

**TOWN OF RAMSEUR, NORTH CAROLINA**

**FINANCIAL STATEMENTS**

June 30, 2019

**TOWN OF RAMSEUR, NORTH CAROLINA**

**BOARD OF COMMISSIONERS**

Danny R. Shaw, Mayor

Randy Cox

Vicki Caudle, Mayor Pro-Tem

Grant Cheek

David Overman

**OFFICIALS**

Bobbie Hatley

Finance Officer

Robert E. Wilhoit

Attorney

# TOWN OF RAMSEUR, NORTH CAROLINA

## CONTENTS

### Exhibit

#### **Financial Section:**

##### **Independent Auditor's Report**

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

##### **Basic Financial Statements:**

###### Government-wide Financial Statements:

Statement of Net Position 1

Statement of Activities 2

###### Fund Financial Statements:

Balance Sheet - Governmental Funds 3

Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position 3

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds 4

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities 5

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual - General Fund 6

Statement of Fund Net Position - Proprietary Fund 7

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
Proprietary Fund 8

Statement of Cash Flows - Proprietary Fund 9

###### Notes to the Financial Statements

##### **Required Supplemental Financial Data:**

Schedule of Proportionate Share of the Net Pension Asset - Local  
Government Employees' Retirement System

Schedule of Contributions - Local Government Employees' Retirement  
System

## TOWN OF RAMSEUR, NORTH CAROLINA

### CONTENTS

#### Schedule

#### **Required Supplemental Financial Data (Concluded):**

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll -  
Law Enforcement Officers' Special Separation Allowance

#### **Individual Fund Statements and Schedules:**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - General Fund 1

Combining Balance Sheet for Nonmajor Governmental Funds 2

Combining Schedule of Revenues, Expenditures, and Changes  
in Fund Balances for Nonmajor Governmental Funds 3

Schedule of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual - Special Revenue Fund -  
Hinshaw Restricted Fund 4

Schedule of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual - Special Revenue Fund -  
Recreation Fund 5

Schedule of Revenues and Expenditures - Budget and Actual-  
(Non-GAAP) - Water and Sewer Fund 6

#### **Other Schedules:**

Schedule of Ad Valorem Taxes Receivable 7

Analysis of Current Tax Levy - Town-Wide Levy 8

Analysis of Current Tax Levy - Town-Wide Levy 9

Schedule of Ten Largest Taxpayers 10

#### **Compliance Section:**

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with  
Government Auditing Standards**

Schedule of Findings and Responses



WILLIAM R.  
HUNEYCUTT

CERTIFIED PUBLIC ACCOUNTANT PLLC

216 West North Street  
Albemarle, NC 28001  
Phone: (704) 983-5012  
Fax: (704) 983-5109

379 South Cox Street  
Asheboro, NC 27203  
Phone: (336) 626-9970  
Fax: (336) 626-5981

## INDEPENDENT AUDITOR'S REPORT

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

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ramseur, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Ramseur Board of Alcoholic Beverage Control, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Ramseur Board of Alcoholic Beverage Control, is based solely on the report of another auditor. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Ramseur Board of Alcoholic Beverage Control were not audited in accordance with Government Auditing Standards.

To the Honorable Mayor and  
Members of the Board of Commissioners  
Town of Ramseur  
Page Two

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinions***

In my opinion, based on my audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ramseur, North Carolina, as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 14, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Asset and Contributions, on pages 59 and 60, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 61 and 62 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I and the other auditor have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted

To the Honorable Mayor and  
Members of the Board of Commissioners  
Town of Ramseur  
Page Three

in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

Required Supplementary Information will not include a Schedule of Employer Contributions for the Firefighters' and Rescue Squad Workers' pension plan because no employer contributions are made to the plan.

#### *Supplementary and Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Ramseur, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me and other auditors. In my opinion, based on my audit, the procedures performed as described above, and the report of other auditors, 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*, I have also issued my report dated December 11, 2019 on my consideration of the Town of Ramseur'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 the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of

To the Honorable Mayor and  
Members of the Board of Commissioners  
Town of Ramseur  
Page Four

that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ramseur's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "William R. Huneycutt, CPA, PLLC". The signature is written in a cursive, flowing style.

William R. Huneycutt, CPA, PLLC  
Asheboro, North Carolina

December 11, 2019



## Management's Discussion and Analysis

As management of the Town of Ramseur (the "Town"), we offer readers of the Town of Ramseur's financial statements this narrative overview and analysis of the financial activities of the Town of Ramseur for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

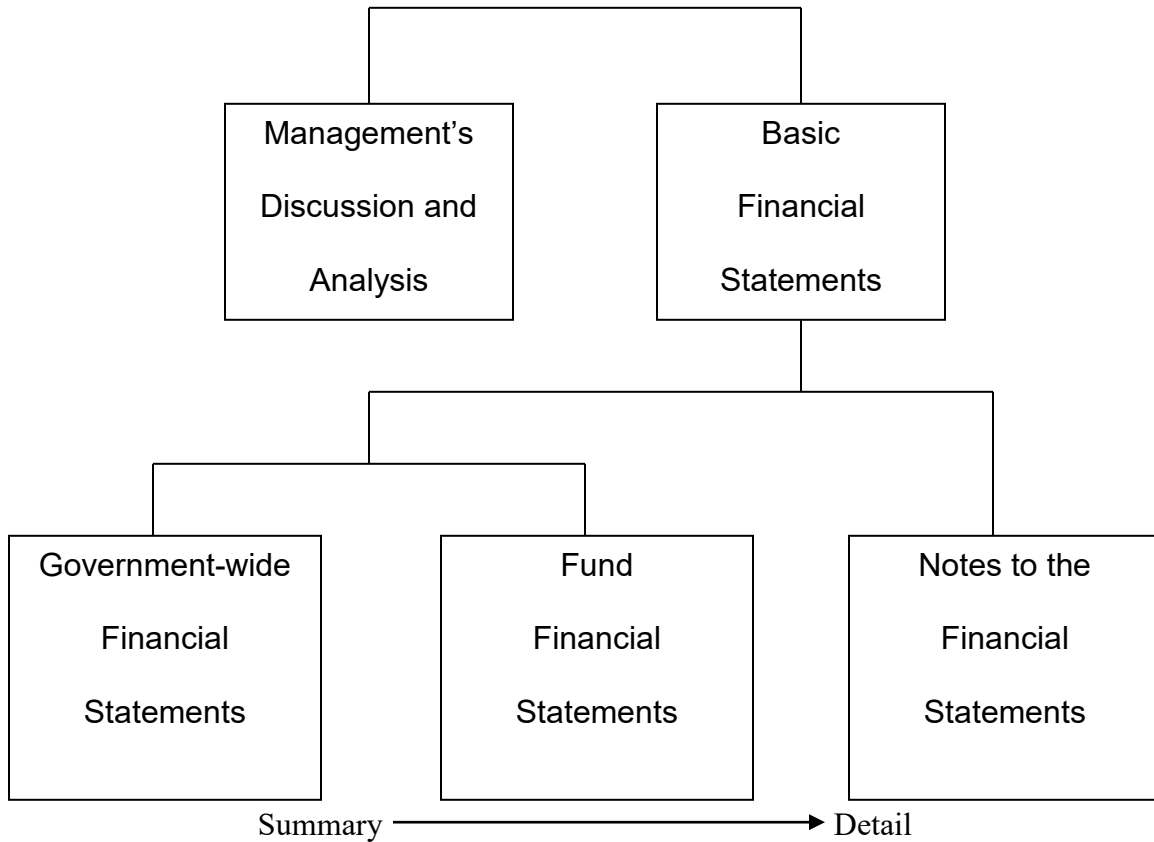
- The assets and deferred outflows of resources of the City of Dogwood exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,194,068 (*net position*).
- The government's total net position increased by \$57,869, primarily due to a decrease in outstanding debt.
- As of the close of the current fiscal year, the Town of Ramseur's governmental funds reported combined ending fund balances of \$1,487,067 with a net decrease of \$116,001 in fund balance. Approximately 26.3% of this total amount, or \$391,159, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$665,795, or 41.94% of total general fund expenditures and transfers out for the fiscal year.
- The Town of Ramseur's total debt decreased by \$170,634 (12.98%) during the current fiscal year. The key factor in this decrease was due to the payment towards principal on long-term obligations.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four 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 to the Financial Statement. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

## Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, 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 Ramseur. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

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

## Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Ramseur, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Ramseur can be divided into three categories: governmental funds, special revenue funds, and proprietary funds.

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

The Town of Ramseur adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Ramseur's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 59 of this report.

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

**Government-Wide Financial Analysis**  
**Town of Ramseur's Net Position**  
**Figure 2**

	Governmental Activities		Business-type Activities		Total Ramseur		ABC Board	
	2019	2018	2019	2018	2019	2018	2019	2018
Current and other assets	1,547,823	1,661,698	1,673,727	1,594,762	3,221,550	3,256,460	108,193	103,876
Capital assets	1,661,641	1,628,091	6,808,414	6,896,433	8,470,055	8,524,524	70,872	79,533
Total other assets	-	-	-	-	-	-	3,097	4,190
Deferred outflows of resources	108,303	102,725	7,751	7,068	116,054	109,793	-	-
<b>Total assets</b>	<b>3,317,767</b>	<b>3,392,514</b>	<b>8,489,892</b>	<b>8,498,263</b>	<b>11,807,659</b>	<b>11,890,777</b>	<b>182,162</b>	<b>187,599</b>
Long-term liabilities outstanding	724,627	731,113	533,040	676,435	1,257,667	1,407,548	82,659	114,029
Other liabilities	111,373	99,731	235,075	235,809	346,448	335,540	103,154	93,745
Deferred inflows of resources	13,687	11,052	649	438	14,336	11,490	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>849,687</b>	<b>841,896</b>	<b>768,764</b>	<b>912,682</b>	<b>1,618,451</b>	<b>1,754,578</b>	<b>185,813</b>	<b>207,774</b>
<b>Net Position:</b>								
Invested in capital assets, net of related debt	1,186,259	1,130,592	6,139,411	6,006,613	7,325,670	7,137,205	70,872	79,533
Restricted	435,177	483,109		-	435,177	483,109	19,476	16,474
Unrestricted	846,644	936,917	1,586,577	1,578,968	2,433,221	2,515,885	-93,999	-116,182
<b>Total net position</b>	<b>2,468,080</b>	<b>2,550,618</b>	<b>7,725,988</b>	<b>7,585,581</b>	<b>10,194,068</b>	<b>10,136,199</b>	<b>-3,651</b>	<b>-20,175</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Ramseur exceeded liabilities and deferred inflows by \$10,194,068 as of June 30, 2019. The Town's net position increased by \$57,869 for the fiscal year ended June 30, 2019. However, the largest portion (71.86%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Ramseur uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ramseur's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Ramseur's net position, \$435,177, represents resources that are subject to external restrictions on how they may be used.

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 99.29%. The statewide average in fiscal year 2019 was 98.78%.

(continued on next page)

**Town of Ramseur's Changes in Net Position**  
**Figure 3**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues:						
Charges for services	148,559	147,631	1,179,753	1,175,487	1,328,312	1,323,118
Operating grants and contributions	87,904	122,834	-	-	87,904	122,834
Capital grants and contributions	-	-	-	-	-	-
<b>General Revenues:</b>					-	-
Property Taxes	795,838	790,221	-	-	795,838	790,221
Other taxes				3,129	-	3,129
Grants and contributions not Restricted to specific programs	477,436	468,863	-	-	477,436	468,863
Other	17,415	123,673	335	7,752	17,750	131,425
<b>Total Revenues</b>	<b>1,527,152</b>	<b>1,653,222</b>	<b>1,180,088</b>	<b>1,186,368</b>	<b>2,839,590</b>	<b>2,839,590</b>
<b>Expenses</b>						
General government	241,572	232,366	-	-	241,572	232,366
Public Safety	636,017	597,430	-	-	636,017	597,430
Highway/streets	406,479	346,469	-	-	406,479	346,469
Economic and physical development	-	59,996	-	-	-	59,996
Environmental protection	146,001	71,184	-	-	146,001	71,184
Cultural and recreational	179,621	173,822	-	-	179,621	173,822
Water and sewer	-	-	1,039,681	1,098,969	1,039,681	1,098,969
<b>Total Expenses</b>	<b>1,609,690</b>	<b>1,481,267</b>	<b>1,039,681</b>	<b>1,098,969</b>	<b>2,649,371</b>	<b>2,580,236</b>
<b>Increase in Net Position</b>	<b>-82,538</b>	<b>171,955</b>	<b>140,407</b>	<b>87,399</b>	<b>57,869</b>	<b>259,354</b>
<b>Net position, July 1, Restated</b>	<b>2,550,618</b>	<b>2,378,663</b>	<b>7,585,581</b>	<b>7,498,182</b>	<b>10,136,199</b>	<b>9,876,845</b>
<b>Net position, June 30</b>	<b>2,468,080</b>	<b>2,550,618</b>	<b>7,725,988</b>	<b>7,585,581</b>	<b>10,194,068</b>	<b>10,136,199</b>

**Governmental activities.** Governmental activities decreased the Town's net position by \$82,538. The decrease in net position was largely due to an increase in capital outlay expenditures in Public Safety.

**Business-type activities.** Business-type activities increased the Town of Ramseur's net position by \$140,407. This increase is due to a combination of a reduction in expenses for water treatment operations and the pay down in long term debt.

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

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

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

The general fund is the chief operating fund of the Town of Ramseur. At the end of the current fiscal year, Town of Ramseur's fund balance available in the General Fund was \$665,795, while total fund balance reached \$1,416,370.

At June 30, 2019, governmental funds reported a combined fund balance of \$1,487,067 with a net decrease in fund balance of \$116,001.

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

The original General Fund budget for 2018-19 was adopted at \$1,697,050. There were several reasons the Town revised its budget throughout the year.

**Proprietary Funds.** The Town of Ramseur's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,586,577. The total change in net position for the Water and Sewer Fund was \$140,407. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Ramseur's business-type activities.

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

**Capital assets.** The City of Dogwood's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$8,470,055 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and vehicles.



**Town of Ramseur's Capital Assets  
(net of depreciation)**

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	71,340	71,340	926,353	926,353	997,693	997,693
Construction in progress	-	-	-	-	-	-
Buildings	723,383	759,910	13,162	13,976	736,545	773,886
Equipment	83,425	39,242	803,476	776,855	886,901	816,097
Other Improvements	114,608	126,913	-	-	114,608	126,913
Vehicles and motorized equipment	66,426	82,831	2	2	66,428	82,833
Infrastructure	602,459	547,855	-	-	602,459	547,855
Furniture and fixtures	-	-	-	-	-	-
Plant and distribution systems	-	-	5,065,421	5,106,948	5,065,421	5,106,948
<b>Total</b>	<b>1,661,641</b>	<b>1,628,091</b>	<b>6,808,414</b>	<b>6,824,134</b>	<b>8,470,055</b>	<b>8,452,225</b>

Additional information on the Town's capital assets can be found in Note 3 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2019, the Town of Ramseur had total bonded debt outstanding of \$329,782, which is backed by the full faith and credit of the Town. The remainder of the Town's debt represents non-general obligation bonds and other long-term obligations.

**Town of Ramseur Outstanding Debt**

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	-	-	329,782	453,133	329,782	453,133
Non-general obligation bonds	-	-	-	-	-	-
Other long-term obligations	475,382	497,499	339,221	364,387	814,603	861,886
<b>Total</b>	<b>497,499</b>	<b>518,689</b>	<b>817,520</b>	<b>964,894</b>	<b>1,315,019</b>	<b>1,483,583</b>

**Town of Ramseur's Outstanding Debt.** The Town of Ramseur's total debt decreased by \$170,634 (11.36%) during the current fiscal year. The key factor in this decrease was the payment made toward debt principal.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Ramseur is \$8,825,564.

Additional information regarding the Town of Ramseur's long-term debt can be found in Note 3 of this report.

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

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

- Several new businesses have opened in the Town's corporate limits
- There have been multiple requests from property owners asking to be rezoned as commercial, in anticipation of the future Highway 64 By-pass completion.

### **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** Property taxes are expected to increase by nearly 7%, or approximately \$55,000. The Town will use these increases in revenues to finance programs currently in place. Additionally, the Town has appropriated \$322,465 from fund balance from the General Fund.

**Business-type Activities:** The Town included an appropriation of \$154,200 from fund balance in the sewer fund. This will fund primarily an infiltration project that is critical to the public health for the Town.

### **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 Gwen French, Finance Officer, at PO Box 545, Ramseur, NC 27316. Phone 336-824-4111, [email—townoframseur@triad.rr.com](mailto:townoframseur@triad.rr.com).

**TOWN OF RAMSEUR, NORTH CAROLINA**

**STATEMENT OF NET POSITION**

June 30, 2019

	Primary Government			Town of Ramseur ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,163,191	\$ 1,437,175	\$ 2,600,366	\$ 23,485
Taxes Receivable (Net)	12,907	-	12,907	-
Internal Balances	(14,007)	14,007	-	-
Inventories	-	24,561	24,561	84,708
Accounts Receivable (Net)	7,957	125,685	133,642	-
Due from Other Governments	124,681	-	124,681	-
Total Current Assets	<u>1,294,729</u>	<u>1,601,428</u>	<u>2,896,157</u>	<u>108,193</u>
Non-Current Assets:				
Restricted Cash and Cash Equivalents	253,094	77,159	330,253	-
Capital Assets (Note 1):				
Land, Non-Depreciable Improvements, and Construction in Progress	71,340	926,353	997,693	-
Other Capital Assets, Net of Depreciation	<u>1,590,301</u>	<u>5,882,061</u>	<u>7,472,362</u>	<u>70,872</u>
Total Non-Current Assets	<u>1,914,735</u>	<u>6,885,573</u>	<u>8,800,308</u>	<u>70,872</u>
Other Assets:				
Organizational Costs, Net of Amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,097</u>
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,097</u>
<b>Total Assets</b>	<u>3,209,464</u>	<u>8,487,001</u>	<u>11,696,465</u>	<u>182,162</u>
<b>Deferred Outflows of Resources:</b>				
Pension Deferrals	<u>108,303</u>	<u>7,751</u>	<u>116,054</u>	<u>-</u>
<b>Liabilities:</b>				
Current Liabilities:				
Accounts Payable	39,892	9,948	49,840	31,981
Taxes Payable	-	-	-	22,256
Accrued Liabilities	5,195	-	5,195	2,833
Note Payable - Current	22,117	-	22,117	34,468
Credit Line Payable	-	-	-	11,616
General Obligation Bonds Payable	-	119,253	119,253	-
Non-General Obligation Bonds Payable	-	25,587	25,587	-
Compensated Absences Payable	44,169	3,128	47,297	-
Payable from Restricted Assets	<u>-</u>	<u>77,159</u>	<u>77,159</u>	<u>-</u>
Total Current Liabilities	<u>111,373</u>	<u>235,075</u>	<u>346,448</u>	<u>103,154</u>
Long-Term Liabilities:				
Net Pension Liability	113,061	8,877	121,938	-
Total Pension Liability	158,301	-	158,301	-
Due in More Than One Year	<u>453,265</u>	<u>524,163</u>	<u>977,428</u>	<u>82,659</u>
<b>Total Liabilities</b>	<u>\$ 836,000</u>	<u>\$ 768,115</u>	<u>\$ 1,604,115</u>	<u>\$ 185,813</u>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**STATEMENT OF NET POSITION**

June 30, 2019

	Primary Government			Town of Ramseur ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>Deferred Inflows of Resources:</b>				
Unearned Revenue - Taxes	276	-	276	-
Pension Deferrals	13,411	649	14,060	-
<b>Total Deferred Inflows of Resources</b>	<b>13,687</b>	<b>649</b>	<b>14,336</b>	<b>-</b>
<b>Net Position:</b>				
Net Investment in Capital Assets:	1,186,259	6,139,411	7,325,670	70,872
Restricted for:				
Stabilization by State Statute	127,613	-	127,613	-
Streets	208,715	-	208,715	-
Economic Development	421	-	421	-
Cultural and Recreational	54,440	-	54,440	-
Working Capital	-	-	-	19,476
Pursuant to Loan Requirements	43,988	-	43,988	-
Unrestricted	846,644	1,586,577	2,433,221	(93,999)
<b>Total Net Position</b>	<b>\$ 2,468,080</b>	<b>\$ 7,725,988</b>	<b>\$ 10,194,068</b>	<b>\$ (3,651)</b>

**TOWN OF RAMSEUR, NORTH CAROLINA****STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Town of Ramseur ABC Board
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 241,572	\$ 7,152	\$ -	\$ -	\$ (234,420)	\$ -	\$ (234,420)	\$ -
Public Safety	636,017	-	6,723	-	(629,294)	-	(629,294)	-
Transportation	406,479	-	49,321	-	(357,158)	-	(357,158)	-
Environmental Protection	146,001	121,621	-	-	(24,380)	-	(24,380)	-
Cultural and Recreational	179,621	19,786	31,860	-	(127,975)	-	(127,975)	-
Total Governmental Activities (See Note 1)	1,609,690	148,559	87,904	-	(1,373,227)	-	(1,373,227)	
Business-Type Activities:								
Water and Sewer	1,039,681	1,179,753	-	-	-	140,072	140,072	-
Total Business-Type Activities	1,039,681	1,179,753	-	-	-	140,072	140,072	-
<b>Total Primary Government</b>	<b>\$ 2,649,371</b>	<b>\$ 1,328,312</b>	<b>\$ 87,904</b>	<b>\$ -</b>	<b>(1,373,227)</b>	<b>140,072</b>	<b>(1,233,155)</b>	<b>-</b>
Component Unit:								
ABC Board	\$ 635,497	\$ 652,021	\$ -	\$ -	-	-	-	16,524
<b>Total Component Unit</b>	<b>\$ 635,497</b>	<b>\$ 652,021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,524</b>
<b>General Revenues:</b>								
Taxes:								
Property Taxes, Levied for General Purpose					795,838	-	795,838	-
Other Taxes					-	-	-	-
Grants and Contributions Not Restricted to Specific Programs					477,436	-	477,436	-
Unrestricted Investment Earnings					3,721	-	3,721	-
Miscellaneous					13,694	335	14,029	-
<b>Total General Revenues</b>					<b>1,290,689</b>	<b>335</b>	<b>1,291,024</b>	<b>-</b>
<b>Change in Net Position</b>					<b>(82,538)</b>	<b>140,407</b>	<b>57,869</b>	<b>16,524</b>
<b>Net Position-Beginning</b>					<b>2,550,618</b>	<b>7,585,581</b>	<b>10,136,199</b>	<b>(20,175)</b>
<b>Net Position-Ending</b>					<b>\$ 2,468,080</b>	<b>\$ 7,725,988</b>	<b>\$ 10,194,068</b>	<b>\$ (3,651)</b>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

	Major Fund	Total Nonmajor Funds	Total Governmental Funds
	General		
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,094,860	\$ 68,331	\$ 1,163,191
Restricted Cash	253,094	-	253,094
Receivables, Net:			
Taxes	12,511	396	12,907
Accounts	7,957	-	7,957
Due from Other Funds	30	2,627	2,657
Due from Other Governments	124,681	-	124,681
<b>Total Assets</b>	<b>\$ 1,493,133</b>	<b>\$ 71,354</b>	<b>\$ 1,564,487</b>
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	\$ 39,661	\$ 231	\$ 39,892
Due to Other Funds	16,634	30	16,664
<b>Total Liabilities</b>	<b>56,295</b>	<b>261</b>	<b>56,556</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes Receivable	12,235	396	12,631
Unearned Revenue - Taxes	276	-	276
Sanitation Fees Receivable	7,957	-	7,957
<b>Total Deferred Inflows of Resources</b>	<b>20,468</b>	<b>396</b>	<b>20,864</b>
<b>Fund Balances:</b>			
Non Spendable			
Library Expansion	-	10,422	10,422
Restricted:			
Stabilization by State Statute	124,986	2,627	127,613
Streets-Powell Bill	208,715	-	208,715
Economic Development	421	-	421
Public Safety	43,988	-	43,988
Assigned			
Cultural and Recreation	-	44,783	44,783
Subsequent Year's Expenditures	372,465	12,865	385,330
Unassigned	665,795	-	665,795
<b>Total Fund Balances</b>	<b>1,416,370</b>	<b>70,697</b>	<b>1,487,067</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,493,133</b>	<b>\$ 71,354</b>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Gross capital assets at historical cost		\$ 4,386,533	
Accumulated depreciation		(2,724,892)	1,661,641
Liabilities for earned revenues considered deferred inflows of resources in fund statements.			20,588
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds			
Gross long-term debt less Internal Service Funds beginning		(691,756)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)		13,904	(677,852)
Net Pension Liability			(113,061)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position			108,303
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds			(5,195)
Pension related deferrals			(13,411)
Net position of governmental activities			<b>\$ 2,468,080</b>

**TOWN OF RAMSEUR, NORTH CAROLINA****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2019

	<u>Major Funds</u>		
	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 771,116	\$ 24,901	\$ 796,017
Unrestricted Intergovernmental	477,436	-	477,436
Restricted Intergovernmental	68,044	19,860	87,904
Permits and Fees	7,152	-	7,152
Sales and Services	129,859	11,369	141,228
Investment Earnings	3,721	-	3,721
Special Events	-	10,278	10,278
Miscellaneous	1,689	1,484	3,173
<b>Total Revenues</b>	<u>1,459,017</u>	<u>67,892</u>	<u>1,526,909</u>
<b>Expenditures:</b>			
Current:			
General Government	229,490	-	229,490
Public Safety	648,084	-	648,084
Transportation - Streets	454,961	-	454,961
Environmental Protection	140,887	-	140,887
Cultural and Recreational	113,921	55,568	169,489
<b>Total Expenditures</b>	<u>1,587,343</u>	<u>55,568</u>	<u>1,642,911</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(128,326)</u>	<u>12,324</u>	<u>(116,002)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>(128,326)</u>	<u>12,324</u>	<u>(116,002)</u>
<b>Fund Balance Appropriated</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(128,326)</u>	<u>12,324</u>	<u>(116,002)</u>
<b>Fund Balances, Beginning</b>	<u>1,544,696</u>	<u>58,373</u>	<u>1,603,069</u>
<b>Fund Balances, Ending</b>	<u>\$ 1,416,370</u>	<u>\$ 70,697</u>	<u>\$ 1,487,067</u>

**TOWN OF RAMSEUR, NORTH CAROLINA****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds \$ (116,002)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 162,618	
Depreciation expense for governmental assets	<u>(129,068)</u>	33,550

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		30,439
--	--	--------

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		5,550
---	--	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	(179)	
Change in unavailable revenue for sanitation revenues	<u>179</u>	-

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

Principal payment on long-term debt	22,117	
Decrease in accrued interest payable	<u>242</u>	22,359

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(8,235)	
Pension expense	<u>(44,649)</u>	<u>(52,884)</u>

Total changes in net position of governmental activities	\$	<u><u>(82,538)</u></u>
--	----	------------------------



**TOWN OF RAMSEUR, NORTH CAROLINA****GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 768,349	\$ 768,349	\$ 771,116	\$ 2,767
Unrestricted Intergovernmental	428,200	436,200	477,436	41,236
Restricted Intergovernmental	70,310	70,310	68,044	(2,266)
Permits and Fees	6,000	6,000	7,152	1,152
Sales and Services	128,300	131,280	129,859	(1,421)
Investment Earnings	1,500	1,500	3,721	2,221
Miscellaneous	15,115	4,135	1,689	(2,446)
<b>Total Revenues</b>	<u>1,417,774</u>	<u>1,417,774</u>	<u>1,459,017</u>	<u>41,243</u>
<b>Expenditures:</b>				
Current:				
General Government	215,500	230,500	229,490	1,010
Public Safety	715,600	705,600	648,084	57,516
Transportation - Streets	489,500	489,500	454,961	34,539
Environmental Protection	152,950	152,950	140,887	12,063
Cultural and Recreational	123,500	123,500	113,921	9,579
<b>Total Expenditures</b>	<u>1,697,050</u>	<u>1,702,050</u>	<u>1,587,343</u>	<u>114,707</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(279,276)</u>	<u>(284,276)</u>	<u>(128,326)</u>	<u>155,950</u>
<b>Fund Balance Appropriated</b>	<u>279,276</u>	<u>284,276</u>	-	<u>(284,276)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	(128,326)	<u>\$ (128,326)</u>
<b>Fund Balance, Beginning</b>			<u>1,544,696</u>	
<b>Fund Balance, Ending</b>			<u>\$ 1,416,370</u>	

**TOWN OF RAMSEUR, NORTH CAROLINA****STATEMENT OF NET POSITION****PROPRIETARY FUND**

June 30, 2019

	Major Enterprise Fund	
	Water and Sewer Fund	Total
<b>Assets:</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,437,175	\$ 1,437,175
Accounts Receivable (Net)	125,685	125,685
Internal Balances	14,007	14,007
Inventories	24,561	24,561
Total Current Assets	<u>1,601,428</u>	<u>1,601,428</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	77,159	77,159
Capital Assets:		
Land and Construction in Progress	926,353	926,353
Other Capital Assets, Net of Depreciation	<u>5,882,061</u>	<u>5,882,061</u>
Capital Assets (Net)	<u>6,808,414</u>	<u>6,808,414</u>
Total Noncurrent Assets	<u>6,885,573</u>	<u>6,885,573</u>
<b>Total Assets</b>	<u>8,487,001</u>	<u>8,487,001</u>
<b>Deferred Outflows of Resources:</b>		
Pension Deferrals	<u>7,751</u>	<u>7,751</u>
<b>Liabilities:</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	9,948	9,948
Compensated Absences - Current	3,128	3,128
General Obligation Bonds Payable - Current	119,253	119,253
Non-General Obligation Bonds Payable - Current	<u>25,587</u>	<u>25,587</u>
Total Current Liabilities	<u>157,916</u>	<u>157,916</u>
Noncurrent Liabilities:		
Liabilities Payable from Restricted Assets:		
Customer Deposits	77,159	77,159
Other Noncurrent Liabilities:		
Net Pension Liability	8,877	8,877
General Obligation Bonds Payable - Noncurrent	210,529	210,529
Non-General Obligation Bonds Payable - Noncurrent	<u>313,634</u>	<u>313,634</u>
Total Noncurrent Liabilities	<u>610,199</u>	<u>610,199</u>
<b>Total Liabilities</b>	<u>768,115</u>	<u>768,115</u>
<b>Deferred Inflows of Resources</b>		
Pension Deferrals	<u>649</u>	<u>649</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	6,139,411	6,139,411
Unrestricted	<u>1,586,577</u>	<u>1,586,577</u>
<b>Total Net Position</b>	<u>\$ 7,725,988</u>	<u>\$ 7,725,988</u>

**TOWN OF RAMSEUR, NORTH CAROLINA****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**

For the Year Ended June 30, 2019

	<u>Major Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>		
Charges for Services	\$ 1,148,853	\$ 1,148,853
Water and Sewer Taps	3,000	3,000
Other Operating Revenues	27,900	27,900
Miscellaneous	335	335
	<u>1,180,088</u>	<u>1,180,088</u>
<b>Total Operating Revenues</b>		
	<u>1,180,088</u>	<u>1,180,088</u>
<b>Operating Expenses:</b>		
Water Treatment and Distribution	501,851	501,851
Wastewater Collection and Treatment	255,963	255,963
Depreciation	270,794	270,794
	<u>1,028,608</u>	<u>1,028,608</u>
<b>Total Operating Expenses</b>		
	<u>1,028,608</u>	<u>1,028,608</u>
<b>Operating Income (Loss)</b>		
	<u>151,480</u>	<u>151,480</u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest and Other Charges	(11,073)	(11,073)
Sales Tax Refund	-	-
	<u>(11,073)</u>	<u>(11,073)</u>
<b>Total Nonoperating Revenues (Expenses)</b>		
	<u>(11,073)</u>	<u>(11,073)</u>
<b>Income (Loss) Before Contributions and Transfers</b>		
	140,407	140,407
Capital Contributions	-	-
	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>		
	<u>140,407</u>	<u>140,407</u>
<b>Total Net Position, Beginning</b>		
	<u>7,585,581</u>	<u>7,585,581</u>
<b>Total Net Position, Ending</b>		
	<u>\$ 7,725,988</u>	<u>\$ 7,725,988</u>

**TOWN OF RAMSEUR, NORTH CAROLINA****STATEMENT OF CASH FLOWS****PROPRIETARY FUND**

For the Year Ended June 30, 2019

	<u>Major Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Customers	\$ 1,178,144	\$ 1,178,144
Cash Paid for Goods and Services	(792,489)	(792,489)
Cash Paid to or on Behalf of Employees for Services	41,442	41,442
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>427,097</u>	<u>427,097</u>
<b>Cash Flows From Noncapital Financing Activities:</b>		
(Increase) in Due from Other Funds	(3,129)	(3,129)
<b>Total Cash Flows from Noncapital Financing Activities</b>		
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Acquisition and Construction of Capital Assets	(255,075)	(255,075)
Principal Paid on Bond and Note Maturities	(148,517)	(148,517)
Interest Paid on Bond and Note Maturities	(11,073)	(11,073)
Refund of Sales Tax and Other Revenue	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(414,665)</u>	<u>(414,665)</u>
<b>Cash Flows From Investing Activities:</b>		
Interest and Dividends	-	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	9,303	9,303
<b>Balance - Beginning</b>	<u>1,505,031</u>	<u>1,505,031</u>
<b>Balance - Ending</b>	<u>\$ 1,514,334</u>	<u>\$ 1,514,334</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ <u>151,480</u>	\$ <u>151,480</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	<u>270,794</u>	<u>270,794</u>
<b>Changes in Assets, Deferred Outflows of Resources, and Liabilities:</b>		
(Increase) Decrease in Accounts Receivable	906	906
(Increase) Decrease in Deferred Outflows of Resources for Pensions	(683)	(683)
Increase (Decrease) in Net Pension Liability	1,025	1,025
Increase (Decrease) in Deferred Inflows of Resources - Pensions	211	211
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,765)	(1,765)
Increase (Decrease) in Compensated Absences	269	269
Increase (Decrease) in Customer Deposits	4,860	4,860
<b>Total Adjustments</b>	<u>275,617</u>	<u>275,617</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 427,097</u>	<u>\$ 427,097</u>

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2019

#### Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Town of Ramseur conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

##### Reporting Entity

The Town is a municipal corporation that is governed by an elected mayor and a five-member council and has a population of approximately 1,692. The Town provides services which include general government, public safety, streets, sanitation, zoning, and recreation. The Town maintains a water and sewer system which services the Town and surrounding areas on a user-charge basis.

##### Town of Ramseur ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Ramseur Board of Alcoholic Beverage Control, 104 Weatherly Square, Ramseur, NC 27316.

##### 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.

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 – Summary of Significant Accounting Policies (Continued)

##### Basis of Presentation (Concluded)

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities such as investment earnings.

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental funds:

**Hinshaw Non-Expendable Trust Fund.** This fund is used to account for perpetual care of library assets.

**Special Revenue Fund.** The Special Revenue Fund accounts for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Town maintains one Special Revenue Fund: the Recreation Fund.

The Town reports the following major enterprise fund:

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

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 – Summary of Significant Accounting Policies (Continued)

##### Measurement Focus and Basis of Accounting

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants 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 on-going operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion 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.

## **TOWN OF RAMSEUR, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **Note 1 – Summary of Significant Accounting Policies (Continued)**

##### **Measurement Focus and Basis of Accounting (Concluded)**

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered.

The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Ramseur because the tax is levied by Randolph 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

##### **Budgetary Data**

The Town's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Special Revenue Fund, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Grant Project Special Revenue Funds and the Special Revenue Project. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All



## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 – Summary of Significant Accounting Policies (Continued)

##### Budgetary Data (Concluded)

amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

##### Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

##### 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. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 – Summary of Significant Accounting Policies (Continued)

##### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

###### Restricted Assets

Restricted assets in the Water and Sewer Fund are composed of cash balances representing customer deposits for water and sewer services. Restricted assets in the General Fund are composed of cash balances representing a gift which may not be expended; however, the income resulting from investing this cash is to be used for revitalization of the Town, and monies restricted from a gift for use by the fire department only. Powell Bill funds are also classified as restricted cash because they can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

###### Restricted Cash

###### Governmental Activities:

###### General Fund

Streets – Powell Bill	\$	208,715
Economic Development		421
Public Safety		43,958
Total Governmental Activities		<u>253,094</u>

###### Business-type Activities:

###### Water and Sewer Fund

Customer Deposits		<u>77,159</u>
Total Business-type Activities		<u>77,159</u>

Total Restricted Cash	\$	<u>330,253</u>
-----------------------	----	----------------

###### 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, the beginning of the fiscal year. The taxes are due September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

###### Allowance for Doubtful Accounts

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

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 – Summary of Significant Accounting Policies (Continued)

##### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

###### Inventory

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased.

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories are expensed when consumed rather than when purchased.

###### Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, lines, and other plant and distribution systems, infrastructure, furniture and equipment, vehicles and motorized equipment, and computer software and equipment, \$3,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	20
Buildings	50
Improvements	20
Vehicles	5-15
Furniture and Equipment	5-10
Computer Equipment	3-5
Computer Software	5

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 – Summary of Significant Accounting Policies (Continued)

##### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

###### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – prepaid taxes, property taxes receivable and sanitation fees receivable, and pension deferrals.

###### Long-Term Obligations

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

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

###### Compensated Absences

Employees earn from twelve days up to twenty-four days a year of vacation leave based on years of service. Carryover of up to thirty days of unused vacation days is allowed, thus the portion of that time that is estimated to be used the next fiscal year has been designated as a current liability in the government-wide financial statements.

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 – Summary of Significant Accounting Policies (Continued)

##### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

###### Compensated Absences (Concluded)

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

###### Net Position/Fund Balances

###### Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent 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 three 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.

Hinshaw Non-Expendable Trust Fund. This fund is used to account for perpetual care of library assets.

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 – Summary of Significant Accounting Policies (Continued)

##### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### Net Position/Fund Balances (Continued)

##### Fund Balances (Continued)

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 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 preceeding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

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

Restricted for Economic Development - portion of fund balance that is restricted by revenue source for revitalization of the Town.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for fire department debt service reserve.

Assigned Fund Balance - portion of fund balance that the Town of Ramseur intends to use for specific purposes.

Assigned for Cultural and Recreational - portion of fund balance that has been budgeted by the Board for library and recreational expenditures.

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

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 – Summary of Significant Accounting Policies (Concluded)

##### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Concluded)

##### Net Position/Fund Balances (Concluded)

##### Fund Balances (Concluded)

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

The Board of Commissioners has the authority to assign fund balance to a specific purpose. The annual budget is approved by the Board and the Finance Officer has the authority to spend resources in accordance with the budget.

##### Defined Benefit Cost-Sharing Plans

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

#### Note 2 – Stewardship, Compliance, and Accountability

##### Significant Violations of Finance – Related Legal and Contractual Provisions

##### Noncompliance with North Carolina General Statutes

The Finance Officer did not complete the required semi-annual report on deposits and investments in a timely manner in accordance with NC General Statute 159-33. Each officer having custody of any fund of any local government shall report to the secretary of the Local Government Commission on January 1 and July 1 of each year the amounts of funds then in his custody, the amounts of deposits of such funds in depositories, and a list of all investment securities and time deposits held by the local government or public authority. The Town agrees with this finding and will complete the required reports in a timely manner.

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 3 – Detail Notes on All Funds

##### Assets

##### Deposits

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

At June 30, 2019, the Town's deposits had a carrying amount of \$2,928,217 and a bank balance of \$2,982,815. Of the bank balance, \$510,893 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$22,830 and the bank balance was \$16,195. All of the bank balance was covered by federal depository insurance. At June 30, 2019, the Town's petty cash fund totaled \$2,097.



# TOWN OF RAMSEUR, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Note 3 – Detail Notes on All Funds (Continued)

#### Assets (Continued)

#### Receivable - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2019 are net of the following allowances for doubtful accounts:

Fund	6/30/19
General	\$ -
Enterprise	6,786
Total	<u>\$ 6,786</u>

#### Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 71,340	\$ -	\$ -	\$ 71,340
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>71,340</u>	<u>-</u>	<u>-</u>	<u>71,340</u>
Capital Assets Being Depreciated:				
Buildings	1,532,974	-	-	1,532,974
Equipment	539,887	70,385	-	610,272
Other improvements	633,853	-	-	633,853
Vehicles and motorized equipment	728,806	-	-	728,806
Infrastructure	695,077	92,233	-	787,310
Furniture and fixtures	21,978	-	-	21,978
Total Capital Assets Being Depreciated	<u>4,152,575</u>	<u>162,618</u>	<u>-</u>	<u>4,315,193</u>
Less Accumulated Depreciation For:				
Buildings	773,064	36,527	-	809,591
Equipment	500,645	26,202	-	526,847
Other improvements	506,940	12,305	-	519,245
Vehicles and motorized equipment	645,975	16,405	-	662,380
Infrastructure	147,222	37,629	-	184,851
Furniture and fixtures	21,978	-	-	21,978
Total Accumulated Depreciation	<u>2,595,824</u>	<u>\$ 129,068</u>	<u>\$ -</u>	<u>2,724,892</u>
Total Capital Assets Being Depreciated, Net	<u>1,556,751</u>			<u>1,590,301</u>
<b>Governmental Activity Capital Assets, Net</b>	<u>\$ 1,628,091</u>			<u>\$ 1,661,641</u>

# TOWN OF RAMSEUR, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Note 3 – Detail Notes on All Funds (Continued)

#### Assets (Continued)

#### Capital Assets (Continued)

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

General government	\$ 19,142
Transportation	43,751
Public safety	54,240
Environmental Protection	5,114
Cultural and recreational	6,821
	<u>129,068</u>

Total Depreciation Expense \$ 129,068

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-Type Activities:</b>				
Water and Sewer Fund				
Capital Assets Not Being Depreciated:				
Land	\$ 926,353	\$ -	\$ -	\$ 926,353
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>926,353</u>	<u>-</u>	<u>-</u>	<u>926,353</u>
Capital Assets Being Depreciated:				
Plant and distribution systems	10,895,885	157,145	-	11,053,030
Buildings	32,238	-	-	32,238
Vehicles	79,119	-	-	79,119
Equipment	1,848,913	97,930	-	1,946,843
Total Capital Assets Being Depreciated	<u>12,856,155</u>	<u>255,075</u>	<u>-</u>	<u>13,111,230</u>
Less Accumulated Depreciation For:				
Plant and distribution systems	5,788,937	198,672	-	5,987,609
Buildings	18,262	814	-	19,076
Vehicles	79,117	-	-	79,117
Equipment	1,072,058	71,309	-	1,143,367
Total Accumulated Depreciation	<u>6,958,374</u>	<u>\$ 270,795</u>	<u>\$ -</u>	<u>7,229,169</u>
Total Capital Assets Being Depreciated, Net	<u>5,897,781</u>			<u>5,882,061</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 6,824,134</u>			<u>\$ 6,808,414</u>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Note 3 – Detail Notes on All Funds (Continued)**

**Assets (Continued)**

**Capital Assets (Continued)**

**Discretely Presented Component Unit**

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>ABC Board</b>				
Capital Assets Being Depreciated:				
Signage	\$ 4,927	\$ -	\$ -	\$ 4,927
Computer and office equipment	25,689	-	-	25,689
Store equipment	54,072	-	-	54,072
Leasehold improvements	4,642	-	-	4,642
Total Capital Assets Being Depreciated	89,330	-	-	89,330
Less Accumulated Depreciation For:				
Signage	895	328	-	1,223
Computer and office equipment	3,851	3,671	-	7,522
Store equipment	4,716	4,353	-	9,069
Leasehold improvements	335	309	-	644
Total Accumulated Depreciation	9,797	\$ 8,661	\$ -	18,458
Total Capital Assets Being Depreciated, Net	79,533			70,872
<b>ABC Board Capital Assets, Net</b>	<b>\$ 79,533</b>			<b>\$ 70,872</b>

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 3 – Detail Notes on All Funds (Continued)

##### Assets (Concluded)

##### Investments

At June 30, 2019, the Town and the ABC Board had no funds invested with the North Carolina Capital Management Trust Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town and the ABC Board has no policy regarding credit risk.

##### Liabilities

##### Pension Plan Obligations

##### Local Governmental Employees' Retirement System

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

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

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 3 – Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Pension Plan Obligations (Continued)

##### Local Governmental Employees' Retirement System (Continued)

rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Ramseur 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 Ramseur's contractually required contribution rate for the year ended June 30, 2019, was 8.5% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Ramseur were \$30,439 for the year ended June 30, 2019.

*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.

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

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

At June 30, 2019, the Town reported a liability of \$121,938 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2018 (measurement date), the Town's proportion was 0.00514%, which was a decrease of 0.00175% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$32,425. At June 30, 2019, 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
Difference between expected and actual experience	\$ 18,812	\$ 631
Changes of assumptions	32,358	-
Net difference between projected and actual earnings on pension plan investments	16,739	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	8,101	8,286
Contributions, Benefit Payments, Administrative Costs	30,439	-
Total	\$ <u>106,449</u>	\$ <u>8,917</u>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Note 3 – Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

**Pension Plan Obligations (Continued)**

**Local Governmental Employees' Retirement System (Continued)**

\$30,439 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2020	\$ 35,094
2021	22,065
2022	2,288
2023	7,646
2024	-
Thereafter	-
	<u>\$ 67,093</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and
	Productivity factor
Discount Rate	7 percent

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, 2017 valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2014.

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Note 3 – Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

**Pension Plan Obligations (Continued)**

**Local Governmental Employees' Retirement System (Continued)**

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, 2018 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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.



## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 3 – Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Pension Plan Obligations (Continued)

##### Local Governmental Employees' Retirement System (Concluded)

*Discount rate.* The discount rate used to measure the total pension liability was 7%. 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 7 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6 percent) or one percentage point higher (8 percent) than the current rate:

	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
Town's proportionate share of the net pension liability (asset)	\$ 292,907	\$ 121,938	\$ (20,925)

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

##### Law Enforcement Officers Special Separation Allowance

##### Plan Description

The Town of Ramseur administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Plan Description (Concluded)

equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>6</u>
Total	<u><u>7</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 3 – Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Pension Plan Obligations (Continued)

##### Law Enforcement Officers Special Separation Allowance (Continued)

##### Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.5 to 7.35 percent, including inflation and Productivity factor
Discount rate	3.64 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

##### Contributions

The Town is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$10,418 as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$158,301. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$12,224.

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Note 3 – Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

**Pension Plan Obligations (Continued)**

**Law Enforcement Officers Special Separation Allowance (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,055	\$ -
Changes of assumptions	-	5,143
Contributions, Benefit Payments, Administrative Costs	5,550	-
Total	\$ <u>9,605</u>	\$ <u>5,143</u>

\$9,605 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2020	\$ 390
2021	408
2022	417
2023	(52)
2024	-
Thereafter	-

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.64 percent) or one percentage point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 169,223	\$ 158,301	\$ 148,162

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Schedule of Changes in Total Pension Liability

Beginning balance	\$ 158,323
Service Cost	6,646
Interest on the total pension liability	4,838
Changes of benefit terms	-
 Differences between expected and actual experience in the Measurement of the total pension liability	 4,055
Changes of assumptions or other inputs	(5,143)
Benefit payments	(10,418)
Other changes	-
Ending balance of the total pension liability	<u>\$ 158,301</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Concluded)

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 32,425	\$ 12,224	\$ 44,649
Pension Liability	121,938	158,301	280,239
Proportionate share of net pension liability	.00514%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	18,812	4,055	22,867
Changes of assumptions	32,358	-	32,358
Net difference between projected and actual earnings on plan investments	16,739	-	16,739
Changes in proportion and differences between contributions and proportionate share of contributions	8,101	-	8,101
Benefit payments and administrative costs paid subsequent to the measurement date	30,439	5,550	35,989
Deferred of Inflows of Resources			
Differences between expected and actual experience	631	-	631
Changes of assumptions	-	5,143	5,143
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,286	-	8,286

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Supplemental Retirement Income Plan for Law Enforcement Officers

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 8.5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$15,089, which consisted of \$12,629 from the Town and \$2,460 from the law enforcement officers.

Deferred Outflows and Inflows of Resources

The Town has one deferred outflow of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 30,439
Benefit payments made and administrative expenses for LEOSA	5,550
Difference between expected and actual experience	22,867
Changes of assumptions	32,358
Net difference between projected and actual	16,739
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,101
Total	\$ <u>116,054</u>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Note 3 – Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

**Deferred Outflows and Inflows of Resources (Concluded)**

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

	Statement of Net Position	General Fund Balance Sheet
Unearned Revenue - Taxes (General Fund)	\$ 276	\$ 276
Taxes Receivable, less penalties (General Fund)	-	12,631
Sanitation Fees Receivable	-	7,957
Changes in assumptions	5,143	-
Differences between expected and actual experience	631	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,286	-
Total	\$ <u>14,336</u>	\$ <u>20,864</u>

**Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence; property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry any flood insurance through the National Flood Insurance Plan (NFIP). In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$15,000.



**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Note 3 – Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

**Claims, Judgments, and Contingent Liabilities**

At June 30, 2019, there was no material pending or threatened litigation, claims or assessments involving the Town of Ramseur.

**Long-Term Obligations**

The Town entered into a \$725,000 direct placement contract with United States Department of Agriculture to construct a new fire station. The property is pledged as collateral for the debt while the debt is outstanding. The financing agreement requires annual installments of \$43,863 including interest at 4.375% per annum for a 30 year term. \$ 475,382

During 2011, the Town entered into a \$115,002 direct placement contract with the North Carolina Division of Environment and Natural Resources to aid in the cost of construction for improvements to aid in the Town's water pollution control. The total commitment to the project is to be repaid in 20 annual installments, bearing no interest. This note is not secured by collateral. 62,835

During 2013, the Town entered into a \$41,735 direct placement contract with the North Carolina Division of Environment and Natural Resources to aid in the cost of construction for improvements to aid in the Town's water pollution control. The total commitment to the project is to be repaid in 19 annual installments, bearing no interest. This note is not secured by collateral. 26,359

During 2013, the Town entered into a \$145,893 direct placement contract with the North Carolina Division of Environment and Natural Resources to aid in the cost of construction for a water line replacement project. The total commitment to the project is to be repaid in 20 annual installments, bearing no interest. This note is not secured by collateral. 52,079

During 2013, the Town entered into a \$283,681 direct placement contract with the North Carolina Division of Environment and Natural Resources to aid in the cost of construction for a water line replacement project. The total commitment to the project is to be repaid in 20 annual installments, bearing no interest. This note is not secured by collateral. 197,949

Total Long-Term Obligations \$ 814,604

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Note 3 – Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

**Long-Term Obligations (Concluded)**

Maturities on long-term obligations and related interest are as follows:

Year Ending June 30	Principal	Interest
2020	48,671	20,779
2021	49,681	19,769
2022	50,735	18,715
2023	51,835	17,614
2024	52,984	16,466
2025-2029	283,984	63,267
2030-2034	276,714	24,188
Total	\$ <u>814,604</u>	\$ <u>180,798</u>

**General Obligation Indebtedness**

The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2019 are comprised of the following individual issues:

Serviced by the Water and Sewer Fund:

On June 12, 2012, the Town was issued water bonds in the amount of \$1,237,633 to refinance a series of water bonds initially issued for the construction of facilities utilized in the processing of water. The issue is being retired by operating income of the Water and Sewer Fund and is being reported in the Water and Sewer Fund. These bonds bear interest, payable annually, at 2.49 %.

\$ 329,782

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Note 3 – Detail Notes on All Funds (Continued)**

**Liabilities (Concluded)**

**General Obligation Indebtedness (Concluded)**

Maturities on long-term debt and related interest are as follows:

Water and Sewer:	General Obligation Bonds	
	Principal	Interest
2020	\$ 119,235	\$ 8,212
2021	120,017	5,243
2022	90,530	2,254
Total	<u>\$ 329,782</u>	<u>\$ 15,709</u>

Interest expense for the year ended June 30, 2019 amounted to \$11,283.

At June 30, 2019, the Town had a legal debt margin of \$8,825,564

**Changes in Long-Term Liabilities**

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
<b>Governmental Activities:</b>					
Compensated absences	\$ 35,934	\$ 27,263	\$ 19,028	\$ 44,169	\$ 44,169
Net pension liability (LGERS)	97,408	15,653		113,061	-
Net pension obligation (LEO)	158,323		22	158,301	-
Direct Placement					
Installment Purchase	497,499	-	22,117	475,382	23,084
<b>Governmental Activity Long-term Liabilities</b>	<u>\$ 789,164</u>	<u>\$ 42,916</u>	<u>\$ 41,167</u>	<u>\$ 790,913</u>	<u>\$ 67,253</u>
<b>Business-type Activities:</b>					
Direct Placement					
Installment Purchase	\$ 364,387	\$ -	\$ 25,166	\$ 339,221	\$ 25,587
General Obligation Bonds	453,133	-	123,351	329,782	119,253
Net pension liability (LGERS)	7,852	1,025		8,877	-
Compensated absences	2,859	1,654	1,385	3,128	3,128
<b>Business-type Activity Long-term Liabilities</b>	<u>\$ 828,231</u>	<u>\$ 2,679</u>	<u>\$ 149,902</u>	<u>\$ 681,008</u>	<u>\$ 147,968</u>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Note 3 – Detail Notes on All Funds (Concluded)**

**Interfund Balance and Activity**

Balances due to/from other funds at June 30, 2019, consist of the following:

Due to Recreation Fund for recreational expenditures from:

General Fund	\$ <u>2,627</u>
--------------	-----------------

Due to Water and Sewer Fund for sales tax revenues from:

General Fund	\$ <u>14,007</u>
--------------	------------------

The interfund balances resulted from the time lag between the dates that payments between funds are made.

**Note 4 – Investment in Capital Assets**

	<u>Governmental</u>	<u>Business-type</u>
Capital Assets	\$ 1,661,641	\$ 6,808,414
Less: Long-term Debt	475,382	669,003
Add: Unexpended Debt Proceeds	<u>-</u>	<u>-</u>
Net Investment in Capital Asset	\$ <u>1,186,259</u>	\$ <u>6,139,411</u>

**Note 5 – Fund Balance**

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

<i>Total fund balance - General Fund</i>	\$ <u>1,416,370</u>
Less:	
Stabilization by State Statute	124,986
Streets - Powell Bill	208,715
Economic Development	421
Public Safety	43,988
Appropriated Fund Balance in 2020 Budget	372,465
Working Capital/Fund Balance Policy	<u>-</u>
Remaining Fund Balance	\$ <u>665,795</u>

The Town of Ramseur has not adopted a minimum fund balance policy for the general fund.

## TOWN OF RAMSEUR, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 6 – Segment Information for Proprietary Fund

The Town maintains one (1) Proprietary fund which provides water and sewer services. Segment information for the year ended June 30, 2019 was as follows:

Operating Revenues	\$ 1,180,088
Depreciation Expense	270,794
Operating Income (Loss)	151,480
Change in Net Position	140,407
Fixed Asset Additions	255,075
Net Working Capital	1,443,512
Total Assets	8,487,001
Bonds and Other Long-Term Liabilities:	
Payable from Operating Revenues	669,003
Total Net Position	\$ 7,725,988

#### Note 7 – Jointly Governed Organization

The Town, in conjunction with 7 counties and 42 other municipalities, established the Piedmont Triad Regional 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 paid membership fees of \$550 to the Council during the fiscal year ended June 30, 2019.

#### Note 8 – Joint Venture

##### Firefighter's Relief Fund

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firefighter's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighter's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firefighter's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2019, the Town did not report revenues and expenditures for the payments made through the Firefighter's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2019. The Firefighter's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

**TOWN OF RAMSEUR, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)**

**Note 9 – Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

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

**Note 10 – Subsequent Events**

The Town has evaluated all subsequent events through December 11, 2019, the date the financial statements were available to be issued.

**TOWN OF RAMSEUR, NORTH CAROLINA**  
**PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAST SIX FISCAL YEARS**

**Local Government Employee's Retirement System**

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
Ramseur's proportion of the net pension liability (asset) (%)	0.00514%		0.00689%		0.00700%		0.00539%		0.00588%		0.00790%
Ramseur's proportion of the net pension liability (asset) (\$)	\$ 121,938	\$	105,260	\$	148,563	\$	24,190	\$	(34,677)	\$	95,225
Ramseur's covered-employee payroll	\$ 396,745	\$	382,668	\$	464,131	\$	474,659	\$	461,351	\$	531,500
Ramseur's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.73%		27.51%		31.95%		5.10%		(7.31)%		17.92%
Plan fiduciary net position as percentage of the total pension liability	91.63%		94.18%		91.47%		98.09%		102.64%		94.35%

**TOWN OF RAMSEUR, NORTH CAROLINA**

**TOWN OF RAMSEUR'S CONTRIBUTIONS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAST SIX FISCAL YEARS**

**Local Government Employee's Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 30,439	\$ 35,026	35,382	\$ 32,039	\$ 34,194	\$ 33,004
Contributions in relation to the contractually required contribution	<u>30,439</u>	<u>35,026</u>	<u>35,382</u>	<u>32,039</u>	<u>34,194</u>	<u>33,004</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	<u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Ramseur's covered-employee payroll	396,745	382,668	464,131	474,659	474,659	461,351
Contributions as a percentage of covered-employee payroll	7.67%	9.15%	7.62%	6.75%	7.20%	7.15%



**TOWN OF RAMSEUR, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 158,323	\$ 151,420	\$ 153,375
Service Cost	6,646	6,009	6,150
Interest on the Total Pension Liability	4,838	5,644	5,290
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Total Pension Liability	4,055	(3,822)	-
Changes of Assupmtions or Other Inputs	(5,143)	9,490	(2,977)
Benefit Payments	(10,418)	(10,418)	(10,418)
Other Changes	<u>-</u>	<u>-</u>	<u>-</u>
Ending Balances of the Total Pension Liability	\$ <u><u>158,301</u></u>	\$ <u><u>158,323</u></u>	\$ <u><u>151,420</u></u>

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

**TOWN OF RAMSEUR, NORTH CAROLINA**

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 158,301	\$ 158,323	\$ 151,420
Covered Payroll	239,233	229,349	228,988
Total Pension Liability as a Percentage of Covered Payroll	66.17%	69.03%	66.13%

Notes to the Schedules:

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

**TOWN OF RAMSEUR, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad Valorem Taxes:			
Taxes	\$	\$ 763,243	\$
Penalties and Interest		2,994	
Prior Years Taxes		4,879	
Total	<u>768,349</u>	<u>771,116</u>	<u>2,767</u>
Unrestricted Intergovernmental:			
Local Option Sales Tax		409,069	
Franchise Tax		8,878	
Sales Tax Refund		-	
Gas Tax Refund		-	
Utilities Sales Tax		44,481	
Piped Natural Gas Sales Tax		6,630	
Beer and Wine Tax		7,207	
Solid Waste Disposal Refund		1,171	
Total	<u>436,200</u>	<u>477,436</u>	<u>41,236</u>
Restricted Intergovernmental:			
Powell Bill Allocation		49,312	
Interest		9	
Fire Dept Grant		6,723	
County Grant - Library		12,000	
Total	<u>70,310</u>	<u>68,044</u>	<u>(2,266)</u>
Permits and Fees:			
Fines and Permits		7,152	
Total	<u>6,000</u>	<u>7,152</u>	<u>1,152</u>
Sales and Services:			
Library Revenues		5,307	
Sanitary Landfill Participation		121,442	
Sale of Cemetery Plots		3,110	
Total	<u>131,280</u>	<u>129,859</u>	<u>(1,421)</u>
Investment Earnings	<u>1,500</u>	<u>3,721</u>	<u>2,221</u>
Miscellaneous	<u>4,135</u>	<u>1,689</u>	<u>(2,446)</u>
<b>Total Revenues</b>	<b>\$ <u>1,417,774</u></b>	<b>\$ <u>1,459,017</u></b>	<b>\$ <u>41,243</u></b>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General Government:			
Administration:			
Salaries and Employee Benefits	\$	\$ 71,122	\$
Professional Services		21,840	
Telephone and Postage		4,791	
Maintenance and Repairs		14,634	
Departmental Supplies		6,258	
Insurance and Bonds		12,205	
Miscellaneous		5,912	
Capital Outlay		11,971	
Other Operating Expenditures		22,215	
Utilities		10,050	
Contracted Services		48,492	
Total General Government	<u>230,500</u>	<u>229,490</u>	<u>1,010</u>
Public Safety:			
Police Department:			
Salaries and Employee Benefits		349,548	
Capital Outlay		21,753	
Maintenance and Repairs		28,531	
Telephone and Postage		2,799	
Utilities		8,321	
Vehicle Expense		17,190	
Insurance		5,093	
Other Operating Expenditures		8,345	
Total	<u>442,100</u>	<u>441,580</u>	<u>520</u>
Fire Department:			
Salaries and Employee Benefits		59,457	
Telephone and Postage		3,095	
Maintenance and Repairs		10,671	
Insurance		6,300	
Other Operating Expenditures		14,441	
Utilities		10,527	
Capital Outlay		49,563	
Debt Service		43,863	
Total	<u>254,000</u>	<u>197,917</u>	<u>56,083</u>
Emergency Medical Technicians:			
EMT Expenses		8,587	
Total	<u>9,500</u>	<u>8,587</u>	<u>913</u>
Total Public Safety	\$ <u>705,600</u>	\$ <u>648,084</u>	\$ <u>57,516</u>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued):</b>			
Transportation - Streets:			
Streets - Powell Bill:			
Storm Clean Up	\$	\$ 1,150	\$
Street Improvements		100,226	
Total	<u>134,500</u>	<u>101,376</u>	<u>33,124</u>
Streets - Municipality:			
Utilities		33,518	
Other Operating Expenditures		1,018	
Insurance		5,000	
Contracted Services		314,049	
Total	<u>355,000</u>	<u>353,585</u>	<u>1,415</u>
Total Transportation - Streets	<u>489,500</u>	<u>454,961</u>	<u>34,539</u>
Environmental Protection:			
Sanitation:			
Other Operating Expenditures		27,579	
Contracted Services		98,274	
Total	<u>135,000</u>	<u>125,853</u>	<u>9,147</u>
Cemetery :			
Contracted Services		5,580	
Other Operating Expenditures		9,454	
Total	<u>17,950</u>	<u>15,034</u>	<u>2,916</u>
Total Environmental Protection	<u>152,950</u>	<u>140,887</u>	<u>12,063</u>
Cultural and Recreational:			
Library:			
Salaries and Employee Benefits		90,233	
Utilities		6,027	
Insurance		1,800	
Other Operating Expenditures		6,481	
Capital Outlay		4,994	
Total	\$ <u>115,950</u>	\$ <u>109,535</u>	\$ <u>6,415</u>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (concluded):</b>			
Cultural and Recreational (concluded):			
Museum:			
Maintenance and Repairs	\$	\$ 964	\$
Other Operating Expenditures		3,422	
Total	<u>7,550</u>	<u>4,386</u>	<u>3,164</u>
Total Cultural and Recreational	<u>123,500</u>	<u>113,921</u>	<u>9,579</u>
 <b>Total Expenditures</b>	 <u>1,702,050</u>	 <u>1,587,343</u>	 <u>114,707</u>
 <b>Revenues Over (Under) Expenditures</b>	 <u>(284,276)</u>	 <u>(128,326)</u>	 <u>155,950</u>
 <b>Fund Balance Appropriated</b>	 <u>284,276</u>	 <u>-</u>	 <u>(284,276)</u>
<b>Net Change in Fund Balance</b>	\$ <u><u>-</u></u>	(128,326) \$	\$ <u><u>(128,326)</u></u>
 <b>Fund Balances, Beginning</b>		 <u>1,544,696</u>	
<b>Fund Balances, Ending</b>		\$ <u><u>1,416,370</u></u>	

**TOWN OF RAMSEUR, NORTH CAROLINA**

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2019

	Hinshaw Non Expendable Trust Fund	Recreation Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 10,452	\$ 57,879	\$ 68,331
Receivables (Net):			
Taxes-Net	-	396	396
Accounts	-	-	-
Due from Other Funds	-	2,627	2,627
<b>Total Assets</b>	<b>\$ 10,452</b>	<b>\$ 60,902</b>	<b>\$ 71,354</b>
<b>Liabilities and Fund Balance:</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ -	\$ 231	\$ 231
Due to Other Funds	30	-	30
<b>Total Liabilities</b>	<b>30</b>	<b>231</b>	<b>261</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes Receivable	-	396	396
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>396</b>	<b>396</b>
<b>Fund Balances:</b>			
Non Spendable:			
Library Expansion	10,422	-	10,422
Restricted:			
Stabilization by State Statute	-	2,627	2,627
Assigned			
Cultural and Recreation	-	44,783	44,783
Subsequent Year's Expenditures	-	12,865	12,865
<b>Total Fund Balances</b>	<b>10,422</b>	<b>60,275</b>	<b>70,697</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,452</b>	<b>\$ 60,902</b>	<b>\$ 71,354</b>

**TOWN OF RAMSEUR, NORTH CAROLINA****COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****NONMAJOR GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2019

	Hinshaw Non Expendable Trust Fund	Recreation Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Ad Valorem Taxes	\$ -	\$ 24,901	\$ 24,901
Unrestricted Intergovernmental Revenues	-	-	-
Restricted Intergovernmental		19,860	
Sales and Services	-	11,369	11,369
Special Events	-	10,278	10,278
Miscellaneous	-	1,484	1,484
<b>Total Revenues</b>	-	67,892	48,032
<b>Expenditures:</b>			
Cultural and Recreational	-	55,568	55,568
Environmental Protection	-	-	-
<b>Total Expenditures</b>	-	55,568	55,568
<b>Revenues Over (Under) Expenditures</b>	-	12,324	12,324
<b>Other Financing Sources (Uses):</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	12,324	12,324
<b>Fund Balance, Beginning</b>	10,422	47,951	58,373
<b>Fund Balance, Ending</b>	\$ 10,422	\$ 60,275	\$ 70,697



**TOWN OF RAMSEUR, NORTH CAROLINA****SPECIAL REVENUE FUND - HINSHAW RESTRICTED FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-
<b>Expenditures:</b>			
Books for Library	-	-	-
<b>Total Expenditures</b>	-	-	-
<b>Revenues Over (Under)</b>			
<b>Expenditures</b>	-	-	-
<b>Fund Balance Appropriated</b>	-	-	-
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ -
<b>Fund Balance, Beginning</b>		10,421	
<b>Fund Balance, Ending</b>		\$ 10,421	

**TOWN OF RAMSEUR, NORTH CAROLINA****SPECIAL REVENUE FUND - RECREATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad Valorem Taxes:			
Current Year	\$	\$ 24,743	\$
Prior Years		158	
Total	24,851	24,901	50
Unrestricted Intergovernmental Revenues:			
Beer and Wine Tax		-	
Sales Tax Refund		-	-
Total Unrestricted Intergovernmental	-	-	-
Restricted Intergovernmental Revenues			
Revitalization Grants	3,000	19,860	
Total Restricted Intergovernmental	3,000	19,860	16,860
Sales and Services	15,000	11,369	(3,631)
Special Events	4,000	10,278	6,278
Miscellaneous Revenue	1,150	1,484	334
<b>Total Revenues</b>	<b>48,001</b>	<b>67,892</b>	<b>19,891</b>
<b>Expenditures:</b>			
Contracted Services		20,000	
Utilities		3,712	
Departmental Supplies		1,134	
Fall Festival Supplies		5,952	
Insurance		3,300	
Maintenance and Repairs		6,558	
Telephone and Postage		1,537	
Miscellaneous		8,312	
Senior/Kids Programs		3,438	
Capital Outlay		1,625	
<b>Total Expenditures</b>	<b>60,450</b>	<b>55,568</b>	<b>4,882</b>
<b>Revenues Over (Under)</b>			
<b>Expenditures</b>	<b>(12,449)</b>	<b>12,324</b>	<b>24,773</b>
<b>Fund Balance Appropriated</b>	<b>12,449</b>	<b>-</b>	<b>(12,449)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>12,324</b>	<b>\$ 12,324</b>
<b>Fund Balance, Beginning</b>		<b>47,951</b>	
<b>Fund Balance, Ending</b>		<b>\$ 60,275</b>	

**TOWN OF RAMSEUR, NORTH CAROLINA**

**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating Revenues:			
Water and Sewer	\$	\$ 1,146,630	\$
Taps/Connection Fees		3,000	
Other Revenue		9,816	
Penalties and Miscellaneous		18,420	
Total Operating Revenues	<u>1,141,350</u>	<u>1,177,866</u>	<u>36,516</u>
Nonoperating Revenues:			
Interest Earned on Investments		-	
Sales Tax Refund		-	
Total Nonoperating Revenues	<u>150</u>	<u>-</u>	<u>(150)</u>
<b>Total Revenues</b>	<u>1,141,500</u>	<u>1,177,866</u>	<u>36,366</u>
<b>Expenditures:</b>			
Water:			
Salaries and Employee Benefits		41,711	
Professional Services		1,000	
Analysis Contract		2,032	
Telephone and Postage		4,890	
Interest Expense Debts		11,073	
Utilities		1,552	
Insurance		4,000	
Maintenance and Supplies		46,140	
Water Debt Principal		148,517	
Contract Services		430,453	
Capital Outlay		29,607	
Other Operating Expenditures		4,528	
Total	\$ <u>793,600</u>	\$ <u>725,503</u>	\$ <u>68,097</u>

**TOWN OF RAMSEUR, NORTH CAROLINA**

**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (Concluded):</b>			
Sewer:			
Salaries and Employee Benefits	\$	\$ -	\$
Analysis Contract		1,686	
Telephone and Postage		5,208	
Maintenance and Supplies		98,482	
Contract Services		135,536	
Utilities		18,938	
Insurance		2,500	
Capital Outlay		173,738	
Other Operating Expenditures		10,335	
Total	<u>469,700</u>	<u>446,423</u>	<u>23,277</u>
<b>Total Expenditures</b>	<u>1,263,300</u>	<u>1,171,926</u>	<u>91,374</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(121,800)</u>	<u>5,940</u>	<u>127,740</u>
<b>Fund Balance Appropriated</b>	<u>121,800</u>	<u>-</u>	<u>(121,800)</u>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses</b>	\$ <u>-</u>	<u>5,940</u>	\$ <u>5,940</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling Items:			
Capital Outlay		255,075	
Principal Retirement		148,517	
Increase (Decrease) in Accounts Receivable			
Recognition		2,223	
Increase (Decrease) in Deferred Outflows of Resources - Pensions		683	
(Increase) Decrease in Net Pension Liability		(1,025)	
(Increase) in Deferred Inflows of Resources - Pensions		(212)	
Depreciation		(270,794)	
Total Reconciling Items		<u>134,467</u>	
<b>Change in Net Position</b>		\$ <u>140,407</u>	

**TOWN OF RAMSEUR, NORTH CAROLINA****SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 795,650	\$ 790,039	\$ 5,611
2017-2018	5,689	-	4,469	1,220
2016-2017	1,108	-	173	935
2015-2016	683	-	292	391
2014-2015	1,194	-	344	850
2013-2014	649	-	152	497
2012-2013	1,383	-	170	1,213
2011-2012	840	-	121	719
2010-2011	775	-	121	654
2009-2010	1,061	-	244	817
	<u>\$ 13,382</u>	<u>\$ 795,650</u>	<u>\$ 796,125</u>	12,907
Ad Valorem Taxes Receivable - Net				\$ <u>12,907</u>
Reconcilement with Revenues:				
Ad Valorem Taxes Collected:				
General Fund				\$ 771,116
Special Revenue Fund				24,901
Reconciling Items:				
Interest Collected				(2,994)
Adjustments				<u>3,102</u>
Total Collections and Credits				\$ <u>796,125</u>

**TOWN OF RAMSEUR, NORTH CAROLINA****ANALYSIS OF CURRENT TAX LEVY****TOWN-WIDE LEVY**

For the Fiscal Year Ended June 30, 2019

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$ 110,750,597	\$ 0.67	\$ 742,029	\$ 742,029	\$ -
Registered Motor Vehicles Taxed at Prior Year's Rate	9,210,000	0.67	61,707	-	61,707
Penalties	-		480	480	-
<b>Total Original Levy</b>	<u>119,960,597</u>		<u>804,216</u>	<u>742,509</u>	<u>61,707</u>
<b>Releases</b>	<u>(1,278,507)</u>	0.67	<u>(8,566)</u>	<u>(8,566)</u>	<u>-</u>
<b>Total Property Valuation</b>	<u>\$ 118,682,090</u>				
Net Levy			795,650	733,943	61,707
Uncollected Taxes at June 30, 2019			<u>5,611</u>	<u>5,611</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 790,039</u>	<u>\$ 728,332</u>	<u>\$ 61,707</u>
Current Levy Collection Percentage			<u>99.29%</u>	<u>99.24%</u>	<u>100.00%</u>

**TOWN OF RAMSEUR, NORTH CAROLINA****ANALYSIS OF CURRENT TAX LEVY****TOWN-WIDE LEVY**

For the Fiscal Year Ended June 30, 2019

**Secondary Market Disclosures:****Assessed Valuation:**

Assessment Ratio:

Real Property

\$ 110,003,447

Personal Property

8,678,643

Public Service

-**Total Assessed Valuation**

118,682,090

Tax Rate per \$ 100

0.67

Levy (Includes Discoveries, Releases and Abatements)

733,463

Penalties

480

Motor Vehicles

61,707**Total Taxes**\$ 795,650

**TOWN OF RAMSEUR, NORTH CAROLINA****TEN LARGEST TAXPAYERS**

For the Fiscal Year Ended June 30, 2019

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2019 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Tower Components	Manufacturer	\$ 3,185,341	11.66%
JHS Master Capital, LLC	Manufacturer	1,433,416	5.24%
Crawford Knitting Co.	Manufacturer	1,562,066	5.71%
Universal Health Properties	Nursing Home	4,576,492	16.74%
Watkins & Rich	Rental Property	2,010,230	7.35%
King Hill Limited Partners	Housing	1,299,031	4.75%
Randolph Hill Apt.	Housing	1,162,828	4.25%
Panhandle Ventures, LLC	Real Estate	1,226,400	4.48%
Duke Progress Energy, Inc.	Power Company	9,291,291	33.98%
Sampson Bladen Oil	Service Station	1,598,339	5.84%
		<u>\$ 27,345,434</u>	<u>100.01%</u>





WILLIAM R.  
HUNECUTT

CERTIFIED PUBLIC ACCOUNTANT PLLC

216 West North Street  
Albemarle, NC 28001  
Phone: (704) 983-5012  
Fax: (704) 983-5109

379 South Cox Street  
Asheboro, NC 27203  
Phone: (336) 626-9970  
Fax: (336) 626-5981

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

To the Honorable Mayor and  
Members of the Board of Commissioners  
Town of Ramseur  
Ramseur, 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ramseur, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Ramseur, North Carolina's basic financial statements, and have issued my report thereon dated December 11, 2019.

**Internal Control Over Financial Reporting**

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

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

To the Honorable Mayor and  
Members of the Board of Commissioners  
Town of Ramseur  
Ramseur, North Carolina  
Page 2

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-01 that I consider to be a significant deficiency.

### **Compliance and Other Matters**

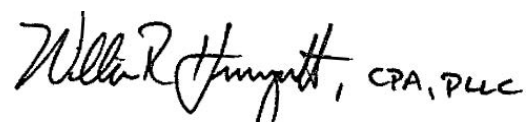
As part of obtaining reasonable assurance about whether the Town of Ramseur, North Carolina's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2019-01.

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

The Town's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, 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.



December 11, 2019

William R. Huneycutt, CPA, PLLC  
Asheboro, North Carolina

**TOWN OF RAMSEUR, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended June 30, 2019

Section I. Summary of Auditor's Results

**Financial Statements**

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

Internal control over financial reporting:

Material weakness(es) identified?	<u>          </u>	yes	<u>  X  </u>	no
-----------------------------------	-------------------	-----	--------------	----

Significant deficiency(s) identified that are not considered to be material weaknesses	<u>  X  </u>	yes	<u>          </u>	none reported
---	--------------	-----	-------------------	---------------

Noncompliance material to financial statements noted	<u>          </u>	yes	<u>  X  </u>	no
---	-------------------	-----	--------------	----

**TOWN OF RAMSEUR, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended June 30, 2019

Section II. Findings Related to the Audit  
of the Basic Financial Statements

Significant Deficiency:

Finding 2019-01: Timely financial reporting

*Criteria* : Pursuant to G.S. 159-33, the finance officer shall report to the secretary of the Local Government Commission on January 1 and July 1 of each year the amounts of funds then in his custody , the amounts of deposits of such funds in depositories, and a list of all investment securities and time deposits held by the local government or public authority.

*Condition* : Report of Deposits and Investments was not filed by July 1.

*Effect* : Local Government Commission does not have required information concerning Town's deposits and investments.

*Cause* : Oversight of the Finance Officer.

*Recommendation* : To prepare required forms in a timely manner.

*Management Response* : Management agrees with this finding and will file the Report of Deposits and Investments in a timely manner in the future.