 30, 2022, the Town determined the fund balance of the Governmental Activities needed restatements as follows:

Restatements:	
Accrued payroll	\$ (628)
Unbilled Revenue	1,124
Taxes receivable	(142)
Net Pension Liability	(16,438)
Deferred Outflows - Pension deferrals	8,908
Total Restatement - Government Wide Level	<u>\$ (7,176)</u>

B. Business-Type - During the fiscal year ended June 30, 2022, the Town determined the fund balance of the Water Fund and the Business-type Activities needed restatements as follows:

Restatements:	
Accrued payroll	\$ (314)
Unbilled revenue	1,181
Customer deposits	(2,542)
Net Pension Liability	(8,219)
Deferred Outflows - Pension deferrals	4,454
Total Restatement - Water Fund	<u>\$ (5,440)</u>

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## **Required Supplementary Financial Data**

This section contains additional information required by generally accepted accounting principles.

\*Schedule of Proportionate Share of Net Pension Liability -  
Local Government Employees' Retirement System

\*Schedule of Contributions -  
Local Government Employees' Retirement System

**Town of Autryville**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)**  
 Local Governmental Employees' Retirement System  
 Last Nine Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Town's proportion of the net pension liability (asset) %	0.00080%	0.00069%	0.00052%
Town's proportionate share of the net pension liability (asset) \$	\$ 12,269	\$ 24,657	\$ 14,201
Town's covered employee payroll	\$ 47,525	\$ 49,611	\$ 44,514
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.82%	49.70%	31.90%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%

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

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

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.00053%	0.00051%	0.00045%	0.00034%	0.00029%	0.00030%
\$ 12,573	\$ 7,791	\$ 9,551	\$ 1,526	\$ (1,601)	\$ 3,616
\$ 58,316	\$ 52,165	\$ 36,963	\$ 46,009	\$ 47,000	\$ 49,440
21.56%	14.94%	25.84%	3.32%	0.00%	0.00%
98.09%	99.07%	102.64%	94.35%	96.45%	96.45%

**Town of Autryville**  
**Schedule of Town Contributions**  
 Local Governmental Employees' Retirement System  
 Last Nine Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 5,048	\$ 5,388	\$ 4,353
Contributions in relation to the contractually required contribution	<u>5,048</u>	<u>5,388</u>	<u>4,353</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 47,525	\$ 49,611	\$ 44,514
Contributions as a percentage of covered-employee payroll	10.62%	10.86%	9.78%

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 4,886	\$ 4,267	\$ 2,853	\$ 3,359	\$ 3,432	\$ 3,630
<u>4,886</u>	<u>4,267</u>	<u>2,853</u>	<u>3,359</u>	<u>3,432</u>	<u>3,630</u>
<u>\$ -</u>					
\$ 58,316	\$ 52,165	\$ 36,963	\$ 46,009	\$ 47,000	\$ 49,440
8.38%	8.18%	7.72%	7.30%	7.30%	7.34%

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## **Fund Financial Statements**

**General Fund** - The General Fund is the main operating fund of the Town.

**American Rescue Plan Fund** - This fund is used to account for grant funding.

**Town of Autryville**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$ 61,066	\$ 56,398	\$ (4,668)
Penalties and interest	100	51	(49)
Total	<u>61,166</u>	<u>56,449</u>	<u>(4,717)</u>
Other taxes:			
Local option sales tax	65,000	64,793	(207)
Franchise tax	13,212	13,176	(36)
Solid waste disposal tax	140	125	(15)
Sales tax refunds	1,633	-	(1,633)
Excise tax refunds	250	205	(45)
General tax interest and penalties	20	637	617
Total	<u>80,255</u>	<u>78,936</u>	<u>(1,319)</u>
Unrestricted intergovernmental:			
ABC Funds	658	657	(1)
Restricted intergovernmental:			
Powell Bill allocation	-	11,037	11,037
Restricted grant	424,839	23,256	(401,583)
Park and recreation grant	5,000	-	(5,000)
Total	<u>429,839</u>	<u>34,293</u>	<u>(395,546)</u>
Sales and services:			
Garbage collection	18,000	17,246	(754)
Miscellaneous fees and services	370	455	85
Total	<u>18,370</u>	<u>17,701</u>	<u>(669)</u>
Investment earnings			
	-	131	131
Miscellaneous:			
Miscellaneous	140	338	198
Reimbursements	17,237	12,339	(4,898)
Contributions	3,155	5,823	2,668
Total	<u>20,532</u>	<u>18,500</u>	<u>(2,032)</u>
Total revenues	<u>\$ 610,820</u>	<u>\$ 206,667</u>	<u>\$ (404,153)</u>

**Town of Autryville**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
General government:			
Salaries and employee benefits	76,000	71,707	4,293
Operating expenses	193,597	84,384	109,213
Capital Outlay	107,028	107,627	(599)
Total general government	<u>376,625</u>	<u>263,718</u>	<u>112,907</u>
Public safety:			
Police:			
Contracted Services	6,200	5,700	500
Fire:			
Contracted Services	350	220	130
Total public safety	<u>6,550</u>	<u>5,920</u>	<u>630</u>
Transportation:			
Contracted services	-	2,394	(2,394)
Operating expenses	10,850	24,777	(13,927)
Paving	205,930	-	205,930
Total Transportation	<u>216,780</u>	<u>27,171</u>	<u>189,609</u>
Environmental Protection			
Operating expenses	<u>2,500</u>	<u>2,027</u>	<u>473</u>
Culture and recreation:			
Operating expenses	<u>5,400</u>	<u>816</u>	<u>4,584</u>
Debt Service:			
Principal Retirement	<u>2,965</u>	<u>2,380</u>	<u>585</u>
Total expenditures	<u>610,820</u>	<u>302,032</u>	<u>297,504</u>
Revenues over (under) expenditures	-	(95,365)	(106,649)
Other financing sources (uses):			
Loan proceeds	<u>-</u>	<u>110,000</u>	<u>110,000</u>
Net change in fund balance	<u>\$ -</u>	<u>14,635</u>	<u>\$ 3,351</u>
Fund balances, beginning as previously reported		430,678	
Prior period adjustment, See Note VI		496	
Fund balances, beginning as restated		<u>431,174</u>	
Fund balances, ending		<u>\$ 445,809</u>	

**Town of Autryville**  
**Special Revenue Fund - American Rescue Plan**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ending June 30, 2022**

	<u>Project Author- ization</u>	<u>Prior Years</u>	<u>Actual</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Restricted intergovernmental					
American Rescue Plan	\$ 63,420	\$ -	\$ 31,710	\$ 31,710	\$ (31,710)
Total revenues	<u>63,420</u>	<u>-</u>	<u>31,710</u>	<u>31,710</u>	<u>(31,710)</u>
<b>Expenditures</b>					
Public Safety	63,420	-	31,710	31,710	31,710
Total expenditures	<u>63,420</u>	<u>-</u>	<u>31,710</u>	<u>31,710</u>	<u>31,710</u>
Revenues over (under) expenditures	-	-	-	-	-
Revenues other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance - July 1			-		
Fund balance - June 30			<u>\$ -</u>		

## **Enterprise Fund**

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

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

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**Town of Autryville**  
**Water Fund - Enterprise**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Water sales	\$ 95,000	\$ 98,738	\$ 3,738
Water tap fees	11,000	10,392	(608)
Water penalties and interest	1,900	1,456	(444)
Other operating revenue	400	20	(380)
Total operating revenues	<u>108,300</u>	<u>110,606</u>	<u>2,306</u>
<b>Expenditures:</b>			
Administration:			
Salaries and employee benefits	4,575	4,274	301
Other operating expenses	4,350	3,582	768
Total Administration	<u>8,925</u>	<u>7,856</u>	<u>1,069</u>
Water operations			
Salaries and employee benefits	14,180	7,154	7,026
Repairs and maintenance	17,000	15,962	1,038
Purchased water, taps, services	58,000	51,132	6,868
Other operating expenses	4,000	3,075	925
Capital outlay	6,195	4,701	1,494
Total	<u>99,375</u>	<u>82,024</u>	<u>17,351</u>
Total expenditures	<u>108,300</u>	<u>89,880</u>	<u>18,420</u>
Revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	20,726	<u>\$ 20,726</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
(Increase) decrease in accrued vacation		(312)	
(Increase) decrease in net pension liability		4,129	
Increase (decrease) in deferred outflows of resources - pensions		2,271	
(Increase) decrease in deferred inflows of resources - pensions		(5,843)	
Loss on disposal of assets		(15,651)	
Capital outlay		4,701	
Depreciation		(13,570)	
Total		<u>(24,275)</u>	
Change in net position		<u>\$ (3,549)</u>	

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## **Other Schedules**

This section contains additional information required on property taxes.

\*Schedule of Ad Valorem Taxes Receivable

\*Analysis of Current Tax Levy - Town-wide Levy

**Town of Autryville**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2022**

<u>Fiscal Year</u>	Uncollected Balance June 30, 2021	<u>Additions</u>	Collections And Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 59,670 (a)	\$ 57,801 (b)	\$ 1,869 (c)
2020-2021	-	-	-	-
2019-2020	-	-	-	-
2018-2019	-	-	-	-
2017-2018	-	-	-	-
2016-2017	-	-	-	-
2015-2016	-	-	-	-
2014-2015	-	-	-	-
2013-2014	-	-	-	-
2013-prior	<u>143</u>	<u>-</u>	<u>-</u>	<u>143</u>
	<u>\$ 143</u>	<u>\$ 59,670</u>	<u>\$ 57,801 (d)</u>	<u>2,012</u>
				Ad valorem taxes receivable - net
				\$ <u>2,012</u>
				<u>Reconciliation to revenues:</u>
				Ad valorem taxes - General Fund
				\$ 58,378
				Reconciling items:
				Interest collected
				51
				Refunds
				(584)
				Taxes written off
				(44)
				<u>Subtotal</u>
				<u>(577)</u>
				Total collections and credits
				\$ <u>57,801 (d)</u>

**Town of Autryville**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**June 30, 2022**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 11,934,000	0.50%	\$ <u>59,670</u>	\$ <u>50,190</u>	\$ <u>9,480</u>
Total property valuation	<u>\$ 11,934,000</u>				
Net levy			<u>59,670</u> (a)	<u>50,190</u>	<u>9,480</u>
Unpaid (by taxpayer) taxes at June 30, 2022			<u>(1,869)</u> (c)	<u>(1,869)</u>	<u>-</u>
Current year's taxes collected			\$ <u><u>57,801</u></u> (b)	\$ <u><u>48,321</u></u>	\$ <u><u>9,480</u></u>
Current levy collection percentage			<u><u>96.87%</u></u>	<u><u>96.28%</u></u>	<u><u>100.00%</u></u>

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## **Compliance Section**

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

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

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

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

## **Report on Compliance and Other Matters**

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

## **Town of Autryville, North Carolina's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Autryville's responses to the findings identified in our audit are described previously in the accompanying schedule of findings and responses. The Town of Autryville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

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

Goldsboro, North Carolina

September 30, 2022



**Town of Autryville**  
**Schedule of Findings and Responses**  
For the Fiscal Year Ended June 30, 2022

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**II. Financial Statement Findings**

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**Finding 2022-001 Segregation of Duties**

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

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

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

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

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

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

**Finding 2022-002 Tax Collector Settlement**

Criteria: NC General Statute 105-373(a) states that the tax collector must make a full settlement of taxes collected in the prior year, and that settlement must be approved by the governing body.

Condition: The Tax Collector failed make a full settlement of taxes and therefore the Board of Commissioners were unable to approve the settlement.

Effect: Ad Valorem taxes were received during the prior fiscal year but the full settlement was not submitted to the Board of Commissioners.

Cause: The Tax Collector did not submit the full settlement to the Board of Commssioners

Recommendation: The Town should put procedures in place to insure a settlement of taxes is completed each year and subsequently approved by the Board of Commssioners.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will require the Tax Collector to settle the taxes and the Board of Commissioners to approve the settlement each year.

---

**III. Federal Awards Findings and Responses**

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None Reported

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**IV. State Awards Findings and Responses**

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None Reported



Corrective Action Plan  
For the Fiscal Year Ended June 30, 2022

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**Section II-Financial Statement Findings**

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SIGNIFICANT DEFICIENCIES

2022-001 Segregation of Duties

Name of contact person: Lisa Jones, Town Clerk

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

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

2022-002 Tax Collector Settlement

Name of contact person: Lisa Jones, Town Clerk

Corrective action: The Town will require the tax collector to settle the taxes collected each year and the Board of Commissioners will approve the settlement.

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

---

**Section III-Federal Award Findings and Responses**

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None reported.

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**Section IV-State Award Findings and Responses**

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None reported.

**Town of Autryville**  
**Summary Schedule of Prior Audit Findings**  
For the Fiscal Year Ended June 30, 2022

Finding: Lack of segregation of duties

Corrective Action: This finding has not been corrected and is reported in the current year.

Finding: Lack of controls over the financial reporting process.

Corrective Action: The Town hired an outside Certified Public Accountant with suitable skill, knowledge and expertise to review and approve the financial statements.

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### **Communication of Significant Deficiencies**

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Autryville as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Autryville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Autryville's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Autryville's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as we discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

#### 2021-001 Segregation of Duties

*Observation:* Key duties and functions are not segregated among town personnel, particularly in the cash management, account receivable, purchasing, and payroll functions.

*Recommendation:* We suggest that duties be segregated as much as possible, by possibly training and utilizing non-financial personnel and the governing board and utilizing alternative controls.

*Benefit:* Proper segregation of duties provides reduces the risk that transactions could be mishandled, due to error or fraud, that could lead to loss of assets or the reporting of misleading financial information.

#### 2021-002 Tax Collector Settlement

*Observation:* The Tax Collector failed to make a full settlement of taxes collected in the prior year and the Board of Commissioners were did not approve the settlement as required by NC General Statute 105-373(a).

*Recommendation:* We suggest that the Town require the Tax Collector to make full settlement of taxes collected, and the Board of Commissioners approve the settlement.

*Benefit:* Requiring the Tax Collector to make a full settlement of taxes collected with Board of Commissioners approval will improve oversight and compliance with NC General Statutes.

## Other Recommendations

During our audit, we also became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency:

### Budget Amendments

*Observation:* The Town's budget amendments were not organized in such a way as to easily present a final budget.

*Recommendation:* We suggest that the Town organize and track budget amendments to easily present a final budget.

*Benefit:* The proper organization and tracking of budget amendments will allow the Town to compare the budget to actual expenditures and prevent the Town from overspending in the various functional areas.

### Personnel Manual

*Observation:* The Town's personnel manual needs update to include employee benefits.

*Recommendation:* We suggest that the Town prepare a full and complete personnel manual that dictates employee benefits.

*Benefit:* A personnel manual that includes benefits will prevent confusion and establish the rules Town staff must adhere to.

This communication is intended solely for the information and use of management, the governing board, federal and state awarding agencies, and passthrough agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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

Goldsboro, North Carolina

September 30, 2022

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**Communication with Those Charged with Governance at the Conclusion of the Audit**

September 30, 2022

To the Honorable Mayor  
And Members of the Board of Commissioners  
Autryville, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Autryville for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 26, 2022 and our contract dated May 27, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Autryville are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Town of Autryville during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town of Autryville's financial statements was:

Management's estimate of the depreciable lives of property and equipment is based on the estimated useful life of the asset. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

MEMBERS

AMERICAN INSTITUTE OF CPA'S

N.C. ASSOCIATION OF CPA'S

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. A schedule of corrected adjustments is attached.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 30, 2022.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Autryville's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of Autryville's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis and pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining and individual fund statements, budgetary schedules, and other schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the use of Mayor, Board of Commissioners, and management of the Town of Autryville and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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

Client: **1439 - Town of Autryville**  
 Engagement: **1439 - Town of Autryville**  
 Period Ending: **6/30/2022**  
 Trial Balance: **TB**  
 Workpaper: **1400.10 - AJEs for Letter**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 2</b>			
To record CD interest			
10.103.000	General Regular Savings	60.52	
10.660.000	Interest Income		60.52
<b>Total</b>		<b>60.52</b>	<b>60.52</b>
<b>Adjusting Journal Entries JE # 3</b>			
To record Capital Trust Interest			
10.110.000	NC Capital Management Trust	70.32	
10.660.000	Interest Income		70.32
<b>Total</b>		<b>70.32</b>	<b>70.32</b>
<b>Adjusting Journal Entries JE # 4</b>			
To adjust petty cash to actual			
10.101.000	PETTY CASH	200.00	
30.701.001	WATER -+ MISC ADMIN	50.00	
10.665.000	Miscellaous Income		200.00
30.106.000	WATER -+ PETTY CASH		50.00
<b>Total</b>		<b>250.00</b>	<b>250.00</b>
<b>Adjusting Journal Entries JE # 5</b>			
To add cemetery fund			
10.104.000	Cemetery Fund Checking	2,262.95	
10.701.002	Bank Paper Fee	30.00	
10.720.006	Parks and Rec	375.00	
10.630.004	General Donations		2,667.86
10.660.000	Interest Income		0.09
<b>Total</b>		<b>2,667.95</b>	<b>2,667.95</b>
<b>Adjusting Journal Entries JE # 6</b>			
To reverse prior auditor adjustments.			
10.301.000	ACCOUNTS PAYABLE GENERAL FUND	1,786.96	
10.301.000	ACCOUNTS PAYABLE GENERAL FUND	171.89	
30.301.000	WATER -+ ACCOUNTS PAYABLE	64.80	
10.300.000	Accounts Payable		171.89
10.701.005	Dues, Subscriptions & School		216.14
10.701.013	Supplies & Materials		989.54
10.730.001	Building /Grounds/Town Hall		60.00
10.730.010	Truck Repair/Maint.		509.44
10.730.014	Waste Industries		11.84
30.730.002	WATER -+ Maintenance Supplies/Equip & Pa		64.80
<b>Total</b>		<b>2,023.65</b>	<b>2,023.65</b>
<b>Adjusting Journal Entries JE # 7</b>			
To reverse lawyer fees for 2022-2023 retainer.			
10.301.000	ACCOUNTS PAYABLE GENERAL FUND	5,000.00	
10.701.011	Professional Services		5,000.00
<b>Total</b>		<b>5,000.00</b>	<b>5,000.00</b>

**Adjusting Journal Entries JE # 8**

To adjust and reclassify other capital outlay found.

10.351.000	DUE TO WATER FUND	4,700.00	
10.800.002	Capital Outlay	9,821.70	
30.800.001	WATER - Capital Outlay	4,700.00	
10.701.011	Professional Services		6,021.70
10.730.001	Building /Grounds/Town Hall		8,500.00
30.250.000	WATER -+ DUE FROM GENERAL FUND		4,700.00
<b>Total</b>		<b>19,221.70</b>	<b>19,221.70</b>

**Adjusting Journal Entries JE # 9**

To record capital outlay additions, disposals and depreiation

30.270.000	Land	8,197.58	
30.275.000	WATER -+ WATER SYSTEM	4,700.00	
30.275.001	WATER -+ ACCUM DEPRECAION	6,045.07	
30.640.000	Gain/Loss Disposal of Asset	15,651.05	
30.800.000	Depreciation Expense	13,569.56	
30.275.000	WATER -+ WATER SYSTEM		8,197.58
30.275.000	WATER -+ WATER SYSTEM		18,112.22
30.275.001	WATER -+ ACCUM DEPRECAION		13,569.56
30.275.002	WATER -+ OFFICE EQUIPMENT		3,583.90
30.800.001	WATER - Capital Outlay		4,700.00
<b>Total</b>		<b>48,163.26</b>	<b>48,163.26</b>

**Adjusting Journal Entries JE # 11**

To adjust payroll liabilities to actual.

10.301.000	ACCOUNTS PAYABLE GENERAL FUND	1,006.11	
10.320.000	INSURANCE WITHHOLDING	424.54	
10.321.000	Payroll Liabilities	4,553.65	
10.710.002	Payroll Expenses		5,984.30
<b>Total</b>		<b>5,984.30</b>	<b>5,984.30</b>

**Adjusting Journal Entries JE # 13**

To adjust water accrual for vacation.

30.710.004	WATER -+ SALARIES MAINT	312.44	
30.325.000	WATER -+ ACCRUED VACATION		312.44
<b>Total</b>		<b>312.44</b>	<b>312.44</b>

**Adjusting Journal Entries JE # 15**

To record accrued payroll and prior period adjustment.

10.400.000	FUND BALANCE	628.40	
10.710.002	Payroll Expenses	68.13	
30.400.000	WATER -+ RETAINED EARNINGS	314.20	
30.710.004	WATER -+ SALARIES MAINT	34.07	
10.326.000	Accrued payroll		696.53
30.326.000	Accrued payroll		348.27
<b>Total</b>		<b>1,044.80</b>	<b>1,044.80</b>

**Adjusting Journal Entries JE # 16**

To clear out immaterial amounts.

10.340.000	DEFERRED REVENUE	143.17	
30.630.030	WATER -+ TAPS & CONNECTION FEES	143.17	
10.601.005	General Tax Penalty & Interest		143.17
30.323.000	WATER -+ METER DEPOSIT REFUND		143.17
<b>Total</b>		<b>286.34</b>	<b>286.34</b>

**Adjusting Journal Entries JE # 17**

To record LGERS pension liability and prior period adjustment.

30.210.000	Deferred Outflows Resources - LGERS	6,725.00	
30.400.000	WATER -+ RETAINED EARNINGS	3,765.00	
30.310.000	Deferred Inflows Resources - LGERS		5,843.00
30.315.000	Net Pension Liability - LGERS		4,090.00
30.710.007	WATER -+ FRINGE BENEFITS MAINT		557.00
<b>Total</b>		<b>10,490.00</b>	<b>10,490.00</b>

**Adjusting Journal Entries JE # 19**

To adjust books to customer deposit.

30.400.000	WATER -+ RETAINED EARNINGS	2,541.98	
30.630.010	WATER -+ WATER CHARGES	79.51	
30.322.000	WATER -+ WATER METER DEPOSIT		2,621.49
<b>Total</b>		<b>2,621.49</b>	<b>2,621.49</b>

**Adjusting Journal Entries JE # 20**

To reclass loan proceeds from grants.

10.620.003	Grant Money	110,000.00	
10.701.011	Professional Services	883.00	
10.620.003	Grant Money		883.00
10.620.006	USDA Loan Proceeds		110,000.00
<b>Total</b>		<b>110,883.00</b>	<b>110,883.00</b>

**Adjusting Journal Entries JE # 21**

To reclassify unearned SCIF and NCORR grant funds.

10.620.003	Grant Money	205,430.00	
10.620.003	Grant Money	87,035.93	
10.340.000	DEFERRED REVENUE		205,430.00
10.340.000	DEFERRED REVENUE		87,035.93
<b>Total</b>		<b>292,465.93</b>	<b>292,465.93</b>

**Adjusting Journal Entries JE # 22**

To correct interfund transactions.

10.251.000	DUE FROM WATER FUND	2,321.19	
10.350.000	DUE FROM POWELL FUND TO GF	1,231.29	
10.351.000	DUE TO WATER FUND	100.00	
10.352.000	DUE TO GENERAL FUND	1,615.00	
30.250.000	WATER -+ DUE FROM GENERAL FUND	1,602.00	
30.250.000	WATER -+ DUE FROM GENERAL FUND	3,105.94	
10.250.000	DUE FROM POWELL FUND		1,231.29
10.351.000	DUE TO WATER FUND		1,615.00
10.351.000	DUE TO WATER FUND		2,321.19
10.630.005	Meter Deposit (Income)		100.00
30.352.000	WATER -+ DUE TO GENERAL FUND		3,105.94
30.630.010	WATER -+ WATER CHARGES		1,602.00
<b>Total</b>		<b>9,975.42</b>	<b>9,975.42</b>

**Adjusting Journal Entries JE # 23**

To adjust property/vehicle taxes receivable.

10.601.001	Advalorem Taxes (Real)	292.37	
10.200.000	TAX RECEIVABLE (GENERAL)		292.37
<b>Total</b>		<b>292.37</b>	<b>292.37</b>

**Adjusting Journal Entries JE # 24**

To reverse prior auditor accounts receivable.

10.601.002	Advalorem Taxes (Vehicle)	909.83	
10.601.006	Sales and Use Tax	10,492.13	
10.601.008	Solid Waste Tax Refund	36.90	
10.601.010	Utilities Franchise Tax	2,809.83	

10.201.000	ACCTS RECEIVABLE GENERAL - Governments		14,248.69
<b>Total</b>		<b>14,248.69</b>	<b>14,248.69</b>

**Adjusting Journal Entries JE # 25**

To adjust PY AR for unbilled revenues and amounts not recorded (water and garbage).

10.202.000	Garbage Collections AR	1,123.56	
30.201.000	WATER -+ ACCOUNTS REC CUSTOMERS	1,181.02	
10.400.000	FUND BALANCE		1,123.56
30.400.000	WATER -+ RETAINED EARNINGS		1,181.02
<b>Total</b>		<b>2,304.58</b>	<b>2,304.58</b>

**Adjusting Journal Entries JE # 26**

To adjust AR per ledgers for billed and unbilled - water and garbage.

10.630.003	GARBAGE PAYMENT	193.59	
30.201.001	WATER -+ Return Checks	25.00	
30.630.010	WATER -+ WATER CHARGES	1,026.52	
10.202.000	Garbage Collections AR		193.59
30.201.000	WATER -+ ACCOUNTS REC CUSTOMERS		1,051.52
<b>Total</b>		<b>1,245.11</b>	<b>1,245.11</b>

**Adjusting Journal Entries JE # 27**

To net sales tax refund with receivable.

10.601.004	Gas Tax Refund	498.28	
10.601.007	Sales Tax Refund	1,133.22	
30.601.000	WATER -+ SALES TAX REFUND	197.79	
10.205.000	General Sales Tax Receivable		935.43
10.206.000	General Gas Tax Receivable		218.69
10.601.005	General Tax Penalty & Interest		477.38
30.201.002	WATER -+ SALES TAX RECEIVABLE		197.79
<b>Total</b>		<b>1,829.29</b>	<b>1,829.29</b>

**Adjusting Journal Entries JE # 28**

To record AR for property tax collections from Sampson County.

10.200.000	TAX RECEIVABLE (GENERAL)	1,278.09	
10.601.001	Advalorem Taxes (Real)	2,652.23	
10.340.001	Deferred Revenue - taxes		2,652.23
10.601.002	Advalorem Taxes (Vehicle)		1,278.09
<b>Total</b>		<b>3,930.32</b>	<b>3,930.32</b>

**Adjusting Journal Entries JE # 30**

To record current year AR from NCDOR.

10.201.000	ACCTS RECEIVABLE GENERAL - Governments	15,308.27	
10.601.002	Advalorem Taxes (Vehicle)		1,278.09
10.601.006	Sales and Use Tax		11,228.46
10.601.008	Solid Waste Tax Refund		29.01
10.601.010	Utilities Franchise Tax		2,772.71
<b>Total</b>		<b>15,308.27</b>	<b>15,308.27</b>

**Adjusting Journal Entries JE # 32**

To adjust state stabilization and restricted powell bill net assets.

10.401.000	FUND BALANCE POWELL FUNDS	4,288.24	
10.402.000	RESERVED BY STATE STATUE	51.47	
10.400.000	FUND BALANCE		51.47
10.400.000	FUND BALANCE		368.24
10.402.000	RESERVED BY STATE STATUE		3,920.00
<b>Total</b>		<b>4,339.71</b>	<b>4,339.71</b>

<b>Total Adjusting Journal Entries</b>	<b>555,019.46</b>	<b>555,019.46</b>
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Total All Journal Entries

555,019.46

555,019.46

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