

**TOWN OF ORIENTAL, NORTH CAROLINA**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED JUNE 30, 2022**

**GREGORY T. REDMAN, CPA**  
TARBORO, NORTH CAROLINA

Financial Statements

Town of Oriental, North Carolina

June 30, 2022

Board of Commissioners

Sally Belangia, Mayor  
David White, Mayor Pro Tempore  
Charlie Overcash  
Allen Price  
Frank Roe  
Sandy Winfrey

Administrative Staff

Diane H. Miller, Town Manager

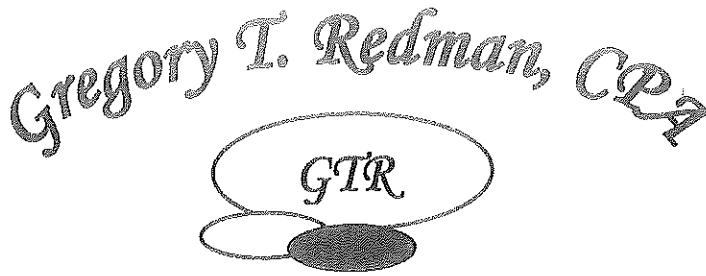
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## Financial Section



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## Independent Auditor's Report

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

### Report on the Audit of Financial Statements

#### *Opinion*

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

In my opinion, based on my audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Town of Oriental, North Carolina as of June 30, 2022, and the respective changes in financial position, and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

I conducted my 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 State My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Town of Oriental, North Carolina and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### 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 raise substantial doubt about Town of Oriental, North Carolina'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*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. 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 *Government Auditing Standards* will always detect a 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 *Government Auditing Standards*, I:

- 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 Town of Oriental, North Carolina'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Oriental, North Carolina's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 and the Local Government Employees' Retirement System's Schedule of the Proportionate Share of the Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required

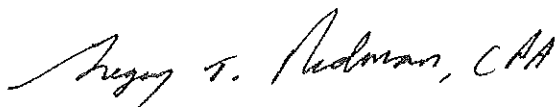
supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oriental, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules are presented 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. In my opinion based on my 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 my report dated January 16, 2023 on my consideration of the Town of Oriental, North Carolina's internal control over financial reporting and on my 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 my 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 Oriental, North Carolina's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oriental, North Carolina's internal control over financial reporting and compliance.



Gregory T. Redman, CPA  
Tarboro, North Carolina  
January 16, 2023



## Management's Discussion and Analysis

**Town of Oriental, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

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

**Financial Highlights**

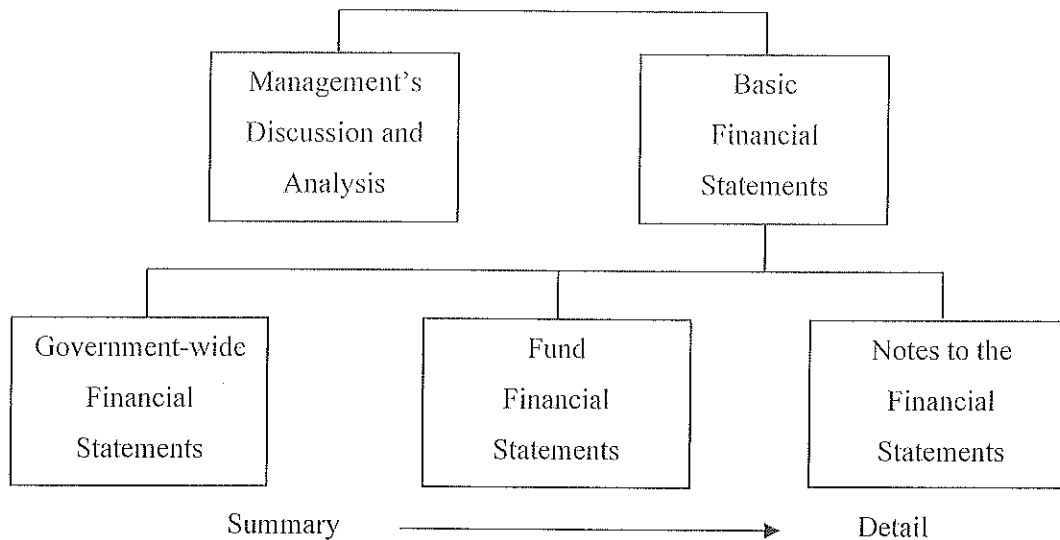
- The assets and deferred outflows of resources of the Town of Oriental exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,369,030 (net position).
- The government's total net position decreased by \$217,421 primarily due to a loss on disposal of capital assets.
- At the close of the current fiscal year, the Town of Oriental's governmental funds combined reported ending fund balances of \$1,318,712, with a net decrease of \$20,035 in fund balance. Approximately 55% of this total amount, or \$731,747 is unrestricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$731,747 or 63% of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, the Town had Restricted Net Position of \$586,965.

**Overview of the Financial Statements**

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

**Town of Oriental, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

**Required Components of Annual Financial Report**



**Basic Financial Statements**

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

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

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

**Government-wide Financial Statements**

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

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

**Town of Oriental, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

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 services offered by the Town of Oriental.

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Oriental, like all other government 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 Town of Oriental can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Oriental 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's, 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 Town Council; 2) the final budget as amended by the Town Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

*Proprietary Funds.* Town of Oriental has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Oriental uses an enterprise fund to account for its water and sewer activity. This fund is the same function as 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.

**Town of Oriental, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

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

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

**Government-wide Financial Analysis**

**The Town of Oriental's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 1,432,805	\$ 1,483,100	\$ 308,805	\$ 273,199	\$ 1,741,610	\$ 1,756,299
Capital assets	2,885,501	3,088,876	997,801	1,041,376	3,883,302	4,130,252
Deferred outflows of resources	81,726	85,933	81,726	57,288	163,452	143,221
Total Assets and Deferred Outflows of Resources	<u>\$ 4,400,032</u>	<u>\$ 4,657,909</u>	<u>\$ 1,388,332</u>	<u>\$ 1,371,863</u>	<u>\$ 5,788,364</u>	<u>\$ 6,029,772</u>
Current liabilities	\$ 44,408	\$ 81,095	\$ 70,830	\$ 67,793	\$ 115,238	\$ 148,888
Noncurrent liabilities	80,365	185,163	55,593	107,775	135,958	292,938
Deferred inflows of resources	84,069	897	84,069	598	168,138	1,495
Total Liabilities and Deferred Inflows of Resources	<u>\$ 208,842</u>	<u>\$ 267,155</u>	<u>\$ 210,492</u>	<u>\$ 176,166</u>	<u>\$ 419,334</u>	<u>\$ 443,321</u>
Net Position:						
Net investment in capital assets	\$ 2,885,501	\$ 3,088,876	\$ 997,801	\$ 1,041,376	\$ 3,883,302	\$ 4,130,252
Restricted	586,965	563,924	-	-	586,965	563,924
Unrestricted	718,724	737,954	180,039	154,321	898,763	892,275
Total Net Position	<u>\$ 4,191,190</u>	<u>\$ 4,390,754</u>	<u>\$ 1,177,840</u>	<u>\$ 1,195,697</u>	<u>\$ 5,369,030</u>	<u>\$ 5,586,451</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Oriental exceeded liabilities and deferred inflows by \$5,369,030 as of June 30, 2022. The Town's net position decreased by \$217,421 for the fiscal year ended June 30, 2022. However, the largest portion \$3,883,302 or 72% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Oriental uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Oriental'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 of Oriental's net position \$586,965 (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$898,763 (17%) is unrestricted.

**Town of Oriental, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

The decrease in net position is mainly due to the a loss on disposal of capital assets.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.02%. The Town of Oriental contracts with Pamlico County to collect their taxes.

**Town of Oriental Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 138,212	\$ 128,805	\$ 481,725	\$ 322,608	\$ 619,937	\$ 451,413
Operating grants and contributions	66,648	125,741	-	-	66,648	125,741
Capital grants and contributions	-	2,119,284	-	-	-	2,119,284
General revenues:						
Property taxes	564,539	581,170	-	-	564,539	581,170
Other taxes	48,432	36,594	-	-	48,432	36,594
Investment earnings	797	259	98	27	895	286
Other	154,436	292,147	-	-	154,436	292,147
Total Revenues	<u>\$ 973,064</u>	<u>\$ 3,284,000</u>	<u>\$ 481,823</u>	<u>\$ 322,635</u>	<u>\$ 1,454,887</u>	<u>\$ 3,606,635</u>
Expenses:						
General government	\$ 330,007	\$ 308,202	\$ -	\$ -	\$ 330,007	\$ 308,202
Public safety	150,624	179,945	-	-	150,624	179,945
Transportation	19,372	49,514	-	-	19,372	49,514
Economic and physical development	111,589	59,495	-	-	111,589	59,495
Environmental protection	511,866	509,196	-	-	511,866	509,196
Culture and recreation	49,170	29,945	-	-	49,170	29,945
Water and Sewer	-	-	499,680	371,495	499,680	371,495
Total Expenses	<u>\$ 1,172,628</u>	<u>\$ 1,136,297</u>	<u>\$ 499,680</u>	<u>\$ 371,495</u>	<u>\$ 1,672,308</u>	<u>\$ 1,507,792</u>
Increase(decrease) in net position before transfers	\$ (199,564)	\$ 2,147,703	\$ (17,857)	\$ (48,860)	\$ (217,421)	\$ 2,098,843
Net position, July 1	4,390,754	2,243,051	1,195,697	1,244,557	5,586,451	3,487,608
Net position, June 30	<u>\$ 4,191,190</u>	<u>\$ 4,390,754</u>	<u>\$ 1,177,840</u>	<u>\$ 1,195,697</u>	<u>\$ 5,369,030</u>	<u>\$ 5,586,451</u>

**Town of Oriental, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

*Governmental Activities.* Governmental activities decreased the Town's net position by \$199,564. Key elements of the increase are as follows:

- Total revenues decreased
- Loss on disposal of capital assets

*Business-type Activities.* Business-type activities decreased the Town of Oriental's net position by \$17,857.

The Town of Oriental's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer at the end of the fiscal year amounted to \$180,039. The total decrease in net position was \$17,857.

#### **Financial Analysis of the Town's Funds**

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

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

The general fund is the chief operating fund of the Town of Oriental. At the end of the current fiscal year, Town of Oriental's fund balance available in the General Fund was \$731,747, while total fund balance reached \$1,318,712. The Town currently has an available fund balance of 64% of general fund expenditures, while total fund balance represents 115 %of the same amount.

At June 30, 2022, the governmental fund of Town of Oriental reported a combined fund balance of \$1,318,712 with a net decrease in fund balance of \$20,035.

#### **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 became necessary to maintain/increase services.

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

**Capital Assets:** The Town of Oriental's investments in capital assets for its governmental and business-type activities as of June 30, 2022 total \$3,883,302 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Town of Oriental, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

**Town of Oriental's Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,838,536	\$ 2,315,576	\$ -	\$ -	\$ 1,838,536	\$ 2,315,576
Buildings	261,373	276,877	-	-	261,373	276,877
Infrastructure	54,940	56,989	-	-	54,940	56,989
Land improvements	640,991	202,118	-	-	640,991	202,118
Equipment and machinery	76,197	150,658	10,501	15,580	86,698	166,238
Office furniture & equipment	1,934	5,012	-	-	1,934	5,012
Vehicles	11,530	81,646	-	-	11,530	81,646
Water plant	-	-	987,300	1,025,796	987,300	1,025,796
<b>Total</b>	<b>\$ 2,885,501</b>	<b>\$ 3,088,876</b>	<b>\$ 997,801</b>	<b>\$ 1,041,376</b>	<b>\$ 3,883,302</b>	<b>\$ 4,130,252</b>

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

**Long-term Debt:** As of June 30, 2022 the Town of Oriental has no debt.

North Carolina general statutes limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Oriental is \$21,539,091. The Town has no bond authorized but unissued at June 30, 2022.

**Town of Oriental's Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	27,524	26,113	-	-	27,524	26,113
Net pension liability	55,593	161,661	55,593	107,775	111,186	269,436
<b>Total</b>	<b>\$ 83,117</b>	<b>\$ 187,774</b>	<b>\$ 55,593</b>	<b>\$ 107,775</b>	<b>\$ 138,710</b>	<b>\$ 295,549</b>

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

The following key economic indicators reflect the general condition of the Town. The economic crisis of prior years continues to contribute to the factors below:

- An aged population and small retail business help to create a situation where the Town's customer base is eroded. The resulting ratio of expense versus revenue allows keeping rates and fees low while maintaining an adequate level of service. In addition, most residents are on fixed income.



**Town of Oriental, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

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

Tax revenues along with other general fund revenues are expected to remain constant and no property tax rate increase is being considered at this time. Electric revenues and expenditures are expected to remain constant so no increase or decrease in rate is being considered at this time.

**Governmental Activities:** Property taxes will remain constant in revenues and permits and fees are expected to be very modest. The Town will use these revenues to cover costs of expenses in material, supplies, and labor. These revenues will also be used to finance programs currently in place.

Budgeted revenues in the General Fund are expected to increase by 17% to \$1,340,930 This increase is due to a varying increase in sanitation charges, county sales tax refund, ARPA funding, and miscellaneous revenue. Budgeted expenditures will increase accordingly.

**Business-Type Activities:** The Water/Sewer Fund revenues are expected to increase.

**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:

Town Manager  
Town of Oriental  
Post Office Box 472  
Oriental, North Carolina 28571

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# Financial Section

## Basic Financial Statements

Town of Oriental, North Carolina  
Statement of Net Position  
June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 773,403	\$ 194,504	\$ 967,907
Taxes receivables (net)	48,960	-	48,960
Accounts receivable (net)	29,264	45,608	74,872
Accrued interest receivable	23,477	-	23,477
Due from other funds	25,950	(25,950)	-
Inventory	-	42,544	42,544
Restricted cash and cash equivalents	531,751	52,099	583,850
Total Current Assets	<u>\$ 1,432,805</u>	<u>\$ 308,805</u>	<u>\$ 1,741,610</u>
Non-current Assets:			
Capital assets:			
Land and other nondepreciable assets	\$ 1,838,536	\$ -	\$ 1,838,536
Other capital assets, net of depreciation	1,046,965	997,801	2,044,766
Total Capital Assets	<u>\$ 2,885,501</u>	<u>\$ 997,801</u>	<u>\$ 3,883,302</u>
Total Assets	<u>\$ 4,318,306</u>	<u>\$ 1,306,606</u>	<u>\$ 5,624,912</u>
Deferred Outflows of Resources			
Pension deferrals	<u>\$ 81,726</u>	<u>\$ 81,726</u>	<u>\$ 163,452</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 41,656	\$ 45,060	\$ 86,716
Compensated absences	2,752	-	2,752
Accrued salaries and employees payroll taxes	-	-	-
Customer deposits	-	25,770	25,770
Total Current Liabilities	<u>\$ 44,408</u>	<u>\$ 70,830</u>	<u>\$ 115,238</u>
Noncurrent liabilities:			
Compensated absences	\$ 24,772	\$ -	\$ 24,772
Net pension liability	55,593	55,593	111,186
Total Long-term liabilities	<u>\$ 80,365</u>	<u>\$ 55,593</u>	<u>\$ 135,958</u>
Total Liabilities	<u>\$ 124,773</u>	<u>\$ 126,423</u>	<u>\$ 251,196</u>
Deferred Inflows of Resources			
Pension deferrals	<u>\$ 84,069</u>	<u>\$ 84,069</u>	<u>\$ 168,138</u>
Net Position			
Net investment in capital assets	\$ 2,885,501	\$ 997,801	\$ 3,883,302
Restricted for:			
Stabilization by State Statute	55,214	-	55,214
Streets	267,753	-	267,753
Economic development	263,998	-	263,998
Unrestricted	718,724	180,039	898,763
Total Net Position	<u>\$ 4,191,190</u>	<u>\$ 1,177,840</u>	<u>\$ 5,369,030</u>

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

**Town of Oriental, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$ 330,007	\$ 5,229	\$ -	\$ -	\$ (324,778)	\$ -	\$ (324,778)
Public safety	150,624	15	-	-	(150,609)	-	(150,609)
Transportation	19,372	-	42,436	-	23,064	-	23,064
Environmental protection	511,866	132,968	662	-	(378,236)	-	(378,236)
Cultural and recreational	49,170	-	-	-	(49,170)	-	(49,170)
Economic and physical development	111,589	-	23,550	-	(88,039)	-	(88,039)
Total Governmental Activities	<u>\$ 1,172,628</u>	<u>\$ 138,212</u>	<u>\$ 66,648</u>	<u>\$ -</u>	<u>\$ (967,768)</u>	<u>\$ -</u>	<u>\$ (967,768)</u>
Business-type activities:							
Water Fund	499,680	481,725	-	-	-	(17,955)	(17,955)
Total Business-type Activities	<u>\$ 499,680</u>	<u>\$ 481,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,955)</u>	<u>\$ (17,955)</u>
Total Primary Government	<u>\$ 1,672,308</u>	<u>\$ 619,937</u>	<u>\$ 66,648</u>	<u>\$ -</u>	<u>\$ (967,768)</u>	<u>\$ (17,955)</u>	<u>\$ (985,723)</u>
General Revenues							
Revenues:							
Ad valorem taxes					\$ 564,539	\$ -	\$ 564,539
Unrestricted intergovernmental					306,278	-	306,278
Other taxes					48,432	-	48,432
Interest and fees					797	98	895
Miscellaneous income					(151,842)	-	(151,842)
Total General Revenues, not including transfers					<u>\$ 768,204</u>	<u>\$ 98</u>	<u>\$ 768,302</u>
Change in Net Position					<u>\$ (199,564)</u>	<u>\$ (17,857)</u>	<u>\$ (217,421)</u>
Net Position, beginning					<u>4,390,754</u>	<u>1,195,697</u>	<u>5,586,451</u>
Net Position, ending					<u>\$ 4,191,190</u>	<u>\$ 1,177,840</u>	<u>\$ 5,369,030</u>

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

Town of Oriental, North Carolina  
 Balance Sheet  
 Governmental Funds  
 June 30, 2022

	<u>Major Funds</u>
	<u>General</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 773,403
Restricted cash	531,751
Receivables, net:	
Taxes	48,960
Accounts	4,058
Due from other governments	25,206
Due from other funds	25,950
Total Assets	\$ 1,409,328
<b>Liabilities</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 41,656
Accrued salaries and employees payroll taxes	-
Total Liabilities	\$ 41,656
<b>Deferred Inflows of Resources</b>	
Property taxes receivable	\$ 48,960
<b>Fund Balances</b>	
Restricted	
Stabilization by State Statute	\$ 55,214
Streets	267,753
Economic development	263,998
Unassigned	731,747
Total Fund Balance	\$ 1,318,712
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,409,328

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

Town of Oriental, North Carolina  
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2022

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

Ending Fund Balance - Governmental Funds	\$ 1,318,712
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,885,501
Deferred outflows of resources related to pensions are not reported in the funds.	81,726
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures.	23,477
Liabilities for earned but deferred revenues in fund statements.	48,960
Deferred inflows of resources related to pensions are not reported in the funds.	(84,069)
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds.	
Net pension liability	(55,593)
Long-term debt	-
Compensated absences	(27,524)
	(27,524)
Net Position of Governmental Activities	\$ 4,191,190

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

Town of Oriental, North Carolina  
Statement of Revenues, Expenditures And Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2022

	<u>Major Fund</u>
	<u>General</u>
Revenues:	
Ad valorem taxes	\$ 571,107
Other taxes and licenses	48,432
Unrestricted intergovernmental	306,278
Restricted intergovernmental	66,648
Sales and services	138,212
Interest and fees	797
Miscellaneous income	-
Total Revenues	\$ 1,131,474
Expenditures:	
Current:	
General government	\$ 332,706
Public safety	167,315
Transportation	14,242
Economic and physical development	111,589
Environmental protection	500,470
Cultural and Recreational	25,187
Total Expenditures	\$ 1,151,509
Revenues Over (Under) Expenditures	\$ (20,035)
Fund Balances	
Beginning of year	1,338,747
End of year	\$ 1,318,712

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



Town of Oriental, North Carolina  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds to the Statement Activities  
 For the Year Ended June 30, 2022

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

Net Change in Fund Balance - Governmental Funds	\$ (20,035)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimate useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	
Capital outlay expenditures which were capitalized	23,973
Depreciation expense	(68,035)
Loss on disposal of capital assets	(151,842)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.</p>	
	56,806
<p>Change in unavailable revenue for tax revenues.</p>	
	(6,568)
<p>Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Pension expense	(32,452)
Compensated absences	(1,411)
	(33,863)
Total Changes in Net Position of Governmental Activities	\$ (199,564)

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

Town of Oriental, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2022

	General Fund			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 556,288	\$ 556,288	\$ 571,107	\$ 14,819
Other taxes and licenses	28,000	28,000	48,432	20,432
Unrestricted intergovernmental	284,800	284,800	306,278	21,478
Restricted intergovernmental	37,257	37,257	66,648	29,391
Sales and services	126,850	131,350	138,212	6,862
Interest and fees	235	235	797	562
Miscellaneous income	-	-	-	-
Total Revenues	<u>\$ 1,033,430</u>	<u>\$ 1,037,930</u>	<u>\$ 1,131,474</u>	<u>\$ 93,544</u>
Expenditures:				
Current				
General government	\$ 334,058	\$ 351,169	\$ 332,706	\$ 18,463
Public safety	132,844	168,844	167,315	1,529
Transportation	266,751	211,300	14,242	197,058
Economic and physical development	83,025	146,060	111,589	34,471
Environmental protection	505,898	527,941	500,470	27,471
Cultural and recreational	18,355	31,155	25,187	5,968
Total Expenditures	<u>\$ 1,340,931</u>	<u>\$ 1,436,469</u>	<u>\$ 1,151,509</u>	<u>\$ 284,960</u>
Revenues Over (Under) Expenditures	\$ (307,501)	\$ (398,539)	\$ (20,035)	\$ 378,504
Other Financing Sources (Uses):				
Appropriations	<u>\$ 307,501</u>	<u>\$ 398,539</u>	<u>\$ -</u>	<u>\$ (398,539)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	\$ (20,035)	<u>\$ (20,035)</u>
Fund Balances				
Beginning of year			1,338,747	
End of year			<u>\$ 1,318,712</u>	

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

Town of Oriental, North Carolina  
Statement of Net Position  
Proprietary Funds  
June 30, 2022

	<u>Enterprise Fund</u>
	<u>Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 194,504
Accounts receivable (net)	45,608
Restricted cash and cash equivalents	52,099
Inventory	42,544
Total Current Assets	\$ 334,755
Noncurrent assets:	
Capital assets:	
Water systems, net of depreciaton	\$ 986,977
Other capital assets, net of depreciation	10,824
Capital assets	\$ 997,801
Total Noncurrent Assets	\$ 997,801
Total Assets	\$ 1,332,556
Deferred Outflows of Resources	
Pension deferrals	\$ 81,726
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 45,060
Due to other funds	25,950
Compensated absences	-
Customer deposits and advances	25,770
Total Current Liabilities	\$ 96,780
Noncurrent liabilities:	
Compensated absences, non-current portion	\$ -
Net pension liability	55,593
Total noncurrent liabilities	\$ 55,593
Total Liabilities	\$ 152,373
Deferred Inflows of Resources	
Pension deferrals	\$ 84,069
Net Position	
Net investment in capital assets	\$ 997,801
Unrestricted	180,039
Total Net Position	\$ 1,177,840

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

Town of Oriental, North Carolina  
Statement of Revenues, Expenses, And Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2022

	Enterprise Fund
	Water Fund
Operating Revenues	
Charges for sales & services	\$ 324,896
ARPA funds	137,199
Miscellaneous income	19,630
Total Operating Revenues	\$ 481,725
Operating Expenses	
Water administration	\$ 81,894
Water treatment and distributions	374,452
Depreciation	43,334
Total Operating Expenses	\$ 499,680
Operating income (loss)	\$ (17,955)
Non-operating revenues (expenses)	
Interest and other charges	\$ -
Interest income	98
Total Non-operating revenues (expenses)	\$ 98
Change in Net Position	\$ (17,857)
Net Position, beginning	1,195,697
Net Position, ending	\$ 1,177,840

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

Town of Oriental, North Carolina  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

	<u>Enterprise Funds</u>
	<u>Sewer Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 331,695
Cash paid for goods and services	(240,107)
Cash paid to or on behalf of employees for services	(111,168)
Customer deposits, net	(1,213)
Other operating revenues	19,630
Net Cash Provided (used) by Operating Activities	\$ (1,163)
 Cash Flows From Noncapital Financing Activities:	
Interprogram transactions	\$ -
Other revenue (expenses)	-
Net Cash Provided by Noncapital Financing Activities	\$ -
 Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	\$ -
Net Cash Provided (used) by Capital and Related Financing Activities	\$ -
 Cash Flows From Investing Activities:	
Investment income received	\$ 98
Net Increase (decrease) in Cash and Cash Equivalents	\$ (1,065)
 Balances - Beginning of year	247,668
Balances - End of year	\$ 246,603
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (17,955)
 Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 43,334
 Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(11,058)
(Increase) decrease in inventory	(25,613)
Increase (decrease) in accounts payable and accrued liabilities	4,250
Increase (decrease) in customer deposits	(1,213)
Increase (decrease) in net pension liabilities	(51,941)
Increase (decrease) in deferred inflows of resources	83,471
Increase (decrease) in deferred outflows of resources	(24,438)
Total adjustments	\$ 16,792
 Net Cash Provided by Operating Activities	\$ (1,163)

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

Town of Oriental, North Carolina  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2022

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ -
Customer receivables, net	48,801
Total Assets	\$ 48,801
Liabilities	
Customer deposits	\$ 15,911
Total Current Liabilities	\$ 15,911
Net Position	
Restricted for other organizations	\$ 32,890
Total Net Position	\$ 32,890

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

Town of Oriental, North Carolina  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>
Additions	
Sewer revenues collected for other governments	\$ 324,874
Collections on behalf of inmates	-
Total Additions	\$ 324,874
Deductions	
Revenue distributions to other governments	\$ 326,591
Total Deductions	\$ 326,591
Net Increase (Decrease) in Fiduciary Net Position	\$ (1,717)
Net Position, beginning	\$ 34,607
Net Position, ending	\$ 32,890

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

Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

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

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. There are no remaining governmental and enterprise funds reported as non-major funds.

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



**Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022**

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

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

The Town reports the following fiduciary fund type:

Custodial Fund - This fund is used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The custodial fund is used to account for assets the Town holds on behalf of others that meet certain criteria. The Town maintains the following custodial funds: the Bay River Metropolitan Sewerage District Fund, which accounts for sewer revenues that are billed and collected by the Town.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022**

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 on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as 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 Oriental because the tax is levied by Greene 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 Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting.

Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

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

1. Deposits and Investments

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

Money is classified as restricted cash because its use is restricted for economic development purposes within the Town. Powell Bill funds are also classified as restricted cash because it 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. Customer deposits in the Water Fund are also classified as restricted cash.

**Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022**

Governmental Activities	
General Fund:	
Streets	\$ 267,753
Economic development	263,998
Total Government Activities	<u>\$ 531,751</u>
Business-type Activities	
Water Fund:	
Customer deposits	\$ 25,770
Total Business-type Activities	<u>\$ 25,770</u>
Total Restricted Cash	<u><u>\$ 557,521</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory & Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are

Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022

recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	30 years
Buildings	20-40 years
Improvements	10-20 years
Furniture and equipment	5-10 years
Computer equipment	4-5 years

8. 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 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – property taxes receivables, and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. 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.

10. Compensated Absences

The vacation policies of the Town provide for the accumulation of up to 30 days of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary presentation, an expense and a liability are recorded as vacation leave is earned. The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it

**Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022**

is actually taken, no accrual for sick leave has been made. The Town considers all of the accrued vacation to be due within the next fiscal year based on a first-in, first-out flow policy. The Town's sick leave policy provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligations for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

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

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

The governmental fund types classify fund 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 has no nonspendable fund balance.

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

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 the 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.

**Town of Oriental, North Carolina  
Notes to the Financial Statements  
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*Restricted for Stabilization by State Statute* – portion of fund balance that is restricted by State Statute [G.S. 159-89a)].

*Restricted for Economic Development* – portion of fund balance that is restricted for use in economic development.

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Oriental’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. Any changes or removal of specific purpose requires majority action by the governing body.

Assigned Fund Balance – portion of fund balance that Town of Oriental intends to use for specific purposes. The Town has no assigned fund balance.

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

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

12. Pensions

For purposes of measuring the net pension asset, 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 Oriental employer contributions are recognized when due and the Town of Oriental 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.

Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022

**II. Stewardship, Compliance, and Accountability**

A. Material Violations of Finance-related Legal and Contractual Provisions

There were no violations of N.C. General Statutes reported for the year ended June 30, 2022.

B. Excess of Expenditures over Appropriation

None.

C. Noncompliance with North Carolina General Statutes

*Annual Audit*

In accordance with G.S. 159-34, each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year. The audit for the year ended June 30, 2022 was not completed until January 16, 2023. The records were ready for audit in October 2022. However, a software issue related to the bank account balances delayed the completion of the audit. The software issue was out of the Town's control and has been corrected. Management believes the next year's audit will be submitted timely.

**III. Detail Notes on All Funds**

A. Assets

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



**Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022**

At June 30, 2022, the Town's deposits had a carrying amount of \$1,205,614 and a bank balance of \$1,295,038. Of the bank balance, \$422,943 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Petty cash was \$150.

2. Investments

At June 30, 2022, the Town's deposits had \$345,993 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk of its investments.

At June 30, 2022, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2022	Maturity	Rating
NC Capital Management Trust Government Portfolio	Fair Value Level 1	\$ 345,993	N/A	AAAM
Total		\$ 345,993		

Interest Rate Risk

The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits at least half of the Town's investment portfolio to maturities of less than 12 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit Risk

The Town has adopted a formal policy regarding credit risk and has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAAM-mf by Moody's Investors Service as of June 30, 2022.

3. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

**Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022**

General Fund:	
Taxes receivables	\$ 16,598
Accounts receivables	892
Total	\$ 17,490
Enterprise Fund:	
Customer receivables	\$ 32
Other receivables	-
Total	\$ 32

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 232,107	\$ -	\$ -	\$ 232,107
Construction in progress	2,083,469	-	477,040	1,606,429
Total capital assets not being	\$2,315,576	\$ -	\$ 477,040	\$ 1,838,536
Capital assets being depreciated:				
Buildings	\$ 401,644	\$ -	\$ -	\$ 401,644
Infrastructure	61,424	-	-	61,424
Improvements	310,592	477,040	-	787,632
Equipment and machinery	334,004	23,973	86,562	271,415
Office furniture and equipment	25,454	-	-	25,454
Vehicles	268,081	-	65,280	202,801
Total capital assets being depreciated	\$ 1,401,199	\$ 501,013	\$ 151,842	\$ 1,750,370
Less accumulated depreciation for:				
Buildings	\$ 124,767	\$ 15,504	\$ -	\$ 140,271
Infrastructure	4,435	2,049	-	6,484
Improvements	108,474	38,167	-	146,641
Equipment and machinery	183,346	14,992	3,120	195,218
Office furniture and equipment	20,442	3,078	-	23,520
Vehicles	186,435	10,365	5,529	191,271
Total accumulated depreciation	\$ 627,899	\$ 84,155	\$ 8,649	\$ 703,405
Total capital assets being	\$ 773,300			\$ 1,046,965
Governmental activity capital assets, net	\$3,088,876			\$2,885,501

Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022

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

Governmental Activities:	
General government	\$ 20,244
Public safety	7,282
Transportation	5,130
Environmental protection	11,396
Cultural and recreational	23,983
Total	\$ 68,035

Capital asset activity for the Town's Enterprise Fund for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital Assets Being Depreciated:				
Water plant	\$2,403,227	\$ -	\$ -	\$2,403,227
Equipment	82,854	-	-	82,854
Vehicles	14,790	-	-	14,790
Total Capital Assets Being Depreciated	\$2,500,871	\$ -	\$ -	\$2,500,871
Less Accumulated Depreciation For:				
Water plant	\$1,377,431	\$ 38,496	\$ -	\$1,415,927
Equipment	67,274	5,079	-	72,353
Vehicles	14,790	-	-	14,790
Total Accumulated Depreciation	\$1,459,495	\$ 43,575	\$ -	\$1,503,070
Sewer Capital Assets, Net	\$1,041,376			\$ 997,801

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Oriental 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 consist of 13 members – nine appointed by the Governor, one appointed

Town of Oriental, North Carolina  
Notes to the Financial Statements  
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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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. 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 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. The Town of Oriental 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 Oriental's contractually required contribution rate for the year ended June 30, 2022, was 11.47% of compensation for 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 Oriental were \$56,806 for the year ended June 30, 2022.

**Town of Oriental, North Carolina  
Notes to the Financial Statements  
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*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, 2020, the Town reported a liability of \$111,186 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town’s proportion was 0.00725%, which was 0.00029% less than its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$44,967. At June 30, 2022, 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	\$ 35,372	\$ -
Changes of assumptions	69,853	-
Net difference between projected and actual earnings on pension plan investments	-	158,851
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,421	9,287
Town contributions subsequent to the measurement date	56,806	-
Total	\$ 163,452	\$ 168,138

\$56,806 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022

Year ended June 30	
2023	\$ 7,957
2024	(5,861)
2025	(14,977)
2026	(48,609)
2027	-
Thereafter	-
	\$ (61,490)

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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, 2021 are summarized in the following table:

**Town of Oriental, North Carolina  
Notes to the Financial Statements  
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

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

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future 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)	\$431,614	\$ 111,186	\$(152,508)

**Town of Oriental, North Carolina  
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*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.

b. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The City 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 City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City 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 City's contributions for the year ended June 30, 2022 were \$4,314.

c. 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. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.



Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022

2. Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$	56,806
Differences between expected and actual experience		35,372
Changes of assumptions		69,853
Net difference between projected and actual earnings		-
Changes in proportion and differences between employer contributions and proportionate share of contributions		1,421
Total	\$	163,452

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivables, less penalties (General Fund)	\$ -	\$ 48,960
Net difference between projected and actual earnings	158,851	
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,287	-
	\$ 168,138	\$ 48,960

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; and medical and dental claims for employees, retirees, and dependents. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three years.

The Town carries commercial coverage for all other risks of loss. The Town does carry flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town officials that have access to funds are bonded under a blanket bond for \$25,000. The finance officer is individually bonded for \$50,000.

**Town of Oriental, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2022**

4. Long-term Obligations

a. Changes in Long-Term Liabilities

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Compensated absences	\$ 26,113	\$ 1,411	\$ -	\$ 27,524
Net pension liability (LGERS)	161,661	-	106,068	55,593
Total	<u>\$ 187,774</u>	<u>\$ 1,411</u>	<u>\$ 106,068</u>	<u>\$ 83,117</u>
Business-type Activities:				
Net pension liability (LGERS)	\$ 107,775	\$ -	\$ 52,182	\$ 55,593
Total	<u>\$ 107,775</u>	<u>\$ -</u>	<u>\$ 52,182</u>	<u>\$ 55,593</u>

5. Claims, Judgements, and Contingent Liabilities

No claims or judgements existed at June 30, 2022.

6. Fund Balance

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

Total fund balance - General Fund	\$ 1,318,712
Less:	
Stabilization by State Statute	55,214
Streets-Powell Bill	267,753
Economic Development	263,998
Remaining Fund Balance	<u>731,747</u>

IV. Related Party Transaction

The Town has participated in no related party transactions for the year ended June 30, 2022.

V. Jointly Governed Organization

The Town, in conjunction with 9 counties and 47 municipalities, established the East Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town has no equity interest nor does the town materially contribute to the continued existence of the Council. The Town's interests are other than financial.

Town of Oriental, North Carolina  
Notes to the Financial Statements  
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**VI. 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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**VI. Subsequent Events**

As of January 16, 2023, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

## Required Supplementary Financial Data

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

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contribution to Local Government Employees' Retirement System

**Town of Oriental's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Nine Fiscal Years**

**Local Government Employees' Retirement System**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town of Oriental's proportion of the net pension liability (asset) (%)	0.00725%	0.00754%	0.00720%	0.00681%	0.00601%	0.00610%	0.00559%	0.00468%	0.00400%
Town of Oriental's proportion of the net pension liability (asset) (\$)	\$ 111,186	\$ 269,436	\$ 196,626	\$ 161,556	\$ 91,816	\$ 129,462	\$ 25,088	\$ (27,600)	\$ 48,215
Town of Oriental's covered-employee payroll	\$ 477,857	\$ 484,898	\$ 413,397	\$ 354,168	\$ 352,757	\$ 348,361	\$ 339,154	\$ 372,068	\$ 372,068
Town of Oriental's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.27%	55.57%	47.56%	45.62%	26.03%	37.16%	7.40%	-7.42%	12.96%
Plan fiduciary net position as a percentage of the total pension liability	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

Town of Oriental, North Carolina  
Town of Oriental's Contributions  
Required Supplementary Information  
Last Nine Fiscal Years

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 56,806	\$ 49,042	\$ 43,999	\$ 31,794	\$ 26,807	\$ 24,693	\$ 20,416	\$ 20,578	\$ 20,756
Contributions in relation to the contractually required contributions	56,806	49,042	43,999	31,794	26,807	24,693	20,416	20,578	20,756
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Oriental's covered-employee payroll	\$ 495,140	\$ 477,857	\$ 484,898	\$ 413,397	\$ 354,168	\$ 352,757	\$ 348,361	\$ 339,154	\$ 372,068
Contributions as a percentage of covered-employee payroll	11.47%	10.26%	9.07%	7.69%	7.57%	7.00%	5.86%	6.07%	5.58%

## Individual Fund Statements and Schedules

Town of Oriental, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, And Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes:			
Taxes	\$ 553,538	\$ 583,485	\$ 29,947
Interest	2,750	4,827	2,077
Total	<u>\$ 556,288</u>	<u>\$ 588,312</u>	<u>\$ 32,024</u>
Other Taxes and Licenses:			
Other taxes	\$ -	\$ -	\$ -
Occupancy tax	28,000	48,432	20,432
Total	<u>\$ 28,000</u>	<u>\$ 48,432</u>	<u>\$ 20,432</u>
Unrestricted Intergovernmental:			
Local option sales taxes	\$ 205,000	\$ 239,954	\$ 34,954
Federal and state gas refund	1,300		(1,300)
Tax refunds	4,500	7,817	3,317
Franchise tax	70,000	55,022	(14,978)
Beer and wine tax	4,000	3,485	(515)
Total	<u>\$ 284,800</u>	<u>\$ 306,278</u>	<u>\$ 21,478</u>
Restricted Intergovernmental:			
Solid waste disposal tax	\$ 682	\$ 662	\$ (20)
Fire district tax	-		-
Various grants	1,575	6,345	4,770
Powell Bill allocation	35,000	42,436	7,436
Total	<u>\$ 37,257</u>	<u>\$ 49,443</u>	<u>\$ 12,186</u>
Sales and Services:			
Solid waste fees	\$ 105,000	\$ 109,316	\$ 4,316
Recycling fees	18,250	18,557	307
Zoning and permit fees	2,800	5,095	2,295
Police fees	75	15	(60)
Other	5,225	5,229	4
Total	<u>\$ 131,350</u>	<u>\$ 138,212</u>	<u>\$ 6,862</u>
Investment Earnings	<u>\$ 235</u>	<u>\$ 797</u>	<u>\$ 562</u>
Total Revenues	<u>\$ 1,037,930</u>	<u>\$ 1,131,474</u>	<u>\$ 93,544</u>



Town of Oriental, North Carolina  
General Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General Government:			
Administration:			
Salaries and employee benefits		\$ 224,626	
Legal and professional fees		17,154	
Dues and subscriptions		3,362	
Office expenses		6,949	
Tax billing		12,020	
Utilities		6,605	
Insurance		22,563	
Other operating expenditures		38,215	
Repairs and maintenance		1,212	
Total General Government	<u>\$ 351,169</u>	<u>\$ 332,706</u>	<u>\$ 18,463</u>
Public Safety:			
Police:			
Salaries and employee benefits		\$ 115,699	
Supplies		1,693	
Vehicle expenses		6,810	
Other operating expenses		19,140	
Capital outlay		23,973	
Total Public Safety	<u>\$ 168,844</u>	<u>\$ 167,315</u>	<u>\$ 1,529</u>
Transportation:			
Streets and Highways:			
Street lights		\$ 14,112	
Other operating expenditures		130	
Total Transportation	<u>\$ 211,300</u>	<u>\$ 14,242</u>	<u>\$ 197,058</u>

Town of Oriental, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, And Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Environmental Protection:			
Public Works:			
Salaries and employee benefits		\$ 233,994	
Contract - garbage collection		84,535	
Mosquito control		5,821	
Tipping fees		35,408	
Recycling		66,447	
Vehicle expenses		15,758	
Other operating expenditures		58,507	
Capital outlay		-	
Total Environmental Protection	\$ 527,941	\$ 500,470	\$ 27,471
Cultural and Recreational:			
Operating expenditures		\$ 25,187	
Total Cultural and Recreational	\$ 31,155	\$ 25,187	\$ 5,968
Economic and Physical Development			
Operating expenditures		\$ 111,589	
Total Economic and Physical Development	\$ 146,060	\$ 111,589	\$ 34,471
Total Expenditures	\$ 1,436,469	\$ 1,151,509	\$ 284,960
Revenues Over (Under) Expenditures	\$ (398,539)	\$ (20,035)	\$ 378,504
Other Financing Sources (uses):			
Fund balance appropriation	\$ 398,539	\$ -	\$ (398,539)
Total	\$ 398,539	\$ -	\$ (398,539)
Net change in fund balance	\$ -	\$ (20,035)	\$ (20,035)
Fund Balances			
Beginning of year		1,338,747	
End of year		\$ 1,318,712	

Town of Oriental, North Carolina  
**Capital Project Funds - Whitaker Pointe Restoration Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2022**

	Project Authorization	Actual		Total to Date	Variance
		Prior Years	Current Year		Favorable (Unfavorable)
Revenues:					
Golden Leaf Foundation - Local	\$ 916,406	\$ 689,576	\$ -	\$ 689,576	\$ 226,830
NCDEQ - State	200,000	134,912	-	134,912	65,088
USDA - Federal	1,547,721	845,462	-	845,462	702,259
NC Dept of Agriculture - State	456,025	259,161	-	259,161	196,864
NFWF - Local	450,000	268,195	-	268,195	181,805
<b>Total Revenues</b>	<b>\$ 3,570,152</b>	<b>\$ 2,197,306</b>	<b>\$ -</b>	<b>\$ 2,197,306</b>	<b>\$ 1,372,846</b>
Expenditures:					
Engineering services	\$ 120,400	\$ 71,022	\$ -	\$ 71,022	\$ 49,378
Construction	2,651,752	2,099,819	-	2,099,819	551,933
Land cost	58,600	-	-	-	58,600
Revetment improvements	167,201	-	-	-	167,201
Breach improvements	484,027	-	-	-	484,027
Marsh planting	16,000	-	-	-	16,000
Oyster revetment	10,000	-	-	-	10,000
Contingency	122,772	-	-	-	122,772
Administration	50,000	26,465	-	26,465	23,535
<b>Total Expenditures</b>	<b>\$ 3,680,752</b>	<b>\$ 2,197,306</b>	<b>\$ -</b>	<b>\$ 2,197,306</b>	<b>\$ 1,483,446</b>
Revenues Over (Under) Expenditures	\$ (110,600)	\$ -	\$ -	\$ -	\$ (110,600)
Other Financing Sources:					
Donated land	\$ 58,600	\$ -	\$ -	\$ -	\$ 58,600
Transfer from General Fund	52,000	-	-	-	52,000
<b>Total Expenditures</b>	<b>\$ 110,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 110,600</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund Balance:					
Beginning of year, July 1				-	
End of year, June 30				\$ -	

Town of Oriental, North Carolina  
Water Fund  
Schedule of Revenues And Expenditures - Budget and Actual (Non - GAAP)  
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating Revenues:			
Water sales		\$ 292,847	
Penalties		4,194	
ARPA funds		137,199	
Miscellaneous revenues		47,485	
Total Operating Revenues	<u>\$ -</u>	<u>\$ 481,725</u>	<u>\$ 481,725</u>
Nonoperating Revenues:			
Interest earnings		<u>\$ 98</u>	
Total Revenues	<u>\$ 447,024</u>	<u>\$ 481,823</u>	<u>\$ 34,799</u>
Expenditures			
General and Administrative:			
Salaries and employee benefits		\$ 41,342	
Postage		4,285	
Software maintenance		4,089	
Other operating expenditures		32,178	
Total	<u>\$ 83,149</u>	<u>\$ 81,894</u>	<u>\$ 1,255</u>
Water Treatment:			
Salaries and employee benefits		\$ 59,061	
Chemicals, salt, and chlorine		33,872	
Repairs and maintenance		165,030	
Utilites		19,124	
Sample costs		16,651	
Water tank maintenance		41,388	
Other operating expenditures		28,561	
Total Water Treatment	<u>\$ 363,875</u>	<u>\$ 363,687</u>	<u>\$ 188</u>
Total Expenditures	<u>\$ 447,024</u>	<u>\$ 445,581</u>	<u>\$ 1,443</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 36,242</u>	<u>\$ 36,242</u>
Other Financing Sources (Uses)			
Fund balance appropriated		\$ -	
Transfers	<u>137,199</u>	<u>-</u>	
Total Other Financing Sources (Uses)	<u>\$ 137,199</u>	<u>\$ -</u>	<u>\$ (137,199)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 137,199</u>	<u>\$ 36,242</u>	<u>\$ (100,957)</u>

Town of Oriental, North Carolina  
 Water Fund  
 Schedule of Revenues And Expenditures - Budget and Actual (Non - GAAP)  
 For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		\$ (43,334)	
Increase in deferred outflows of resources - pension		(24,438)	
Decrease in deferred inflows of resources - pension		65,855	
Increase in net position liabilities		(52,182)	
Total		<u>\$ (54,099)</u>	
Change in Net Position		<u>\$ (17,857)</u>	

## Other Schedules

This section contains additional information on property taxes.

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

Town of Oriental, North Carolina  
 General Fund  
 Schedule of Ad Valorem Taxes Receivable  
 For the Year Ended June 30, 2022

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 592,325	\$ 574,652	\$ 17,673
2020-2021	7,119	-	1,632	5,487
2019-2020	4,568	-	2,582	1,986
2018-2019	9,968	-	2,921	7,047
2017-2018	16,599	-	375	16,224
2016-2017	3,833	-	1,107	2,726
2015-2016	2,904	-	216	2,688
2014-2015	4,046	-	-	4,046
2013-2014	3,735	-	-	3,735
2012-2013	3,946	-	-	3,946
2011-2012	3,071	-	3,071	-
<b>Total</b>	\$ 59,789	\$ 592,325	\$ 586,556	\$ 65,558
				16,598
				48,960
Less: Allowance for Uncollectible Accounts				
Ad Valorem Tax Receivables, Net				
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 571,107
Reconciling items:				
Interest collected				(4,827)
Discounts, write-offs and adjustments				20,276
Total collections and credits				\$ 586,556

Gregory T. Redman, CPA



Member  
Carolina Association of  
Certified Public Accountants

Member  
American Institute of  
Certified Public Accountants

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 Oriental, North Carolina

I 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 financial statements of the governmental activities, business-type activities, and each major fund of the Town of Oriental, North Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Oriental, North Carolina's basic financial statements, and have issued my report thereon dated January 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Oriental, North Carolina's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oriental's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Oriental's internal control over financial reporting.

A deficiency in internal control exists when the design or operating 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 Town of Oriental'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.



My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies reported as 2022-001.

#### Report on Compliance and Other Matters

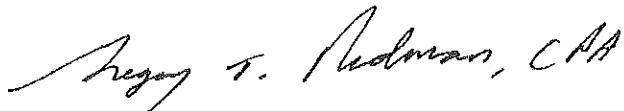
As part of obtaining reasonable assurance about whether the Town of Oriental's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

#### Town of Oriental's Response to Findings

The Town of Oriental's responses to the findings identified in my audit are described in the accompanying schedule of findings and response. The Town of Oriental's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Gregory T. Redman, CPA  
Tarboro, North Carolina  
January 16, 2023

Town of Oriental, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

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Section I – Summary of Auditor’s Results

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Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes   X  no
  
- Significant deficiency(ies) identified that are not considered to be material weaknesses \_\_\_\_\_X\_\_\_\_\_yes \_\_\_\_\_none reported

Noncompliance material to financial statements noted \_\_\_\_\_yes   X  no

Town of Oriental, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

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Section II – Financial Statement Findings

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**Significant Deficiencies**

**Finding 2022-001      Late Submission of Audit**

**Criteria:** The Town is required to submit the audit report to the Local Government Commission by October 31 following the year end of June 30.

**Condition:** The audit report for the year ended June 30, 2022 was due to the Local Government Commission by October 31, 2022. The audit report was not submitted to the Local Government Commission until January 19, 2023.

**Cause:** A software issue related to the bank account delayed the completion of the audit.

**Effect:** Audit reports completed a year after the June 30 year end do not provide useful information to management, the Board, lenders, and the Local Government Commission.

**Recommendation:** The Board should remain diligent in expecting and receiving timely financial information from the staff and the outside accountant. Management should constantly monitor the financial information and be aware of whether reporting deadlines are met.

**Repeat Finding:** Yes

**Views of responsible officials and planned corrective actions:** The records were ready for audit in October 2022. The software issue was out of the Town's control. The issue has been corrected and Management plans to have all future audits submitted timely.



**TOWN OF ORIENTAL**  
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manager@townoforiental.com

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

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**Section II – Financial Statement Findings**

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**Finding 2022-001**

**Late Submission of Audit**

Name of Contact Person:

Diane Miller  
Town Manager

Corrective Action:

Management has stressed the importance of timely records. Management and the finance officer will work together to make sure that financial records are prepared timely records for the year ended June 30, 2023.

Proposed Completion Date:

June 30, 2023

Town of Oriental, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2022

**Finding 2021-001**

**Timely Submission of Audit**

Status: 2

This is reported as Finding 2022-001 in the current year's audit.