

REVIEWED

By SLGFD at 9:27 am, Jun 23, 2022

Town of Ahoskie Financial Statements June 30, 2021



Jeff Best, CPA, P.L.L.C.

Certified Public Accountants



**Town of Ahoskie
Table of Contents
June 30, 2021**

Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Exhibit 1 – Statement of Net Position	14
Exhibit 2 – Statement of Activities	15
Fund Financial Statements	
Exhibit 3 – Balance Sheet and Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	16
Exhibit 4 – Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	18
Exhibit 5 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Governmental Funds	19
Exhibit 6 – General Fund Statement of Revenues, Expenditures, and Change in Fund Balance – Budget to Actual	20
Exhibit 7 – Statement of Fund Net Position – Proprietary Fund	21
Exhibit 8 – Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	22
Exhibit 9 – Statement of Cash Flows – Proprietary Fund	23
Notes to Financial Statements	25
Required Supplementary Financial Data	
Schedule 1 – Local Government Employees' Retirement System Schedule of Proportionate Share of Net Pension Liability (Asset)	54

**Town of Ahoskie
Table of Contents
June 30, 2021**

Schedule 2 – Local Government Employees’ Retirement System Schedule of Contributions	55
Schedule 3 – Law Enforcement Officers’ Special Separation Allowance Schedule of Changes in Total Pension Liability	56
Schedule 4 – Law Enforcement Officers’ Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Payroll	57
Schedule 5 – Other Post Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios	58
Individual Fund Schedules	
Schedule 6 – General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	59
Schedule 7 – Drug Enforcement Fund Schedule of Revenues, Expenditures, And Change in Fund Balance – Budget and Actual	63
Schedule 8 – USDA Rural Center Reserve Fund Schedule of Revenues, Expenditures, And Change in Fund Balance – Budget and Actual	64
Schedule 9 – Water and Sewer Fund Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	65
Schedule 10 – Ahoskie Tourism Development Authority Discretely Presented Component Unit Supplemental Statement of Net Position	67
Schedule 11 – Ahoskie Tourism Development Authority Discretely Presented Component Unit Supplemental Statement of Activities	68
Schedule 12 – Ahoskie Tourism Development Authority Discretely Presented Component Unit Supplemental Balance Sheet	69
Schedule 13 – Ahoskie Tourism Development Authority Discretely Presented Component Unit Supplemental Statement of Revenues, Expenditures And Changes in Fund Balance—Budget and Actual	70
Other Schedules	
Schedule 14 – Schedule of Ad Valorem Taxes Receivable	71
Schedule 15 – Analysis of Current Tax Levy – Town-Wide Levy	72



**Town of Ahoskie
Table of Contents
June 30, 2021**

Compliance Section

Report on Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Governmental Accounting Standards</i>	73
Schedule of Findings and Responses	75

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
The Town Council
Town of Ahoskie, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Ahoskie, North Carolina, as of and for the year then ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Ahoskie's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 13, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 54 and 55, respectively, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 56 and 57, respectively, and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022 on our consideration of the Town of Ahoskie's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ahoskie's internal control over financial reporting and compliance.

Jeff Best, CPA, PLLC

Belhaven, North Carolina
June 15, 2022

Town of Ahoskie Management's Discussion and Analysis

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

Financial Highlights

- The assets and deferred outflows of resources of the Town of Ahoskie exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$16,919,281 (*net position*).
- The government's total net position increased by \$380,266, due to increases in governmental activities.
- As of the close of the current fiscal year, the Town of Ahoskie's governmental funds reported combined ending fund balances of \$2,205,268, with a net increase of \$806,887 in fund balance. Approximately 47.10 percent of this total amount, or \$1,038,760, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,166,508 or 22.89% of total general fund expenditures for the fiscal year.
- The Town of Ahoskie's total debt decreased by \$274,370 (1.58%) during the current fiscal year. The key factor in this decrease was due to the repayment of debt.
- The government fund debt for installment purchases decreased by \$123,176 during the fiscal year. The beginning balance was \$5,690,809 and the ending balance was \$5,567,604.
- The business-type fund debt for installment purchases, general obligation bonds, and revenue bonds decreased by \$151,165 during the fiscal year. The beginning balance was \$11,729,490 and the ending balance was \$11,578,325.

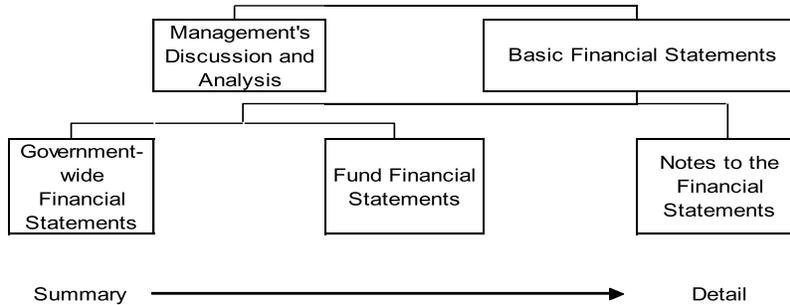
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Ahoskie'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 Ahoskie.

Town of Ahoskie Management's Discussion and Analysis

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

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

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, transportation, and general administration. Property

Town of Ahoskie Management's Discussion and Analysis

taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Ahoskie. The final category is the component unit. Although legally separate from the Town, the Tourism Development Authority (TDA) is important to the Town. The Town exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the Town.

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

Fund financial statements. The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Ahoskie, 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 Ahoskie 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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Ahoskie 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.

Proprietary Funds. Town of Ahoskie has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial

Town of Ahoskie Management's Discussion and Analysis

statements. Town of Ahoskie uses enterprise funds to account for its water and sewer activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Ahoskie's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 54 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

**The Town of Ahoskie's Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 2,642,457	\$ 1,717,200	\$ 1,730,921	\$ 1,507,399	\$ 4,373,378	\$ 3,224,599
Capital assets	10,903,201	10,835,053	25,192,914	25,711,115	36,096,115	36,546,168
Deferred outflows of assets	1,702,969	730,819	359,229	167,160	2,062,198	897,979
Total assets and deferred outflows of resources	15,248,627	13,283,072	27,283,064	27,385,674	42,531,691	40,668,746
Other liabilities	243,258	134,193	359,051	286,676	602,309	420,869
Long-term liabilities	11,555,480	10,266,522	12,870,907	12,726,748	24,426,387	22,993,270
Deferred inflows of resources	474,227	582,567	109,487	133,025	583,714	715,592
Total liabilities and deferred inflows of resources	12,272,965	10,983,282	13,339,445	13,146,449	25,612,410	24,129,731
Net position:						
Net investment in capital assets	5,335,597	5,144,244	13,614,589	13,981,625	18,950,186	19,125,869
Restricted	1,038,760	925,123	-	-	1,038,760	925,123
Unrestricted	(3,398,695)	(3,769,577)	329,030	257,600	(3,069,665)	(3,511,977)
Total net position	\$ 2,975,662	\$ 2,299,790	\$ 13,943,619	\$ 14,239,225	\$ 16,919,281	\$ 16,539,015

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Ahoskie exceeded liabilities and deferred inflows by \$16,919,281 as of June 30, 2021. The Town net position increased by \$380,266 for the fiscal year ended June 30, 2021. However, the largest portion reflects the Town net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Ahoskie uses these capital assets to provide services to citizens; consequently, these assets are not available for future

Town of Ahoskie Management's Discussion and Analysis

spending. Although the Town of Ahoskie'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 Ahoskie's net position, \$1,038,760 represents resources that are subject to external restrictions or commitments on how they may be used. The remaining balance of \$(3,069,665) is unrestricted.

One particular aspect of the Town's financial operations influenced the total unrestricted governmental net position:

- The tax collection percentage of 97.37% has increased over last year's collection rate of 96.96%. The statewide average is 98.96% but the Town's current rate is comparable to other small towns.

**Town of Ahoskie Changes in Net Position
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 792,300	\$ 758,721	\$ 3,402,679	\$ 3,406,582	\$ 4,194,979	\$ 4,165,303
Operating grants and contributions	299,778	151,106	-	-	299,778	151,106
General revenues:						
Property taxes	2,772,382	2,706,609	-	-	2,772,382	2,706,609
Other taxes	1,981,558	1,705,426	-	-	1,981,558	1,705,426
Unrestricted investment earnings	706	2,793	542	2,320	1,248	5,113
Miscellaneous	62,011	32,929	-	-	62,011	32,929
Total revenues	5,908,735	5,357,584	3,403,221	3,408,902	9,311,956	8,766,486
Expenses:						
General government	1,785,776	1,420,440	-	-	1,785,776	1,420,440
Public safety	2,404,969	2,504,729	-	-	2,404,969	2,504,729
Transportation	102,809	577,770	-	-	102,809	577,770
Environmental protection	435,130	443,343	-	-	435,130	443,343
Cultural and recreation	316,599	317,245	-	-	316,599	317,245
Interest on long-term debt	195,875	202,803	-	-	195,875	202,803
Water and Sewer	-	-	3,690,532	3,298,333	3,690,532	3,298,333
Total expenses	5,241,158	5,466,330	3,690,532	3,298,333	8,931,690	8,764,663
Increase (decrease) in net position before transfers	667,577	(108,746)	(287,311)	110,569	380,266	1,823
Transfers	8,295	(684,502)	(8,295)	684,502	-	-
Increase (decrease) in net position	675,872	(793,248)	(295,606)	795,071	380,266	1,823
Net position, July 1	2,299,790	3,093,038	14,239,225	13,444,154	16,539,015	16,537,192
Net position, June 30	\$ 2,975,662	\$ 2,299,790	\$ 13,943,619	\$ 14,239,225	\$ 16,919,281	\$ 16,539,015

Governmental activities: Governmental activities increased the Town net position by \$675,872, after transfers. Key elements of this decrease are as follows:

Town of Ahoskie Management's Discussion and Analysis

- The total net position at the beginning of the fiscal year amounted to \$2,299,790.
- Net changes in fund balances-changes in government fund balances \$806,887.
- 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. The amount by which depreciation exceeded capital outlays in the current period was \$68,148.
- Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Change in unavailable revenue for tax revenues amounted to 14,467.
- Contributions to the pension plan in the current year are not included on the Statement of Activities and amounted to \$198,431.
- 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 \$302,176 is the net effect of these differences in the treatment of long-term debt and related items.
- 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 the governmental funds. These were compensated absences amounting to \$17,348; other post-employment benefits amounted to (\$226,660); and pension expense amounted to (\$368,758).
- The total net position at the end of the fiscal year amounted to \$2,975,662.

Business-type activities: Business-type activities decreased the Town of Ahoskie's net assets by \$295,606, after transfers. The key elements of this increase are as follows:

- Operational Revenues – In fiscal year 2020-2021, the Town collected \$3,189,343 for utility charges, \$602 for water and sewer taps, and \$83,021 in other operating revenues for total revenue of \$3,272,966. In 2019-2020, the Town collected \$3,323,989 for utility charges and \$7,580 for water and sewer taps, and \$66,018 in other operating revenues for total revenues of \$3,397,587. This equates to a decrease in operating revenue from previous year of \$124,621.
- Operating Income – The business-type activities had operating income this year which amounted to (\$1,281) (income before transfers were allocated). Revenues collected were \$3,272,966 while the operating expenses amounted to \$3,274,247.
- Operational Expenses – Operational expenses increased by \$393,145 from 2019-2020 \$2,881,102.
- The total net position at the beginning of the fiscal year amounted to \$14,239,225.
- The total net position at the end of the fiscal year amounted to \$13,943,619.

Financial Analysis of the Town's Funds

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

Town of Ahoskie Management's Discussion and Analysis

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

The general fund is the chief operating fund of the Town of Ahoskie. At the end of the current fiscal year, Town of Ahoskie's unassigned fund balance in the general fund was \$1,166,508, while total fund balance reached \$2,205,268. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total fund balance represents approximately 43.28% of total General Fund expenditures, which were \$5,095,676.

General Fund Budgetary Highlights

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

Budget amendments made to the General Fund were to:

- Increase or decrease revenues and expenditures based on financial information received after the original budget were adopted.
- Adjust for revenues and expenditures that did not meet its projection and some that exceeded its projection; therefore, budget amendments were made to adjust shortages in both revenues and expenditures.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$329,030. The total change in net position was \$(295,606). Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Ahoskie's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$36,096,115 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Town of Ahoskie Management's Discussion and Analysis

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,732,979	\$ 2,732,979	\$ 889,999	\$ 889,999	\$ 3,622,978	\$ 3,622,978
Buildings and systems	2,769,997	2,866,378	13,236,360	13,654,746	16,006,357	16,521,124
Machinery and equipment	375,103	392,382	317,778	263,743	692,881	656,125
Improvements	1,161,203	1,260,293	26,927	21,083	1,188,130	1,281,376
Vehicles	892,403	509,884	222,612	56,343	1,115,015	566,227
Infrastructure	2,971,516	3,073,137	10,499,238	10,825,200	13,470,754	13,898,337
Total	\$ 10,903,201	\$ 10,835,053	\$ 25,192,914	\$ 25,711,114	\$ 36,096,115	\$ 36,546,167

Additional information on the Town capital assets can be found in Note II.A.4. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021, the Town of Ahoskie had total debt outstanding of \$24,426,387.

Town of Ahoskie's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Installment purchases	\$ 5,567,604	\$ 5,690,809	\$ 325,325	\$ 443,490	\$ 5,892,929	\$ 6,134,299
Compensated absences	186,749	204,097	67,120	50,474	253,869	254,571
General obligation bonds	-	-	9,621,000	9,621,000	9,621,000	9,621,000
Revenue bonds	-	-	1,632,000	1,665,000	1,632,000	1,665,000
Net pension liability (LGRS)	880,686	755,313	215,641	185,763	1,096,327	941,076
Net pension liability (LEOSSA)	796,294	521,980	-	-	796,294	521,980
Other postemployment benefits	4,124,147	3,094,323	1,009,821	761,021	5,133,968	3,855,344
Total	\$ 11,555,480	\$ 10,266,522	\$ 12,870,907	\$ 12,726,748	\$ 24,426,387	\$ 22,993,270

The Town of Ahoskie's total debt decreased by \$1,433,117 (6.23%) during the past fiscal year, primarily due to principal payments on existing debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Ahoskie is \$21,441,927.

Additional information regarding the Town of Ahoskie's long-term debt can be found in Note II.B.5, beginning on page 48 of this report.

Town of Ahoskie Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

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

- The unemployment rate in Ahoskie, North Carolina on June 30, 2020, was 6.7% compared to last year of 6.3%. The United States unemployment rate was 8.31% at year-end of 2020.
- Ahoskie is the largest town in Hertford County. Ahoskie has a population of 4,819.
- The top five businesses that hire most employees in Hertford County (in which the Town of Ahoskie is located) are Duck Thru hiring 500-999; Hertford County Board of Education between 500-999 employees; Vidant Medical Center hiring 500-999; Nucor Corporation hiring 250-499; and GEO Corrections & Detention Inc. hiring 250-499, However, GEO Corrections has announced they have lost their contract with the Federal Government and will be closing by March 31, 2021.
- There are 3 public schools and 2 private school in Ahoskie:
 - Bearfield Primary (PK-03)-Public
 - Ahoskie Elementary (04-05)-Public
 - Hertford County High School (09-12)-Public
 - Ahoskie Christian School (PK-12)-Private
 - Ridgescroft (PK-12)-Private

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities:

The FY 2021-20221 General Fund budget totals \$6,618,504. Ad valorem taxes are the highest source of revenue for the Town of Ahoskie. This year's budget included no change in the \$0.81 per \$100 of evaluation tax rate. Hertford County has completed its most recent property tax revaluation in 2019. The total revenue projection for collection of property taxes is \$2,391,000 (both current and prior year). Motor vehicles taxes and licenses are expected to be \$294,000. All fees including water, sewer, garbage, planning, zoning, and inspection stayed the same. The budget was balanced without appropriating funds from fund balance.

The remaining revenue streams for the Town primarily include Local Option Sales Tax and Utility Franchise Taxes (Electric Tax, Piped Natural Gas Tax, Telecommunication Sales Tax and Video Programming Tax). These tax revenues are projected to yield \$1,793,912 of the total General Fund revenues.

Garbage collections will produce \$581,708 of the General Fund revenue. Garbage rates will remain the same for residents and businesses during 2021-2022.

The Town will use these revenues primarily to maintain the level of service it presently gives to its citizens and to maintain the programs that are currently in place.

Town of Ahoskie Management's Discussion and Analysis

Budgeted expenditures in the General Fund may be slightly more than the budgeted amount as general operating expenses may increase due to the cost of fuel not being stable and the increase in utilities. The cost for workers' compensation, property & liability insurance coverage, and medical insurance for employees are slightly more than last year. Funding employee benefits has increased somewhat over last year.

In 2021-2022 the Town's goals are to increase fund balance by \$142,000 and to pay off debt. Also, the following items were included in the 2021-2022 budget:

Police Vehicles with loan/grant from USDA	\$102,000
Condemnation and code enforcement Cost	\$ 25,000
July 4 th Event This is TDA funds	\$ 18,000
Repayment of Library design	\$ 40,000
Ahoskie Chamber Event Planning	\$ 10,000

Business – type Activities:

The FY 2021-2022 Enterprise Fund budget totals \$3,930,056. Operating revenues in the Water and Sewer Fund come primarily from water and sewer sales. Additional revenues that subsidize the Enterprise Fund come from capacity fees, reconnection fees, tap fees, sewer dumping and infrastructure fees.

The Town will use these revenues primarily to maintain the level of service it presently gives to its citizens and to maintain the programs that are currently in place. Also, the Town approved funding in the Water and Sewer Fund to:

Vac Truck Replacement water and sewer	\$464,527
Mower replacement water and sewer	\$ 30,000

Requests for Information

This report is designed to provide an overview of the Town finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Town of Ahoskie
Patricia Bradley, Town Finance Officer
201 W. Main Street
P.O. Box 767
Ahoskie, NC 27910-0767
Phone: 252-332-5146, Ext. 222
Fax: 252-332-1643
Email: patriciabradley@ahoskienc.gov

Town of Ahoskie
Statement of Net Position
June 30, 2021
Exhibit 1

	Primary Government			Ahoskie Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,410,211	\$ 1,137,049	\$ 2,547,260	\$ 99,328
Taxes receivables (net)	193,484	-	193,484	-
Receivables (net)	668,380	326,583	994,963	4,682
Due from other governments	11,172	-	11,172	-
Restricted cash and cash equivalents	359,210	267,289	626,499	-
Total current assets	2,642,457	1,730,921	4,373,378	104,010
Noncurrent assets:				
Capital assets:				
Land and construction in progress	2,732,979	889,999	3,622,978	-
Other capital assets, net of depreciation	8,170,222	24,302,915	32,473,137	-
Total capital assets	10,903,201	25,192,914	36,096,115	-
Total noncurrent assets	10,903,201	25,192,914	36,096,115	-
Total assets	13,545,658	26,923,835	40,469,493	104,010
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	734,982	122,212	857,194	-
OPEB deferrals	967,987	237,017	1,205,004	-
Total deferred outflows of resources	1,702,969	359,229	2,062,198	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	243,258	91,762	335,020	10,500
Current portion of long-term liabilities	372,204	524,400	896,604	-
Payable from restricted assets	-	267,289	267,289	-
Total current liabilities	615,462	883,451	1,498,913	10,500
Long-term liabilities:				
Due in more than one year	11,183,276	12,346,507	23,529,783	-
Total liabilities	11,798,738	13,229,958	25,028,696	10,500
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	445	-	445	-
Pension deferrals	62,225	8,715	70,940	-
OPEB deferrals	411,557	100,772	512,329	-
Total deferred inflows of resources	474,227	109,487	583,714	-
NET POSITION				
Net investment in capital assets	5,335,597	13,614,589	18,950,186	-
Restricted for:				
Stabilization by State Statute	679,550	-	679,550	4,682
Public safety	12,607	-	12,607	-
Pursuant to loan requirements	346,603	-	346,603	-
Unrestricted	(3,398,695)	329,030	(3,069,665)	88,828
Total net position	\$ 2,975,662	\$ 13,943,619	\$ 16,919,281	\$ 93,510

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

Town of Ahoskie
Statement of Activities
For the Fiscal Year Ended June 30, 2021
Exhibit 2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Primary Government									Ahoskie
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Development	Authority	
Primary government:										
Governmental Activities:										
General government	\$ 1,785,776	\$ 701,356	\$ 135,459	\$ -	\$ (948,961)	\$ -	\$ (948,961)	\$ -		
Public safety	2,404,969	90,944	3,531	-	(2,310,494)	-	(2,310,494)	-		
Transportation	102,809	-	160,788	-	57,979	-	57,979	-		
Environmental protection	435,130	-	-	-	(435,130)	-	(435,130)	-		
Cultural and recreation	316,599	-	-	-	(316,599)	-	(316,599)	-		
Interest on long-term debt	195,875	-	-	-	(195,875)	-	(195,875)	-		
Total governmental activities (See Note 1)	5,241,158	792,300	299,778	-	(4,149,080)	-	(4,149,080)	-		
Business-type activities:										
Water and sewer	3,690,532	3,402,679	-	-	-	(287,853)	(287,853)	-		
Total business-type activities	3,690,532	3,402,679	-	-	-	(287,853)	(287,853)	-		
Total primary government	\$ 8,931,690	\$ 4,194,979	\$ 299,778	\$ -	(4,149,080)	(287,853)	(4,436,933)	-		
Component Unit:										
Ahoskie Tourism Development Authority	\$ 23,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(23,526)	
Total component unit	\$ 23,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(23,526)	
General revenues:										
Taxes:										
Property taxes, levied for general purpose					2,772,382		2,772,382			
Other taxes					1,981,558		1,981,558		49,784	
Unrestricted investment earnings					706	542	1,248		425	
Miscellaneous					62,011		62,011			
Total general revenues not including transfers					4,816,657	542	4,817,199	50,209		
Transfers					8,295	(8,295)	-			
Total general revenues and transfers					4,824,952	(7,753)	4,817,199	50,209		
Change in net position					675,872	(295,606)	380,266		26,683	
Net position, beginning					2,299,790	14,239,225	16,539,015		66,827	
Net position, ending					\$ 2,975,662	\$ 13,943,619	\$ 16,919,281	\$ 93,510		

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

Town of Ahoskie
Balance Sheet and Reconciliation of the Balance Sheet to the
Statement of Net Position – Governmental Funds
June 30, 2021
Exhibit 3

	Major Fund	Total
	General Fund	Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,410,211	\$ 1,410,211
Receivables (net):		
Taxes	193,484	193,484
Accounts	668,380	668,380
Due from other governments	11,172	11,172
Restricted cash and cash equivalents	359,210	359,210
Total assets	2,642,457	2,642,457
LIABILITIES		
Accounts payable and accrued liabilities	243,258	243,258
Total liabilities	243,258	243,258
DEFERRED INFLOWS OF RESOURCES		
Prepaid taxes	445	445
Property tax receivable	193,486	193,486
Total deferred inflows of resources	193,931	193,931
FUND BALANCES		
Restricted		
Stabilization by State Statute	679,550	679,550
Public Safety	12,607	12,607
Pursuant to loan requirements	346,603	346,603
Unassigned	1,166,508	1,166,508
Total fund balances	2,205,268	2,205,268
Total liabilities, deferred inflow of resources, and fund balances	\$ 2,642,457	

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

Town of Ahoskie
Balance Sheet and Reconciliation of the Balance Sheet to the
Statement of Net Position – Governmental Funds
June 30, 2021
Exhibit 3

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

Total Fund Balance, Governmental Funds		\$	2,205,268
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost			23,666,071
Accumulated depreciation			(12,762,870)
			10,903,201
Deferred outflows of resources related to pensions are not reported in the funds.			
			734,982
Deferred outflows of resources related to OPEB are not reported in the funds.			
			967,987
Liabilities for earned revenues considered deferred inflows resources in fund statement			
			193,486
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds			
Net pension liability - LGERS			(880,686)
Total pension liability			(796,294)
OPEB Liability			(4,124,147)
			(5,801,127)
Deferred inflows of resources related to pensions are not reported in the funds.			
			(62,225)
Deferred inflows of resources related to OPEB are not reported in the funds.			
			(411,557)
Some liabilities, including installment purchases and compensated absences, are not due and payable in the current period therefore are not reported in the funds.			
			(5,754,353)
Net position of governmental activities			\$ 2,975,662

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

Town of Ahoskie
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Funds
For the Fiscal Year Ended June 30, 2021
Exhibit 4

	Major Fund	Total
	General Fund	Governmental Funds
REVENUES		
Ad valorem taxes	\$ 2,757,915	\$ 2,757,915
Other taxes and licenses	1,518,025	1,518,025
Unrestricted intergovernmental	463,533	463,533
Restricted intergovernmental	299,778	299,778
Permits and fees	90,944	90,944
Sales and services	701,356	701,356
Investment earnings	706	706
Miscellaneous	62,011	62,011
Total revenues	5,894,268	5,894,268
EXPENDITURES		
Current:		
General government	1,279,042	1,279,042
Public safety	2,263,614	2,263,614
Transportation	422,159	422,159
Environmental protection	447,349	447,349
Cultural and recreation	170,961	170,961
Special appropriation	14,500	14,500
Debt Service:		
Principal	302,176	302,176
Interest	195,875	195,875
Total expenditures	5,095,676	5,095,676
Excess (deficiency) of revenues over expenditures	798,592	798,592
OTHER FINANCING SOURCES (USES)		
Transfers to (from) other funds	8,295	8,295
Total other financing sources (uses)	8,295	8,295
Net change in fund balance	806,887	806,887
Fund balances, beginning	1,398,381	1,398,381
Fund balances, ending	\$ 2,205,268	\$ 2,205,268

The accompanying footnotes are an integral part of these financial statements.

Town of Ahoskie

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance to the Statement of Activities – Governmental Funds
For the Fiscal Year Ended June 30, 2021
Exhibit 5**

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

Net changes in fund balances - total governmental funds	\$ 806,887
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and the cost of capital assets disposed of exceeded capital outlay in the current period.</p>	
Capital outlay expenditures which were capitalized	653,933
Depreciation expense for governmental assets	(576,063)
Cost of capital assets disposed of during the year, not recognized on the modified accrual basis	(9,722)
Total	68,148
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.</p>	
	198,431
<p>OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities</p>	
	42,833
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Change in unavailable revenue for tax revenues	14,467
<p>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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Principal payments on long-term debt	302,176
New long-term debt issued	(179,000)
<p>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.</p>	
Compensated absences	17,348
OPEB expense	(226,660)
Pension expense	(368,758)
Total	(578,070)
Total changes in net position of governmental activities	\$ 675,872

The accompanying footnotes are an integral part of these financial statements.

Town of Ahoskie

**General Fund Statement of Revenues, Expenditures, and Change
in Fund Balance –Budget to Actual
For the Fiscal Year Ended June 30, 2021
Exhibit 6**

	Budgeted Amounts		Actual	Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 2,761,000	\$ 2,761,000	\$ 2,757,915	\$ (3,085)
Other taxes and licenses	1,237,600	1,237,600	1,518,025	280,425
Unrestricted intergovernmental	426,252	426,252	463,533	37,281
Restricted intergovernmental	148,200	771,138	299,778	(471,360)
Permits and fees	45,000	45,000	90,944	45,944
Sales and services	660,223	760,473	701,356	(59,117)
Investment earnings	3,000	3,000	706	(2,294)
Miscellaneous	455,274	455,274	61,788	(393,486)
Total revenues	5,736,549	6,459,737	5,894,045	(565,692)
EXPENDITURES				
Current:				
General government	1,703,598	1,926,687	1,279,042	647,645
Public safety	2,371,546	2,549,547	2,258,614	290,933
Transportation	490,039	756,437	422,159	334,278
Environmental protection	422,551	478,650	447,349	31,301
Cultural and recreation	62,437	183,242	170,961	12,281
Special appropriation	146,304	25,500	14,500	11,000
Debt Service:				
Principal	540,074	507,052	302,176	204,876
Interest	-	-	195,875	(195,875)
Total expenditures	5,736,549	6,427,115	5,090,676	1,336,439
Revenue over (under) expenditures	-	32,622	803,369	770,747
OTHER FINANCING SOURCES (USES)				
Transfers (to) from other funds	-	(33,122)	(32,226)	896
Total other financing sources (uses)	-	(33,122)	(32,226)	896
Fund balance appropriated	-	500	-	(500)
Net change in fund balance	\$ -	\$ -	771,143	\$ 771,143
Fund balance, beginning			1,074,915	
Fund balance, ending			\$ 1,846,058	
The legally budgeted Drug Enforcement Fund and USDA Rural Center Reserve Fund are consolidated into the General Fund for reporting purposes:				
Miscellaneous revenues			223	
Operating expenditures			(5,000)	
Transfers In - General Fund			32,226	
Transfers In - Water and Sewer Fund			8,295	
Fund balance, beginning			323,466	
Fund balance, ending (Exhibit 4)			\$ 2,205,268	

The accompanying footnotes are an integral part of these financial statements.

Town of Ahoskie
Statement of Fund Net Position – Proprietary Fund
June 30, 2021
Exhibit 7

	Major Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,137,049
Accounts receivables (net)	326,583
Restricted cash and cash equivalents	267,289
Total current assets	1,730,921
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	889,999
Other capital assets (net)	24,302,915
Capital assets (net)	25,192,914
Total noncurrent assets	25,192,914
Total assets	\$ 26,923,835
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	122,212
OPEB deferrals	237,017
Total deferred outflows of resources	359,229
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 91,762
Customer deposits	267,289
Compensated absences - current	16,780
Installment loan - current	108,652
General obligation bonds payable - current	364,968
Revenue bonds payable - current	34,000
Total current liabilities	883,451
Noncurrent liabilities:	
Other noncurrent liabilities:	
Compensated absences - noncurrent	50,340
Net pension liability	215,641
Installment loan - noncurrent	216,673
General obligation bonds payable - noncurrent	9,256,032
Revenue bonds payable - noncurrent	1,598,000
Other post-employment benefits	1,009,821
Total noncurrent liabilities	12,346,507
Total liabilities	13,229,958
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	8,715
OPEB deferrals	100,772
Total deferred inflows of resources	109,487
NET POSITION	
Net investment in capital assets	13,614,589
Unrestricted	329,030
Total net position	\$ 13,943,619

The accompanying footnotes are an integral part of these financial statements.

Town of Ahoskie
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Fund
For the Fiscal Year Ended June 30, 2021
Exhibit 8

	<u>Major Fund</u> Water and Sewer Fund
Operating revenues:	
Charges for services	\$ 3,189,343
Water and sewer taps	602
Other operating revenues	83,021
Total operating revenues	3,272,966
Operating expenses:	
Water and sewer	1,586,159
Wastewater treatment	826,605
Depreciation	861,483
Total operating expenses	3,274,247
Operating income (loss)	(1,281)
Nonoperating revenues (expenses):	
Sale of capital assets	67,939
Other nonoperating revenues	61,774
Investment earnings	542
Interest on long-term debt	(416,285)
Total nonoperating revenues (expenses)	(286,030)
Income (loss) before transfers	(287,311)
Transfers to other funds	(8,295)
Change in net position	(295,606)
Total net position, beginning	14,239,225
Total net position, ending	\$ 13,943,619

The accompanying footnotes are an integral part of these financial statements.

Town of Ahoskie
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2021
Exhibit 9

	<u>Major Fund</u> Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,349,511
Cash paid for goods and services	(1,585,007)
Cash paid to employees for services	(685,590)
Customer deposits received (net)	9,925
Net cash provided (used) by operating activities	1,088,839
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(8,295)
Net cash provided (used) by noncapital financing activities	(8,295)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Other non-operating revenues	61,774
Principal paid on long-term borrowings	(151,165)
Interest paid on long-term borrowings	(416,285)
Acquisition and construction of capital assets	(343,282)
Net cash provided (used) by capital and related financing activities	(848,958)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	542
Net cash provided (used) by investing activities	542
Net increase (decrease) in cash and cash equivalents	232,128
Balances, beginning	1,172,210
Balances, ending	\$ 1,404,338

The accompanying footnotes are an integral part of these financial statements.

Town of Ahoskie
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2021
Exhibit 9

	Major Fund
	Water and Sewer Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (1,281)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	861,483
Proceeds from the sale of capital assets	67,939
Change in assets, liabilities and deferred outflows and inflows of resources:	
(Increase) decrease in accounts receivable	8,606
(Increase) decrease in deferred outflows of resources - pensions	(12,366)
Increase (decrease) in net pension liability	29,878
Increase (decrease) in deferred inflows of resources - pensions	4,283
(Increase) decrease in deferred outflows of resources - OPEB	(179,703)
Increase (decrease) in OPEB liability	248,800
Increase (decrease) in deferred inflows of resources - OPEB	(27,821)
Increase (decrease) in accounts payable and accrued liabilities	62,450
Increase (decrease) in customer deposits	9,925
Increase (decrease) in compensated absences	16,646
Total adjustments	1,090,120
Net cash provided (used) by operating activities	\$ 1,088,839

The accompanying footnotes are an integral part of these financial statements.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Ahoskie and its discretely presented component unit 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 Ahoskie is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Ahoskie Tourism Development Authority

The members of the Authority's governing board are appointed by the Town. The purpose of the Authority is to promote tourism within the Town. The Authority has elected not to issue separate financial statements and are presented as if they were a governmental fund (discrete presentation).

B. Basis of Presentation

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

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

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

Town of Ahoskie Notes to Financial Statements

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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services. Additionally, the Town has legally adopted a Drug Enforcement Fund and USDA Rural Center Reserve Fund. Under GASB 54 guidance, these funds are consolidated in the General Fund. The budgetary comparison for these funds has been included in the supplemental information.

The Town reports the following major enterprise fund:

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

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise fund are charges to customers for sales and services. The Town

Town of Ahoskie Notes to Financial Statements

also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Ahoskie because the tax is levied by Hertford 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 are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Drug Enforcement Fund, the USDA Rural Center Reserve Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. All

Town of Ahoskie Notes to Financial Statements

budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. The Town Manager (Budget Officer) and Finance Officer is authorized to transfer appropriations within a fund and between funds under the following terms: He may transfer amounts between appropriations within the same fund, provided that a report of such transfers shall be made no later than the next regular financial report to the Town Council. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town and Authority are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the Authority 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 and the Authority 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 and the Authority'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. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

The Town is required by USDA to set aside ten percent (10%) of the current year's note payment as restricted cash in a separate account for ten years or until one payment has accrued or the note is paid out. For the fiscal year ended June 30, 2021, the Town has accumulated \$346,603 in this

Town of Ahoskie
Notes to Financial Statements

account and it is shown as restricted assets as “Pursuant to Loan Requirements”. Money in the Drug Enforcement Fund is classified as a restricted asset because under G.S. 105-113.105 its use is restricted for drug enforcement purposes only. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Ahoskie Restricted Cash

Governmental Activities:

General Fund	
Drug Enforcement	\$ 12,607
USDA Reserve	346,603
Total governmental activities	359,210

Business-type Activities:

Water and Sewer Fund	
Customer Deposits	267,289
Total business-type activities	267,289
Total restricted cash	\$ 626,499

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$0; buildings, improvements, substations, lines, and other plant and distribution systems, \$10,000; infrastructure, \$10,000; furniture and equipment, \$10,000; and vehicles, \$10,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Town of Ahoskie Notes to Financial Statements

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

Infrastructure	20 years
Buildings	40 years
Other improvements	20 years
Equipment and furniture	5 - 10 years
Automobiles	5 years
Computers	5 years

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 they will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension deferrals for the 2021 fiscal year and Other Post-Employment Benefit deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This is 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 several items that meet the criterion for this category- prepaid taxes, property taxes receivable, pension deferrals, and Other Post-Employment Benefit deferrals.

8. Long-Term Obligations

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not 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 thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related

payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

Nonspendable 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. The Town had no nonspendable fund balance at June 30, 2021.

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



Town of Ahoskie Notes to Financial Statements

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 Public Safety – portion of fund balance that is restricted by revenue source for drug enforcement expenditures.

Restricted for Pursuant to Loan Requirements – portion of fund balance that is restricted by revenue source for certain debt related expenditures.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Ahoskie’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Town had no committed fund balance at June 30, 2021.

Assigned fund balance – portion of fund balance that the Town of Ahoskie intends to use for specific purposes. The Town had no assigned fund balance at June 30, 2021.

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

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

11. Subsequent Events – Date of Management Evaluation

Management has evaluated subsequent events through June 15, 2022, the date on which the financial statements were available to be issued.

12. Deferred Benefit Cost-Sharing Plan

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 Ahoskie’s employer contributions are recognized when due and the Town of Ahoskie 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.

NOTE II – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town and the Authority 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 or the Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the Authority, these deposits are considered to be held by the Town's and the Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the Authority, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the Authority under the Pooling Method, the potential exists for undercollateralization. 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. The Authority has no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$3,152,136 and a bank balance of \$3,299,334. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits and the bank balance for the Tourism Authority was \$99,328. All of the bank balances were covered by federal depository insurance. At June 30, 2021, the Town's petty cash fund totaled \$900.

2. Investments

At June 30, 2021, the Town of Ahoskie had \$20,723 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

Town of Ahoskie
Notes to Financial Statements

Fund	June 30, 2021
General Fund:	
Taxes receivable	\$ 66,670
Accounts receivable	27,410
Total	94,080
Enterprise Funds	225,216
Total	\$ 319,296

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,732,979	\$ -	\$ -	\$ 2,732,979
Total capital assets not being depreciated	2,732,979	-	-	2,732,979
Capital assets being depreciated:				
Buildings	3,929,432	-	-	3,929,432
Other improvements	2,267,764	-	-	2,267,764
Equipment	2,397,892	83,347	12,000	2,469,239
Vehicles and motorized equipment	3,192,218	570,586	208,780	3,554,024
Infrastructure	8,712,633	-	-	8,712,633
Total capital assets being depreciated	\$ 20,499,939	\$ 653,933	\$ 220,780	\$ 20,933,092
Less accumulated depreciation for:				
Buildings	\$ 1,063,054	\$ 96,381	\$ -	\$ 1,159,435
Other improvements	1,007,471	99,090	-	1,106,561
Equipment	2,005,510	100,626	12,000	2,094,136
Vehicles and motorized equipment	2,682,334	178,345	199,058	2,661,621
Infrastructure	5,639,496	101,621	-	5,741,117
Total accumulated depreciation	\$ 12,397,865	\$ 576,063	\$ 211,058	\$ 12,762,870
Total capital assets being depreciated, net	<u>\$ 8,102,074</u>			<u>\$ 8,170,222</u>
Governmental activities capital assets, net	<u>\$ 10,835,053</u>			<u>\$ 10,903,201</u>

Town of Ahoskie
Notes to Financial Statements

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

General government	\$ 36,815
Public safety	275,218
Transportation	74,513
Environmental protection	43,879
Cultural and recreational	145,638
Total depreciation expense	\$ 576,063

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 889,999	\$ -	\$ -	\$ 889,999
Total capital assets not being depreciated	889,999	-	-	889,999
Capital assets being depreciated:				
Buildings	16,757,105	-	-	16,757,105
Equipment	1,758,006	139,601	-	1,897,607
Improvements	374,700	14,864	-	389,564
Infrastructure	18,446,996	-	-	18,446,996
Vehicles	367,055	236,876	160,939	442,992
Total capital assets being depreciated	\$ 37,703,862	\$ 391,341	\$ 160,939	\$ 37,934,264
Less accumulated depreciation for:				
Buildings	\$ 3,102,359	\$ 418,386	\$ -	\$ 3,520,745
Equipment	1,494,263	85,566	-	1,579,829
Other improvements	353,617	9,020	-	362,637
Infrastructure	7,621,796	325,962	-	7,947,758
Vehicles and motorized equipment	310,712	22,549	112,881	220,380
Total accumulated depreciation	\$ 12,882,747	\$ 861,483	\$ 112,881	\$ 13,631,349
Total capital assets being depreciated, net	\$ 24,821,115			\$ 24,302,915
Business-type activities capital assets, net	\$ 25,711,114			\$ 25,192,914

B. Liabilities

1. Pension Plan Obligations and Postemployment Benefits

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Ahoskie and the Authority are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio

Town of Ahoskie Notes to Financial Statements

members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financing 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and 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 service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Ahoskie 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 Ahoskie's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, 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 Ahoskie were \$247,018 for the year ended June 30, 2021.

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

**Town of Ahoskie
Notes to Financial Statements**

period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2021, the Town reported a liability of \$1,096,327 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town's proportion was 0.03068%, which was a decrease of 0.00378% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$359,275. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 138,447	\$ -
Changes of assumptions	81,588	-
Net difference between projected and actual earnings on pension plan investments	154,279	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	44,309
Town contributions subsequent to the measurement date	247,018	-
Total	\$ 621,332	\$ 44,309

\$247,018 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:

**Town of Ahoskie
Notes to Financial Statements**

Year Ended June 30:	
2022	\$ 85,329
2023	128,507
2024	70,510
2025	45,659
2026	-
Thereafter	-
Total	\$ 330,005

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

**Town of Ahoskie
Notes to Financial Statements**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	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-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3%. All rates of return and inflation are annualized.

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

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 2,224,328	\$ 1,096,327	\$ 158,879

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.

**Town of Ahoskie
Notes to Financial Statements**

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

Town of Ahoskie administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	15
Total	15

Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2019.

Town of Ahoskie
Notes to Financial Statements

Mortality rates are based on the MP-2015 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$796,294. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$80,150.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,301	\$ 13,460
Changes of assumptions	178,561	13,171
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 235,862	\$ 26,631

\$0 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2022	\$	36,436
2023		36,856
2024		38,342
2025		39,667
2026		37,924
Thereafter		20,006
Total	\$	209,231

Sensitivity of the Town’s total pension liability to changes in the discount rate. The following presents the Town’s total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town’s total pension liability would be if it were calculated using a discount rate that is

Town of Ahoskie
Notes to Financial Statements

1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total Pension Liability	\$ 864,716	\$ 796,294	\$ 733,851

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2021
Beginning balance	\$ 521,980
Service cost	26,697
Interest on the total pension liability	17,017
Differences between expected and actual experience in the measurement of the total pension liability	46,272
Changes of assumptions or other inputs	184,328
Benefit payments	-
Ending balance of the total pension liability	\$ 796,294

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

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

Town of Ahoskie
Notes to Financial Statements

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

Following is information related to the proportionate share and pension expense for all pension plans:

	LGRS	LEOSSA	Total
Pension Expense	\$ 359,275	\$ 80,150	\$ 439,425
Pension Liability	1,096,327	796,294	1,892,621
Proportionate share of the net pension liability	0.03068%	n/a	0.03068%
Deferred Outflows of Resources			
Differences between expected and actual experience	138,447	57,301	195,748
Changes of assumptions	81,588	178,561	260,149
Net difference between projected and actual earnings on plan investments	154,279	-	154,279
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	247,018	-	247,018
Deferred inflows of resources			
Differences between expected and actual experience	-	13,460	13,460
Changes of assumptions	-	13,171	13,171
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	44,309	-	44,309

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. 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.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$57,965, which consisted of \$38,694 from the Town and \$19,271 from the law enforcement officers.

Town of Ahoskie
Notes to Financial Statements

d. Supplemental Retirement Income Plan for General Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. The Town voluntarily contributes each month an amount equal to five percent of each employee’s salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$101,354, which consisted of \$79,199 from the Town and \$22,155 from the employees.

e. Other Post employment Benefit

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. This plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees’ Retirement System. The plan provides for partial payment by the Town if the employee has between 20 and 30 years of service. The plan provides for full payment by the Town if the employee has at least 30 years of service. The Town no longer provides this benefit for any employee that was hired after July 1, 2017. The Town pays the full cost of coverage for these benefits through private insurers. Coverage for Medicare eligible retirees are transferred to a Medicare Supplement plan. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	14
Active plan members	40
Total	54

Total OPEB Liability

The Town’s total OPEB liability of \$5,133,968 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

**Town of Ahoskie
Notes to Financial Statements**

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 percent to 7.75 percent
Law Enforcement Officers	3.50 percent to 7.35 percent
Discount rate	2.21 percent
Healthcare trends	
Pre Medicare	7.00 percent for 2020 decreasing to an ultimate rate of 4.50 percent by 2030

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 3,855,344
Changes for the year	
Service Cost	159,431
Interest	137,947
Differences between expected and actual experience	193,783
Changes in assumptions or other inputs	935,599
Benefit payments and implicit subsidy credit	(148,136)
Net changes	<u>1,278,624</u>
Balance at June 30, 2021	<u>\$ 5,133,968</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results for an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 6,222,949	\$ 5,133,968	\$ 4,296,956

**Town of Ahoskie
Notes to Financial Statements**

Sensitivity of the total OPEB liability to changes in the healthcare cost trends. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 4,215,121	\$ 5,133,968	\$ 6,357,428

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$374,468. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,516	\$ 224,130
Changes of assumptions	970,167	288,199
Benefit payments and administrative costs made subsequent to the measurement date	53,321	-
Total	\$ 1,205,004	\$ 512,329

\$53,321 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total 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:

2022	\$ 77,090
2023	77,090
2024	82,698
2025	139,457
2026	192,421
Thereafter	70,598
Total	\$ 639,354

2. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service

Town of Ahoskie
Notes to Financial Statements

and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

In addition to any benefits provided by Local Governmental Employees' Retirement System (Death Benefit Plan), the Town also provides \$30,000 life insurance on each employee.

3. Deferred Outflows and Inflows of Resources

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

	Statement of General Fund	
	Net Position	Balance
Prepaid taxes (General Fund)	\$ 445	\$ 445
Taxes receivable (General Fund), less penalties	-	193,484
Changes of assumptions	301,370	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	44,309	-
Differences between expected and actual experience	237,590	-
Total	\$ 583,714	\$ 193,929

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

Contributions to pension plan in current fiscal year	\$ 247,018
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	53,321
Differences between expected and actual experience	377,264
Changes of assumptions	1,230,316
Net difference between projected and actual earnings on pension plan investments	154,279
Total	\$ 2,062,198

4. Risk Management

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

Town of Ahoskie Notes to Financial Statements

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 \$2 million per occurrence, property coverage up to \$8.5 million per building per occurrence, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

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.

In accordance with G.S. 159-29, the Town's employees who have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$950,000. The remaining employees who have access to funds are bonded under a blanket bond for \$10,000.

5. Long-Term Obligations

A. Installment Purchases

Serviced by the General Fund:

In February 2010, the Town entered into an installment purchase agreement for the secured permanent financing of the new police building at a cost of \$1,572,000. The agreement calls for 30 annual installments of \$90,925, including interest at 4.00%, and is financed by USDA. The outstanding balance at June 30, 2021 was \$1,192,785.

In September 2010, the Town entered into an installment purchase agreement in the amount of \$1,187,000 for the construction of a recreation park. The agreement calls for 15 annual installments of \$110,555, including interest at 4.50%. This agreement was refinanced in September 2012. The new agreement calls for 13 annual principal installments of \$86,879 plus interest at 2.69%. The agreement matures in September 2025. The outstanding balance at June 30, 2021 was \$434,393.

In June 2012, the Town borrowed \$1,873,480 for the construction of a fire station. The agreement is for 12 months and bears interest at 1.36%. Permanent financing was secured with USDA in June 2013. The agreement calls for 30 annual installments of \$99,135 including interest at 3.50%. The agreement matures in September 2043. The outstanding balance at June 30, 2021 was \$1,503,203.

Town of Ahoskie Notes to Financial Statements

In July 2014, the Town entered into an installment purchase agreement in the amount of \$500,000 to finance street paving. The agreement calls for 7 annual installments of \$71,429 including interest at 2.45%. The agreement matures in July 2021. The outstanding balance at June 30, 2021 was \$71,429.

In September 2015, the Town entered into an installment purchase agreement in the amount of \$438,500 to finance the purchase of a fire truck. The agreement calls for 20 annual installments of \$31,204 including interest at 3.625%. The agreement matures in September 2036. The outstanding balance at June 30, 2021 was \$356,204.

In October 2016, the Town entered into an installment purchase agreement in the amount of \$1,847,000 to finance a street improvement project. The agreement calls for 40 annual installments of \$83,811 including interest at 3.25%. The agreement matures in October 2056. The outstanding balance at June 30, 2021 was \$1,743,437.

In January 2019, the Town entered into an installment purchase agreement in the amount of \$53,000 to finance the purchase of 3 police vehicles. The agreement calls for 7 annual installments of \$8,791 including interest at 3.875%. The agreement matures in January 2026. The outstanding balance at June 30, 2021 was \$39,253.

In August 2019, the Town entered into an installment purchase agreement in the amount of \$55,000 to finance the purchase of 3 police vehicles. The agreement calls for 7 annual installments of \$8,996 including interest at 3.50%. The agreement matures in August 2026. The outstanding balance at June 30, 2021 was \$47,929.

In April 2021, the Town entered into an installment purchase agreement in the amount of \$119,000 to finance the purchase of 3 police vehicles. The agreement calls for 10 annual installments of \$13,336 including interest at 2.125%. The agreement matures in April 2031. The outstanding balance at June 30, 2021 was \$119,000.

In December 2021, the Town entered into an installment purchase agreement in the amount of \$60,000 to finance the purchase of a street sweeper. The agreement calls for 7 annual installments of \$9,316 including interest at 2.125%. The agreement matures in December 2027. The outstanding balance at June 30, 2021 was \$60,000.

Serviced by the Water and Sewer Fund:

In December 2007, the Town signed a promissory note to the North Carolina Water Pollution Control Revolving Fund in the amount of \$1,847,109 to finance sewer infrastructure improvements. The loan requires annual principal payments of \$97,216 and semi-annual interest payments at 2.265%. Payments began in May 2009 and mature in May 2027. The outstanding balance at June 30, 2021 was \$153,785.

In December 2015, the Town entered into an installment purchase agreement in the amount of \$228,700 to finance the purchase of new water meters. The agreement calls for 20 annual

**Town of Ahoskie
Notes to Financial Statements**

installments of \$11,436 with no interest. The agreement matures in May 2036. The outstanding balance at June 30, 2021 was \$171,540.

The future minimum payments of the installment purchases as of June 30, 2021, including \$2,633,877 of interest in governmental activities and \$24,222 in business-type activities, are as follows:

Year Ending	Governmental Activities		Business-type Activities		Total		
	June 30	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$	325,517	191,739	108,652	13,212	\$ 434,169	\$ 204,951
2023		259,907	181,832	68,005	11,010	327,912	192,842
2024		265,925	173,478	11,436	-	277,361	173,478
2025		272,167	164,897	11,436	-	283,603	164,897
2026		278,615	156,095	11,436	-	290,051	156,095
2027-2031		950,112	669,565	57,180	-	1,007,292	669,565
2032-2036		1,029,898	495,477	57,180	-	1,087,078	495,477
2037-2041		976,214	279,061	-	-	976,214	279,061
2042-2046		453,866	162,603	-	-	453,866	162,603
2047-2051		313,234	105,821	-	-	313,234	105,821
2052-2056		368,423	50,633	-	-	368,423	50,633
2057-2058		73,726	2,676	-	-	73,726	2,676
Total	\$	5,567,604	\$ 2,633,877	\$ 325,325	\$ 24,222	\$ 5,892,929	\$ 2,658,099

B. General Obligation Indebtedness

The Town's general obligation bonds were issued to provide funds for the acquisition and construction of major water and sewer system capital improvements and are being retired by its resources. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest payments are appropriated when due.

Bonds payable at June 30, 2021 are composed of the following individual issues:

\$9,621,000 General Obligation Refunding Bond, Series 2021 to retire \$9,464,000 Series 2011A wastewater bond and \$1,336,000 Series 2011B wastewater bond due in quarterly principal installments of \$364,968 to \$621,989 plus interest at 2.86%.	\$ 9,621,000
--	---------------------

Annual debt service requirements to maturity for the Town's general obligation bonds are as follows:

**Town of Ahoskie
Notes to Financial Statements**

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 364,968	\$ 268,179
2023	372,395	260,752
2024	383,160	249,987
2025	394,237	238,911
2026	405,633	227,514
2027-2031	2,210,988	954,750
2032-2036	2,549,584	616,151
2037-2041	2,940,035	225,702
Total	\$ 9,621,000	\$ 3,041,946

At June 30, 2021, the Town of Ahoskie had bonds authorized and unissued of \$1,000,000 and a legal debt margin of \$21,441,927.

C. Revenue Bond

\$1,873,000 Water and Sewer System Series 2011 USDA Revenue Bonds were issued for water and sewer system improvements. Principal and interest installments are due annually at June 1 at an annual interest rate of 3.00%. The bond matures in June 2051. The outstanding balance at June 30, 2021 was \$1,632,000.

The future payments of the revenue bond for the year ending June 30, 2021 are as follows:

Year Ending June 30	Revenue Bond	
	Principal	Interest
2022	\$ 34,000	\$ 48,960
2023	35,000	47,940
2024	36,000	46,890
2025	37,000	45,810
2026	39,000	44,700
2027-2031	211,000	205,350
2032-2036	244,000	171,810
2037-2041	283,000	132,930
2042-2046	330,000	87,750
2047-2051	383,000	35,160
Total	\$ 1,632,000	\$ 867,300

The Town is in compliance with the covenants as to rates, fees, rentals and charges in Section 5.02 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2011. Section 5.02(a) of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2021, is as follows:

Town of Ahoskie
Notes to Financial Statements

Operating revenues	\$ 3,272,966
Operating expenses *	2,412,764
Operating income	860,202
Nonoperating revenues (expenses) **	<u>(236,080)</u>
Income available for debt service	624,122

Debt service, principal and interest paid (Revenue bond only) \$ 82,950

Debt service coverage ratio 752%

* Per rate covenants, this does not include the depreciation expense of \$861,483

** Per rate covenants, this does not include the revenue bond interest paid of \$49,950

D. Changes in Long-Term Liabilities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 5,690,809	\$ 179,000	\$ 302,176	\$ 5,567,604	\$ 325,517
Compensated absences	204,097	-	17,348	186,749	46,687
Net pension liability (LGERS)	755,313	125,373	-	880,686	-
Total pension liability (LEOSSA)	521,980	274,314	-	796,294	-
Total OPEB liability	3,094,323	1,029,824	-	4,124,147	-
Governmental activity long-term liabilities	\$ 10,266,522	\$ 1,608,511	\$ 319,524	\$ 11,555,480	\$ 372,204
Business-type activities:					
Installment purchase	\$ 443,490	-	\$ 118,165	\$ 325,325	108,652
General obligation bonds	9,621,000	-	-	9,621,000	364,968
Revenue bonds	1,665,000	-	33,000	1,632,000	34,000
Compensated absences	50,474	16,646	-	67,120	16,780
Net pension liability (LGERS)	185,763	29,878	-	215,641	-
Total OPEB liability	761,021	248,800	-	1,009,821	-
Business-type activity long-term liabilities	\$ 12,726,748	\$ 295,324	\$ 151,165	\$ 12,870,907	\$ 524,400

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

E. Interfund Balances and Activity

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

From the General Fund to the USDA Reserve Fund for restricted cash per USDA covenants	\$ 32,226
From the Water and Sewer Fund to the USDA Reserve Fund for restricted cash per USDA covenants	8,295
Total	\$ 40,521

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

F. Fund Balance

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

Total fund balance - General Fund	\$ 2,205,268
<hr/>	
Less:	
Stabilization by State Statute	679,550
Public Safety	12,607
Pursuant to loan requirements	346,603
<hr/>	
Remaining fund balance	\$ 1,166,508
<hr/>	

NOTE III – JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with five counties and thirty-two other municipalities established the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from federal and State agencies. The Town of Ahoskie appoints one member to the Commission's governing board. The Town paid membership fees of \$1,625 to the Commission during the fiscal year ended June 30, 2021.

NOTE IV – SUMMARY OF DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

Town of Ahoskie
Local Government Employees' Retirement System
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years
Schedule 1

	2021	2020	2019	2018	2017	2016	2015	2014
Ahoskie's proportion of the net pension liability (asset) (%)	0.03068%	0.03446%	0.03515%	0.03685%	0.04445%	0.04500%	0.04600%	0.04700%
Ahoskie's proportion of the net pension liability (asset) (\$)	\$ 1,096,327	\$ 941,076	\$ 833,878	\$ 299,674	\$ 943,380	\$ 203,573	\$ (268,542)	\$ 562,914
Ahoskie's covered-employee payroll	\$ 2,353,870	\$ 2,291,643	\$ 2,435,505	\$ 2,799,173	\$ 3,125,293	\$ 3,120,894	\$ 2,926,174	\$ 2,926,174
Ahoskie's proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.58%	41.07%	34.24%	10.71%	30.19%	6.52%	-9.18%	19.24%
Plan fiduciary net position as a percentage of the total liability	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Town of Ahoskie
Local Government Employees' Retirement System
Schedule of Contributions
Required Supplementary Information
Last Eight Fiscal Years
Schedule 2

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 247,018	\$ 218,983	\$ 185,209	\$ 76,146	\$ 192,865	\$ 193,171	\$ 193,441	\$ 181,585
Contributions in relation to the contractually required contribution	247,018	218,983	185,209	76,146	192,865	193,171	193,441	181,585
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ahoskie's covered-employee payroll	\$ 2,357,664	\$ 2,353,870	\$ 2,291,643	\$ 2,435,505	\$ 2,799,173	\$ 3,125,293	\$ 3,120,894	\$ 2,926,174
Contributions as a percentage of covered-employee payroll	10.48%	9.30%	8.08%	3.13%	6.89%	6.18%	6.20%	6.21%

Town of Ahoskie

Law Enforcement Officers' Special Separation Allowance

Schedule of Changes in Total Pension Liability

Required Supplementary Information

Schedule 3

	2021	2020	2019	2018	2017
Beginning balance	\$ 521,980	\$ 449,580	\$ 419,679	\$ 397,913	\$ 382,594
Service cost	26,697	22,340	24,608	17,620	24,613
Interest on the total pension liability	17,017	16,365	13,262	15,254	13,463
Differences between expected and actual experience in the measurement of the total pension liability	46,272	17,636	10,853	(32,620)	-
Changes of assumptions or other inputs	184,328	16,059	(18,822)	26,982	(11,816)
Benefit payments	-	-	-	(5,470)	(10,941)
Ending balance of the total pension liability	\$ 796,294	\$ 521,980	\$ 449,580	\$ 419,679	\$ 397,913

The amounts presented for each fiscal year were determined as of the prior year ending December 31.

Town of Ahoskie

Law Enforcement Officers' Special Separation Allowance
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
Schedule 4

	2021	2020	2019	2018	2017
Total pension liability	\$ 796,294	\$ 521,980	\$ 521,980	\$ 449,580	\$ 397,913
Covered payroll	773,885	805,954	849,109	683,954	907,668
Total pension liability as a percentage of covered payroll	102.90%	64.77%	61.47%	65.73%	43.84%

Notes to the schedules:

The Town of Ahoskie has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 to pay related benefits.

Town of Ahoskie
Other Post Employment Benefits
Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
Schedule 5

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 159,431	\$ 142,127	\$ 149,175	\$ 171,206
Interest	137,947	130,506	132,400	118,164
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	193,783	25,256	(361,142)	(26,592)
Changes of assumptions	935,599	251,062	(199,974)	(404,369)
Benefit payments	(148,136)	(96,096)	(73,501)	(56,742)
Net change in total OPEB liability	1,278,624	452,855	(353,042)	(198,333)
Total OPEB liability - beginning	3,855,344	3,402,489	3,755,531	3,953,864
Total OPEB liability - ending	\$ 5,133,968	\$ 3,855,344	\$ 3,402,489	\$ 3,755,531
Covered payroll	\$ 1,941,022	\$ 2,272,607	\$ 2,272,607	\$ 2,384,805
Total OPEB liability as a percentage of covered payroll	264.50%	169.64%	149.72%	157.48%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

Town of Ahoskie
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2021
Schedule 6

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes:			
Taxes		\$ 2,737,469	
Interest		20,446	
Total	\$ 2,761,000	2,757,915	\$ (3,085)
Other taxes and licenses:			
Local option sales tax		1,460,178	
Privilege licenses		19,905	
Motor vehicle licenses		757	
Motor vehicle tags		35,910	
Occupancy fees		1,275	
Total	1,237,600	1,518,025	280,425
Unrestricted intergovernmental:			
Utility sales tax		273,020	
Telecommunications sales tax		30,389	
Video franchise fee		27,032	
Piped natural gas sales tax		19,079	
ABC Profit Distribution		14,709	
Beer and wine tax		19,701	
Payment in lieu of taxes		79,603	
Total	426,252	463,533	37,281
Restricted intergovernmental:			
Other grants		160,788	
Solid waste disposal tax		3,531	
Powell Bill allocation		135,459	
Total	771,138	299,778	(471,360)
Permits and fees:			
Inspection fees		90,944	
Total	45,000	90,944	45,944
Sales and services:			
Rents and concessions		38,062	
Cemetery services		865	
Refuse services		586,209	
Cable franchise fees		8,030	
Miscellaneous fees and services		8,096	
Sale of assets		60,094	
Total	760,473	701,356	(59,117)
Investment earnings	3,000	706	(2,294)

Town of Ahoskie
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2021
Schedule 6

	Budget	Actual	Variance Positive (Negative)
Miscellaneous:			
Miscellaneous		61,788	
Total	455,274	61,788	(393,486)
Total revenues	6,459,737	5,894,045	(565,692)
EXPENDITURES			
General government:			
Governing board:			
Governing board fees		19,410	
Donations		1,625	
Operating expenditures		54,356	
Total	162,842	75,391	87,451
Administration:			
Salaries and employee benefits		479,497	
Professional fees		31,344	
Operating expenditures		212,864	
Reimbursement - proprietary funds		(412,700)	
Total	781,366	311,005	470,361
Legal:			
Professional fees		11,600	
Total	13,600	11,600	2,000
Planning, zoning, and inspection:			
Salaries and employee benefits		126,632	
Operating expenditures		77,884	
Total	217,083	204,516	12,567
Public buildings and grounds:			
Salaries and employee benefits		142,197	
Operating expenditures		94,955	
Capital outlay		13,653	
Total	273,357	250,805	22,552
Public works:			
Salaries and employee benefits		225,134	
Operating expenditures		52,942	
Capital outlay		147,649	
Total	478,439	425,725	52,714
Total general government	1,926,687	1,279,042	647,645

Town of Ahoskie
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2021
Schedule 6

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		1,364,723	
Operating expenditures		313,531	
Total	1,940,522	1,678,254	262,268
Fire:			
Salaries and employee benefits		422,854	
Operating expenditures		122,285	
Ahoskie volunteer department		26,260	
Capital outlay		8,961	
Total	609,025	580,360	28,665
Total public safety	2,549,547	2,258,614	290,933
Transportation:			
Street and highways:			
Salaries and employee benefits		259,488	
Operating expenditures		162,671	
Total	756,437	422,159	334,278
Total transportation	756,437	422,159	334,278
Environmental protection:			
Sanitation:			
Operating expenditures		29,386	
Garbage and trash collection		361,864	
Capital outlay		56,099	
Total	478,650	447,349	31,301
Total environmental protection	478,650	447,349	31,301
Cultural and recreation:			
Salaries and employee benefits		3,740	
Operating expenditures		51,580	
Total	62,438	55,320	7,118
Libraries:			
Ahoskie library		115,641	
Total	120,804	115,641	5,163
Total cultural and recreation	183,242	170,961	12,281
Special appropriations:			
Contribution to Chamber of Commerce		14,500	
Total	25,500	14,500	11,000
Total special appropriations	25,500	14,500	11,000

Town of Ahoskie
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2021
Schedule 6

	Budget	Actual	Variance Positive (Negative)
Debt Service:			
Principal		302,176	
Interest		195,875	
Total debt service	507,052	498,051	9,001
Total expenditures	6,427,115	5,090,676	1,336,439
Revenue over (under) expenditures	32,622	803,369	770,747
Transfer to other funds:			
USDA Reserve	(33,122)	(32,226)	896
Total other financing sources (uses)	(33,122)	(32,226)	896
Fund balance appropriated	500	-	(500)
Net change in fund balance	\$ -	771,143	\$ 771,143
Fund balances, beginning		1,074,915	
Fund balances, ending		\$ 1,846,058	

Town of Ahoskie
Drug Enforcement Fund Schedule of Revenues,
Expenditures, and Change in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2021
Schedule 7

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Miscellaneous:			
Drug enforcement funds		\$ 223	
Total revenues	\$ 16,000	223	\$ (15,777)
EXPENDITURES			
Public safety:			
Operating expenditures		5,000	
Total expenditures	16,000	5,000	11,000
Net change in fund balance	\$ -	(4,777)	\$ (4,777)
Fund balance, beginning		17,384	
Fund balance, ending		\$ 12,607	

Town of Ahoskie
USDA Rural Center Reserve Fund Schedule of Revenues,
Expenditures, and Change in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2021
Schedule 8

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfer from other funds:			
General Fund	\$ 33,122	\$ 32,226	
Water and Sewer Fund	8,295	8,295	
Transfer to other funds:			
Water and Sewer Fund	(41,417)	-	
Total other financing sources (uses)	-	40,521	40,521
Net change in fund balance	\$ -	40,521	\$ 40,521
Fund balance, beginning		306,082	
Fund balance, ending		\$ 346,603	

Town of Ahoskie
Water and Sewer Fund Schedule of Revenues
and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
Schedule 9

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Utility charges		\$ 3,189,343	
Water and sewer tap fees		602	
Reconnection fees		83,021	
Total operating revenues	\$ 3,545,500	3,272,966	\$ (272,534)
Nonoperating revenues:			
Interest on investments		542	
Miscellaneous		61,774	
Total nonoperating revenues	34,525	62,316	27,791
Total revenues	3,580,025	3,335,282	(244,743)
EXPENDITURES			
Water and sewer administration:			
Salaries and benefits		385,469	
Professional fees		33,202	
Utilities		76,724	
Maintenance and repairs		104,044	
Supplies and materials		287,685	
Contracted services		158,400	
Other operating expenditures		460,918	
Total	2,105,239	1,506,442	598,797
Wastewater treatment administration:			
Salaries and benefits		363,192	
Professional fees		7,800	
Utilities		159,741	
Maintenance and repairs		108,335	
Supplies and materials		51,691	
Other operating expenditures		135,846	
Total	1,096,623	826,605	270,018
Debt Service			
Principal		151,165	
Interest		416,285	
Total Debt Service	632,868	567,450	65,418
Total Expenditures	3,834,730	2,900,497	934,233
Revenues over (under) expenditures	(254,705)	434,785	689,490

Town of Ahoskie
Water and Sewer Fund Schedule of Revenues
and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
Schedule 9

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Sale of capital asset	32,000	67,939	35,939
Transfer to other fund:			
USDA Reserve Fund	(8,295)	(8,295)	-
Designated for future appropriations	231,000	-	(231,000)
Total other financing sources (uses)	254,705	59,644	(195,061)
Revenues over expenditures	\$ -	494,429	\$ 494,429

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

Reconciling items:		
Principal retirement		151,165
Depreciation expense		(861,483)
(Increase) decrease in compensated absences		(16,646)
Increase (decrease) in deferred outflows of resources - pensions		12,366
(Increase) decrease in net pension liability		(29,878)
(Increase) decrease in deferred inflows of resources - pensions		(4,283)
Increase (decrease) in deferred outflows of resources - OPEB		179,703
(Increase) decrease in OPEB liability		(248,800)
(Increase) decrease in deferred inflows of resources - OPEB		27,821
Total reconciling items		(790,035)
Change in net position	\$	(295,606)

Town of Ahoskie
Ahoskie Tourism Development Authority
Discretely Presented Component Unit
Supplemental Statement of Net Position
June 30, 2021
Schedule 10

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 99,328
Accounts receivable (net)	4,682
Total assets	104,010
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	10,500
Total liabilities	10,500
NET POSITION	
Restricted for:	
Stabilization by State Statute	4,682
Unrestricted	88,828
Total net position	\$ 93,510

Note: This is a discretely presented component unit that does not issue separate financial statements.

Town of Ahoskie
Ahoskie Tourism Development Authority
Discretely Presented Component Unit
Supplemental Statement of Activities
June 30, 2021
Schedule 11

Functions / Programs	Expenses	Governmental Activities
Primary Government		
Governmental activities:		
Economic and physical development	\$ 23,526	\$ (23,526)
General Revenues:		
Occupancy taxes		49,784
Investment earnings		425
Total general revenues		50,209
Change in net position		26,683
Net position, beginning of year		66,827
Net position, end of year		\$ 93,510

Note: This is a discretely presented component unit that does not issue separate financial statements.

Town of Ahoskie
Ahoskie Tourism Development Authority
Discretely Presented Component Unit
Supplemental Balance Sheet
June 30, 2021
Schedule 12

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 99,328
Accounts receivable (net)	4,682
Total assets	104,010
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	10,500
Total liabilities	10,500
FUND BALANCE	
Restricted for:	
Stabilization by State Statute	4,682
Unrestricted	88,828
Total fund balance	\$ 93,510

Note: This is a discretely presented component unit that does not issue separate financial statements.

Town of Ahoskie
Ahoskie Tourism Development Authority
Discretely Presented Component Unit
Supplemental Statement of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended June 30, 2021
Schedule 13

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Occupancy taxes	\$ 74,500	\$ 74,500	\$ 49,784	\$ (24,716)
Investment earnings	500	500	425	(75)
Total general revenues	75,000	75,000	50,209	(24,791)
EXPENDITURES				
Current:				
Economic and physical development	75,000	75,000	23,526	51,474
Net change in fund balance	\$ -	\$ -	26,683	\$ 26,683
Fund balance - beginning			66,827	
Fund balance - ending			\$ 93,510	

Note: This is a discretely presented component unit that does not issue separate financial statements.

Town of Ahoskie
Schedule of Ad Valorem Taxes Receivable
June 30, 2021
Schedule 14

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Credits and Collections	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 2,734,715	\$ 2,662,791	\$ 71,924
2019-2020	82,000	12,834	38,224	56,610
2018-2019	46,925	-	15,099	31,826
2017-2018	29,693	18,052	10,235	37,510
2016-2017	18,825	-	4,739	14,086
2015-2016	10,924	-	1,557	9,367
2014-2015	8,862	-	696	8,166
2013-2014	10,567	-	519	10,048
2012-2013	11,337	-	1,094	10,243
2011-2012	10,277	568	471	10,374
2010-2011	12,862	-	12,862	-
	\$ 242,272	\$ 2,766,169	\$ 2,748,287	260,154

Less: allowance for uncollectible accounts:

General Fund	66,670
--------------	--------

Ad valorem taxes receivable - net:

General Fund	\$ 193,484
--------------	------------

Reconcilement with revenues

Ad valorem taxes - General Fund	2,757,915
---------------------------------	-----------

Reconciling items:

Interest collected	(20,446)
--------------------	----------

Taxes written off	10,818
-------------------	--------

Subtotal	(9,628)
----------	---------

Total collections and credits	\$ 2,748,287
-------------------------------	--------------

Town of Ahoskie
Analysis of Current Tax Levy – Town-Wide Levy
June 30, 2021
Schedule 15

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current rate	337,756,790	0.81	\$ 2,735,830	\$ 2,462,069	\$ 273,761
Discoveries	583,333	0.81	4,725	4,725	-
Abatements	(720,988)	0.81	(5,840)	(5,840)	-
Total property valuation	\$ 337,619,136				
Net levy			2,734,715	2,460,954	273,761
Unpaid (by taxpayer) taxes at June 30, 2021			71,924	71,924	-
Current year's taxes collected			\$ 2,662,791	\$ 2,389,030	\$ 273,761
Current levy collection percentage			97.37%	97.08%	100.00%

**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***

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Town of Ahoskie, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Ahoskie's basic financial statements, and have issued our report thereon dated June 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Ahoskie's internal control over financial reporting (internal control) to determine the 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 Ahoskie's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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. We did identify a material weakness in internal control, described in the accompanying schedule of findings and responses.

Compliance and Other Matters

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

Town of Ahoskie's Response to Findings

The Town of Ahoskie's responses to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town'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 result 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.



Belhaven, North Carolina

June 15, 2022



Town of Ahoskie
Schedule of Findings and Responses
June 30, 2021

Material Weakness

21-01 Account Payables

Criteria: The Town should review their accounting records to ensure all expenditures and payables are properly recorded.

Condition: The Town was not reviewing their accounting records to ensure all expenditures and payable are properly recorded. Incorrect entries were made in the General Fund and the Water and Sewer Fund.

Effect: Accounts payables in the Water and Sewer Fund were overstated by \$183,784. The Town had recorded several expenses that were not Account Payables for the current fiscal year. Accounts payable in the General fund were overstated by \$24,744. There was an expense that was not an account payable for the current fiscal year.

Cause: The Town was not reviewing their accounting records to ensure all expenditures and payable are properly recorded.

Recommendation: We recommend the Town thoroughly review all invoices to ensure the expenditure and payable is recorded correctly.

Auditee's response: The Town agrees with this finding and will put procedures in place to ensure the inclusion of all expenditures and payables.