

**FINANCIAL STATEMENTS**  
**TOWN OF ROPER**  
**ROPER, NORTH CAROLINA**  
**JUNE 30, 2019**

TOWN COUNCIL

Marquitta "Denise" Blount - Mayor

Daniel Reynolds- Mayor Pro Tem

Charles Sharpe

Robert Mallory

Raemona Jackson

TOWN CLERK

Stacy Chesson

TOWN OF ROPER  
TABLE OF CONTENTS  
JUNE 30, 2019

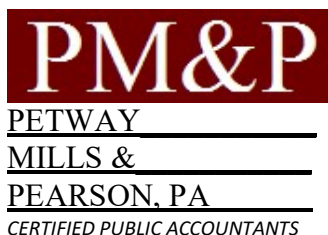
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	<u>EXHIBIT</u>	<u>PAGE</u>
FINANCIAL SECTION		
Independent Auditors' Report		5
Management's Discussion and Analysis		7
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	18
Statement of Activities	2	19
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	22
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	6	23
Statement of Fund Net Position - Proprietary Funds	7	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	8	25
Statement of Cash Flows - Proprietary Funds	9	26
Notes to the Basic Financial Statements		27

TOWN OF ROPER  
TABLE OF CONTENTS  
JUNE 30, 2019

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	<u>SCHEDULE</u>	<u>PAGE</u>
Required Supplementary Financial Data:		
Schedule of the Proportionate Share of the Net Pension Liability - Local Government Employees' Retirement System		44
Schedule of Contributions - Local Government Employees' Retirement System		45
Budgetary Schedules:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (NON-GAAP) - General Fund	1	46
Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP) - Water and Sewer Fund	2	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual- CDBG 13-I-2624 Project Fund	3	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual- CDBG 16-I-2723 Project Fund	4	51
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual- State Reserve Loan Fund	5	52
Other Schedules		
Schedule of Ad Valorem Taxes Receivable		54
Analysis of Current Tax Levy - Town Wide Levy		55
COMPLIANCE SECTION		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		57
Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act		59
Schedule of Findings and Questioned Costs		61
Corrective Action Plan		63
Summary Schedule of Prior Year's Findings		64
Schedule of Expenditures of Federal and State Awards		65



## Independent Auditors' Report

To the Honorable Mayor  
And Members of the Town Council  
Town of Roper, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Roper, 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 Roper's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Roper, 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

C. Briggs Petway, Jr.  
Phyllis M. Pearson

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Association of  
Certified Public  
Accountants

American Institute  
Of Certified Public  
Accountants

Medical Group  
Management  
Association

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 7 through 16, the Local Government Employees' Retirement System's Schedule of the Proportionate Share of the Net Pension Asset and Contributions, on pages 44 and 45, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Roper, North Carolina. The budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020 on our consideration of the Town of Roper's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Roper's internal control over financial reporting and compliance.

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

January 30, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis FY 2019

As management of the Town of Roper, we offer readers of the Roper's financial statements this narrative overview and analysis of the financial activities of the Town of Roper 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 Town's financial statements, which follow this narrative.

### Financial Highlights

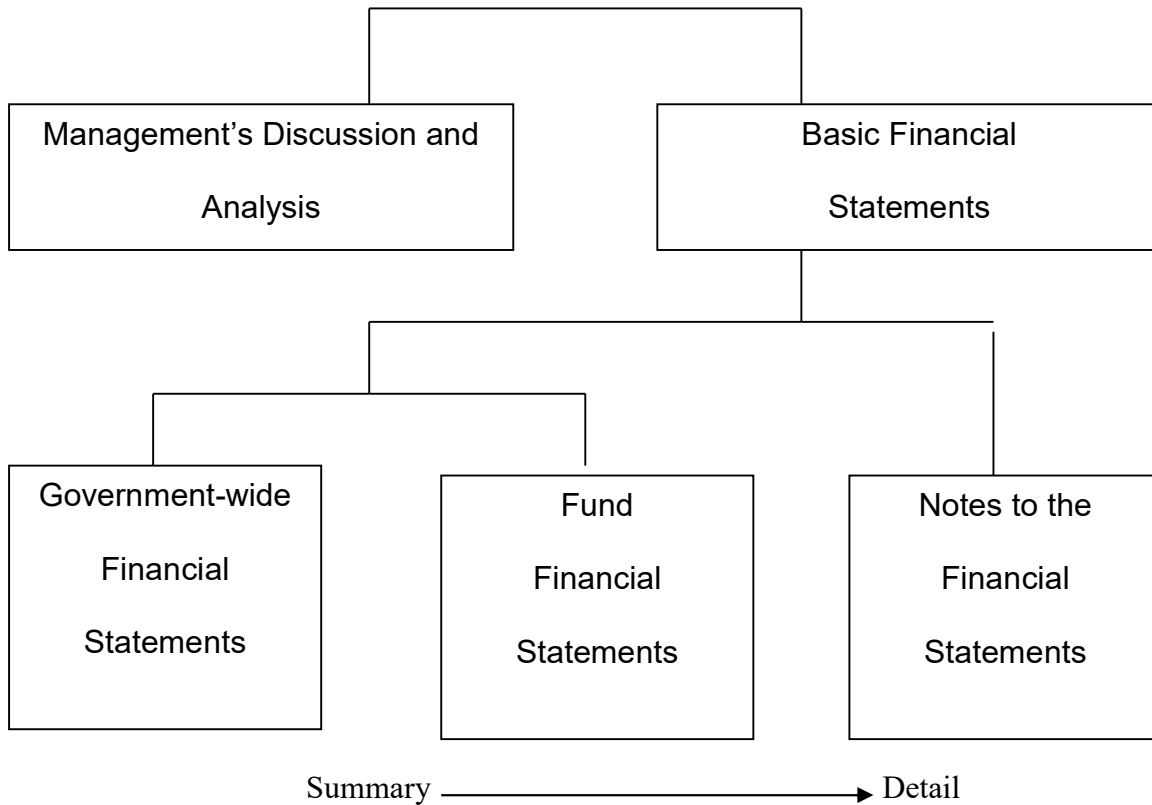
- The assets of the Town of Roper *exceeded* its liabilities at the close of the fiscal year by \$3,867,639 (*net position*).
- The government's total net position *increased* by \$107,721 due to an *increase* in the *business-type* activities net position of \$4,224 and a \$103,497 *increase* in *governmental* activities net position.
- As of the close of the current fiscal year, the Town of Roper's governmental funds reported combined ending fund balance of \$204,718 an *increase* of \$94,219 in comparison with the prior year.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

## **Government-wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Roper, 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 Roper can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Roper 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

**Town of Roper**

provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 27 to 42 of this report.

**Government-Wide Financial Analysis  
The Town of Roper's Net position**

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 314,898	\$ 224,916	\$ 237,421	\$ 269,208	\$ 552,319	\$ 494,124
Other assets	8,392	-	-	-	8,392	-
Capital assets	894,446	905,945	3,110,870	2,523,749	4,005,316	3,429,694
Total assets	1,217,736	1,130,861	3,348,291	2,792,957	4,566,027	3,923,818
Deferred outflow of resources	23,635	13,239	-	-	23,635	13,239
Deposits held	-	-	-	-	-	-
Other liabilities	43,938	35,037	674,248	123,138	718,186	158,175
Total liabilities	43,938	35,037	674,248	123,138	718,186	158,175
Deferred inflow of resources	3,837	6,022	-	-	3,837	6,022
Net position:						
Invested in capital assets, net of related debt	894,446	890,892	3,110,870	2,523,749	4,005,316	3,414,641
Restricted	31,885	54,800	-	-	31,885	54,800
Unrestricted	267,265	144,407	(436,827)	146,070	(169,562)	290,477
Total net position	\$ 1,193,596	\$ 1,090,099	\$ 2,674,043	\$ 2,669,819	\$ 3,867,639	\$ 3,759,918

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Roper exceeded liabilities by \$3,867,639 as of June 30, 2019. The Town's net position *increased* by \$107,721 for the fiscal year ended June 30, 2019. However, \$4,005,316 reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Roper uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Roper's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Roper's net position, \$31,885 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(169,562) is unrestricted.

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

- Holding tax and utility rates steady,
- Obtaining capital grants
- Locating additional sources of revenues

Management Discussion and Analysis-FY 2019  
**Town of Roper**

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

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 64,479	\$ 72,892	\$ 211,074	\$ 206,868	\$ 275,553	\$ 279,760
Operating grants and contributions	19,396	19,748	-	65,425	19,396	85,173
Capital grants and contributions	-	-	97,808	814,171	97,808	814,171
General revenues:					-	-
Property taxes	169,513	150,510	-	-	169,513	150,510
Other taxes	105,819	150,045	-	-	105,819	150,045
Other	109,347	40,615	-	-	109,347	40,615
Total revenues	468,554	433,810	308,882	1,086,464	777,436	1,520,274
Expenses:						
General government	165,440	172,944	-	-	165,440	172,944
Public safety	70	7,746	-	-	70	7,746
Transportation	129,657	125,432	-	-	129,657	125,432
Economic Development	6,824	14,389	-	-	6,824	14,389
Environmental Protection	59,400	58,500	-	-	59,400	58,500
Culture and recreation	2,505	11,830	-	-	2,505	11,830
Interest on Long-term Debt	1,161	119	-	-	1,161	119
Water and sewer	-	-	304,658	331,401	304,658	331,401
Total expenses	365,057	390,960	304,658	331,401	669,715	722,361
Transfers	-	-	-	-	-	-
Change in net position	103,497	42,850	4,224	755,063	107,721	797,913
Net position, beginning	1,090,099	1,047,249	2,669,819	1,914,756	3,759,918	2,962,005
Net position, ending	\$ 1,193,596	\$ 1,090,099	\$ 2,674,043	\$ 2,669,819	\$ 3,867,639	\$ 3,759,918

**Governmental activities:** Governmental activities increased the Town's net position by \$103,497.

**Business-type activities:** Business-type activities increased the Town of Roper's net position by \$4,224.

### Financial Analysis of the Town Funds

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

## **Town of Roper**

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

The General Fund is the chief operating fund of the Town of Roper. At the end of the current fiscal year, unassigned fund balance of the General Fund of \$172,833 while total fund balance was \$204,718.

At June 30, 2019, the governmental funds of Roper reported a combined fund balance \$204,718 a \$94,219 increase over last year.

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

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$(436,827). The increase in net position for the Water and Sewer Fund was \$4,224. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

## **Capital Asset and Debt Administration**

**Capital assets.** The Town of Roper's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totals \$4,005,316 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Town of Roper's  
Capital Assets**

**Figure 4**

(net of depreciation)

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
Land	\$ 158,307	\$ 131,307	\$ 43,900	\$ 43,900	\$ 202,207	\$ 175,207
Construction in Progress	-	-	693,854	934,606	693,854	934,606
Buildings and systems	378,513	392,916	2,371,527	1,515,916	2,750,040	1,908,832
Improvements	319,003	333,833	-	-	319,003	333,833
Machinery and equipment	9,630	14,316	1,589	29,327	11,219	43,643
Infrastructure	20,251	22,192	-	-	20,251	22,192
Vehicles and motorized equipment	8,742	11,381	-	-	8,742	11,381
Total	\$ 894,446	\$ 905,945	\$ 3,110,870	\$ 2,523,749	\$ 4,005,316	\$ 3,429,694

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

**Long-term Debt.**

As of June 30, 2019, the Town of Roper has an outstanding direct placement agreement in the amount of \$596,146 for WWTP improvements.

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

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

- High unemployment. Unemployment in the Washington County area continues to be higher than both the State and National averages as of June 30, 2019.
- Housing development which has been stagnant for years shows little signs of increasing next year.
- The Town has added no service or retail sector jobs
- The Town held the real property rate flat for fiscal year 2019.

**Town of Roper**

- Water, sewer, and sanitation rates were increased for fiscal year 2018 and these increases are being used to improve the wastewater treatment plant.

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

**Governmental Activities:** The tax rate will remain steady with revenues.

**Business – type Activities:** The water and sewer basic rates will hold steady. The contracting of the water operations is now with Washington County and the sewer operation contract is now with Harrell Environmental Services LLC.

**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 the Town Clerk, Town of Roper, PO Box 217, Roper, NC 27970-0217.

## **BASIC FINANCIAL STATEMENTS**

**Town of Roper**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 186,010	\$ 145,395	\$ 331,405
Restricted cash	18,969	67,412	86,381
Taxes receivables (net)	97,003	-	97,003
Accounts receivable (net) - trade	6,085	24,614	30,699
Due from other governments	6,831	-	6,831
Internal balances	-	-	-
Total current assets	314,898	237,421	552,319
Noncurrent assets:			
Notes receivable	8,392	-	8,392
Capital assets:			
Land and construction in progress	158,307	737,754	896,061
Other capital assets, net of depreciation	736,139	2,373,116	3,109,255
Total capital assets	894,446	3,110,870	4,005,316
Total noncurrent assets	902,838	3,110,870	4,013,708
Total assets	1,217,736	3,348,291	4,566,027
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	6,336	-	6,336
Pension deferrals	17,299	-	17,299
Total deferred outflows of resources	23,635	-	23,635
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	13,045	10,690	23,735
Payable from restricted assets	-	67,412	67,412
Current portion of long-term liabilities	1,476	49,975	51,451
Total current liabilities	14,521	128,077	142,598
Long-term liabilities:			
Net pension liability	29,417	-	29,417
Due in more than one year	-	546,171	546,171
Total liabilities	43,938	674,248	718,186
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	3,705	-	3,705
Prepaid taxes	132	-	132
Total deferred inflows of resources	3,837	-	3,837
<b>NET POSITION</b>			
Net investment in capital assets	894,446	3,110,870	4,005,316
Restricted for:			
Streets	18,969	-	18,969
Stabilization by State Statute	12,916	-	12,916
Unrestricted	267,265	(436,827)	(169,562)
Total net position	\$ 1,193,596	\$ 2,674,043	\$ 3,867,639

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

**Town of Roper**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 165,440	\$ -	\$ -	\$ -	\$ (165,440)	\$ -	\$ (165,440)
Economic and physical development	6,824	-	-	-	(6,824)	-	(6,824)
Public safety	70	-	-	-	(70)	-	(70)
Transportation	129,657	-	19,396	-	(110,261)	-	(110,261)
Environmental protection	59,400	64,479	-	-	5,079	-	5,079
Cultural and recreation	2,505	-	-	-	(2,505)	-	(2,505)
Interest on long-term debt	1,161	-	-	-	(1,161)	-	(1,161)
Total governmental activities	365,057	64,479	19,396	-	(281,182)	-	(281,182)
Business-type activities:							
Water and sewer	304,658	211,074	-	97,808	-	4,224	4,224
Total business-type activities	304,658	211,074	-	97,808	-	4,224	4,224
Total primary government	\$ 669,715	\$ 275,553	\$ 19,396	\$ 97,808	(281,182)	4,224	(276,958)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					169,513	-	169,513
Other taxes					105,819	-	105,819
Unrestricted investment earnings					-	-	-
Special item - donated property					27,000	-	27,000
Miscellaneous					82,347	-	82,347
Total general revenues					384,679	-	384,679
Change in Net position					103,497	4,224	107,721
Net position, beginning					1,090,099	2,669,819	3,759,918
Net position, ending					\$ 1,193,596	\$ 2,674,043	\$ 3,867,639

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

Exhibit 3

Town of Roper  
Balance Sheet  
Governmental Funds  
June 30, 2019

	Major Funds	Total Governmental Funds
	General	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 186,010	\$ 186,010
Restricted cash	18,969	18,969
Receivables, net:		
Taxes	97,003	97,003
Accounts - trade	6,085	6,085
Due from other funds	-	-
Due from other governments	6,831	6,831
Total assets	<u>\$ 314,898</u>	<u>\$ 314,898</u>
<b>LIABILITIES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 13,045	\$ 13,045
Total liabilities	<u>13,045</u>	<u>13,045</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	97,003	97,003
Prepaid taxes	132	132
Total deferred inflows of resources	<u>97,135</u>	<u>97,135</u>
<b>FUND BALANCES</b>		
Fund balances:		
Restricted:		
Stabilization by State Statute	12,916	12,916
Streets	18,969	18,969
Unassigned	172,833	172,833
Total fund balances	<u>204,718</u>	<u>204,718</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 314,898</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	894,446
Deferred outflows of resources related to pensions are not reported in funds	6,336
Notes receivable	8,392
Pension related deferrals	17,299
Liabilities for earned revenues considered deferred inflows of resources in fund statements	97,003
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	(1,476)
Net pension liability - LGERS	(29,417)
Deferred inflows of resources related to pensions are not reported in the funds	(3,705)
Net position of governmental activities	<u>\$ 1,193,596</u>

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

**Town of Roper**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>Major Funds</b>		<b>Total Governmental Funds</b>
	<b>General</b>		
<b>REVENUES</b>			
Ad valorem taxes	\$ 171,384	\$	171,384
Other taxes and licenses	-		-
Unrestricted intergovernmental	105,819		105,819
Restricted intergovernmental	19,396		19,396
Sales and services	64,479		64,479
Other revenues	73,954		73,954
Investment earnings	-		-
Total revenues	<u>435,032</u>		<u>435,032</u>
<b>EXPENDITURES</b>			
General government	144,929		144,929
Economic and physical development	6,824		6,824
Public safety	70		70
Transportation	110,871		110,871
Environmental protection	59,400		59,400
Cultural and recreation	2,505		2,505
Debt service:			
Principal	15,053		15,053
Interest and other charges	1,161		1,161
Capital outlay	-		-
Total expenditures	<u>340,813</u>		<u>340,813</u>
Excess (deficiency) of revenues over expenditures	<u>94,219</u>		<u>94,219</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (to) from other funds	-		-
Capital lease proceeds	-		-
Total other financing sources	<u>-</u>		<u>-</u>
Net change in fund balance	94,219		94,219
Fund balances, beginning	110,499		110,499
Fund balances, ending	<u>\$ 204,718</u>	<u>\$</u>	<u>204,718</u>

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

**Town of Roper**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**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		\$ 94,219
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period</p>		
Capitalized donated property	27,000	
Depreciation expense for governmental assets	<u>(38,499)</u>	(11,499)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		6,336
Donated capital assets		27,000
Income from notes receivable		8,057
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payment on long-term debt		(15,053)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred revenue for tax revenues		1,871
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		(151)
Pension expense		(7,283)
Total changes in net position of governmental activities		<u><u>\$ 103,497</u></u>

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

**Town of Roper  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019**

<b>General Fund</b>				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 204,500	\$ 204,500	\$ 171,384	\$ (33,116)
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	90,000	143,062	105,819	(37,243)
Restricted intergovernmental	20,000	20,000	19,396	(604)
Sales and services	55,000	55,000	64,479	9,479
Other revenues	92,962	39,900	73,954	34,054
Investment earnings	-	-	-	-
Total revenues	<u>462,462</u>	<u>462,462</u>	<u>435,032</u>	<u>(27,430)</u>
Expenditures:				
General government	241,969	222,879	144,929	77,950
Economic and physical development	-	6,824	6,824	-
Public safety	-	70	70	-
Transportation	143,043	139,025	110,871	28,154
Environmental protection	69,450	69,450	59,400	10,050
Cultural and recreation	8,000	8,000	2,505	5,495
Debt service:				
Principal	-	15,053	15,053	-
Interest and other charges	-	1,161	1,161	-
Capital outlay	-	-	-	-
Total expenditures	<u>462,462</u>	<u>462,462</u>	<u>340,813</u>	<u>121,649</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>94,219</u>	<u>94,219</u>
Other financing sources (uses):				
Unappropriated fund balance	-	-	-	-
Transfer from Powell Bill	-	-	-	-
Capital lease proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>94,219</u>	<u>\$ 94,219</u>
Fund balances, beginning			110,499	
Fund balances, ending			<u>\$ 204,718</u>	

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

**Exhibit 7**

**Town of Roper  
Statement of Fund Net Position  
Proprietary Funds  
June 30, 2019**

	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 145,395
Restricted cash	67,412
Accounts receivable, net	24,614
Total current assets	<u>237,421</u>
Capital assets:	
Land and other non-depreciable assets	737,754
Other capital assets, net of depreciation	2,373,116
Capital assets (net)	<u>3,110,870</u>
Total assets	<u><u>\$ 3,348,291</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 10,690
Current portion of long term liabilities	49,975
Payable from restricted assets	67,412
Total current liabilities	<u>128,077</u>
Long term liabilities	
Notes payable	546,171
Total liabilities	<u>674,248</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,110,870
Unrestricted	(436,827)
Total net position	<u><u>\$ 2,674,043</u></u>

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

**Exhibit 8**

**Town of Roper**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<u>Water and Sewer Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 210,986
Other operating revenues	88
<b>Total operating revenues</b>	<u>211,074</u>
<b>OPERATING EXPENSES</b>	
Administration	5,770
Water and sewer distribution	192,156
Depreciation	106,732
<b>Total operating expenses</b>	<u>304,658</u>
<b>Operating income (loss)</b>	<u>(93,584)</u>
<b>Income (loss) before contributions and transfers</b>	(93,584)
Grant income	-
Capital contributions	97,808
<b>Total contributions and transfers</b>	<u>97,808</u>
<b>Change in net position</b>	4,224
<b>Total net position, beginning</b>	<u>2,669,819</u>
<b>Total net position, ending</b>	<u><u>\$ 2,674,043</u></u>

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

**Town of Roper**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit 9**

**Water and**  
**Sewer Fund**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 215,660
Cash paid for goods and services	(241,180)
Cash paid to or on behalf of employees for services	-
Net customer deposits	<u>(1,782)</u>
Net cash provided by operating activities	<u>(27,302)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Interfund activity	<u>54,988</u>
Total cash flows provided by non-capital financing activities	<u>54,988</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	(693,854)
Proceeds from note payable	596,146
Capital contributions	<u>97,808</u>
Net cash used by capital and related financing activities	<u>100</u>

Net increase (decrease) in cash and cash equivalents	27,786
Balances, beginning	<u>185,021</u>
Balances, ending	<u><u>\$ 212,807</u></u>

Reconciliation of operating income to net cash provided by operating activities

Operating income (loss)	<u>\$ (93,584)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	106,732
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	4,586
Increase (decrease) in accounts payable	(43,254)
Increase (decrease) in customer deposits	<u>(1,782)</u>
Total adjustments	<u>66,282</u>
Net cash provided (used) by operating activities	<u><u>\$ (27,302)</u></u>

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

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Roper (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Town is a municipal corporation, which is governed by an elected mayor and a seven-member council. These financial statements include only the Town, as there were no component units required to be included.

**B. Basis of Presentation**

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

**General Fund.** This fund is the general operating fund of the Town. It is used to account 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 general government, public safety, street maintenance and construction and sanitation services.

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 Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**C. Measurement Focus and Basis of Accounting**

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as 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 shared revenue for the Town because the tax is levied by Washington County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Grant revenues that 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 is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for capital projects. 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. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

**2. Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

**3. Restricted Assets**

Powell Bill funds are classified as restricted cash within the General Fund because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.1.

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

CDBG funds are classified as restricted cash within the General Fund because they are grant funds that were given to the Town for specific purposes per the grant agreement.

Customer deposits are classified as restricted cash with the Water and Sewer Fund because they are held by the Town before any services are supplied.

**4. Ad Valorem Taxes Receivable**

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

**5. Allowances for Doubtful Accounts**

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

**6. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a \$1,000 and an estimated useful life in excess of two years. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Certain items acquired before July 1, 1980 are reported at estimated historical cost using deflated replacement costs. 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 useful lives to the cost of the assets:

<u>Asset Type</u>	<u>Years</u>
Buildings	30
Infrastructure	50
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plan in the 2019 fiscal year and pension deferrals. 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

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet this criterion for this category – prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

**8. Long-Term Obligations**

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

**9. Compensated Absences**

The vacation policy of the Town reads that employees may earn one week of vacation after one year of employment. After two years of employment, employees may receive two weeks of vacation. If the Town does not have an Assistant Clerk, the Clerk may receive four weeks of vacation. A vacation period begins in January and ends in December. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

Employees may earn four hours of sick leave per month; not to exceed 40 hours per year. The policy does not provide for the accumulation of sick leave. Sick leave not used by December 31<sup>st</sup> of each year is forfeited.

**10. Net Position/Fund Balances**

**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

Non-spendable 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. Non-spendable fund balance as of June 30, 2019 is \$0.

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

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

#### **11. Pensions**

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

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

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

##### **1. Noncompliance with North Carolina General Statutes**

An immaterial finding, noted in the management, states that the audit report was submitted late.

##### **2. Contractual Violations**

None.

##### **3. Deficit in Fund Balance or Net Position of Individual Funds**

None.

##### **4. Excess of Expenditures over Appropriations**

None.

**Town of Roper, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

At June 30, 2019, the Town's deposits had a carrying amount of \$416,812 and a bank balance of \$425,226. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder of \$175,226 was covered by collateral held under the pooling method. The Town's petty cash totaled \$974 at June 30, 2019.

**2. Receivables - Allowances for Doubtful Accounts**

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

	<u>June 30, 2019</u>
General Fund:	
Accounts Receivable	\$ 610
Water and Sewer Fund:	
Accounts Receivable	2,041
	<u>\$ 2,651</u>

**3. Notes Receivable**

The Town has entered into two notes receivables with citizens in the Town. One note to a citizen was for a land purchase and is due in annual payments of \$4,313. The balance of the note is \$4,313 and the note does not bear interest. The second note is to a local business in the sum of \$5,200. The balance of the note is \$4,079 and the note bears interest at 3% per annum.

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**4. Capital Assets**

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 131,307	\$ 27,000	\$ -	\$ 158,307
Total capital assets not being depreciated	131,307	27,000	-	158,307
Capital assets being depreciated				
Buildings	582,195	-	-	582,195
Improvements	370,728	-	-	370,728
Infrastructure	275,351	-	-	275,351
Equipment	68,692	-	-	68,692
Vehicles	38,914	-	-	38,914
Total capital assets being depreciated	1,335,880	-	-	1,335,880
Less accumulated depreciation for				
Buildings	189,279	14,403	-	203,682
Improvements	36,895	14,830	-	51,725
Infrastructure	253,159	1,941	-	255,100
Equipment	54,376	4,686	-	59,062
Vehicles	27,533	2,639	-	30,172
Accumulated depreciation	561,242	\$ 38,499	\$ -	599,741
Total capital assets, depreciated, net	774,638			736,139
Governmental activity capital assets, net	<u>\$ 905,945</u>			<u>\$ 894,446</u>

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

General government	\$ 19,250
Public safety	-
Transportation	19,249
Economic development	-
Cultural and recreation	-
	<u>\$ 38,499</u>

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<b>Water and Sewer Fund</b>				
Capital assets not being depreciated				
Land	\$ 43,900	\$ -	\$ -	\$ 43,900
Construction in progress	934,606	693,854	934,606	693,854
Total capital assets not being depreciated	978,506	693,854	934,606	737,754
Capital assets being depreciated				
Plant and distribution systems	3,408,550	934,606	-	4,343,156
Equipment	31,496	-	-	31,496
Total capital assets being depreciated	3,440,046	934,606	-	4,374,652
Less accumulated depreciation for				
Plant and distribution systems	1,865,476	106,153	-	1,971,629
Equipment	29,328	579	-	29,907
Accumulated Depreciation	1,894,804	\$ 106,732	\$ -	2,001,536
Capital assets, depreciated, net	1,545,242			2,373,116
Water and Sewer Fund capital assets	<u>\$ 2,523,748</u>			<u>\$ 3,110,870</u>

#### **4. Construction Commitments**

The government has active construction projects as of June 30, 2019. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Water and sewer treatment facilities	\$ 1,624,560	\$ 3,139,996
Total	<u>\$ 1,624,560</u>	<u>\$ 3,139,996</u>

### **B. Liabilities**

#### **1. Pension Plan Obligations**

##### **a. Local Governmental Employees' Retirement System**

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

**Town of Roper, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town 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 Roper's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$6,336 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.

***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 \$29,417 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, the Town's proportion was 0.00124%, which was a decrease of 0.00020% from its proportion measured as of June 30, 2017.

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

For the year ended June 30, 2019, the Town recognized pension expense of \$7,283. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,538	\$ 152
Changes of assumptions	7,806	-
Net difference between projected and actual earnings on pension plan investments	4,038	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	917	3,553
Town contributions subsequent to the measurement date	6,336	-
Total	<u>\$ 23,635</u>	<u>\$ 3,705</u>

\$6,336 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ 6,268
2020	4,073
2021	679
2022	2,575
2023	-
Thereafter	-
Total	<u>\$ 13,595</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	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

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

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

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 70,662	\$ 29,417	\$ (5,048)

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

*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.

**2. Other Employment Benefits**

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

**3. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources at year-end is comprised of contributions to pension plan in current year in the amount of \$6,336 and pension deferrals in the amount of \$17,299.

Deferred inflows of resources at year-end is comprised of property taxes receivable in the amount of \$97,003, pension deferrals in the amount of \$3,705, and prepaid taxes of \$132.

**4. Risk Management**

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

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

The Town carries flood insurance through the North Carolina League of Municipalities with a \$50,000 deductible.

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 included in the coverage under Government Crime. The Town Clerk is bonded for \$50,000.

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**5. Long-Term Obligations**

**a. Note payable**

The Town entered into direct placement borrowing agreement with the State of North Carolina. The total amount owed under the agreement will be \$999,500. The agreement does not bear interest and is paid from the State Reserve Loan Fund under the requirements of NC Connect Bonds. The loan's use is restricted to wastewater treatment plan improvements. Annual principal payments are \$49,975 and are due on May 1 of each year. The agreement does not provide for principal forgiveness. The agreement has a maximum loan term of 20 years and does not require pledged collateral. As of June 30, 2019, the Town owed \$596,146 under this agreement. Future maturities are as follows:

Year	Principal	Interest	Total
2020	\$ 49,975	\$ -	\$ 49,975
2021	49,975	-	49,975
2022	49,975	-	49,975
2023	49,975	-	49,975
2024	49,975	-	49,975
2025-2030	249,875	-	249,875
2031-2035	96,396	-	96,396
Total	\$ 596,146	\$ -	\$ 596,146

**b. Capital Leases**

The Town has entered into an agreement to lease certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

On March 14, 2018, the Town entered into an agreement with Xenith Bank to lease a vehicle and requires 60 monthly payments of \$285. The balance of the lease at June 30, 2019 is \$0. Title passes to the Town at the end of the lease term.

**c. Changes in Long-Term Liabilities**

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019	Current Portion
Governmental Activities:					
Capital lease	\$ 15,053	\$ -	\$ 15,053	\$ -	\$ -
Compensated absences	1,627	-	151	1,476	1,476
Net pension liability (LGERS)	15,888	13,529	-	29,417	-
Total Governmental Activities	\$ 32,568	\$ 13,529	\$ 15,204	\$ 30,893	\$ 1,476
Business-type Activities:					
Direct placement agreement	\$ -	\$ 596,146	\$ -	\$ 596,146	\$ 49,975

**Town of Roper, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**C. Inter-fund Balances and Activity**

**Inter-fund Activity**

The Water and Sewer Fund reports \$54,988 in inter-fund activity on its cash flow statement due to payoff of due to/from other funds that were repaid in the current year. These funds were used to provide cash flow for repayment of prior year trade payables.

**D. Fund Balance**

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

Total Fund Balance - General Fund	\$ 204,718
Less:	
Stabilization by State Statute	12,916
Streets - Powell Bill	18,969
Remaining Fund Balance (Deficit)	\$ 172,833

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Town Clerk will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Town funds, and Town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance. The Town Clerk has the authority to deviate from this policy if it is in the best interest of the Town. The Town has not officially adopted a fund balance policy.

**IV. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

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

**V. Subsequent Events**

The Town has evaluated events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

**VI. Commitments**

The Town entered into a contract for professional services for the year ending June 30, 2019. The contract is for \$250 per week as needed, not to exceed \$13,000. The contract was renewed for the same terms for another year to expire June 30, 2019.

On February 28, 2018, the Town entered into a contract for annual software support through February 27, 2019. The contract is for an annual payment of \$4,958. Future obligations are \$4,958 for the year ended June 30, 2020.

**Town of Roper, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

On August 8, 2018, the Town entered into a contract for cleaning services through August 7, 2019. The contract is for \$200 per month. Future obligations are \$400 for the year ended June 30, 2019.

The Town entered into a contract for cleaning services beginning in July 2018 on an as needed basis. The Town paid \$4,040 under this contract in 2019.

The Town entered into a contract in September 2017 for water testing/treatment services. The contract is for \$475 per month. The Town paid \$5,700 under this contract in 2019.

The Town entered into a contract in April 2016 for rug cleaning for a period of 5 years. The Town paid \$525 in 2019 under this contract.

In July 2018, the Town entered into a contract for wastewater treatment services for \$3,332 per month. The Town paid \$39,984 for these services in 2019.

**VII. Operating Leases for Which the Town is the Lessor**

The Town has entered into a lease agreement for rental of office space from April 1, 2016 through March 31, 2026. The lease requires annual payments of \$49,462. Future rent payments are \$49,462 in 2020 through 2025 and \$37,097 in 2026.

The Town also entered into a lease agreement for rental of facility space from August 15, 2018 through August 15, 2019. The lease requires payments of \$4,000 per year. Future rent payments are \$8,000 in 2020.

## Required Supplementary Financial Data

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

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

Schedule of Contributions to Local Government Employees' Retirement System

**Town of Roper**  
**Town of Roper's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Six Fiscal Years \***

**Local Government Employees' Retirement System**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Roper's proportion of the net pension liability (asset) (%)	0.00124%	0.00104%	0.00150%	0.00221%	0.00243%	0.00210%
Roper's proportion of the net pension liability (asset) (\$)	\$ 29,417	\$ 15,888	\$ 31,835	\$ 9,918	\$(14,331)	\$ 25,313
Roper's covered-employee payroll	74,068	85,738	97,144	120,291	124,023	156,192
Roper's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.72%	18.53%	32.77%	8.25%	(11.56%)	16.21%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Roper**  
**Town of Roper's Contributions**  
**Required Supplementary Information**  
**Last Six Fiscal Years**

**Local Government Employees' Retirement System**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 6,336	\$ 5,433	\$ 6,213	\$ 6,630	\$ 8,610	\$ 9,469
Contributions in relation to the contractually required contribution	6,336	5,433	6,213	6,630	8,610	9,469
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Roper's covered-employee payroll	\$ 81,749	\$ 74,068	\$ 85,738	\$ 97,144	\$ 120,291	\$ 124,023
Contributions as a percentage of covered-employee payroll	7.75%	7.34%	7.25%	6.82%	7.16%	7.63%

**Town of Roper**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 157,605	\$
Penalties and interest		13,779	
Total	<u>204,500</u>	<u>171,384</u>	<u>(33,116)</u>
Permits and fees:			
Business registration fee		-	
Total	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted intergovernmental:			
Local option sales taxes		63,341	
Gas tax refund		34,553	
Sales tax refunds		5,452	
Beer and wine tax		2,473	
Total	<u>143,062</u>	<u>105,819</u>	<u>(37,243)</u>
Restricted intergovernmental:			
Powell Bill allocation		19,396	
Total	<u>20,000</u>	<u>19,396</u>	<u>(604)</u>
Sales and services:			
Garbage pickup fees		64,479	
Total	<u>55,000</u>	<u>64,479</u>	<u>9,479</u>
Other revenues			
Roper Christmas		53	
Peanut Festival		3,152	
Miscellaneous		70,749	
Total	<u>39,900</u>	<u>73,954</u>	<u>34,054</u>
Investment earnings	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>462,462</u>	<u>435,032</u>	<u>(27,430)</u>

**Town of Roper  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP)  
For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government			
Governing Body			
Mayor and councilmen		14,300	
Meeting expense		751	
Total	20,025	15,051	4,974
Administration			
Salaries and employee benefits		42,810	
Operating expenses		84,173	
Festivals		2,895	
Total	202,854	129,878	72,976
Total general government	222,879	144,929	77,950
Economic and Physical Development			
Gateway building		6,824	
Total	6,824	6,824	-
Total economic and physical development	6,824	6,824	-
Public Safety			
Police			
Salaries and employee benefits		-	
Operating expenses		70	
Total	70	70	-
Total public safety	70	70	-
Transportation			
Streets and Highways:			
Salaries and employee benefits		61,534	
Street lights		14,282	
Operating expenses		34,128	
Paving and materials		927	
Total	139,025	110,871	28,154
Total transportation	139,025	110,871	28,154

**Town of Roper  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP)  
For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
Environmental Protection			
Sanitation			
Contract services		59,400	
Total	69,450	59,400	10,050
Total environmental protection	69,450	59,400	10,050
Cultural and Recreation			
Operating expenses		2,505	
Total	8,000	2,505	5,495
Debt Service			
Principal		15,053	
Interest and other charges		1,161	
Total	16,214	16,214	-
Capital Outlay			
Capital Outlay		-	
Total	-	-	-
Total expenditures	462,462	340,813	121,649
Revenues over (under) expenditures	-	94,219	94,219
Other financing sources (uses):			
Appropriated Fund Balance	-	-	-
Unappropriated Fund Balance	-	-	-
Capital Lease Proceeds	-	-	-
Total	-	-	-
Revenues and other financing sources over expenditures and other financing uses	\$ -	94,219	\$ 94,219
Fund balances, beginning		110,499	
Fund balances, ending		\$ 204,718	

**Town of Roper**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water charges	\$	\$ 108,055	\$
Sewer charges		102,931	
Total operating revenues	197,750	210,986	13,236
Other operating revenues	-	88	88
Total revenues	197,750	211,074	13,324
<b>Expenditures:</b>			
Water and Sewer administration:			
Professional fees		1,935	
Postage and telephone		3,835	
Total administration	5,928	5,770	158
Water and Sewer treatment and distribution:			
Contract labor		45,684	
Electricity		18,695	
Analysis		11,205	
Supplies and repairs		40,991	
Other operating expenses		75,581	
Total treatment and distribution	191,822	192,156	(334)
Total expenditures	197,750	197,926	(176)
Revenues over (under) expenditures	-	13,148	13,148
Other financing sources (uses):			
Appropriated Fund Balance	19,990	-	(19,990)
Transfers to Other Funds	(19,990)	-	19,990
Total other financing sources (uses)	-	-	-
Revenues over expenditures and other uses	\$ -	\$ 13,148	\$ 13,148
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other sources over expenditures and other uses		\$ 13,148	
Reconciling items:			
Capital contributions		97,808	
Depreciation		(106,732)	
Total reconciling items		(8,924)	
Net income		\$ 4,224	

**Town of Roper**  
**CDBG 13-I-2624 Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2019**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Grant Income					
CDBG	<u>\$ 1,048,496</u>	<u>\$ 865,208</u>	<u>\$ 91,520</u>	<u>\$ 956,728</u>	<u>\$ (91,768)</u>
Expenditures:					
Administration	156,460	74,820	81,640	156,460	-
Construction	<u>892,036</u>	<u>790,388</u>	<u>9,880</u>	<u>800,268</u>	<u>91,768</u>
Total expenditures	<u>1,048,496</u>	<u>865,208</u>	<u>91,520</u>	<u>956,728</u>	<u>91,768</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Roper**  
**CDBG 16-I-2723 Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Grants					
CDBG	<u>\$ 1,092,000</u>	<u>\$ 69,398</u>	<u>\$ 6,288</u>	<u>\$ 75,686</u>	<u>\$(1,016,314)</u>
Expenditures:					
Administration	109,200	35,698	3,027	38,725	70,475
Construction	<u>982,800</u>	<u>33,700</u>	<u>3,261</u>	<u>36,961</u>	<u>945,839</u>
Total expenditures	<u>1,092,000</u>	<u>69,398</u>	<u>6,288</u>	<u>75,686</u>	<u>1,016,314</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Roper**  
**State Reserve Loan Program**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Administration	47,490	-	114,401	114,401	(66,911)
Engineering	130,000	-	-	-	130,000
Construction	822,010	-	481,745	481,745	340,265
Total expenditures	999,500	-	596,146	596,146	403,354
Other financing sources					
State reserve loan proceeds	999,500		596,146	596,146	403,354
Revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

## **OTHER SCHEDULES**

**Town of Roper  
General Fund  
Schedule of Ad Valorem Taxes Receivable  
For the Fiscal Year Ended June 30, 2019**

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections And Credits	Abatements And Adjustments	Uncollected Balance June 30, 2019
2019	\$ -	\$ 155,445	\$ 122,720	\$ -	\$ 32,725
2018	25,262	-	8,582	-	16,680
2017	18,769	-	8,069	-	10,700
2016	14,180	-	5,283	-	8,897
2015	10,079	-	4,557	-	5,522
2014	6,835	-	2,620	-	4,215
2013	5,053	-	514	-	4,539
2012	3,925	-	1,327	-	2,598
2011	5,914	-	2,265	-	3,649
2010	5,135	-	977	-	4,158
2009	2,462	-	404	-	2,058
2008	1,270	-	8	-	1,262
	<u>\$ 98,884</u>	<u>\$ 155,445</u>	<u>\$ 157,326</u>	<u>\$ -</u>	<u>\$ 97,003</u>

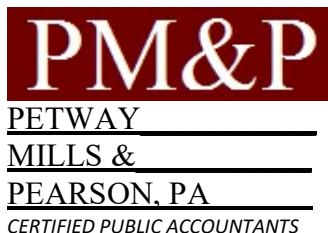
Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 171,384
Reconciling items:	
Interest collected	(13,779)
Taxes written off	(279)
Total collections and credits	<u>\$ 157,326</u>

**Town of Roper**  
**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
Original levy:					
Property taxed at					
Current Year Rate	\$ 17,006,585	0.82	\$ 139,454	\$ 139,454	\$ -
Less elderly exemption	-	0.82	-	-	-
Registered motor vehicles	1,954,757	0.82	16,029	-	16,029
Releases	-	0.82	(38)	(38)	-
Total Property Valuation	<u>\$ 18,961,342</u>		<u>\$ 155,445</u>	<u>\$ 139,416</u>	<u>\$ 16,029</u>
Net levy			\$ 155,445	\$ 139,416	\$ 16,029
Uncollected taxes at June 30, 2019			<u>(32,725)</u>	<u>(30,561)</u>	<u>(2,164)</u>
Current year's taxes collected			<u>\$ 122,720</u>	<u>\$ 108,855</u>	<u>\$ 13,865</u>
Current levy collection percentage			<u>78.95%</u>	<u>78.08%</u>	<u>86.50%</u>

## **COMPLIANCE SECTION**



C. Briggs Petway, Jr.  
Phyllis M. Pearson

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## Independent Auditors' 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 Town Council  
Town of Roper, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activities and each major fund of Town of Roper, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Roper's basic financial statements, and have issued our report thereon January 30, 2020.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the schedule of findings and questioned costs that we consider to be a significant deficiency. Finding 2019-001.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Roper's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and

which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

#### The Town's Response to Finding

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

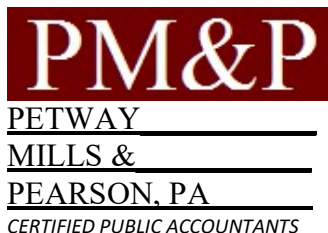
#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

January 30, 2020



C. Briggs Petway, Jr.  
Phyllis M. Pearson

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## Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act

To the Honorable Mayor  
And Members of the Town Council  
Town of Roper, North Carolina

### Report on Compliance for Each Major State Program

We have audited Town of Roper's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on Town of Roper's major State program as of and for the year ended June 30, 2019. Town of Roper's major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Town of Roper's major State program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in and applicable sections of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Town of Roper's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State program. However, our audit does not provide a legal determination of Town of Roper's compliance.

### Opinion on Each Major State Program

In our opinion, Town of Roper complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program as of and for the year ended June 30, 2019.

### Report on Internal Control Over Compliance

Management of Town of Roper is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Roper's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures

that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

January 30, 2020

**Town of Roper**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION I. – SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes        x   no

Significant deficiency (ies) identified  
that are not considered to be  
material weaknesses?        x   yes      \_\_\_\_\_ none reported

Noncompliance material to financial  
statements noted      \_\_\_\_\_ yes        x   no

State Awards

Internal control over major State Programs:

Material weakness identified ?      \_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses      \_\_\_\_\_ yes        X   none reported

Noncompliance material to State awards      \_\_\_\_\_ yes        x   no

Type of auditor's report issued on  
compliance for major State programs: Unmodified

Any audit findings disclosed that are  
required to be reported in accordance  
with Uniform Guidance      \_\_\_\_\_ yes        x   no

Identification of major State Programs      State Reserve Loan Program

**Town of Roper**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION I - FINANCIAL STATEMENT FINDINGS**

Finding 2019-001

Significant Deficiency

Criteria	The Town is required to comply with its contractual obligations to submit audit reports in 2018 and 2019 and federal data collection form for 2018 timely.
Condition	The Town failed to comply with contractual obligations.
Effect	The Town has two statutory violations.
Cause	The Town's audit was delayed due to difficulties balancing funds which was created by the posting of prior year audit adjustments. The federal data collection form was not filed timely due to unfamiliarity with federal filing requirements.

Recommendation We recommend the Town comply with its contractual obligations.

Views/Planned Corrective Action	The Town has hired an outside consultant to provide guidance on accounting matters.
------------------------------------	---

**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

# Town Of Roper

ROPER, NORTH CAROLINA 27970



## MAYOR:

Marquitta "Denise" Blount

## COUNCIL MEMBERS:

Rona Norman  
Daniel Reynolds  
Charles Sharpe  
Raemona Jackson

## CLERK:

Stacy Chesson

## SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2019-001

Significant Deficiency

Contact Person:

Mayor Denise  
Blount

Corrective Action:

The Town has hired an outside consultant to provide guidance on accounting matters.

Effective Date:

Immediately.

## SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

None required.

**Town of Roper  
Summary Schedule of Prior Year's Audit Findings  
For the Year Ended June 30, 2019**

**SECTION II. – FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESS**

2018-001      Expenditures in excess of budgets

This finding has been resolved. In the current year, the Town appropriately amended budgets.

**MATERIAL WEAKNESS**

2018-002      Debt Service Funds

This finding has been resolved. In the current year, the Town budgeted for debt service payments.

**Town of Roper**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2019**

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE			
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through NC Department of Environmental Quality			
Division of Water Infrastructure			
Community Development Block Grant Program	14.228	1312624	\$ 91,520
Community Development Block Grant Program	14.228	1612723	6,288
TOTAL FEDERAL AWARDS			<u>97,808</u>
NC STATE GRANTS:			
CASH ASSISTANCE			
<u>N.C. Department of Environmental Quality</u>			
State Reserve Loan Program	NA	E-SRP-W-17-0061	596,146
<u>NC Department of Transportation</u>			
Powell Bill		DOT-4	<u>927</u>
Total NC Department of Transportation			<u>927</u>
TOTAL STATE AWARDS			<u>597,073</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 694,881</u>

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

Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of the Town of Roper under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements in Title 2, US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Roper, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Roper.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule of Expenditures of Federal and State Awards are reported on the accrual basis

Indirect costs

The Town of Roper has elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

Loans Outstanding

State of North Carolina	
State Reserve Loan Program	<u>\$ 596,146</u>