

TOWN OF PINETOPS,  
NORTH CAROLINA  
FINANCIAL STATEMENTS

JUNE 30, 2023

**TOWN OF PINETOPS**  
**PINETOPS, NORTH CAROLINA**

**TOWN OFFICIALS**

**Mayor**

Brenda Harrell

**Town Commissioners**

Wanda Harrison

Dennis Sugg

Oscar Mabry

Donald Webb

Barbara Taylor

**Town Clerk**

Tammy Keesler

Town of Pinetops, North Carolina  
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### Independent Auditors' Report

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

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Pinetops, North Carolina, as of and for the year ended June 30, 2023, 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 on 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 and each major fund of the Town of Pinetops as of June 30, 2023, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Town of Pinetops 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 Pinetops' 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 judgment 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 Pinetops' 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 Pinetops' 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 9 through 18, the Local Governmental Employees' Retirement Systems' Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 56 and 57, respectively, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 58 and 59, respectively, and the Other Postemployment Benefits' Schedules of Funding Progress and Schedule of Employer Contributions, on page 60, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Pinetops, North Carolina. The combining and the individual fund 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 and the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules and other schedules and the schedule of expenditures of federal and state awards 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 January 2, 2024 on our consideration of the Town of Pinetops' 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 the Town of Pinetops' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pinetops' internal control over financial reporting and compliance.



Rebekah Barr, CPA PC  
Certified Public Accountant  
Wilson, North Carolina

January 2, 2024



## **Management's Discussion and Analysis FY 2023**

As management of the Town of Pinetops, we offer readers of the Pinetops' financial statements this narrative overview and analysis of the financial activities of the Town of Pinetops for the fiscal year ended June 30, 2023. 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**

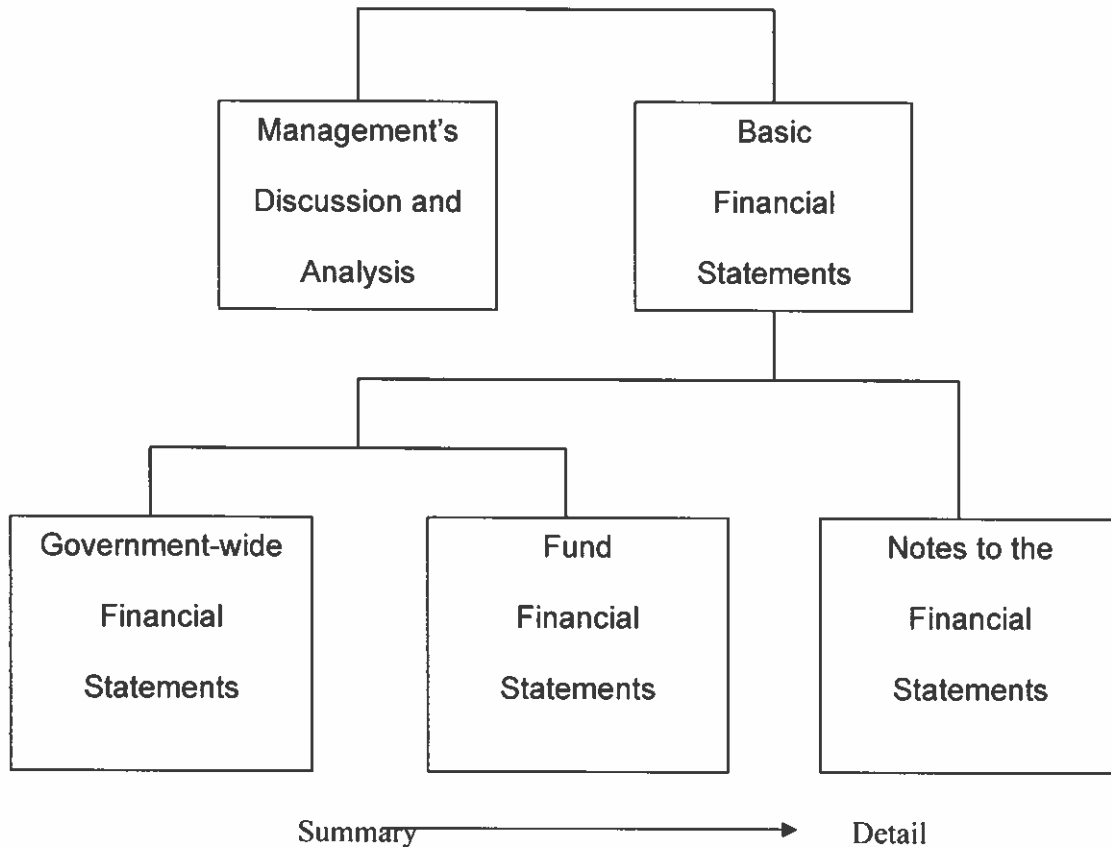
- The assets and deferred outflows of resources of the Town of Pinetops exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,087,257 (net position).
- The government's total net position increased by \$991,711 due to an increase in the business-type activities net position of \$957,899 and an increase of \$33,812 in governmental activities net position.
- As of the close of the current fiscal year, the Town of Pinetops' governmental funds reported combined ending fund balances of \$906,604 an increase of \$106,554 in comparison with the prior year. Approximately 48.27% of this total amount, or \$437,619 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$437,619 or 31.62 % of total general fund expenditures for the fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Pinetops 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 Pinetops.

**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.

## Management Discussion and Analysis-FY 2023

### Town of Pinetops

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

#### Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and total liabilities. 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, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and electric services offered by the Town of Pinetops.

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

#### Fund Financial Statements

The fund financial statements (see Figure 2) 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 Pinetops, 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 Pinetops can be divided into two categories: governmental funds and proprietary funds.

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

## Management Discussion and Analysis-FY 2023

### Town of Pinetops

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 Pinetops 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – Town of Pinetops has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Pinetops uses enterprise funds to account for its water and sewer activity and for its electric operations. 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 29 to 52 of this report.

Management Discussion and Analysis-FY 2023  
Town of Pinetops

**Government-Wide Financial Analysis**  
**The Town of Pinetops**  
**Net position**

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 972,717	\$ 1,046,454	\$ 4,088,720	\$ 3,237,692	\$ 5,061,437	\$ 4,284,146
Capital assets	597,117	667,001	5,931,872	6,018,552	6,528,989	6,685,553
Total assets	1,569,834	1,713,455	10,020,592	9,256,244	11,590,426	10,969,699
Deferred Outflow of Resources	364,127	204,319	193,680	122,959	557,807	327,278
Total deferred outflow of resources	364,127	204,319	193,680	122,959	557,807	327,278
Current liabilities	77,906	62,118	483,312	630,232	561,218	692,350
Long term liabilities	764,591	522,944	1,624,155	1,502,277	2,388,746	2,025,221
Total liabilities	842,497	585,062	2,107,467	2,132,509	2,949,964	2,717,571
Deferred Inflows of Resources	92,148	367,208	30,566	128,354	122,714	495,562
Total deferred inflows of resources	92,148	367,208	30,566	128,354	122,714	495,562
Net position:						
Net investment in capital assets	597,117	667,001	4,524,066	4,521,674	5,121,183	5,188,675
Restricted	439,034	448,084	14,608	-	453,642	448,084
Unrestricted	(25,133)	(149,581)	3,537,565	2,596,666	3,512,432	2,447,085
Total net position	\$ 1,011,018	\$ 965,504	\$ 8,076,239	\$ 7,118,340	\$ 9,087,257	\$ 8,083,844

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 Pinetops exceeded liabilities and deferred inflows of resources by \$9,087,257 as of June 30, 2023. The Town's net position increased by \$991,711 for the fiscal year ended June 30, 2023. However, \$5,121,183 or 56.36% reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Pinetops uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Pinetops' investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Pinetops' net position, \$439,034 or 4.83% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 3,512,432 (38.81%) is unrestricted.

Management Discussion and Analysis-FY 2023  
**Town of Pinetops**

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

- Continued diligence in the collection of property taxes by maintaining a high tax collection percentage when vehicle taxes are excluded. An improved system for determining resources allocated to local street maintenance allowed the Town to use restricted funds for this purpose.

**Town of Pinetops'**  
**Changes in Net Position**  
**Figure 3**

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 141,335	\$ 145,119	\$ 3,543,614	\$ 3,572,447	\$ 3,684,949	\$ 3,717,566
Operating grants and contributions	548,548	161,527	-	312,545	548,548	474,072
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	275,746	234,923	-	-	275,746	234,923
Unrestricted intergovernmental	417,667	-	-	-	417,667	-
Other	83,219	439,829	-	-	83,219	439,829
Total revenues	1,466,515	981,398	3,543,614	3,884,992	5,010,129	4,866,390
<b>Expenses:</b>						
General government	265,271	123,830	-	-	265,271	123,830
Public safety	869,892	765,977	-	-	869,892	765,977
Transportation	131,127	162,017	-	-	131,127	162,017
Environmental protection	158,642	165,533	-	-	158,642	165,533
Interest on long-term debt	7,771	5,655	-	-	7,771	5,655
Water and sewer			1,948,049	712,740	1,948,049	712,740
Electric			637,666	2,102,093	637,666	2,102,093
Total expenses	1,432,703	1,223,012	2,585,715	2,814,833	4,018,418	4,037,845
Transfers	-	344,778	-	(344,778)		
Increase in net position	33,812	103,164	957,899	309,012	991,711	828,545
Net position, beginning	965,504	862,340	7,118,340	6,083,947	8,083,844	6,946,287
Net position, ending	\$ 999,316	\$ 965,504	\$ 8,076,239	\$ 6,392,959	\$ 9,075,555	\$ 7,358,463



## Management Discussion and Analysis-FY 2023

### Town of Pinetops

**Governmental activities:** Governmental activities increased the Town's net position by \$33,812.

**Business-type activities:** Business-type activities increased the Town of Pinetops net position by \$957,899.

### Financial Analysis of the Town Funds

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

**Governmental Funds.** The focus of the Town of Pinetops' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Pinetops. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$437,619 while total fund balance reached \$906,604. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 31.62% of total General Fund expenditures.

At June 30, 2023, the governmental funds of Pinetops reported a combined fund balance of \$906,604 a 13.32 % percent increase over the prior year.

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

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$964,681 and those for the Electric Fund amounted to \$2,567,202. The change in net position for was an increase in the Water and Sewer Fund of \$170,328 and an increase of \$787,571 for the Electric Fund. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

Management Discussion and Analysis-FY 2023  
**Town of Pinetops**

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Pinetops' investment in capital assets for its governmental and business-type activities as of June 30, 2023 totals \$6,566,597 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Town of Pinetops'**  
**Capital Assets**  
**Figure 4**

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 33,300	\$ 47,300	\$ 37,100	\$ 37,100	\$ 70,400	\$ 84,400
Construction in progress	\$ 124,152	\$ 137,022	\$ 1,767,841	\$ 1,767,841	\$ 1,891,993	\$ 1,904,863
Buildings	343,797	355,000	-	-	343,797	355,000
Equipment and furniture	849	6,189			849	6,189
Plant & Distribution System	-	-	4,081,733	4,159,551	4,081,733	4,159,551
Vehicles and equipment	95,019	121,490	45,198	54,060	140,217	175,550
<b>Total</b>	<b>\$ 597,117</b>	<b>\$ 667,001</b>	<b>\$ 5,931,872</b>	<b>\$ 6,018,552</b>	<b>\$ 6,528,989</b>	<b>\$ 6,685,553</b>

Additional information on the Town's capital assets can be found in note III.A.4 of the Basic Financial Statements.



Management Discussion and Analysis-FY 2023  
**Town of Pinetops**

**Long-term Debt.**

The Town of Pinetops' total debt decreased by \$119,624 during the past fiscal year.

**Town of Pinetops  
 Outstanding Debt  
 Note Payable**

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
USDA Installment debt	\$ 273,621	\$ 304,173	\$ 5,682	\$ 13,263	\$ 279,303	\$ 317,436
NCDEQ Revolving loan	-	-	1,402,124	1,483,615	1,402,124	1,483,615
Total long term obligations	\$ 273,621	\$ 304,173	\$ 1,407,806	\$ 1,496,878	\$ 1,681,427	\$ 1,801,051

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin is the difference between the 8 percent of total assessed value of taxable property and outstanding debt. The legal debt margin for Town of Pinetops as of June 30 2023 is \$3,050,972.

Additional information regarding the Town of Pinetops' long-term debt can be found in note III.B.6.b beginning on page 47 of this report.

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

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

- The Town has increased the tax rate from \$.46 to \$.58 per \$100 of assessed valuation
- Sanitation fee increased from \$21 to \$25 per month per customer
- Electric residential customer changed from Tier rate structure to Flat rate structure. This change will keep the town revenue neutral
- There were no changes to the water rate
- Sewer rates increased by 14.31%

Management Discussion and Analysis-FY 2023  
**Town of Pinetops**

**Budget Highlights for the Fiscal Year Ending June 30, 2024**

**Governmental Activities:** Property tax rates are stable while the staff has been very active in improving collections. The Town anticipates improved collections of prior years taxes. Budget expenditures are being held in check in order to improve the fund balance. The 2024 budget anticipates only requires expenditures during the year.

**Business – type Activities:** Based on the NCRWA Rate Study the following are the proposed rate changes: increase electric rates by 1.50%, keep water rates unchanged and increase sewer rates by 5%.

**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Natalie W. Bess, Town Administrator, Town of Pinetops, Post Office Drawer C, Pinetops, NC 27864. The town administrator can also be reached at (252) 827-4435, visit the town's website at [www.pinetopsnc.com](http://www.pinetopsnc.com) or send an email to [town@pinetopsnc.com](mailto:town@pinetopsnc.com) for more information.

## BASIC FINANCIAL STATEMENTS

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Town of Pinetops, North Carolina**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities	Primary Government Business-Type Activities	Total
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 492,840	\$ 3,325,582	\$ 3,818,422
Restricted cash and cash equivalents	327,108	144,225	471,333
Taxes receivable, net	22,021	-	22,021
Accounts receivable - net	-	439,164	439,164
Due from other governments	141,877	35,741	177,618
Internal balances	(41,080)	41,080	-
Prepays	29,951	-	29,951
Inventories	-	102,928	102,928
<b>Total Current Assets</b>	<b>972,717</b>	<b>4,088,720</b>	<b>5,061,437</b>
<i>NonCurrent Assets</i>			
<i>Capital Assets</i>			
Land and other nondepreciable assets	157,452	1,804,940	1,962,392
Other capital assets, net of depreciation	439,665	4,126,932	4,566,597
<b>Total Capital Assets</b>	<b>597,117</b>	<b>5,931,872</b>	<b>6,528,989</b>
<b>Total assets</b>	<b>1,569,834</b>	<b>10,020,592</b>	<b>11,590,426</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	364,127	193,680	557,807
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	44,092	269,320	313,412
Customer deposits	-	129,617	129,617
Current portion of long-term liabilities	33,814	84,375	118,189
<b>Total Current Liabilities</b>	<b>77,906</b>	<b>483,312</b>	<b>561,218</b>
<i>Long-term Liabilities:</i>			
Net pension liability	322,697	251,600	574,297
Net OPEB liability	37,842	41,625	79,467
Total LEO pension liability	128,051	-	128,051
Compensated absences	36,194	7,499	43,693
Due in more than one year	239,807	1,323,431	1,563,238
<b>Total Long-term Liabilities</b>	<b>764,591</b>	<b>1,624,155</b>	<b>2,388,746</b>
<b>Total Liabilities</b>	<b>842,497</b>	<b>2,107,467</b>	<b>2,949,964</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	92,148	30,566	122,714
<b>NET POSITION</b>			
Net investment in capital assets	597,117	4,524,066	5,121,183
<i>Restricted for:</i>			
Stabilization by State Statute	141,877	-	141,877
Streets	285,455	-	285,455
Debt service	11,702	-	11,702
Restricted for stormwater use	-	14,608	14,608
<i>Unrestricted</i>	(25,133)	3,537,565	3,512,432
<b>Total Net Position</b>	<b>\$ 1,011,018</b>	<b>\$ 8,076,239</b>	<b>\$ 9,087,257</b>

The accompanying notes are an integral part of this financial statement.

**Town of Pinetops, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 265,271	\$ -	\$ 411,573	\$ -	\$ 146,302	\$ -	\$ 146,302
Public safety	869,892	-	91,955	-	(777,937)	-	(777,937)
Transportation	131,127	-	45,020	-	(86,107)	-	(86,107)
Environmental protection	158,642	141,335	-	-	(17,307)	-	(17,307)
Interest on debt	7,771	-	-	-	(7,771)	-	(7,771)
Total governmental activities	1,432,703	141,335	548,548	-	(742,820)	-	(742,820)
<b>Business-type activities:</b>							
Electric	1,948,049	2,735,620	-	-	-	787,571	787,571
Water and sewer	637,666	807,994	-	-	-	170,328	170,328
Total business-type activities	2,585,715	3,543,614	-	-	-	957,899	957,899
Total primary government	\$ 4,018,418	\$ 3,684,949	\$ 548,548	\$ -	(742,820)	957,899	215,079
General revenues:							
Taxes:							
Property taxes, levied for general purpose					275,746	-	275,746
Unrestricted intergovernmental					417,667	-	417,667
Unrestricted investment earnings					10,667	-	10,667
Sale of capital assets					-	-	-
Contributions					-	-	-
Miscellaneous					72,552	-	72,552
Transfers					-	-	-
Total general revenues and transfers					776,632	-	776,632
Change in net position					33,812	957,899	991,711
Net position-beginning					965,504	7,118,340	8,083,844
Net position-ending					\$ 999,316	\$ 8,076,239	\$ 9,075,555

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

## FUND FINANCIAL STATEMENTS

**Town of Pinetops, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<b>Major Fund</b>
	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 492,840
Restricted cash and cash equivalents	327,108
Taxes receivable, net	22,021
Due from other governments	141,877
Prepays	29,951
<b>Total assets</b>	<b>1,013,797</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	44,092
Due to other funds	41,080
<b>Total Liabilities</b>	<b>85,172</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes receivable	22,021
Unearned revenue	-
<b>Total deferred inflows of resources</b>	<b>22,021</b>
<b>FUND BALANCES</b>	
Restricted:	
Stabilization by State Statute	141,877
Streets	285,455
Debt service	11,702
Nonspendable:	
Prepays	29,951
Unassigned	437,619
<b>Total Fund Balance</b>	<b>906,604</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	
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.	597,117
Deferred outflows of resources related to pensions and OPEB are not reported in the funds	364,127
Earned revenues considered deferred inflows of resources in the fund statements.	22,021
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
Net pension liability	(322,697)
Net LEO pension liability	(128,051)
Net OPEB liability	(37,842)
Compensated absences	(36,194)
Notes payable	(273,621)
Deferred inflows of resources related to pensions and OPEB are not reported in the funds	(92,148)
Net position of governmental activities	<b>\$ 999,316</b>

*The accompanying notes are an integral part of this financial statement.*



**Town of Pinetops, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>Major Fund General Fund</b>
<b>Revenues</b>	
Ad valorem taxes	\$ 272,979
Unrestricted intergovernmental	417,667
Restricted intergovernmental	548,548
Permits, fees, sales, services and other	240,757
Investment earnings	10,667
<b>Total revenues</b>	<u>1,490,618</u>
<b>EXPENDITURES</b>	
Current:	
General Government	238,114
Public Safety	823,200
Transportation	125,786
Environmental protection	158,642
Economic and Community Development	-
Culture and recreation	-
Debt service:	
Principal	30,551
Interest	7,771
Capital outlay	-
<b>Total Expenditures</b>	<u>1,384,064</u>
Excess (deficiency) of revenues over expenditures	106,554
<b>Other Financing Sources</b>	
Transfer (to) from other funds	-
Proceeds from long term debt	-
Net change in fund balance	106,554
<b>Fund balances, beginning</b>	<u>800,050</u>
<b>Fund balances, ending</b>	<u><u>\$ 906,604</u></u>

*The accompanying notes are an integral part of this financial statement.*

**Town of Pinetops, North Carolina**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2023**

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

Total Net Change in Fund Balances - Governmental Funds		\$ 106,554
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 as reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	\$ -	
Depreciation expense for governmental assets	<u>(43,014)</u>	(43,014)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		169,773
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities		892
Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		2,767
Gain (loss) on sale of fixed assets		(26,870)
Change in long-term debt		(30,552)
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 expense	(157,655)	
OPEB expense	(1,900)	
Compensated absences	<u>13,817</u>	(145,738)
Changes in Net Position-Governmental Funds		<u>\$ 33,812</u>

*The accompanying notes are an integral part of this financial statement.*

**Town of Pinetops, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 237,500	\$ 237,500	\$ 272,979	\$ 35,479
Unrestricted intergovernmental	344,700	344,700	417,667	72,967
Restricted intergovernmental	431,591	431,591	548,548	116,957
Permits, fees, sales, services and other	209,835	209,835	240,757	30,922
Investment earnings	-	-	10,667	10,667
<b>Total revenues</b>	<b>1,223,626</b>	<b>1,223,626</b>	<b>1,490,618</b>	<b>266,992</b>
<b>EXPENDITURES</b>				
Current:				
General Government	260,475	260,475	238,114	22,361
Public Safety	826,457	826,457	823,200	3,257
Transportation	169,238	169,238	125,786	43,452
Environmental protection	185,494	185,494	158,642	26,852
Culture and recreation	-	-	-	-
Debt service:				
Principal	29,307	29,307	30,551	(1,244)
Interest	-	-	7,771	(7,771)
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>1,470,971</b>	<b>1,470,971</b>	<b>1,384,064</b>	<b>86,907</b>
Excess (deficiency) of revenues over expenditures				
<b>Other Financing Sources</b>				
Sale of capital assets	-	-	-	-
Transfers	-	-	-	-
Appropriated fund balance	247,345	247,345	-	(247,345)
Net change in fund balance	\$ -	\$ -	\$ 106,554	\$ 106,554
<b>Fund balances, beginning</b>			800,050	
<b>Fund balances, ending</b>			<u>\$ 906,604</u>	

*The accompanying notes are an integral part of this financial statement.*

**Town of Pinetops, North Carolina**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2023**

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,422,334	\$ 903,248	\$ 3,325,582
Restricted cash and cash equivalents	80,333	63,892	144,225
Accounts receivable (net) - trade	315,622	123,542	439,164
Prepaid expenses	-	-	-
Due from other governments	9,584	26,157	35,741
Due from other funds	41,080	-	41,080
Inventories	29,136	73,792	102,928
Total current assets	2,898,089	1,190,631	4,088,720
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	11,600	1,793,340	1,804,940
Other capital assets, net of depreciation	104,155	4,022,777	4,126,932
Total noncurrent assets	115,755	5,816,117	5,931,872
Total assets	\$ 3,013,844	\$ 7,006,748	\$ 10,020,592
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	127,367	66,313	193,680
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 164,554	\$ 104,766	\$ 269,320
Due to other funds	-	-	-
Notes payable - current	5,682	78,693	84,375
Liabilities payable from restricted assets:			
Customer deposits	80,333	49,284	129,617
Total current liabilities	250,569	232,743	483,312
Long-term liabilities:			
Notes payable	-	1,323,431	1,323,431
Compensated absences	2,726	4,773	7,499
Net pension liability	165,455	86,145	251,600
Net OPEB liability	19,403	22,222	41,625
Total long-term liabilities	187,584	1,436,571	1,624,155
Total liabilities	438,153	1,669,314	2,107,467
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	20,101	10,465	30,566
<b>NET ASSETS</b>			
Net investment in capital assets	115,755	4,413,993	4,529,748
Restricted for stormwater use	-	14,608	14,608
Unrestricted	2,567,202	964,681	3,531,883
Total net position	\$ 2,682,957	\$ 5,393,282	\$ 8,076,239

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

**Town of Pinetops, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**June 30, 2023**

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,697,900	\$ 793,187	\$ 3,491,087
Other operating revenues	37,720	14,807	52,527
Total operating revenues	2,735,620	807,994	3,543,614
<b>OPERATING EXPENSES</b>			
Electric operations	1,195,327	-	1,195,327
Administration and operations	735,063	542,795	1,277,858
Depreciation expense	15,405	71,275	86,680
Total operating expenses	1,945,795	614,070	2,559,865
Operating income (loss)	789,825	193,924	983,749
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Grants	-	-	-
Interest on long-term debt	(2,254)	(23,596)	(25,850)
Miscellaneous	-	-	-
Total nonoperating revenue (expenses)	(2,254)	(23,596)	(25,850)
Income (loss) before contributions and transfers	787,571	170,328	957,899
Transfers (to) from other funds	-	-	-
Change in net position	787,571	170,328	957,899
Total net position - beginning	1,895,386	5,222,954	7,118,340
Total net position - ending	\$ 2,682,957	\$ 5,393,282	\$ 8,076,239

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

**Town of Pinetops, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2023**

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,710,465	\$ 783,715	\$ 3,494,180
Cash paid for goods and services	(1,671,873)	(318,220)	(1,990,093)
Cash paid to employees for services	(391,874)	(197,637)	(589,511)
Other operating revenues	34,740	8,291	43,031
Net cash provided (used) by operating activities	681,458	276,149	957,607
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund activity	(9,017)	-	(9,017)
Transfer (to)/from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	(9,017)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Grants and other income	-	-	-
Proceeds from long term debt	-	-	-
Principal paid on long-term debt	(7,581)	(81,491)	(89,072)
Interest paid on long-term debt	(2,254)	(23,596)	(25,850)
Acquisition of capital assets	-	-	-
Net cash (used) by investing activities	(9,835)	(105,087)	(114,922)
Net increase (decrease) in cash and cash equivalents	662,606	171,062	842,685
Balances-beginning of the year	1,840,061	796,078	2,636,139
Balances-end of the year	\$ 2,502,667	\$ 967,140	\$ 3,478,824
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 789,825	\$ 193,924	\$ 983,749
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	15,405	71,275	86,680
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	11,953	(10,800)	1,153
(Increase) decrease in due from other governments	(2,980)	(6,516)	(9,496)
(Increase) decrease in inventory	-	-	-
(Increase) decrease in prepaid expenses	-	-	-
(Increase) decrease in deferred outflows of resources	(45,105)	(25,616)	(70,721)
Increase (decrease) in net pension liability	124,095	65,684	189,779
Increase (decrease) in net OPEB liability	3,943	14,574	18,517
Increase (decrease) in deferred inflows of resources	(65,770)	(32,018)	(97,788)
Increase (decrease) in accounts payable and accrued liabilities	(148,648)	2,618	(146,030)
Increase (decrease) in customer deposits	612	1,328	1,940
Increase (decrease) in compensated absences	(1,872)	1,696	(176)
Total adjustments	(108,367)	82,225	(26,142)
Net cash provided by operating activities	\$ 681,458	\$ 276,149	\$ 957,607

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

## INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**Town of Pinetops, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes</b>			
Current year		270,459	
Prior years		1,992	
Penalties and Interest		528	
Total	237,500	272,979	35,479
<b>Unrestricted Intergovernmental Revenues</b>			
Beer & wine tax		5,375	
Sales tax refunds		26,764	
Solid waste disposal tax		927	
Local option sales tax		372,775	
Utility franchise tax		10	
Unauthorized substance tax		121	
Telecommunications tax		8,136	
Video programming district		3,559	
Total	344,700	417,667	72,967
<b>Restricted Intergovernmental Revenues</b>			
Powell Bill allocation		45,020	
Fire Department grant		81,588	
Police Department grant		10,367	
ABC		17,982	
CARES Act		393,591	
Total	431,591	548,548	116,957
<b>Permits, fees, sales, services and other</b>			
Cemetery sales		11,410	
Garbage collection fee		141,335	
Other fees		88,012	
Total	209,835	240,757	30,922
<b>Investment earnings</b>	-	10,667	10,667
<b>Total Revenues</b>	1,223,626	1,490,618	266,992

Continued



**Town of Pinetops, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General Government			
Governing Body			
Salaries and employee benefits		15,535	
Operating Expenses		52,020	
Total Governing Body		67,555	
Administration			
Salaries and employee benefits		57,395	
Capital outlay		-	
Operating Expenses		113,164	
Total Administration		170,559	
Total General Government	260,475	238,114	22,361
Public safety			
Police			
Salaries and employee benefits		599,333	
Operating Expenses		89,218	
Fire and rescue:			
Contract and operating expenses		134,649	
Total Public Safety	826,457	823,200	3,257
Transportation			
Salaries and employee benefits		81,182	
Operating Expenses		37,731	
Powell Bill		6,873	
Capital outlay		-	
Total Transportation	169,238	125,786	43,452
Environmental protection			
Salaries and employee benefits		63,630	
Operating expenses		95,012	
Total Environmental Protection	185,494	158,642	26,852
Debt Service			
Principal		30,551	
Interest		7,771	
Total Debt Service	29,307	38,322	(9,015)
<b>Total expenditures</b>	<b>1,470,971</b>	<b>1,384,064</b>	<b>86,907</b>
Revenues over (under) expenditures	(247,345)	106,554	180,085
Other financing sources:			
Transfers	-	-	-
Proceeds from long term debt	-	-	-
Appropriated fund balance	247,345	-	(247,345)
Net change in fund balance	\$ -	106,554	\$ (140,791)
Fund balances, beginning		800,050	
Fund balances, ending		\$ 906,604	

Town of Pinetops, North Carolina  
Electric Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
<b>Operating revenues</b>			
Electricity sales		2,697,900	
Other operating revenues		37,720	
Total operating revenues	2,759,000	2,735,620	(23,380)
<b>Non-operating revenues</b>			
Miscellaneous		-	
Total non-operating revenues	-	-	-
<b>Total Revenues</b>	2,759,000	2,735,620	(23,380)
<b>Expenditures:</b>			
<b>Electrical operations:</b>			
Salaries and employee benefits		407,165	
Utility purchases/costs		1,195,327	
Supplies		22,048	
Repairs and maintenance		28,230	
Other operating expenses		274,260	
Total Electrical Operations	2,740,146	1,927,030	813,116
<b>Debt Service</b>			
Principal		7,581	
Interest		2,254	
Total Debt Service	18,854	9,835	9,019
<b>Total expenditures</b>	2,759,000	1,936,865	822,135
Revenues over (under) expenditures	-	798,755	(845,515)
Transfers	-	-	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 798,755	\$ 798,755

**Town of Pinetops, North Carolina**  
**Electric Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues and appropriated fund balance over (under) expenditures	\$ <u>-</u>	\$ 798,755	\$ <u>798,755</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation expense		15,405	
Principal repayment on long-term debt		(7,553)	
Increase (decrease) in deferred outflows of resources		45,105	
(Increase) decrease in net pension liability		(124,095)	
(Increase) decrease in OPEB liability		(3,943)	
(Increase) decrease in deferred inflows of resources		65,770	
(Increase) decrease in compensated absences		(1,872)	
Total		<u>(11,183)</u>	
Change in net position		<u>\$ 787,572</u>	

**Town of Pinetops, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>			
<b>Operating revenues</b>			
Water and sewer charges		793,187	
Other operating revenues		14,807	
Total operating revenues	757,250	807,994	50,744
<b>Non-operating revenues</b>			
Grants		-	
Other		-	
Total non-operating revenues	-	-	-
<b>Total Revenues</b>	757,250	807,994	50,744
<b>Expenditures:</b>			
Water and sewer operations:			
Salaries and employee benefits		221,957	
Utilities		18,636	
Maintenance and repairs		62,796	
Other operating expenditures		222,165	
Total water/sewer operations	652,384	525,554	126,830
Debt service:			
Principal retirement		81,491	
Interest		23,596	
Total debt services	104,866	105,087	(221)
<b>Total expenditures</b>	757,250	630,641	126,609
Revenues over (under) expenditures	-	177,353	177,353
Operating transfers to other funds	-	-	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 177,353	\$ 177,353

**Town of Pinetops, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues and appropriated fund balance over (under) expenditures	\$ <u>          </u>	\$ 177,353	\$ <u>177,353</u>

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

Reconciling items:

Depreciation expense	71,275
Principal repayment on long-term debt	(81,491)
Increase (decrease) in deferred outflows of resources	25,616
(Increase) decrease in net pension liability	(65,684)
(Increase) decrease in OPEB liability	14,574
(Increase) decrease in deferred inflows of resources	32,018
(Increase) decrease in compensated absences	<u>(3,332)</u>
Total	(7,024)

Change in net position	<u>\$ 170,329</u>
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## Town of Pinetops, North Carolina

## H-SRP-D-17-0072 Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2023 and From Inception

	Actual				Variance
	Project Authorization	Prior Years	Current Year	Total Project to Date	Favorable (Unfavorable)
REVENUES					
NC Department of Commerce	\$ 34,102	\$ 34,102	\$ -	\$ 34,102	\$ -
NC Department of Environmental Quality	722,998	742,825	-	742,825	19,827
Total revenues	757,100	776,927	-	776,927	19,827
EXPENDITURES					
Construction	757,100	673,072	-	673,072	84,028
Total expenditures	757,100	673,072	-	673,072	84,028
Revenues over (under) expenditures	-	103,855	-	103,855	103,855
Revenues over (under) expenditures	\$ -	\$ 103,855	\$ -	\$ 103,855	\$ 103,855

## Town of Pinetops, North Carolina

## H-SRP-D-17-1043 Project Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023 and From Inception

	Actual				Variance Favorable (Unfavorable)
	Project Authorization	Prior Years	Current Year	Total Project to Date	
<b>REVENUES</b>					
NC Department of Environmental Quality	\$ 970,150	\$ 970,150	\$ -	\$ 970,150	\$ -
Total revenues	970,150	970,150	-	970,150	-
<b>EXPENDITURES</b>					
Construction	970,150	970,150	-	970,150	-
Total expenditures	970,150	970,150	-	970,150	-
Revenues over (under) expenditures	-	-	-	-	-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Pinetops, North Carolina  
General Fund  
Schedule of Ad Valorem Taxes Receivable  
For the Fiscal Year Ended June 30, 2023

Fiscal Year	Uncollected Balance 7/1/2021	Additions	Collections and Credits	Uncollected Balance 6/30/2023
2022	\$ -	\$ 232,521	\$ 220,380	\$ 12,141
2021	14,859	-	7,331	7,528
2020	5,868	-	1,845	4,023
2019	-	-	-	-
2018	-	-	-	-
2017	-	-	-	-
2016	-	-	-	-
2015	-	-	-	-
2014	-	-	-	-
2013	209	-	5	204
2012	264	-	-	264
2011	193	-	193	-
	<u>\$ 21,393</u>	<u>\$ 232,521</u>	<u>\$ 229,754</u>	<u>\$ 24,160</u>

Less: allowance for uncollectible accounts:

General Fund 2,139

Ad valorem taxes receivable - net \$ 22,021

Reconcilement with Revenues

Taxes - ad valorem - General Fund 272,979

Reconciling items:

Releases	-
Interest collected	(528)
Write offs	(193)
DMV Taxes	(42,504)
Subtotal	<u>(43,225)</u>

Total collections and credits \$ 229,754



**Town of Pinetops, North Carolina**  
**General Fund**

**Analysis of Current Tax Levy**  
**For the Fiscal Year Ended June 30, 2023**

	Property Valuation	Rate per \$100	Total Levy	Total Levy Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property tax at current year's tax rate	\$ 50,548,043	0.46	\$ 232,521	\$ 232,521	\$ -
Motor Vehicles	\$ 8,606,947	0.46	\$ 42,504	\$ -	\$ 42,504
Adjustments	\$ -		\$ -	\$ -	\$ -
Net Valuation	<u>\$ 59,154,990</u>				
Net levy			275,025	232,521	42,504
Less uncollected taxes at June 30, 2023			12,141	12,141	-
Current year's taxes collected			<u>\$ 262,884</u>	<u>\$ 220,380</u>	<u>\$ 42,504</u>
Current levy collection percentage			95.59%	94.78%	100.00%

## COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the Board of Commissioners  
Town of Pinetops  
Pinetops, 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, the business-type activities and each major fund of Town of Pinetops as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises Town of Pinetops' basic financial statements and have issued our report thereon dated January 2, 2024.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that

might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Pinetops' 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*.

### **Purpose of this report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rebekah Barr, CPA PC

Rebekah Barr, CPA PC  
Certified Public Accountant  
Wilson, North Carolina

January 2, 2024



TOWN OF PINETOPS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported.

TOWN OF PINETOPS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL	STATE/	EXPENDITURES		Total
	ASSISTANCE LIVING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	Federal	State	
FEDERAL AWARDS					
<u>U.S. Department of Treasury</u>					
Direct Award:					
Coronavirus State Local Fiscal Recovery Funds	21.027		\$ 393,591	\$ -	\$ 393,591
TOTAL FEDERAL AWARDS			393,591	-	393,591
STATE AWARDS					
<u>NC Department of Commerce</u>					
Direct Program					
Water and Sewer Grant			-	-	-
<u>NC Department of Environmental Quality</u>					
Direct Program					
Division of Water Infrastructure					
State Reserve Loan Program		H-SRP-D-17-0072	-	-	-
State Reserve Loan Program		H-SRP-D-17-1043	-	-	-
<u>NC Department of Insurance</u>					
Direct Program					
Fire Department Grant	17-175-4079		-	65,088	65,088
<u>NC Department of Public Safety</u>					
Direct Program					
Police Grant			-	10,367	10,367
<u>NC Department of Transportation</u>					
Powell Bill		DOT-4	-	6,873	6,873
TOTAL STATE AWARDS			-	82,328	82,328
TOTAL FEDERAL AND STATE AWARDS			\$ 393,591	\$ 82,328	\$ 475,919

The accompanying notes are an integral part of this schedule.

TOWN OF PINETOPS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State awards includes the Federal and State grant activity of the Town under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. Because the Schedule presents only a selected portion of the operations of the Town of Pinetops, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Pinetops.

Note 2: Indirect Costs

The Town has not elected to charge a 10 percent de minimis indirect cost rate to its grants and has not elected to obtain a federal indirect cost rate.

Note 3: Summary of Significant Accounting Policies

Expenditures reported in the schedule of expenditures of federal and state awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Note 4: Loans Outstanding

The Town of Pinetops had the following loan balances outstanding at June 30, 2023. There were no loans made during the year. Balances and transactions related to these programs are included in the Town's basic financial statements.

Program Name

State of North Carolina

State Reserve Loan Program

H-SRP-D-17-0072      \$    528,989

State Reserve Loan Program

H-SRP-D-17-1043      873,135

\$ 1,402,124