



TOWN OF CLARKTON
SUMMARY OF AUDIT
YEAR ENDED JUNE 30, 2024

	2024	2023
GENERAL FUND (EXHIBIT 4)		
CASH	2,991,458	2,802,174
RESTRICTED CASH FOR POWELL BILL FUND	84,759	61,050
REVENUES AND TRANSFERS IN	923,399	943,772
EXPENDITURES AND TRANSFERS OUT	717,367	721,186
NET REVENUES OVER EXPENDITURES AND TRANSFERS	206,032	222,586
FUND BALANCE AT BEGINNING OF YEAR	2,866,539	2,643,953
FUND BALANCE AT END OF YEAR	3,072,571	2,866,539
UNASSIGNED PORTION OF FUND BALANCE	2,838,323	2,636,438
MINIMUM UNASSIGNED FUND BALANCE AS RECOMMENDED LOCAL GOVERNMENT COMMISSION (8% OF EXPENDITURES)	57,389	57,695
% OF UNASSIGNED FUND BALANCE TO TOTAL EXPENDITURES	376.00%	376.00%
% STATEWIDE AVERAGE FOR TOWNS OF COMPARABLE SIZE	132.00%	132.00%

WATER AND SEWER FUND (EXHIBIT 7)		
CASH	971,242	890,594
REVENUES AND TRANSFERS IN	614,042	667,136
CONTRIBUTED CAPITAL (GRANTS)	21,705	4,206
EXPENDITURES AND TRANSFERS OUT	761,171	577,542
NET REVENUES OVER EXPENDITURES AND TRANSFERS	(125,424)	93,800
FUND BALANCE AT BEGINNING OF YEAR	4,950,889	4,857,089
FUND BALANCE AT END OF YEAR	4,825,465	4,950,889
UNDESIGNATED PORTION OF FUND BALANCE	749,024	749,208

AD VALOREM TAX COLLECTIONS

	TOTAL	EXCLUDING MOTOR VEHICLE	MOTOR VEHICLE
TAX VALUATION			
CURRENT YEAR	67,702,787	63,239,180	4,463,607
PRIOR YEAR	71,086,230	66,876,066	4,210,164
COLLECTION RATE			
CURRENT YEAR	93.01%	92.52%	100.00%
PRIOR YEAR	93.53%	93.12%	100.00%
OVERALL STATE AVERAGE		98.90%	99.80%
STATEWIDE AVERAGE FOR TOWNS OF COMPARABLE SIZE		96.61%	99.83%

TOWN OF CLARKTON

CLARKTON, NORTH CAROLINA

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Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clarkton, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Clarkton as of June 30, 2024, and the respective changes in financial position, and cash flows [where applicable] thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4 through 10 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 36 and 37, respectively be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clarkton'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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2024 on our consideration of the Town of Clarkton'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 that 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 the effectiveness of Town of Clarkton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Clarkton's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA

Elizabethtown, North Carolina

November 26, 2024



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November 26, 2024

To the Mayor and
Members of Town Council
Town of Clarkton, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Clarkton, North Carolina for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Clarkton, North Carolina are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the uncollectable accounts is based on prior year actual write offs. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were none.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. Adjustments made were for assisting in converting cash to accrual or correcting classification of the original transaction. Your management has reviewed and accepted responsibility for those adjustments.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to Management's Discussion & Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We would like to bring attention additional items. The tax collection rate is 93.01%, which is well below state average. The delinquent accounts for ad valorem taxes should continue to be reviewed for additional collection action. Kentrina will continue to do a wonderful job for the Town in their positions, however outside assistance should be provided to them to improve the financial system and provide needed internal controls to the Town.

The Local Government Commission (LGC) will no longer initiate communications about concerns or findings (formerly considered unit letters). They have created a spreadsheet that has to be completed and submitted with the audit report. If that worksheet identifies what they consider a "Financial Performance Indicators of Concern" (FPICs), we are required to communicate those items to the Board. The Town is required to submit a response within 60 days of the Board meeting in which the financial statements are presented. The detailed audit response should be presented to the entire Board and signed by the Mayor and entire Board and Finance Officer. There is one response needed for negative operating income in the Water and Sewer Fund for 2024 year end.

This information is intended solely for the use of Town Council and management of Town of Clarkton, North Carolina and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Thompson, Price, Scott, Adams & Co., PA

Thompson, Price, Scott, Adams & Co., PA
Elizabethtown, North Carolina

TOWN OF CLARKTON

CLARKTON, NORTH CAROLINA

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Clarkton as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Town of Clarkton's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Clarkton's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Clarkton's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

- Absent or inadequate segregation of duties within a significant account or process. Due to the overlapping of duties by the finance officer.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be a significant deficiency.

This communication is intended solely for the information and use of management, the cognizant audit agency and other federal and state agencies and should not be used for any other purpose and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Price, Scott, Adams & Co., P.A.

Elizabethtown, North Carolina
November 26, 2024

PERFORMANCE INDICATORS

The self-reported information from your unit's audit report was used to generate the following trends and performance indicators. We have created this Performance Indicator tab to make these indicators available to auditors and local governments when your audit is conducted. If any unit's results are shaded red, the unit must submit a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters" within 60 days from the auditor's board presentation. The response must address all performance indicators shaded in red.

Unit Name:	Clarkton	Fiscal Year 2024	Explanation of Performance Indicator
Unit Number:	50080		

In the past, units of government have been grouped by population to evaluate ratios and benchmarking (including Fund Balance Available). Beginning with fiscal year 2020, we have grouped units by General Fund expenditures for purposes of evaluating the minimum amount of fund balance a unit needs to operate. A unit's General Fund expenditures proved to be a better correlation to the amount of funds balance needed to operate, especially for units with large higher education or tourism populations. Activity from Debt Service Funds (if applicable) is included in the calculation because these funds typically originate from the General Fund and are transferred to a Debt Service Fund.

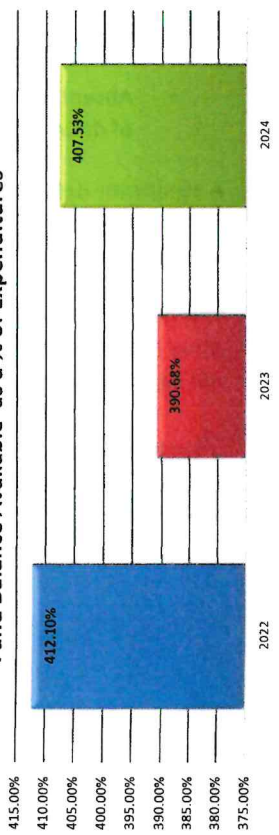
The table below lists the thresholds that are used in the analysis of your unit's fiscal health. These thresholds were determined based on an analysis of previous years general fund activity. These thresholds will be monitored and updated as applicable.

Municipalities			
General Fund Expenditures below:		Minimum Thresholds FBA as % of Expenditures	# of Months FBA using Annualized Expenditures
\$100,000		100%	12.00
\$100,000 to \$999,999		71%	8.52
\$1,000,000 to \$9,999,999		34%	4.08
Above \$10,000,000		25%	3.00
Counties			
General Fund Expenditures below:		Minimum Thresholds FBA as % of Expenditures	# of Months FBA using Annualized Expenditures
Below \$100,000,000		39%	2.40
\$100,000,000 and above		32%	1.92

Units of government are grouped by general fund expenditures for purposes of evaluating available fund balance as a percentage of expenditures (GF FBA%). Each grouping category has its own minimum threshold. If you are in the lower quartile your GF FBA% might be considered a performance indicator of concern and you might be asked to communicate to us. To the left are the minimum thresholds for Municipalities and Counties.

GENERAL FUND:
As of the publication date of this workbook, prior year self-reported numbers may not been received by the LGC staff, please contact LGC staff at lgaudit@nctreasurer.com to have the prior year's financial data populated on this worksheet. Please include in email subject "Prior Year Financial Data."

Fund Balance Available as a % of Expenditures



Fund balance available for appropriation is an important reserve for local governments to provide cash flow during periods of declining revenues and to be used for emergencies and unforeseen expenditures. The information to the left indicates the amount of available cash on hand. You will also see the average for units of your size. **Note that 8.33% represents enough fund balance to cover only one month of expenditures.** Normally, a unit has to either increase revenues or decrease expenditures to increase fund balance available.

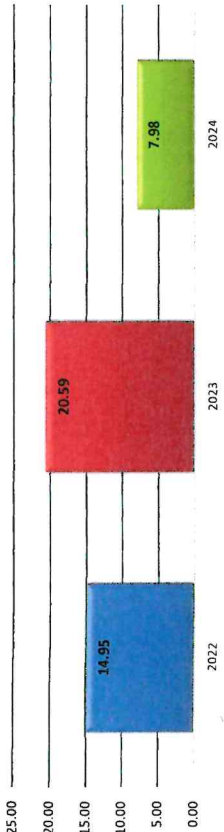
This calculation looks at fund balance available plus debt service fund balance (if applicable) less Powell Bill restricted fund balance. This number is then divided by the total of total expenditures plus transfers out less bond proceeds and less amount expended for Powell Bill Expenditures.

71% -- Average of similar units is 132%

407.53%

Minimum Threshold

Unit Results

Unit Name:		Clarkton		Fiscal Year 2024		Explanation of Performance Indicator
Unit Number:		50080		Minimum Threshold	Unit Results	
WATER SEWER FUND: As of the publication date of this workbook, prior year self-reported numbers may not been received by the LGC staff, please contact LGC staff at lgcstaff@lgaudit@nctreasurer.com to have the prior year's financial data populated on this worksheet. Please include in email subject "Prior Year Financial Data."						
4.	Quick Ratio-Water and Sewer 			Equal or greater than 1	7.98	A Quick Ratio less than 1 indicates that the unit owes more for its current bills than what it has on hand in unrestricted cash and investments plus what is owed from customers (accounts receivable). This could indicate that the fund may have difficulty paying its current bills. If this pattern continues, the water and/or sewer system may not be sustainable.
Cash Flow Indicators:				Minimum Threshold	Unit Results	
5.	Operating Net Income (Loss) excluding depreciation, including debt service principal and interest			Greater than zero	(\$28,847)	This calculation subtracts operating expenses from operating revenues. Depreciation expense is not included in the calculation but debt principal and interest payments are included. A negative balance indicates that your rates are not covering your operating expenses and debt service payments.
6.	Unrestricted cash /total expenses excluding depreciation, including debt service principal			Greater than 16% (2 months)	144.61%	This indicator calculates how many month's worth of expenses (including debt principal but not depreciation) a unit can pay based on the amount of unrestricted cash at year-end. The typical billing cycle is one month (8.33%) and one extra month usually gives a local government enough cash to handle unusual monthly expenses (16.66%). This 16% would be the bare minimum necessary to keep the fund from experiencing cash flow issues.
7.	It appears your Water Sewer Fund has transfers-in for the support of operations that are greater than 3% of the total of operating and non-operating expenses. Please discuss the purpose of such transfers-in and if you plan to continue these transfers-in.				No	The rate structure of the Water and Sewer Fund should support the operating expenses of the fund without operating subsidies or transfers from other funds.
8	Water and Sewer Capital Assets Condition Ratio			Remaining useful life of asset greater than or equal to 0.50	0.56	This capital assets condition ratio formula calculates the remaining useful life. A remaining useful asset value less than 0.50 may signal the need to replace the assets in the near future.

	Unit Name:		Clarkton		Fiscal Year 2024		Explanation of Performance Indicator
	Unit Number:		50080				
	GENERAL PERFORMANCE INDICATORS:		2024	Target			
12	What date was the audit report submitted to the LGC? (Note audit reports are due four months after fiscal year end regardless of the contract submission date.)		11/27/2024		Response Not Required	As stewards of the public's resources, the governing body is responsible for ensuring that the audited financial statements are available to the public in a timely manner. External groups such as the North Carolina General Assembly, federal and State agencies that provide funding, and other public associations need current financial information about your local government as well.	
13	The budgeted ad valorem tax (including motor vehicles) for the General Fund had more than 3% uncollected for the fiscal year audited. Decreases are shown by a negative percentage.		10.61%	Less than 3%	10.61%	This indicator shows that the local government did not collect 3% (or more) of its budgeted ad valorem taxes. This could be an indicator of negative economic events, inaccurate budgeting, and/or issues with the collection process. Uncollected revenues at the 3% level represent several pennies of the tax rate.	
14	You indicated that you expect a decrease in property value for your next property revaluation. In your FPIC Response Letter please discuss the magnitude of the drop in valuation, the overall cause of the drop and how you plan to recover the lost revenues.		N/A	Any estimated decrease	N/A	You indicated that you expect a decrease in property value for your next property revaluation which could result in lost tax revenue.	
15	Did your audit disclose any budget violations at the adopted ordinance level? (Yes or No)		No	No over-expenditures	No	The unit has expenditures that exceed the legal budget ordinance. This indicates that the unit's purchase order system, contract approval process and / or payment process is not in compliance with North Carolina General Statute 159.	
16	The Unit had material weaknesses, significant deficiencies, statutory violations and/or items identified on the <i>TD Info Completed by Auditor</i> tab that should be addressed in the FPIC Response Letter.		No		No	This indicator identifies whether the unit has any material weaknesses, significant deficiencies, management letter comments or items identified on the <i>TD Info Completed by Auditor tab</i> including 1055, 1056, 1058, 955 and 957, that require a response.	
17	Did the unit have a board-appointed finance officer or board-appointed interim finance officer the entire fiscal year as required by G.S. 159-24 which provides that "each local government and public authority shall, at all times, have a finance officer appointed by the local government, public authority, or designated official to hold office at the pleasure of the appointing board or official?" (Yes or No)		Yes		Yes	The indicator is to determine if any time during the fiscal year, the unit was without a board-appointed finance officer.	
18	Was the finance officer or interim finance officer bonded pursuant to G.S. 159-29 which requires that the finance officer give a true accounting and faithful performance bond in an amount not less than the greater of (1) \$50,000 or (2) an amount equal to 10% of the unit's annually budgeted funds, up to \$1,000,000? (Yes or No)		Yes		Yes	The indicator is to determine if any time during the fiscal year, the unit was board-appointed finance officer was not bonded.	

	Unit Name:		Clarkton		Fiscal Year 2024		Explanation of Performance Indicator
	Unit Number:		50080				
	GENERAL PERFORMANCE INDICATORS:		2024		Target		
19	The unit had problems with debt service payments being late and/or did not comply with the bond covenants.		N/A		N/A		This indicator advises whether or not the unit has issues with debt service payments or bond covenants.
20	Electric transfers-out have exceeded the amounts described in GS 159B-39. If your unit is a member of the North Carolina Eastern Municipal Power Agency it appears you have violated the GS. OR If you are not a member of the Eastern Municipal Power Agency it appears that you have violated your unit's transfer policy.		No		No		This indicator advises if there were electric transfers in violation of G.S. 159B-39 or in violation of the unit's transfer policy.
21	Are there additional issues the unit should address that affect the fiscal health or internal controls of the unit that were communicated to the unit during the audit presentation? Please include details of the issue in cell J46 to the right and in your FPIC Response.		No		No		This indicator advises if any other issues that the unit should address in the FPIC response letter.

TOWN OF CLARKTON, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2024

TOWN OF CLARKTON, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2024

BOARD OF TOWN COUNCIL

Jerome Myers, Mayor

Linda Croom, Council Member

Troy Mitchell, Council Member

Stephen Hester, Council Member

ADMINISTRATIVE/FINANCIAL STAFF

TOWN CLERK/FINANCE OFFICER

Kentrina S. Woods

TAX COLLECTOR

Andreiona Smith

ATTORNEY

Kyle J. Melvin

TOWN OF CLARKTON, NORTH CAROLINA
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June 30, 2024

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Financial Section



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Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clarkton, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Clarkton as of June 30, 2024, and the respective changes in financial position, and cash flows [where applicable] thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4 through 10 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 36 and 37, respectively be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clarkton'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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2024 on our consideration of the Town of Clarkton'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 that 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 the effectiveness of Town of Clarkton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Clarkton's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA

Elizabethtown, North Carolina

November 26, 2024

TOWN OF CLARKTON

CLARKTON, NORTH CAROLINA

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Town of Clarkton

Management's Discussion and Analysis

As management of the Town of Clarkton, we offer readers of the Town of Clarkton's financial statements this narrative overview and analysis of the financial activities of the Town of Clarkton for the fiscal year ended June 30, 2024. 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

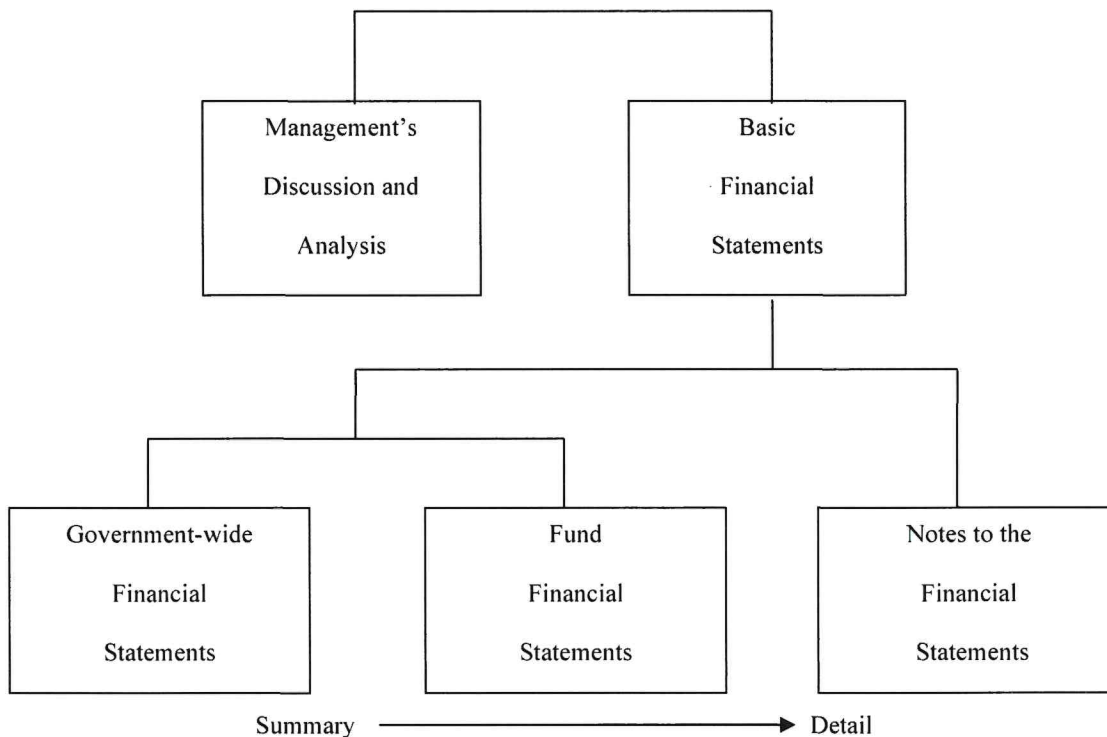
- The assets and deferred outflows of resources of the Town of Clarkton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,596,538 (*net position*).
- The government's total net position increased by \$69,958.
- As of the close of the current fiscal year, the Town's governmental funds reported ending fund balances of \$3,072,571 an increase of \$206,032. Approximately 92 percent of this total amount, or \$2,838,323 is unassigned and available for appropriation at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,838,323 or 397 percent of the total general fund expenditures for the fiscal year.
- The Town of Clarkton's total debt decreased by \$18,069 during the current fiscal year. The key factor in this change was increased pension liabilities was less than regular scheduled debt payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Clarkton'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 Clarkton.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 20-35 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 Clarkton's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 36 of this report.

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

Government-Wide Financial Analysis

The Town of Clarkton's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 3,164,333	\$ 2,938,990	\$ 1,094,515	\$ 1,011,217	\$ 4,258,848	\$ 3,950,207
Non-current assets	-	-	-	-	-	-
Capital assets	670,648	685,361	4,221,984	4,383,567	4,892,632	5,068,928
Total assets	3,834,981	3,624,351	5,316,499	5,394,784	9,151,480	9,019,135
Deferred outflows of resources	62,850	57,774	40,183	36,938	103,033	94,712
Liabilities						
Current and other liabilities:	16,334	6,157	147,965	64,056	164,299	70,213
Long-term liabilities:						
Net pension liability	98,578	84,655	63,025	54,124	161,603	138,779
Due within one year	4,936	5,283	41,492	42,722	46,428	48,005
Due in more than one year	-	-	275,215	314,533	275,215	314,533
Total liabilities	119,848	96,095	527,697	475,435	647,545	571,530
Deferred inflows of resources	6,910	10,339	3,520	5,398	10,430	15,737
Net position						
Net investment in capital assets	670,648	685,361	3,907,453	4,029,718	4,578,101	4,715,079
Restricted for						
State stabilization	104,606	97,383	-	-	104,606	97,383
Transportation	84,759	61,050	-	-	84,759	61,050
Unrestricted	2,911,060	2,731,897	918,012	921,171	3,829,072	3,653,068
Total net position	\$ 3,771,073	\$ 3,575,691	\$ 4,825,465	\$ 4,950,889	\$ 8,596,538	\$ 8,526,580

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Clarkton exceeded liabilities and deferred inflows of resources by \$8,596,538 as of June 30, 2024. The Town's net position increased by \$69,958 for the fiscal year ended June 30, 2024. The largest portion \$4,578,101 (53%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Clarkton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$189,365 (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,829,072 (45%) is unrestricted.

Several particular aspects of Clarkton's financial operations influenced the total unrestricted governmental net position, including the following:

- Decrease in Revenue and decrease of expenditures in the government type activities.
- Decrease in Revenue and increased expenditures in the business-type activities.

Town of Clarkton's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 109,917	\$ 94,692	\$ 603,107	\$ 665,272	\$ 713,024	\$ 759,964
Grants and Contributions	33,893	266,207	21,705	4,206	55,598	270,413
General Revenue:						
Property Taxes	419,443	428,490	-	-	419,443	428,490
Grants and contributions not restricted to specific programs	357,244	355,672	-	-	357,244	355,672
Investment Earnings	11,810	1,978	10,935	1,864	22,745	3,842
Other	718	28,675	-	-	718	28,675
Total Revenues	<u>933,025</u>	<u>1,175,714</u>	<u>635,747</u>	<u>671,342</u>	<u>1,568,772</u>	<u>1,847,056</u>
Expenses:						
General Government	285,155	475,635	-	-	285,155	475,635
Public Safety	30,000	30,000	-	-	30,000	30,000
Transportation	397,316	470,612	-	-	397,316	470,612
Cultural and Recreation	25,172	23,799	-	-	25,172	23,799
Interest on Long-Term Debt	-	-	-	-	-	-
Water and Sewer Fund	-	-	761,171	577,542	761,171	577,542
Total Expenses	<u>737,643</u>	<u>1,000,046</u>	<u>761,171</u>	<u>577,542</u>	<u>1,498,814</u>	<u>1,577,588</u>
Increase in Net Position before Transfers	195,382	175,668	(125,424)	93,800	69,958	269,468
Transfers	-	-	-	-	-	-
Increase(Decrease) in Net Position	195,382	175,668	(125,424)	93,800	69,958	269,468
Net Position, beginning	3,575,691	3,400,023	4,950,889	4,857,089	8,526,580	8,257,112
Net Position, ending	<u>\$ 3,771,073</u>	<u>\$ 3,575,691</u>	<u>\$ 4,825,465</u>	<u>\$ 4,950,889</u>	<u>\$ 8,596,538</u>	<u>\$ 8,526,580</u>

Governmental activities. Governmental activities increased the Town's net position by \$195,382. This year's increase was higher than the prior year's. Key elements of this was due to the following:

- Expenditures decreased.

Business-type activities. Business-type activities displayed in this audit refer to the Water/Sewer Fund. Change in net position decreased by \$125,424, which was less than the prior year's increase to net position. Key elements of this change are as follows:

- Revenues decreased.
- Capital projects expenditures increased.

Financial Analysis of the Town of Clarkton's Funds

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

Governmental Funds. The focus of the Town of Clarkton's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements.

The general fund is the chief operating fund of the Town of Clarkton. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,838,323 while total fund balance reached \$3,072,571.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 397 percent of the total General Fund expenditures.

At June 30, 2024, the governmental funds of the Town reported a combined fund balance of \$3,072,571, an increase over last year. Included in this change in fund balance are increases in fund balance in the General Fund.

General Fund Budgetary Highlights. During the fiscal year, the Town of Clarkton 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.

Revenues were more than the budgeted amounts primarily because revenue was budgeted conservatively. As were the expenditures and the town was able to comply with its budgetary requirements.

Proprietary Funds. The Town of Clarkton'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 \$918,014. The decrease in net position for this fund was \$125,424. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Clarkton's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Clarkton's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$4,892,632 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year were the below additions:

- Purchase of various equipment.

Town of Clarkton's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land and Construction in Progress	\$ 484,086	\$ 484,086	\$ 13,628	\$ 13,628	\$ 497,714	\$ 497,714
Buildings	116,398	114,446	573,033	590,521	689,431	704,967
Plant and Distribution	-	-	3,568,296	3,697,484	3,568,296	3,697,484
Equipment	70,164	86,829	67,027	81,934	137,191	168,763
Vehicles	-	-	-	-	-	-
	\$ 670,648	\$ 685,361	\$ 4,221,984	\$ 4,383,567	\$ 4,892,632	\$ 5,068,928

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

Long-term Debt. As of June 30, 2024, the Town of Clarkton had no bonded debt outstanding.

The Town of Clarkton's General Fund outstanding debts decreased by \$18,069 during the past fiscal year primarily due the increase of pension liabilities. The proprietary fund's decreased by \$31,645 primarily due the increase of pension liabilities being less than principal payments made during the year.

Town of Clarkton's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Direct Borrowing Notes Payable	\$ -	\$ -	\$ 314,533	\$ 353,849	\$ 314,533	\$ 353,849
Net pension liability (LGRS)	98,578	84,655	63,025	54,124	161,603	138,779
Compensated absences	4,936	5,283	2,176	3,406	7,112	8,689
	<u>\$ 103,514</u>	<u>\$ 89,938</u>	<u>\$ 379,734</u>	<u>\$ 411,379</u>	<u>\$ 483,248</u>	<u>\$ 501,317</u>

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 Town of Clarkton's total debt is well below this limit of \$5,416,223.

Additional information regarding the Town of Clarkton's long-term debt can be found in the notes beginning on page 34 of this report.

Economic Factors and Next Year's Budgets and Rates

For the upcoming year, management does not expect any surge of new development within the Town.

Due to Clarkton's size, it is difficult to show any real increase in jobs within the Town's boundaries. Management reviews the County of Bladen's economic conditions to monitor for effects on the economy of the Town. The economy appears to be on the upswing, the empty textile plants have been occupied with industrial tenants that will increase tax base and water and sewer service revenue.

The property tax rate for the Town is not expected to change for the coming budget year.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities: Property taxes will remain flat due to no growth within the town limits and no measurable growth is anticipated in sales tax revenue. The Town will continue its commitment to reducing the cost of delivering services. Expenditures are expected to increase due to large capital expenditure in public safety.

Business – type Activities: The Town will continue its commitment to reducing the cost of delivering services.

Requests for Information

This report is designed to provide an overview of the Town of Clarkton's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the attention of Town Clerk, Town of Clarkton, PO Box 307, Clarkton, NC 28433 or by calling 910-647-5961.

TOWN OF CLARKTON

CLARKTON, NORTH CAROLINA

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Basic Financial Statements

Town of Clarkton, North Carolina
Statement of Net Position
June 30, 2024

Exhibit 1

	Governmental Funds	Business-Type Activities	Total
Assets			
Current Assets:			
Cash & cash equivalents	\$ 2,991,458	\$ 913,892	\$ 3,905,350
Restricted cash	84,759	57,350	142,109
Taxes receivable (Net)	74,024	-	74,024
Accounts receivable (Net)	12,364	32,761	45,125
Due from other governments	92,242	-	92,242
Internal balances	(90,514)	90,514	-
Total current assets	<u>3,164,333</u>	<u>1,094,517</u>	<u>4,258,850</u>
Non-current Assets:			
Capital Assets:			
Land and non-depreciable improvements	484,086	13,628	497,714
Other capital assets, net of depreciation	186,562	4,208,356	4,394,918
Total capital assets	<u>670,648</u>	<u>4,221,984</u>	<u>4,892,632</u>
Total Assets	<u>3,834,981</u>	<u>5,316,501</u>	<u>9,151,482</u>
Deferred outflows of resources	<u>62,850</u>	<u>40,183</u>	<u>103,033</u>
Liabilities			
Current liabilities:			
Accounts Payable and Accrued Liabilities	16,334	90,615	106,949
Current Portion of Long-Term Liabilities	4,936	41,492	46,428
Liabilities Payable from Restricted Assets			
Customer Deposits	-	57,350	57,350
Long-term Liabilities:			
Net Pension Liability	98,578	63,025	161,603
Due in More Than One Year	-	275,217	275,217
Total liabilities	<u>119,848</u>	<u>527,699</u>	<u>647,547</u>
Deferred inflows of resources	<u>6,910</u>	<u>3,520</u>	<u>10,430</u>
Net Position			
Net investment in capital assets	670,648	3,907,451	4,578,099
Restricted for:			
State stabilization	104,606	-	104,606
Transportation	84,759	-	84,759
Unrestricted	2,911,060	918,014	3,829,074
Total Net Position	<u>\$ 3,771,073</u>	<u>\$ 4,825,465</u>	<u>\$ 8,596,538</u>

Town of Clarkton, North Carolina
Statement of Activities
For the Year Ended June 30, 2024

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 285,155	\$ 7,675	\$ -	\$ -	\$ (277,480)	\$ -	\$ (277,480)
Public Safety	30,000	-	-	-	(30,000)	-	(30,000)
Transportation	397,316	-	33,424	-	(363,892)	-	(363,892)
Economic Development	-	102,242	469	-	102,711	-	102,711
Cultural and Recreation	25,172	-	-	-	(25,172)	-	(25,172)
Total Governmental Activities	<u>737,643</u>	<u>109,917</u>	<u>33,893</u>	<u>-</u>	<u>(593,833)</u>	<u>-</u>	<u>(593,833)</u>
Business-Type Activities:							
Water and Sewer Fund	761,171	603,107	21,705	-	-	(136,359)	(136,359)
Total Business-Type Activities	<u>761,171</u>	<u>603,107</u>	<u>21,705</u>	<u>-</u>	<u>-</u>	<u>(136,359)</u>	<u>(136,359)</u>
Total Primary Government	<u>\$ 1,498,814</u>	<u>\$ 713,024</u>	<u>\$ 55,598</u>	<u>\$ -</u>	<u>\$ (593,833)</u>	<u>\$ (136,359)</u>	<u>\$ (730,192)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					419,443	-	419,443
Grants and contributions not restricted to specific programs					357,244	-	357,244
Investment earnings, unrestricted					11,810	10,935	22,745
Miscellaneous					718	-	718
Total general revenues					<u>789,215</u>	<u>10,935</u>	<u>800,150</u>
Change in net position					195,382	(125,424)	69,958
Net position - Beginning					3,575,691	4,950,889	8,526,580
Net position - Ending					<u>\$ 3,771,073</u>	<u>\$ 4,825,465</u>	<u>\$ 8,596,538</u>

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

Balance Sheet
Governmental Funds
June 30, 2024

	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u> <u>Funds</u>
Assets:		
Cash and cash equivalents	\$ 2,991,458	\$ 2,991,458
Restricted cash	84,759	84,759
Receivables (net):		
Taxes	56,250	56,250
Accounts	12,364	12,364
Due from other governments	92,242	92,242
Total assets	<u>\$ 3,237,073</u>	<u>\$ 3,237,073</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 16,334	\$ 16,334
Unearned Revenue	-	-
Due to other funds	90,514	90,514
Total liabilities	<u>106,848</u>	<u>106,848</u>
Deferred inflows of resources:		
Taxes	56,250	56,250
Prepaid taxes	1,404	1,404
Total deferred inflows of resources	<u>57,654</u>	<u>57,654</u>
Fund Balances:		
Restricted for:		
State stabilization	104,606	104,606
Streets - Powell Bill	84,759	84,759
Committed		
Assigned		
Capital projects	27,119	27,119
Parks and Recreation	11,017	11,017
Subsequent year's expenditures	6,747	6,747
Unassigned	2,838,323	2,838,323
Total fund balances	<u>3,072,571</u>	<u>3,072,571</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,237,073</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	670,648
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.	17,774
Net pension liability.	(98,578)
Deferred outflows of resources related to pensions are not reporting in the funds.	62,850
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	56,250
Deferred inflows of resources related to pensions are not reporting in the funds.	(5,506)
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the net position of governmental activities	(4,936)
Net Position of Governmental Activities	<u>\$ 3,771,073</u>

Town of Clarkton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

Exhibit 4

	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
		<u>Funds</u>
Revenues		
Ad valorem taxes	\$ 409,817	\$ 409,817
Other taxes and licenses	1,025	1,025
Unrestricted intergovernmental	357,244	357,244
Restricted intergovernmental	33,893	33,893
Sales and services	108,892	108,892
Investment earnings	11,810	11,810
Miscellaneous	718	718
Total revenues	<u>923,399</u>	<u>923,399</u>
Expenditures		
Current:		
General government	279,311	279,311
Public safety	30,000	30,000
Transportation	387,386	387,386
Cultural and recreation	20,670	20,670
Total expenditures	<u>717,367</u>	<u>717,367</u>
Excess (Deficiency) of		
Revenues over expenditures	<u>206,032</u>	<u>206,032</u>
Net Change in Fund Balance	206,032	206,032
Fund Balance, Beginning	2,866,539	2,866,539
Fund Balance, Ending	<u>\$ 3,072,571</u>	<u>\$ 3,072,571</u>

Town of Clarkton, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

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

Net changes in fund balances - total governmental funds	\$ 206,032
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay expenditures which were capitalized	24,314
Depreciation expense for governmental assets	(39,027)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	19,022
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.	9,626
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expenses	(24,932)
Compensated absences	347
Total changes in net position of governmental activities.	\$ <u>195,382</u>

Town of Clarkton, North Carolina
General Fund

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
Annual Budget and Actual
For the Year Ended June 30, 2024**

	General Fund			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 370,500	\$ 370,500	\$ 409,817	\$ 39,317
Other taxes and licenses	500	500	1,025	525
Unrestricted intergovernmental	292,860	295,860	357,244	61,384
Restricted intergovernmental	30,000	30,450	33,893	3,443
Sales and services	95,000	100,400	108,892	8,492
Investment earnings	1,400	1,400	11,810	10,410
Miscellaneous	10,350	1,500	718	(782)
Total revenues	<u>800,610</u>	<u>800,610</u>	<u>923,399</u>	<u>122,789</u>
Expenditures:				
Current:				
General government	329,585	324,785	279,311	45,474
Public safety	30,000	30,000	30,000	-
Transportation	442,727	447,527	387,386	60,141
Cultural and recreation	31,637	31,637	20,670	10,967
Total expenditures	<u>833,949</u>	<u>833,949</u>	<u>717,367</u>	<u>116,582</u>
Revenues over (under) expenditures	<u>(33,339)</u>	<u>(33,339)</u>	<u>206,032</u>	<u>239,371</u>
Fund Balance Appropriated	<u>33,339</u>	<u>33,339</u>	<u>-</u>	<u>(33,339)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>206,032</u>	<u>\$ 206,032</u>
Fund Balance, Beginning			<u>2,866,539</u>	
Fund Balance, Ending			<u>\$ 3,072,571</u>	

Town of Clarkton, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2024

Exhibit 6

	<u>Major Enterprise Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 913,892
Accounts receivable (net) - billed	23,383
Accounts receivable (net) - unbilled	9,378
Due from other fund	<u>90,514</u>
Total	<u>1,037,167</u>
 Restricted Assets:	
Restricted Cash	<u>57,350</u>
Total Restricted Assets	<u>57,350</u>
 Non-current Assets	
Capital Assets:	
Land and other non-depreciable assets	13,628
Other capital assets, net of depreciation	<u>4,208,356</u>
Total capital assets	<u>4,221,984</u>
Total assets	<u>5,316,501</u>
 Deferred outflows of resources	 <u>40,183</u>
 Liabilities:	
Current liabilities:	
Accounts payable and Accrued Liabilities	90,615
Compensated absences	2,176
Notes Payable - Current	<u>39,316</u>
Total	<u>132,107</u>
 Noncurrent liabilities:	
Liabilities Paid from Restricted Assets:	
Customer deposits	57,350
Pension Liability	63,025
Notes Payable	<u>275,217</u>
Total	<u>395,592</u>
Total liabilities	<u>527,699</u>
 Deferred inflows of resources	 <u>3,520</u>
 Net position:	
Net investment in capital assets	3,907,451
Unrestricted	<u>918,014</u>
Total net position	<u>\$ 4,825,465</u>

Town of Clarkton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2024

Exhibit 7

	Major Enterprise Fund
Operating revenues:	
Water and Sewer Charges	\$ 592,873
Other Operating Revenues	10,234
Total	<u>603,107</u>
Operating Expenses:	
Water Department:	
Salaries	66,959
Employee Benefits	24,030
Repairs and Maintenance	66,643
Operating Expenses	126,349
Total	<u>283,981</u>
Sewer Department:	
Salaries	54,385
Employee Benefits	5,896
Contract Labor	32,640
Repairs and Maintenance	6,667
Operating Expenses	209,069
Total	<u>308,657</u>
Depreciation	<u>168,533</u>
Total Operating Expenses	<u>761,171</u>
Operating Loss	<u>(158,064)</u>
Nonoperating revenues (expenses):	
Investment earnings	10,935
Interest and fees	-
Total nonoperating revenues	<u>10,935</u>
(expenses)	<u>10,935</u>
Income (loss) before contributions and transfers	(147,129)
Capital Contributions	<u>21,705</u>
Change in net position	<u>(125,424)</u>
Net position - Beginning(as previously reported)	4,950,889
Restatement	
Net position - Beginning	<u>4,950,889</u>
Net position - Ending	<u>\$ 4,825,465</u>

Town of Clarkton, North Carolina
Statements of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2024

Exhibit 8

	Major Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 604,954
Cash paid for goods and services	(383,933)
Cash paid to employees for services	(122,574)
Customer deposits received	326
Net cash provided by operating activities	<u>98,773</u>
Cash flows from noncapital financing activities:	
Transfers in(out)	<u>(4,499)</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(6,950)
Debt reduction	(39,316)
Capital Contributions - Grants	21,705
Net cash used by capital and related financing activities	<u>(24,561)</u>
Cash flows from investing activities:	
Interest on investments	<u>10,935</u>
Net increase/(decrease) in cash and cash equivalents	80,648
Cash and cash equivalents:	
Beginning of year, July 1	890,594
End of year, June 30	<u>\$ 971,242</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ <u>(158,064)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	168,533
Pension expenses	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	1,847
(Increase)/Decrease in deferred outflows of resources-pensions	(3,245)
Increase/(Decrease) in net pension liability	8,901
Increase/(Decrease) in deferred inflows of resources-pensions	(1,878)
Increase (decrease) in accounts payable and accrued liabilities	83,583
Increase (decrease) in accrued vacation	(1,230)
Increase (decrease) in customer deposits	326
Total adjustments	<u>256,837</u>
Net cash provided by operating activities	<u>\$ 98,773</u>

TOWN OF CLARKTON

CLARKTON, NORTH CAROLINA

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TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Town of Clarkton 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 Clarkton (the Town) is a municipal corporation, which is governed by an elected mayor and a three-member council. As required by generally accepted accounting principles, these financial statements present the Town.

B. Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, 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 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 general government, public safety and street maintenance.

The Town does not have any non-major governmental funds.

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

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. Water and Sewer Capital Project Funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparisons for the Water and Sewer Capital Project Funds have been included in the supplemental information.

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. Nonexchange 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, entitlements, 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 funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization 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. Issuance of general long-term debt and acquisitions under leases and IT subscriptions 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.

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

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 Clarkton because the tax is levied by Bladen County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds and at the project level for the multi-year funds. The Town clerk is authorized by the budget ordinance to transfer appropriations between departments within a fund; however, any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several 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 the time until annual ordinance can be adopted.

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

Deposits and Investments

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

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

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.

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Unspent grant proceeds are also classified as restricted cash. ARPA grant funds provided the grant funding in advance of the related expenditures, all unspent cash is restricted. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Clarkton Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 84,759
Total Governmental Activities	\$ 84,759
Business Type Activities	
Water and Sewer Fund	
Customer Deposits	\$ 57,350
Total Business Type Activities	\$ 57,350
Total Restricted Cash	\$ 142,109

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, 2023. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance for Doubtful Accounts

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

Inventory

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventory of the Town's Enterprise Fund consists of materials and supplies held for subsequent use. The cost of this inventory is recorded as an expense as it is consumed.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$500; buildings, improvements, substations, lines, and other plant and distribution systems, \$500; infrastructure, \$500; furniture and equipment, \$500; and vehicles, \$500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	40
Motor Vehicles	5
Equipment	7
Plant Assets	50

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meet this criterion, contributions made to the pension plan in the 2024 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, and pension deferrals.

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.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

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 is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The sick leave policy of the Town 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 accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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.

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

Fund Balances

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

The governmental fund types classify fund balances as follows:

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 none.

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

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

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

Assigned Fund Balance – portion of fund balance that Town of Clarkton intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the 2024-2025 budget that is not already classified in restricted or committed.

Capital projects – portion of fund balance that has been appropriated for future capital expenditures.

Parks and Recreation – portion of fund balance that has been appropriated for future capital expenditures within the Parks and Recreation Department.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Clarkton'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 none.

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

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Clarkton's employer contributions are recognized when due and the Town of Clarkton 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 2: Stewardship, Compliance and Accountability

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

1. Noncompliance with N.C. General Statutes

None.

2. Contractual Violations

None.

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

None.

C. Excess of Expenditures over Appropriations

None.

NOTE 3: Detail Notes on All Funds

A. Assets

Deposits

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

At June 30, 2024, the Town's deposits had a carrying amount of \$4,047,384 and a bank balance of \$4,052,113. Of the bank balance, \$250,000 was covered by federal depository insurance; the remaining balance was covered by collateral and held under the Pooling Method. Cash on hand for the Town as of June 30, 2023 was \$75.

Investments

The Town did not have any investments at June 30, 2024.

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

Fund	June 30, 2024
General Fund:	
Taxes Receivable	\$ 50,000
Accounts Receivable	22,200
Total	72,200
Enterprise Funds:	94,543
Total	<u>\$ 166,743</u>

Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 484,086	\$ -	\$ -	\$ 484,086
Total Capital Assets not Being Depreciated	<u>484,086</u>	<u>-</u>	<u>-</u>	<u>484,086</u>
Capital Assets Being Depreciated:				
Buildings	501,952	13,767	-	515,719
Equipment	534,550	10,547	-	545,097
Vehicles	118,915	-	-	118,915
Total Capital Assets Being Depreciated	<u>1,155,417</u>	<u>24,314</u>	<u>-</u>	<u>1,179,731</u>
Less Accumulated Depreciation				
Buildings	387,506	11,815	-	399,321
Equipment	447,721	27,212	-	474,933
Vehicles	118,915	-	-	118,915
Total Accumulated Depreciation	<u>954,142</u>	<u>\$ 39,027</u>	<u>\$ -</u>	<u>993,169</u>
Total Capital Assets Being Depreciated, net	<u>201,275</u>			<u>186,562</u>
Governmental Activity Capital Assets, net	<u>\$ 685,361</u>			<u>\$ 670,648</u>

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

General Government	\$ 12,671
Transportation	21,854
Cultural and Recreational	4,502
Total Depreciation Expense	<u>\$ 39,027</u>

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Water and Sewer Fund				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Land	13,628	-	-	13,628
Total Capital Assets not Being Depreciated	13,628	-	-	13,628
Capital Assets Being Depreciated:				
Buildings	726,257	-	-	726,257
Plant and Distribution	6,363,220	-	-	6,363,220
Equipment	458,696	6,950	-	465,646
Total Capital Assets Being Depreciated	7,548,173	6,950	-	7,555,123
Less Accumulated Depreciation				
Buildings	135,736	17,488	-	153,224
Plant and Distribution	2,665,736	129,188	-	2,794,924
Equipment	376,762	21,857	-	398,619
Total Accumulated Depreciation	3,178,234	\$ 168,533	\$ -	3,346,767
Total Capital Assets Being Depreciated, net	4,369,939			4,208,356
Water and Sewer Capital Assets, net	\$ 4,383,567			\$ 4,221,984

B. Liabilities

Pension Plan and Postemployment Obligations

1. Local Governmental Employees' Retirement System

Plan Description. The Town of Clarkton is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 Clarkton 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 Clarkton's contractually required contribution rate for the year ended June 30, 2024, was 12.91% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Clarkton were \$31,184 for the year ended June 30, 2024.

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

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

At June 30, 2024, the Town reported a liability of \$161,603 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023 (measurement date), the Town's proportion was 0.00244%, which was a decrease of 0.00002% from its proportion measured as of June 30, 2022.

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

For the year ended June 30, 2024, the Town recognized pension expense of \$40,871. At June 30, 2024, 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	\$ 18,007	\$ 388
Changes of assumptions	6,867	-
Net difference between projected and actual earnings on pension plan investments	43,252	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,723	8,638
Town contributions subsequent to the measurement date	31,184	-
Total	<u>\$ 103,033</u>	<u>\$ 9,026</u>

\$31,184 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 21,931
2026	9,540
2027	29,524
2028	1,828
2029	-
Thereafter	-
	<u>\$ 62,823</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	100%	

The information above is based on 30-year expectations developed with an investment consulting firm's 2024 long term capital market assumptions. 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 2.38%. All rates of return and inflation are annualized. Source data provided in the 2023 Annual Comprehensive Financial Report published on website of the NC Office of State Controller.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 279,971	\$ 161,603	\$ 64,152

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

2. Supplemental Retirement Income Plan for 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. 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 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. The Town has no law enforcement officers. However, the Town provides for all other employees the same plan with a Town matching contribution rate not to exceed 5% of total compensation. Contributions for the year ended June 30, 2024 were \$15,885, which consisted of \$11,503 from the Town and \$4,382 from the employees. No amounts were forfeited.

3. Other Employment Benefits

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 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 may not exceed \$50,000 or be less than \$25,000. 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. The Town considers these contributions to be immaterial.

4. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 31,184
Differences between expected and actual experience	18,007
Changes of assumptions	6,867
Net difference between projected and actual earnings on pension plan investments	43,252
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,723
Total	<u>\$ 103,033</u>

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 1,404	\$ 1,404
Taxes Receivable (General Fund)	-	56,250
Differences between expected and actual experience	388	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,638	-
Total	\$ 10,430	\$ 57,654

5. Risk Management

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

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

In accordance with G.S. 159-29, the Town has a \$250,000 fidelity bond on the finance officer, \$250,000 on the tax collector, and a blanket bond for \$10,000 on other employees.

6. Commitments

The Town is under contract with The Clarkton Fire Department to provide fire protection within the Town limits. Annual consideration must be given by the Town in the amount of \$30,000 to be paid in four quarterly payments of \$7,500. This contract can be terminated by either party at the end of any fiscal year by giving 180 days written notice by either party.

7. Claims, Judgements and Contingent Liabilities

There are no pending monetary suits against the Town as of June 30, 2024.

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

8. Long-Term Obligations

Notes Payable

Water and Sewer Fund

1. NC Clean Water Trust Loan Fund \$786,327 dated October 5, 2010 is a direct borrowing contract to finance a portion of the wastewater treatment improvements. Terms are 20 annual payments of \$39,316 to include no interest, with last payment due May 1, 2031. Outstanding balance at year-end was \$314,533.

For The Town of Clarkton, the future minimum payments as of June 30, 2024 are as follows:

Year Ending 30-Jun	Business Type Activities	
	Principal	Interest
2025	\$ 39,316	\$ -
2026	39,316	-
2027	39,316	-
2028	39,316	-
2029	39,316	-
2030-2033	117,953	-
Total	<u>\$ 314,533</u>	<u>\$ -</u>

At June 30, 2024, Town of Clarkton had a legal debt margin of \$5,416,223.

Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities:					
Net pension liability(LGERS)	\$ 84,655	\$ 13,923	\$ -	\$ 98,578	\$ -
Compensated Absences	5,283	4,679	(5,026)	4,936	4,936
Total Governmental Activities	<u>\$ 89,938</u>	<u>\$ 18,602</u>	<u>\$ (5,026)</u>	<u>\$ 103,514</u>	<u>\$ 4,936</u>
Business-Type Activities:					
Water and Sewer Fund					
Direct Borrowing Notes Payable	\$ 353,849	\$ -	\$ (39,316)	\$ 314,533	\$ 39,316
Net pension liability(LGERS)	54,124	8,901	-	63,025	-
Compensated Absences	3,406	1,932	(3,162)	2,176	2,176
Total Water and Sewer Fund	<u>\$ 411,379</u>	<u>\$ 10,833</u>	<u>\$ (42,478)</u>	<u>\$ 379,734</u>	<u>\$ 41,492</u>

TOWN OF CLARKTON, NORTH CAROLINA
Notes to the Financial Statements

9. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2024 consist of the following:

	Due from	Due to
General Fund	\$ 90,514	\$ -
Water and Sewer Fund	-	90,514
	<u>\$ 90,514</u>	<u>\$ 90,514</u>

The town maintains a separate bank account for the general fund and the water fund activities. Occasionally, cash will go between the two accounts. Therefore, creating changes to the amounts owed between funds. Current change is the receipt of sales tax refund deposited all into the General Fund. Management expects these to clear out in the upcoming year.

10. Fund Balance

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

<i>Total fund balance-General Fund</i>	\$ 3,072,571
Less:	
Stabilization by State Statute	104,606
Streets - Powell Bill	84,759
Assigned to Capital Projects	27,119
Assigned to Parks and Recreation	11,017
Assigned to Subsequent Year's Expenditures	6,747
Remaining Fund Balance	<u>\$ 2,838,323</u>

NOTE 4: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

NOTE 5: Subsequent Events

There are no subsequent events that would have a material effect on the financial statements. Management has evaluated subsequent events through the date which the financial statements were available to be issued.

Required Supplementary Financial Data

The section contains additional information required by the generally accepted accounting principles.

Schedule of Proportionate Share of Net Pension Liability (Asset) Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Town of Clarkton, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Local Government Employees' Retirement System										
Town's proportion of the net pension liability (asset) (%)	0.00244%	0.00246%	0.00322%	0.00318%	0.00373%	0.00381%	0.00407%	0.005%	0.006%	0.005%
Town's proportion of the net pension liability (asset) (\$)	\$ 161,603	\$ 138,779	\$ 49,382	\$ 113,635	\$ 101,863	\$ 90,386	\$ 62,178	\$ 110,149	\$ 28,139	\$ (32,142)
Town's covered-employee payroll	\$ 237,393	\$ 221,544	\$ 229,657	\$ 235,954	\$ 223,428	\$ 218,315	\$ 224,787	\$ 313,350	\$ 345,489	\$ 291,022
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.07%	62.64%	21.50%	48.16%	43.17%	40.45%	27.66%	35.15%	8.14%	-9.30%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

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

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

Town of Clarkton, North Carolina
Schedule of Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 31,184	\$ 28,843	\$ 25,278	\$ 23,425	\$ 20,468	\$ 17,426	\$ 15,820	\$ 16,401	\$ 21,049	\$ 24,613
Contributions in relation to the contractually required contribution	31,184	28,843	25,278	23,425	20,468	17,426	15,820	16,401	21,049	24,613
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 241,550	\$ 237,393	\$ 221,544	\$ 229,657	\$ 235,954	\$ 223,428	\$ 218,315	\$ 224,787	\$ 313,350	\$ 345,489
Contributions as a percentage of covered-employee payroll	12.91%	12.15%	11.41%	10.20%	8.67%	7.80%	7.25%	7.30%	6.72%	7.12%

TOWN OF CLARKTON

CLARKTON, NORTH CAROLINA

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Supplementary Statements

The section contains additional statements required by the Local Government
Commission in North Carolina.

Town of Clarkton, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 406,367	
Penalties and interest		3,450	
Total	\$ 370,500	409,817	\$ 39,317
Other taxes and licenses:			
Business licenses		1,025	
Total	500	1,025	525
Unrestricted intergovernmental:			
Beer and Wine Tax		2,916	
Local option sales taxes		190,271	
Utility franchise tax		151,422	
Telecom Sales Tax		3,669	
Video Programming		2,629	
Payment in Lieu of Taxes		6,337	
Total	295,860	357,244	61,384
Restricted intergovernmental:			
Powell Bill Allocation		33,424	
Solid Waste Disposal		469	
Total	30,450	33,893	3,443
Sales and services:			
Rent of Facilities		6,650	
Garbage Collection Fees		102,242	
Total Sales and Services	100,400	108,892	8,492
Investment earnings:			
Powell Bill		501	
Regular		11,309	
Total Other Revenues	1,400	11,810	10,410
Other Revenues:			
Sale of Assets		-	
Miscellaneous		718	
Total Other Revenues	1,500	718	(782)
Total Revenues	800,610	923,399	122,789

Town of Clarkton, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General government:			
Governing body:			
Salaries		12,315	
Professional Services		8,500	
Employee Benefits		953	
Insurance		3,800	
Capital outlay		-	
Miscellaneous		3,150	
Total	<u>32,626</u>	<u>28,718</u>	<u>3,908</u>
Administration:			
Salaries		103,410	
Employee Benefits		61,630	
Operating Expenses		58,546	
Capital outlay		2,517	
Total	<u>261,588</u>	<u>226,103</u>	<u>35,485</u>
Elections:			
Operating Expenses		1,815	
Total	<u>3,654</u>	<u>1,815</u>	<u>1,839</u>
Public Buildings:			
Operating Expenses		12,969	
Capital Outlay		9,706	
Total	<u>26,917</u>	<u>22,675</u>	<u>4,242</u>
Total General Government	<u>324,785</u>	<u>279,311</u>	<u>45,474</u>
Public safety:			
Fire and Rescue:			
Contribution to Fire Department		30,000	
Total	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total Public Safety	<u>30,000</u>	<u>30,000</u>	<u>-</u>

Town of Clarkton, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation:			
Streets and highways:			
Salaries		82,247	
Contracted Services		126,651	
Employee Benefits		20,571	
Operating Expenses		135,939	
Powell Bill Expenditures		9,887	
Capital Outlay		12,091	
Total Transportation	<u>447,527</u>	<u>387,386</u>	<u>60,141</u>
Cultural and recreation:			
Recreation Department:			
Operating Expenses		3,234	
Contracted Labor		148	
Capital Outlay		-	
Total Recreation Department	<u>5,770</u>	<u>3,382</u>	<u>2,388</u>
Library:			
Salaries		2,012	
Bladen County		7,000	
Employee Benefits		154	
Operating Expenses		8,122	
Capital Outlay		-	
Total Library	<u>25,867</u>	<u>17,288</u>	<u>8,579</u>
Total Cultural and Recreation	<u>31,637</u>	<u>20,670</u>	<u>10,967</u>
Total Expenditures	<u>833,949</u>	<u>717,367</u>	<u>116,582</u>
Revenues over (under) expenditures	<u>(33,339)</u>	<u>206,032</u>	<u>239,371</u>
Fund Balance Appropriated	<u>33,339</u>	<u>-</u>	<u>(33,339)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>206,032</u>	<u>\$ 206,032</u>
Fund Balance, Beginning		<u>2,866,539</u>	
Fund Balance, Ending		<u>\$ 3,072,571</u>	

TOWN OF CLARKTON

CLARKTON, NORTH CAROLINA

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Town of Clarkton, North Carolina
Water and Sewer Fund
Schedule of Revenues Expenditures, and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water Sales	\$	\$ 347,886	\$
Sewer Charges		229,257	
Taps and Connection Fees		15,730	
Miscellaneous		10,234	
Total	<u>617,342</u>	<u>603,107</u>	<u>(14,235)</u>
Nonoperating Revenues:			
Interest Earned on Investment		10,935	
Total	<u>1,700</u>	<u>10,935</u>	<u>9,235</u>
Total revenues	<u>619,042</u>	<u>614,042</u>	<u>(5,000)</u>
Expenditures:			
Operating Expenses:			
Water Department:			
Salaries		67,574	
Employee Benefits		22,141	
Departmental Supplies		20,215	
Repairs and Maintenance		66,643	
Operating Expenses		106,134	
Total	<u>342,846</u>	<u>282,707</u>	<u>60,139</u>
Sewer Department:			
Salaries		55,000	
Employee Benefits		4,007	
Professional Fees		20,525	
Contract Labor		32,640	
Departmental Supplies		16,133	
Repairs and Maintenance		6,667	
Operating Expenses		64,711	
Total	<u>302,863</u>	<u>199,683</u>	<u>103,180</u>
Total Operating Expenses	<u>645,709</u>	<u>482,390</u>	<u>163,319</u>
Debt service:			
Interest and fees		-	
Principal retirement		39,316	
Total debt service	<u>39,317</u>	<u>39,316</u>	<u>1</u>

Town of Clarkton, North Carolina
Water and Sewer Fund
Schedule of Revenues Expenditures, and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Capital outlay:			
Water		6,950	
Sewer		-	
Total capital outlay	<u>59,125</u>	<u>6,950</u>	<u>52,175</u>
Total expenditures	<u>744,151</u>	<u>528,656</u>	<u>215,495</u>
Capital Contributions - Grants	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance Appropriated	<u>125,109</u>	<u>-</u>	<u>(125,109)</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>85,386</u>	\$ <u>85,386</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ <u>85,386</u>	
Reconciling items:			
Principal retirement		39,316	
Capital outlay		6,950	
Expenditures in Capital Projects not Capitalized		(107,700)	
Capital Contributions-Capital Projects		21,705	
(Increase)/Decrease in compensated absences payable		1,230	
Increase/(Decrease) in deferred outflows of resources-pensions		3,245	
(Increase)/Decrease in net pension liability		(8,901)	
(Increase)/Decrease in deferred inflows of resources-pensions		1,878	
Depreciation		<u>(168,533)</u>	
Total reconciling items		<u>(210,810)</u>	
Change in Net Position		\$ <u>(125,424)</u>	

Town of Clarkton, North Carolina
Water and Sewer Capital Projects Fund - Waste Water ARPA I&A Study Project
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

		Actual			Variance
	Project Author- ization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenue					
Grant Revenue	\$ 240,000	\$	\$ 21,705	\$ 21,705	\$
Total Revenues	240,000	-	21,705	21,705	(218,295)
Expenitures:					
Operating Expenses		-	103,200	103,200	
Construction		-	-	-	
Total Expenditures	240,000	-	103,200	103,200	136,800
Revenue over (under) Expenditures	-	-	(81,495)	(81,495)	(81,495)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Net Transfers	-	-	-	-	-
Revenue and Other Sources Over/(Under) Expenditures	\$ -	\$ -	\$ (81,495)	\$ (81,495)	\$ (81,495)

Town of Clarkton, North Carolina
Water and Sewer Capital Projects Fund - Sewer System Merger
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

	Actual				Variance
	Project Author- ization	Prior Years	Current Year	Total to Date	Favorable (Unfavorable)
Revenues:					
Restricted Intergovernmental Revenue					
Grant Revenue	50,000	\$ -	\$ -	\$ -	\$ (50,000)
Total Revenues	50,000		-	-	(50,000)
Expenitures:					
Operating Expenses		-	4,500	4,500	
Construction			-	-	-
Total Expenditures	50,000	-	4,500	4,500	45,500
Revenue over (under) Expenditures	-	-	(4,500)	(4,500)	(4,500)
Other Financing Sources (Uses)					
Transfers - (Out)					
Local Match		-	-	-	-
Net Operating Transfers	-	-	-	-	-
Excess of Revenue and Other Sources over (Under) Expenditures	\$ -	\$ -	\$ (4,500)	\$ (4,500)	\$ (4,500)

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Clarkton, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2024

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2023</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2023 - 2024	\$	\$ 412,987	\$ 384,124	\$ 28,863
2022 - 2023	28,051	-	13,042	15,009
2021 - 2022	22,094	-	6,155	15,939
2020 - 2021	11,159	-	1,402	9,757
2019 - 2020	8,217	-	653	7,564
2018 - 2019	6,934	-	347	6,587
2017 - 2018	7,017	-	321	6,696
2016 - 2017	5,969	-	188	5,781
2015 - 2016	5,269	-	21	5,248
2014 - 2015	4,920	-	114	4,806
2013 - 2014	870	-	870	-
	<u>\$ 100,500</u>	<u>\$ 412,987</u>	<u>\$ 407,237</u>	<u>\$ 106,250</u>
Less Allowance for Doubtful Accounts				<u>50,000</u>
				<u>\$ 56,250</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 409,817
Reconciling items:	
Interest collected	(3,450)
Releases	870
Subtotal	<u>(2,580)</u>
Total collections and credits	<u>\$ 407,237</u>

Town of Clarkton, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2024

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 67,718,525	\$ 0.61	\$ 413,083	\$ 385,855	27,228
Total	<u>67,718,525</u>		<u>413,083</u>	<u>385,855</u>	<u>27,228</u>
Discoveries:					
Current year taxes	5,902	0.61	36	36	-
Abatements:	(21,639)	0.61	(132)	(132)	-
Total property valuation	<u>\$ 67,702,787</u>				
Net levy			412,987	385,759	27,228
Uncollected taxes at June 30, 2024			<u>28,863</u>	<u>28,863</u>	<u>-</u>
Current year's taxes collected			<u>\$ 384,124</u>	<u>\$ 356,896</u>	<u>\$ 27,228</u>
Current levy collection percentage			<u>93.01%</u>	<u>92.52%</u>	<u>100.00%</u>

TOWN OF CLARKTON

CLARKTON, NORTH CAROLINA

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COMPLIANCE SECTION



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R. Bryon Scott, CPA
Gregory S. Adams, CPA
Alan W. Thompson, CPA

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 Clarkton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Clarkton, North Carolina, as of and for the year ended June 30, 2024, which collectively comprises the Town of Clarkton's basic financial statements, and have issued our report thereon dated November 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Clarkton's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Clarkton'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 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 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. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Clarkton's financial statements are free of 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 Clarkton's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Town of Clarkton's responses to the findings identified in our audit are 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.

Thompson, Price, Scott, Adams & Co., PA

Elizabethtown, North Carolina

November 26, 2024

Town of Clarkton, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2024

Section I.	Summary of Auditor's Results
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Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant Deficiency(s) identified? yes X no

Noncompliance material to financial
statements noted yes X no

Town of Clarkton, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2024

Section II – Financial Statement Findings

Material Weakness

2024 – 001 Segregation of Duties

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

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

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

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2023-001.

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

Views of responsible officials and planned corrective actions: Management is aware of the deficiency, but the cost-benefit analysis indicates that hiring more personnel to mitigate the issue is not feasible. Management will request board members' continued involvement by providing additional oversight.

TOWN OF CLARKTON
PO Box 307
Clarkton, NC 28433
PHONE: (910) 647-5961

Corrective Action Plan
June 30, 2024

Section II – Financial Statement Findings

Finding 2024–001 Segregation of Duties

Material Weakness

Name of contact person: Jerome Myers, Mayor

Corrective Action: Duties and functions will be reviewed to determine where segregation needs to occur. The duties will be separated as much as possible and alternative controls will be implemented to compensate for lack of segregation. Nonfinancial employees will be trained and provide some assistance.

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

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CLARKTON, NORTH CAROLINA

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