

**Town of Roseboro,
North Carolina**

Audited Financial Statements

For the Fiscal Year Ended June 30, 2019

Town Officials

Town of Roseboro, North Carolina

Alice Butler, Mayor
Annette Jackson, Finance Officer

Commissioners

For the Fiscal Year Ended June 30, 2019

Richard Barefoot

Ray Clark Fisher

Cary Holland

Cyndi Templin

Town of Roseboro, North Carolina
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June 30, 2019

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FINANCIAL SECTION

For the Fiscal Year Ended June 30, 2019

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Independent Auditor's Report

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

Report on the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, based on my 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Roseboro, North Carolina as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Revolving Loan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedule of the Proportionate Share of Net Pension Asset and Contributions, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Roseboro's basic financial statements. The introductory information, combining and individual fund statements, budgetary schedules, and other schedules, are presented for purposed of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2019 on my consideration of Town of Roseboro's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of 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 Town of Roseboro's internal control over financial reporting and compliance.

Andrew Harris, CPA PLLC

*Farmville, North Carolina
October 31, 2019*

Town of Roseboro, North Carolina
Management's Discussion and Analysis

As management of the Town of Roseboro, we offer readers of the Town of Roseboro's financial statements this narrative overview and analysis of the financial activities of the Town of Roseboro 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

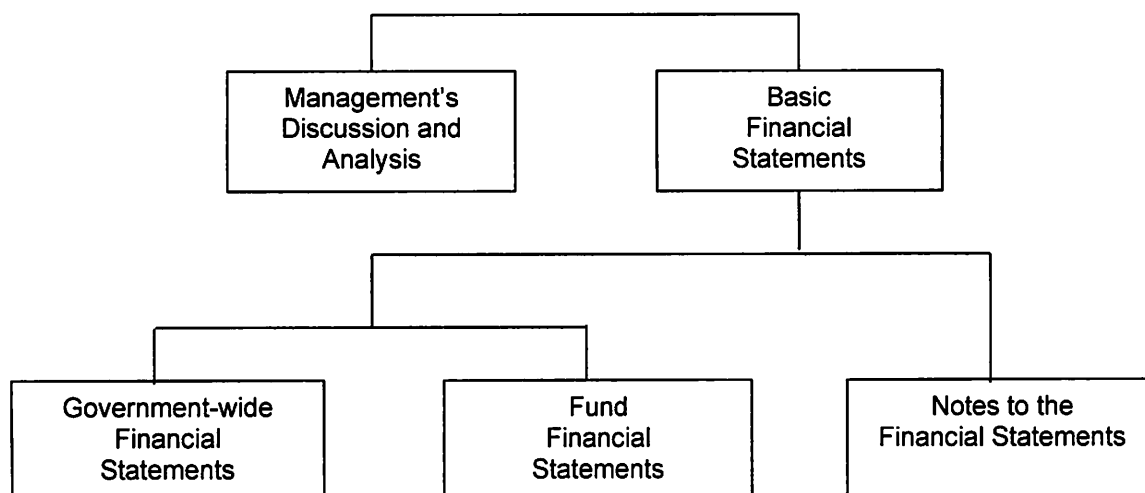
- The assets and deferred outflows of resources of the Town of Roseboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,275,178.
- The government's total net position increased by \$244,436, primarily due to a increase in the governmental activities net assets.
- As of the close of the current fiscal year, the Town of Roseboro's governmental funds reported combined ending fund balances of \$2,030,612 an increase of \$263,216 in comparison with the prior year. Approximately 75.04 percent of this total amount, or \$1,523,693 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,523,693 or 118.64 percent of total general fund expenditures for the fiscal year.
- The Town of Roseboro's total debt decreased by \$85,459 (10.77%) during the current fiscal year due to the retirement of long-term debt.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Summary → Detail

Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the 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 assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, park maintenance, street maintenance, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Roseboro. The final category is the component unit. Although legally separate from the Town, the Roseboro ABC Board is important to the Town because the Town exercises control over the Board by appointing its members, and because the Board is required to distribute its profits to the Town.

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

Fund Financial Statements

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

Town of Roseboro, North Carolina
Management's Discussion and Analysis

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 Roseboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

Government-Wide Financial Analysis

The Town of Roseboro's Net Assets
Figure 1

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$2,297,411	\$ 1,872,805	\$371,752	\$ 359,351	\$ 2,669,163	\$ 2,407,084
Capital assets	541,676	600,386	2,815,889	2,920,605	3,357,565	3,520,991
Deferred outflows of Resources	43,790	30,463	26,386	18,309	70,176	48,772
Total assets	2,882,877	2,678,582	3,214,027	3,298,265	6,096,904	5,976,847
Long-term liabilities						
outstanding	129,312	142,929	578,441	650,601	708,071	796,530
Other liabilities	17,819	10,813	81,428	79,270	99,247	90,083
Deferred inflows of resources	13,369	13,609	1,357	2,387	14,726	15,996
Total liabilities	173,272	167,351	668,730	732,258	822,044	899,609
Net Assets:						
Invested investment in capital assets	461,366	488,479	2,266,973	2,289,044	2,728,339	2,777,523
Restricted	506,919	423,657	-	-	506,919	423,657
Unrestricted	1,754,092	1,599,096	285,828	276,963	2,039,920	1,876,059
Total net position	\$2,722,377	\$2,511,232	\$ 2,552,801	\$ 2,566,007	\$ 5,275,178	\$ 5,077,239

Town of Roseboro, North Carolina
Management's Discussion and Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Roseboro exceeded liabilities and deferred inflows of resources by \$5,275,178 as of June 30, 2019. The Town's net position increased by \$252,363 for the fiscal year ended June 30, 2019. However, the largest portion \$2,728,339 (51.72%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Roseboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Roseboro'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 Roseboro's net position of \$506,919 (9.61%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,039,920 (38.67%) is unrestricted.

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

- Collection of property taxes decreased by 0.45% resulting in a total tax collection percentage of 94.84%, which is below the statewide average of 96%. The Town is responsible for billing and collecting property taxes excluding motor vehicle taxes. The Town's collection percentage for property taxes excluding motor vehicles is 94.52%, which is below the statewide average of 96%.
- The revenues generated by the governmental activities exceeded operating costs and depreciation expense on the related assets which resulted in an increase in net position of governmental activities of \$249,137. The General Fund incurred a modified accrual revenues over expenditures of \$224,916.
- The revenues generated by the business-type activities were not sufficient to cover the operating costs and depreciation expense on the related assets. There was a decrease in net position of business-type activities of \$4,701. Total expenditures exceeded total revenues of the Water and Sewer Fund on the modified accrual basis by \$2,959. Reconciling items to derive the full accrual basis change in net position decreased \$22,422 of which depreciation expense totaled \$174,783.

Town of Roseboro, North Carolina
Management's Discussion and Analysis

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 107,149	\$ 189,284	\$ 591,847	\$ 554,281	\$ 698,996	\$ 743,565
Operating grants and contributions	239,363	212,257	63,561	-	302,924	212,257
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	688,867	655,474	-	-	688,867	655,474
Other taxes	7,641	7,921	-	-	7,641	7,921
Grants and contributions not restricted to specific programs	423,885	406,637	-	-	423,885	406,637
Other	50,675	46,143	3,539	45	54,214	46,188
Total revenues	1,517,580	1,517,716	658,947	554,326	2,176,527	2,072,042
Expenses:						
General government	298,491	319,098	-	-	298,491	319,098
Public safety	465,544	490,471	-	-	465,544	490,471
Transportation	132,717	150,578	-	-	132,717	150,578
Environmental protection	336,206	301,838	-	-	336,206	301,838
Economic development	71	-	-	-	71	-
Culture and recreation	33,330	18,548	-	-	33,330	18,548
Interest on long-term debt	2,084	2,742	-	-	2,084	2,742
Water and sewer	-	-	663,648	633,795	663,648	633,795
Total expenses	1,268,443	1,283,275	663,648	633,795	1,932,091	1,917,070
Change in net assets before transfers	249,137	234,441	(4,701)	(79,469)	244,436	154,972
Transfers	-	(169,999)	-	169,999	-	-
Change in net position	249,137	64,442	(4,701)	90,530	244,436	154,972
Net position, July 1 as previously reported	2,511,232	2,418,121	2,566,007	2,485,678	5,077,239	4,903,799
Restatement	(37,992)	28,669	(8,505)	(10,200)	(46,497)	18,469
Total net position, beginning restated	2,473,240	2,446,790	2,557,502	2,475,478	5,030,742	4,922,268
Net position, June 30	\$ 2,722,377	\$ 2,511,232	\$ 2,552,801	\$ 2,566,008	\$ 5,275,178	\$ 5,077,240

Town of Roseboro Changes in Net Assets
Figure 2

Governmental activities. Governmental activities increased the Town's net position by \$249,137. Key elements of this increase are as follows:

- The increase in the combined fund balance of all governmental funds of \$263,216 resulting from an increase in the General Fund of \$224,916.
- Capital expenditures on governmental depreciable assets exceeded depreciation expense of governmental assets by \$12,311.
- Revolving loans principal payments received in the amount of \$38,371.
- Property tax receivable increased by \$10,445 resulting primarily from an increase in the allowance for uncollectible property taxes.

Town of Roseboro, North Carolina
Management's Discussion and Analysis

- Repayment of principal on long-term debt totaled \$30,937.
- Increase in pension expense \$5,443.
- The change on accrued interest payable on debt totaled \$618.

Business-type activities: Business-type activities decreased the Town of Roseboro's net position by \$4,701. Key elements of this decrease are as follows:

- Operating expenses exceeded revenues by \$20,409.
- Depreciation expense totaled \$174,783.
- Interest and other charges totaled \$17,275.
- Expenditures of the proprietary funds exceeded expenditures of the modified accrual basis by \$2,959. However, the operating revenues is not sufficient to cover the depreciation expense related to proprietary assets of \$174,783.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Roseboro's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Roseboro'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 Roseboro. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,523,693, while total fund balance reached \$1,726,980. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 118.64 percent of total General Fund expenditures. Total fund balance represents 134.47 percent of total General Fund expenditures.

At June 30, 2019, the governmental funds of Town of Roseboro reported a combined fund balance of \$2,030,611, a 14.89 percent increase in comparison to last year. Included in this change in fund balance is an increase in fund balance in the General Fund and increase in Revolving Loan Fund of \$224,916 and \$38,300, respectively.

General Fund Budgetary Highlights: During the fiscal year, the Town did revise the budget. 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 and the Depot Rental Property Fund at the end of the fiscal year was \$270,375 and \$15,453, respectively. The total decrease in net position was \$4,701.

Capital Asset and Debt Administration

Capital assets. The Town of Roseboro's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$3,357,570 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles. There were vehicles significant asset dispositions during the year.

Town of Roseboro, North Carolina
Management's Discussion and Analysis

Major capital asset transactions during the year include the following additions:

- Capitalized cost of equipment totaled \$86,745.
- Capitalized cost of vehicles totaled \$20,000.
- Capitalized cost of buildings and plant and distribution systems totaled \$82,960

Town of Roseboro's Capital Assets

Figure 3

(net of depreciation)

	Governmental Activities		Governmental Activities		Business-type Activities		Business-type Activities		Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Land	\$ 45,057	\$ 45,057	\$ 51,151	\$ 51,151	\$ 96,208	\$ 96,208				
Construction in progress	-	-	-	-	-	-	-	-	-	-
Buildings and systems	102,682	93,893	2,667,077	2,647,109	2,769,759	2,741,002				
Improvements other than buildings	36,623	40,087	-	-	36,623	40,087				
Machinery and equipment	112,749	51,564	97,663	111,197	210,412	162,761				
Infrastructure	101,800	105,396	-	-	101,800	105,396				
Vehicles and motorized equipment	142,768	193,371	-	-	142,768	193,371				
Total	\$ 541,679	\$ 529,368	\$ 2,815,891	\$ 2,809,457	\$ 3,357,570	\$ 3,338,825				

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

Long-term Debt. As of June 30, 2019, the Town's debt represents installment notes for the purchase of a vehicle and equipment and a construction loan in the water and sewer fund.

Town of Roseboro's Outstanding Debt
General Obligation and Notes Payable

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bond	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment debt	80,312	111,249	548,916	631,561	629,228	742,810
Net pension liability	49,318	31,680	29,525	19,040	78,843	50,720
Total	\$ 129,630	\$ 142,929	\$ 578,441	\$ 650,601	\$ 708,071	\$ 793,530

The Town of Roseboro's total debt decreased by \$85,459 (10.77%) during the current fiscal year due to the retirement of long-term debt.

Town of Roseboro, North Carolina
Management's Discussion and Analysis

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Roseboro is \$7,490,724.

Additional information regarding the Town of Roseboro's long-term debt can be found in note II. B. 5 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Roseboro is a municipality of Sampson County. Sampson County at June 30, 2019 has experienced an unemployment rate of 4.3%, which is slightly above the state average of 3.4%.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Roseboro set the tax rate at \$0.66 per \$100 assessed valuation for Fiscal Year 2020.

Business-type Activities: Water and Sewer rates remained the same at the adoption of the Fiscal Year 2020 Budget.

Requests for Information

This report is designed to provide an overview of the Town of Roseboro'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 / Finance Officer, Annette Jackson at P.O. Box 848, Roseboro, NC 28382, or by e-mail at roseborotcfo@roseboronc.com.

BASIC FINANCIAL STATEMENTS

Town of Roseboro, North Carolina

Statement of Net Position

June 30, 2019

	Primary Government			
	Governmental		Business-type	
	Activities	Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,581,648	\$ 247,703	\$ 1,829,351	\$ 170,003
Taxes receivable (net)	62,302	-	62,302	-
Accounts receivable (net)	13,198	75,878	89,076	-
Due from other governments	113,551	11,495	125,046	-
Internal balances	35,601	(35,601)	-	-
Notes receivable - current	32,475	-	32,475	-
Inventory	-	-	-	103,836
Prepaid items	-	-	-	916
Total current assets	1,838,775	299,475	2,138,250	274,755
Restricted assets:				
Cash and cash equivalents	315,518	72,277	387,795	-
Noncurrent assets:				
Notes receivable - noncurrent	143,116	-	143,116	-
Capital assets (Note 1):				
Land, non-depreciable improvements, and construction in progress	45,057	51,151	96,208	15,368
Other capital assets, net of depreciation	496,621	2,764,738	3,261,359	32,686
Total capital assets	541,678	2,815,889	3,357,567	48,054
Total assets	\$ 2,839,087	\$ 3,187,641	\$ 6,026,728	\$ 322,809
Deferred Outflows of Resources				
Contributions to pension plan in current fiscal year	\$ 12,428	\$ 7,489	\$ 19,917	\$ -
Pension deferrals	31,362	18,897	50,259	-
Total deferred inflows of resources	43,790	26,386	70,176	-
Liabilities				
Current liabilities:				
Accounts payable	\$ 17,288	\$ 7,882	\$ 25,170	\$ 23,682
Unearned revenue	-	1,271	1,271	-
Accrued interest payable	11	-	11	-
Customer deposits	520	72,275	72,795	-
Long-term liabilities:				
Net pension liability	49,000	29,525	78,525	-
Due within one year	31,608	85,050	116,658	-
Due in more than one year	48,704	463,866	512,570	-
Total liabilities	147,131	659,869	807,000	23,682
Deferred Inflows of Resources				
Prepaid taxes	11,118	-	11,118	-
Pension deferrals	2,251	1,357	3,608	-
Total deferred inflows of resources	13,369	1,357	14,726	-
Net Position				
Net investment in capital assets	461,366	2,266,973	2,728,339	48,054
Restricted for:				
Stabilization by State statute	161,564	-	161,564	-
Public safety	29,838	-	29,838	-
Economic development	303,632	-	303,632	-
Culture and recreation	11,885	-	11,885	-
Working capital	-	-	-	35,914
Unrestricted	1,754,092	285,828	2,039,920	215,159
Total net position	\$ 2,722,377	\$ 2,552,801	\$ 5,275,178	\$ 299,127

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

Town of Roseboro, North Carolina
Statement of Activities
For the Fiscal 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	Primary Government			Town of Roseboro ABC Board
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 298,491	\$ 1,832	\$ -	\$ -	\$ (296,659)	\$ -	\$ (296,659)	\$ -
Public safety	465,544	7,750	198,477	-	(259,317)	-	(259,317)	-
Transportation	132,717	-	40,886	-	(91,831)	-	(91,831)	-
Economic and physical development	71	6,052	-	-	5,981	-	5,981	-
Environmental protection	336,206	86,715	-	-	(249,491)	-	(249,491)	-
Cultural and recreation	33,330	4,800	-	-	(28,530)	-	(28,530)	-
Interest on long-term debt	2,084	-	-	-	(2,084)	-	(2,084)	-
Total governmental activities	1,268,443	107,149	239,363	-	(921,931)	-	(921,931)	-
Business-type activities:								
Water and sewer	663,106	584,047	63,561	-	-	(15,498)	(15,498)	-
Depot rental property	542	7,800	-	-	-	7,258	7,258	-
Total business-type activities	663,648	591,847	63,561	-	-	(8,240)	(8,240)	-
Total primary government	\$ 1,932,091	\$ 698,996	\$ 302,924	\$ -	(921,931)	(8,240)	(930,171)	-
Component unit:								
ABC Board	\$ 885,355	\$ 933,757	\$ -	\$ -	-	-	-	48,402
Total component unit	\$ 885,355	\$ 933,757	\$ -	\$ -	-	-	-	48,402
General revenues:								
Taxes:								
Property taxes, levied for general purpose					688,867	-	688,867	-
Other taxes					7,641	-	7,641	-
Grants and contributions not restricted to specific programs					423,885	-	423,885	-
Unrestricted investment earnings					18,071	3,539	21,610	-
Restricted investment earnings					14	-	14	-
Miscellaneous					32,590	-	32,590	-
Total general revenues					1,171,068	3,539	1,174,607	-
Change in net position					249,137	(4,701)	244,436	48,402
Net position, beginning, previously reported					2,511,232	2,566,007	5,077,239	250,725
Prior period adjustment					(37,992)	(8,505)	(46,497)	-
Net position, beginning, restated					2,473,240	2,557,502	5,030,742	250,725
Net position, ending					\$ 2,722,377	\$ 2,552,801	\$ 5,275,178	\$ 299,127

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

Town of Roseboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

	Major Fund General	Major Fund Revolving Loan Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,581,648	\$ -	\$ -	\$ 1,581,648
Receivables, net:				
Taxes	62,302	-	-	62,302
Accounts	12,420	765	13	13,198
Due from other governments	113,553	-	-	113,553
Due from (to) other funds	35,601	66,337	-	101,938
Due from component unit	-	-	-	-
Notes receivable - noncurrent	-	-	-	-
Total current assets	1,805,524	67,102	13	1,872,639
Restricted assets:				
Cash and cash equivalents	78,981	236,537	-	315,518
Total assets	\$ 1,884,505	\$ 303,639	\$ 13	\$ 2,188,157
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 17,248	\$ 20	\$ -	\$ 17,268
Refundable deposits	520	-	-	520
Due to other funds	66,337	-	-	66,337
Total liabilities	84,105	20	-	84,125
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	62,302	-	-	62,302
Prepaid taxes	11,118	-	-	11,118
Total deferred inflows of resources	73,420	-	-	73,420
FUND BALANCES				
Restricted				
Fire protection	29,838	-	-	29,838
Stabilization by State statute	161,564	-	-	161,564
Special Revenue funds	-	303,619	13	303,632
Culture and recreation	11,885	-	-	11,885
Unassigned	1,523,693	-	-	1,523,693
Total fund balances	1,726,980	303,619	13	2,030,612
Total liabilities and fund balances	\$ 1,884,505	\$ 303,639	\$ 13	

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. 541,678

Contributions to the pension plan in the current fiscal year are deferred outflows
of resources on the Statement of Net Position 12,428

Other long-term assets (accrued interest receivable from taxes and revolving loan
notes receivable) are not available to pay for current-period expenditures and
therefore are deferred in the funds. 175,591

Liabilities for earned but deferred inflows of resources in fund statements. 62,302

Some liabilities, including bonds payable and accrued interest, are not due and
payable in the current period and therefore are not reported in the funds. (80,345)

Net pension liability (49,000)

Pension related deferrals 29,111

Net position of governmental activities \$ 2,722,377

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

Town of Roseboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Major Fund General	Major Fund Revolving Loan Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 674,214	\$ -	\$ -	\$ 674,214
Other taxes and licenses	7,641	-	-	7,641
Unrestricted intergovernmental	444,227	-	-	444,227
Restricted intergovernmental	222,611	-	-	222,611
Permits and fees	2,180	-	-	2,180
Sales and services	93,615	-	156	93,771
Investment earnings	18,085	-	-	18,085
Miscellaneous	31,643	38,371	-	70,014
Total revenues	1,494,216	38,371	156	1,532,743
EXPENDITURES				
Current:				
General government	259,787	-	-	259,787
Public safety	391,580	-	-	391,580
Transportation	132,783	-	-	132,783
Economic and physical development	-	71	-	71
Environmental protection	309,170	-	-	309,170
Culture and recreation	10,567	-	-	10,567
Debt service:				
Principal	30,936	-	-	30,936
Interest and other charges	2,089	-	-	2,089
Capital outlay	147,342	-	-	147,342
Total expenditures	1,284,254	71	-	1,284,325
Excess (deficiency) of revenues over expenditures	209,962	38,300	156	248,418
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	-	(156)	(156)
Transfers from other funds	156	-	-	156
Refunds and recoveries	4,539	-	-	4,539
Insurance recovery	10,259	-	-	10,259
Total other financing sources (uses)	14,954	-	(156)	14,798
Net change in fund balance	224,916	38,300	-	263,216
Fund balances, beginning	1,502,063	265,319	13	1,767,395
Fund balances, ending	\$ 1,726,979	\$ 303,619	\$ 13	\$ 2,030,611

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

Town of Roseboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal 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	\$ 263,216
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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 depreciation exceeded capital outlays in the current period.

Capital outlay expenditures which were capitalized	\$ 111,132	
Depreciation expense for governmental assets	(98,822)	12,310

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	12,428
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The issuance of revolving loans to local business owners consumes current financial resources of governmental funds, while the repayment of the principal balance of the loans provides current financial resources of governmental funds. Neither transaction has any effect on net assets. This is the amount by which new loans issued exceeded principal payments received.

Revolving loans issued	-	
Principal payment received	<u>(32,475)</u>	(32,475)

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

Change in property tax receivable for tax revenues	10,445
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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 assets. 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.	(30,937)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense	14,146
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Change in accrued interest payable on debt	4
Total changes in net position of governmental activities	<u><u>\$ 249,137</u></u>

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

Town of Roseboro, North Carolina
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	General Fund				Revolving Loan Fund			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:								
Ad valorem taxes	\$ 592,503	\$ 592,503	\$ 674,214	\$ 81,711	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	6,250	6,250	7,641	1,391	-	-	-	-
Unrestricted intergovernmental	384,800	391,800	444,227	52,427	-	-	-	-
Restricted intergovernmental	194,955	215,305	222,611	7,306	-	-	-	-
Permits and fees	5,300	5,300	2,180	(3,120)	-	-	-	-
Sales and services	89,400	89,400	93,615	4,215	-	-	-	-
Investment earnings	650	650	18,085	17,435	-	-	-	-
Miscellaneous	12,000	12,000	31,643	19,643	17,930	23,462	38,371	14,909
Total revenues	1,285,858	1,313,208	1,494,216	181,008	17,930	23,462	38,371	14,909
Expenditures:								
Current:								
General government	326,223	289,374	259,787	29,587	-	-	-	-
Public safety	387,384	399,299	391,580	7,719	-	-	-	-
Transportation	141,250	137,750	132,783	4,967	-	-	-	-
Economic development	-	-	-	-	17,930	23,462	71	-
Environmental protection	320,780	319,393	309,170	10,223	-	-	-	-
Culture and recreational	14,550	10,700	10,567	133	-	-	-	-
Debt service:								
Principal retirement	33,030	33,028	30,936	2,092	-	-	-	-
Interest and other charges	-	-	2,089	(2,089)	-	-	-	-
Capital outlay	86,987	148,010	147,342	668	-	-	-	-
Total expenditures	1,310,204	1,337,554	1,284,254	53,300	17,930	23,462	71	-
Revenues over (under) expenditures	(24,346)	(24,346)	209,962	234,308	-	-	38,300	14,909
Other financing sources (uses):								
Transfers from other funds	223	223	156	(67)	-	-	-	-
Refunds and recoveries	1,200	1,200	4,539	3,339	-	-	-	-
Sale of capital assets	-	-	10,259	10,259	-	-	-	-
Total other financing sources (uses)	1,423	1,423	14,954	13,531	-	-	-	-
Fund balance appropriated	22,923	22,923	-	(22,923)	-	-	-	-
Net change in fund balance	\$ -	\$ -	224,916	\$ 247,839	\$ -	\$ -	38,300	\$ 14,909
Fund balances, beginning			1,502,063				265,319	
Fund balance, ending			\$ 1,726,979				\$ 303,619	

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

Town of Roseboro, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund	Depot Rental Property Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 232,252	\$ 15,451	\$ 247,703
Accounts receivable (net)	75,878	-	75,878
Sales tax refund receivable	11,495	-	11,495
Restricted cash and cash equivalents	71,627	650	72,277
Total current assets	391,252	16,101	407,353
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	51,151	-	51,151
Other capital assets, net of depreciation	2,764,738	-	2,764,738
Capital assets (net)	2,815,889	-	2,815,889
Total noncurrent assets	2,815,889	-	2,815,889
Total assets	\$ 3,207,141	\$ 16,101	\$ 3,223,242
Deferred Outflows of Resources			
Contributions to pension plan	\$ 7,489	\$ -	\$ 7,489
Pension deferrals	18,897	-	18,897
Total deferred outflows of resources	26,386	-	26,386
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 7,882	\$ -	\$ 7,882
Customer deposits	71,627	648	72,275
Unearned income	1,271	-	1,271
Due from other funds	35,601	-	35,601
General obligation bonds payable - current	85,050	-	85,050
Total current liabilities	201,431	648	202,079
Noncurrent liabilities:			
Net pension liability	29,525	-	29,525
Installment purchase payable - noncurrent (net)	463,866	-	463,866
Total noncurrent liabilities	493,391	-	493,391
Total liabilities	694,822	648	695,470
Deferred Inflows of Resources			
Pension deferrals	1,357	-	1,357
Net Position			
Net investment in capital assets	2,266,973	-	2,266,973
Unrestricted	270,375	15,453	285,828
Total net position of business-type activities	\$ 2,537,348	\$ 15,453	\$ 2,552,801

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

Town of Roseboro, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund	Depot Rental Property Fund	Total
Operating Revenues			
Charges for services	\$ 571,347	\$ -	\$ 571,347
Other operating revenues	3,150	-	3,150
Rental income	9,550	7,800	17,350
Total operating revenues	584,047	7,800	591,847
Operating Expenses			
Administration	385,509	542	386,051
Finance	51,422	-	51,422
Depreciation	174,783	-	174,783
Total operating expenses	611,714	542	612,256
Operating income (loss)	(27,667)	7,258	(20,409)
Nonoperating Revenues (Expenses)			
Investment earnings	3,539	-	3,539
AIA grant proceeds	34,117	-	34,117
FEMA grant proceeds	29,444	-	29,444
Relocation expenses	(34,117)	-	(34,117)
Interest and other charges	(17,275)	-	(17,275)
Total nonoperating revenues (expenses)	15,708	-	15,708
Income (loss) before contributions and transfers	(11,959)	7,258	(4,701)
Transfers from other funds	-	-	-
Total income (loss) after contributions and transfers	(11,959)	7,258	(4,701)
Change in net position	(11,959)	7,258	(4,701)
Total net position, beginning as previously reported	2,557,812	8,195	2,566,007
Prior period adjustment	(8,505)	-	(8,505)
Total net position, beginning as restated	2,549,307	8,195	2,557,502
Total net position, ending	\$ 2,537,348	\$ 15,453	\$ 2,552,801

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

Town of Roseboro, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund	Depot Rental Property Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 567,767	\$ 7,800	\$ 575,567
Cash paid for goods and services	(283,210)	(542)	(283,752)
Cash paid to or on behalf of employees for services	(151,608)	-	(151,608)
Customer deposits received	2,153	-	2,153
Other operating revenues	3,150	-	3,150
Net cash provided (used) by operating activities	138,252	7,258	145,510
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	\$ (78,573)	\$ -	\$ (78,573)
Principal paid on bond maturities and notes	(82,645)	-	(82,645)
Interest paid on bond maturities and equipment contracts	(17,274)	-	(17,274)
Relocation expenses	(34,117)	-	(34,117)
Grant proceeds	63,561	-	63,561
Net cash provided (used) by capital and related financing activities	(149,048)	-	(178,492)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	3,539	-	3,539
Net increase (decrease) in cash and cash equivalents	(7,257)	7,258	1
Balances, beginning	311,136	8,843	319,979
Balances, ending	\$ 303,879	\$ 16,101	\$ 319,980
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (27,667)	\$ 7,258	\$ (20,409)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	174,783	-	174,783
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(12,400)	-	(12,400)
(Increase) decrease in deferred outflows of resources - pensions	(8,077)	-	(8,077)
Increase (decrease) in net pension liability	10,485	-	10,485
Increase (decrease) in deferred inflows of resources - pensions	(1,030)	-	(1,030)
Increase (decrease) in accounts payable and accrued liabilities	735	-	735
Increase (decrease) in unearned revenue	(730)	-	(730)
Increase (decrease) in customer deposits	2,153	-	2,153
Total adjustments	165,919	-	165,919
Net cash provided by operating activities	\$ 138,252	\$ 7,258	\$ 145,510

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

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

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Roseboro and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Roseboro is a municipal corporation that is governed by an elected mayor and five commissioners. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Roseboro ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Roseboro ABC Board, Highway 24, Roseboro, NC 28382.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. 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

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

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

The Town reports the following major governmental fund:

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

Revolving Loan Fund – This fund is a special revenue fund used to account for the proceeds of specific revenue grants that are legally restricted to expenditures for economic development loans.

The Town reports the following non-major governmental fund:

Helipad Capital Project Fund - This fund is used to account for the construction of a helipad located within the Town.

CDBG Loan Agreement Fund - This fund is used to account for loan payments funds that are restricted for use to spur economic and physical development in Town.

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. Two Water and Sewer Capital Project Funds, AIA Grant Project Fund and Northeast Railroad Street Sanitary Sewer Extension Project Fund, has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for both the Water and Sewer Capital Project Funds has been included in the supplemental information.

The Town reports the following non-major enterprise fund:

Depot Rental Property Fund – This fund is used to account for the rental activities of the old train depot property.

C. Measurement Focus and Basis of Accounting

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

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

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

Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services and rent to tenants. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the 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 a shared revenue for the Town because the tax is levied by Sampson County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the programs. It is the Town's policy to first apply cost-

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

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 North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, the Revolving Loan Fund, and the Enterprise Funds. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, one amendment was made to the original budget. 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 and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as *NOW* and *SuperNOW* accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town 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 solely in bank certificates of deposits with a maturity of less than one year and are stated at fair value.

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

3. Restricted Assets

The unexpended grant funds in the Revolving Loan Fund and the General Fund are restricted to the purpose for which the grants were issued. The unexpended funds derived from the Coharie fire tax are restricted for fire protection. Powell Bill funds are classified as restricted cash for transportation because it can be expended only for purposes of maintaining, repairing,

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

constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Roseboro Restricted Cash

Governmental Activities

General Fund

Fire Protection	\$	29,838
Cultural		11,785
and Recreation		
Transportation		37,258
Economic		236,537
Development		

Revolving Loan Fund

Total Governmental Activities

315,418

Business-type Activities

Water and Sewer Fund

Customer deposits	71,627
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Depot Rental Property Fund

Customer deposits	<u>648</u>
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Total Business-type Activities

\$ 72,275

Total Restricted Cash

\$ 387,693

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. The taxes levied are based on the assessed values as of January 1, 2015. 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. Inventories and Prepaid Items

The inventories of the ABC Board are valued at the lower of cost (first in-first out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items of the ABC Board and expensed as the items are used.

7. Capital Assets

Town of Roseboro, North Carolina
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For the Year Ended June 30, 2019

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. The minimum capitalization cost is \$2,500 for furniture and equipment, vehicles and building improvements and \$25,000 for infrastructure. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	20-25 years
Water and sewer systems	10-15 years
Equipment	3-10 years
Building	40 years
Infrastructure	40 years

Property, plant and equipment of the ABC Board are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	40 years
Office equipment	5 years
Equipment	5-10 years
Building	40 years

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

In the government-wide financial statements, and 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

Town of Roseboro, North Carolina
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For the Year Ended June 30, 2019

of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of earned vacation leave with such leave being fully vested after six months of service. For the Town, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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. There were no amounts classified as non-spendable fund balance at fiscal year end June 30, 2018.

Restricted Fund Balance – This classification includes amounts that are restricted to specific

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

purposes externally imposed by creditors or imposed by law.

Restricted for fire protection – portion of fund balance that is available for appropriation, but legally segregated for fire protection expenditures. This amount represents the balance of the total unexpended fire protection funds.

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

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

Restricted for Special Revenue Funds – portion of fund balance that is available for appropriation, but legally segregated for providing economic development loans. This amount represents the balance of the total unexpended economic development loan funds.

Restricted for Culture and Recreation - portion of fund balance that is restricted by revenue source for use by the main street and recreation committees. This amount represents the balance of the total unexpended funds raised by the committees.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Roseboro's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. There were no amounts classified as committed fund balance at fiscal year end June 30, 2019.

Assigned fund balance – portion of fund balance that the Town of Roseboro intends to use for specific purposes. There were no amounts classified as assigned fund balance at fiscal year end June 30, 2019.

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

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

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

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

12. Defined Benefit Cost-Sharing Plans

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

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town's Water and Sewer Fund exceeded the authorized appropriations made by the governing board for water and sewer administration by \$4,500. This over-expenditure occurred because of year end accruals not properly budgeted. Management and the Board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agent in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the

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

ABC Board's agent in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization, 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 for collateralized public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$964,827 and a bank balance of \$972,991. Of the bank balance, \$314,460 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The ABC Board's deposits had a carrying amount and bank balance of \$170,003. At June 30, 2019, the Town's petty cash fund totaled \$100.

2. Investments

At June 30, 2019, the Town had \$1,252,218 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Interest Rate Risk

The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy is to invest in money market funds and certificates of deposit with maturities of twelve months or less, along with the short term portfolio of the NC Capital Management Trust.

3. Capital Assets

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

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

	Beginning Balances, restated	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 45,057	\$ -	\$ -	\$ 45,057
Total capital assets not being depreciated	45,057	-	-	45,057
Capital assets being depreciated:				
Land improvements	62,883	-	-	62,883
Buildings	491,437	17,237	-	508,674
Equipment	463,680	73,895	-	537,575
Vehicles	1,044,915	20,000	-	1,064,915
Infrastructure	143,837	-	-	143,837
Total capital assets being depreciated	2,206,752	111,132	-	2,317,884
Less accumulated depreciation for:				
Land improvements	22,796	3,464	-	26,260
Buildings	397,544	8,448	-	405,992
Equipment	412,116	12,710	-	424,826
Vehicles	851,544	70,603	-	922,147
Infrastructure	38,441	3,596	-	42,037
Total accumulated depreciation	1,722,441	98,821	-	1,821,262
Total capital assets being depreciated, net	484,311			496,622
Governmental activity capital assets, net	\$ 529,368			\$ 541,679

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

General government	\$ 8,045
Public safety	48,594
Environmental protection	35,888
Cultural and recreational	6,293
Total depreciation expense	<u>\$98,821</u>

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

	Beginning Balances, restated	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 51,151	\$ -	\$ -	\$ 51,151
Total capital assets not being depreciated	51,151	-	-	51,151
Capital assets being depreciated:				
Land improvements	10,200	-	-	10,200
Plant and distribution systems	6,094,528	65,723	-	6,160,251
Furniture and maintenance equipment	378,636	12,850	-	391,486
Vehicles	63,541	-	-	63,541
Total capital assets being depreciated	6,546,905	78,573	-	6,625,478
Less accumulated depreciation for:				
Land improvements	10,200	-	-	10,200
Plant and distribution systems	3,344,775	148,399	-	3,493,174
Furniture and maintenance equipment	267,439	26,384	-	293,823
Vehicles	63,541	-	-	63,541
Total accumulated depreciation	3,685,955	174,783	-	3,860,738
Total capital assets being depreciated, net	2,860,950			2,764,740
Business-type activity capital assets, net	\$ 2,912,101			\$ 2,815,891

Discretely presented component unit

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

	Beginning Balances	Increases	Decreases	Ending Balances
ABC Board activities:				
Capital assets not being depreciated:				
Land	\$ 15,368	\$ -	\$ -	\$ 15,368
Total capital assets not being depreciated	15,368	-	-	15,368
Capital assets being depreciated:				
Land improvements	18,639	-	-	18,639
Buildings	55,846	-	-	55,846
Store equipment	86,057	-	-	86,057
Office furniture and equipment	14,432	-	-	14,432
Total capital assets being depreciated	174,974	-	-	174,974
Less accumulated depreciation for:				
Land improvements	16,473	379	-	16,852
Buildings	42,478	1,697	-	44,175
Store equipment	63,965	3,777	-	67,742
Office furniture and equipment	13,093	426	-	13,519
Total accumulated depreciation	136,009	6,279	-	142,288
Total capital assets being depreciated, net	38,965			32,686
ABC Board activity capital assets, net	\$ 54,333			\$ 48,054

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

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employees' Retirement System

Plan Description. The Town of Roseboro is a participating employer in the statewide Local Government 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 Government 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.

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.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Roseboro 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 Roseboro's contractually required contribution rate for the year ended June 30, 2019, was 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Roseboro were \$19,917 for the year ended June 30, 2019.

The Town has no covered-employees engaged in law enforcement as these services are contracted with Sampson County.

The ABC Board is required to contribute at an actuarially determined rate. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.50% of annual covered payroll. The contribution requirements of members and of the ABC Board are established and may be amended by the North Carolina General Assembly. Contributions to the pension plan from the ABC Board were \$3,379 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 \$78,525 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 asset 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 0.00331%, which was a decrease of 0.00002% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$23,566. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,114	\$ 407
Changes of assumptions	20,837	-
Net difference between projected and actual earnings on pension plan investments	10,779	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,529	3,201
Town contributions subsequent to the measurement date	19,917	-
Total	<u>\$ 70,176</u>	<u>\$ 3,608</u>

\$19,917 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 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	\$ 22,040
2020	13,704
2021	4,026
2022	6,884
2023	-
Thereafter	-
	<u>\$ 46,654</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 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.

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

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

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, 2014 are summarized in the following table:

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

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:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 188,623	\$ 78,525	\$ (13,475)

Town of Roseboro, North Carolina
Notes to the Financial Statements
For the 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.

b. Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Roseboro, to the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 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 Firefighters' and Rescue Squad Workers' Pension Fund 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 the Firefighters' and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2017, the State contributed \$17,952,000 to the plan. The Town of Roseboro's proportionate share of the State's contribution is \$3,759.

Refunds of Contributions. Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2018, the Town reported no liability for its proportionate share of the net

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

pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$9,144. 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 contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2017 and at June 30, 2016 was 0%.

For the year ended June 30, 2019, the Town recognized pension expense of \$1,626 and revenue of \$1,626 for support provided by the State. At June 30, 2019, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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	:	Not applicable
Investment rate of return	:	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

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.

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.

c. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after

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

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. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 19,917
Differences between expected and actual experience	12,114
Changes in assumptions	20,837
Net difference between projected and actual earnings on pension plan investments	10,779
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,529
Total	\$ 70,176

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

Source	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 11,118	\$ 11,118
Taxes receivable (General Fund)	-	62,302
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,201	-
Differences between expected and actual experience	407	-
Total	\$ 14,726	\$ 73,420

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk financing pools administered by the North Carolina

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

League of Municipalities. These pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, police professionals liability and public officials liability in excess of \$1,000,000; property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation. The Town has not acquired flood insurance. 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.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000. The public officials are bonded for \$75,000. The remaining employees that have access to funds are bonded under a blanket bond for \$1,000.

4. Claims, Judgments, and Contingent Liabilities

At June 30, 2019, there were no lawsuits against the Town that materially impact its financial statements.

5. Long-Term Obligations

a. Installment Contracts Payable

Long-term obligations arising from notes payable as of June 30, 2019 consisted of the following:

	Governmenta	Business- Type Activities
Roseboro has an installment contract with First Citizens Bank for a 2009 fire truck dated as of December 4, 2014. The contract bears interest at 2.15% and is payable in 84 monthly installments of \$2,759.25, commencing on January 4, 2015, with the final installment due on December 4, 2021. The installment contract is secured by the fire truck and refinanced a prior loan from USDA.	\$ 80,312	
The Town has an installment purchase contract with BB&T to pay costs of providing sanitary sewer facilities for the Town. The installment contract bears interest at 2.88% and is payable in forty (40) quarterly installments of \$24,987, beginning September 15, 2015. Proceeds of this contract were used to retire an \$870,500 General Obligation Bond held by USDA.		\$ 548,916

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

Annual debt service requirements to maturity for long-term obligations arising from installment purchase contracts are payable are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 31,608	\$ 1,416	\$ 85,050	\$ 14,896
2021	32,295	730	87,526	12,420
2022	16,409	103	90,075	9,872
2023	-	-	92,697	7,249
2024	-	-	95,395	4,551
2025	-	-	98,173	1,773
Total	<u>\$ 80,312</u>	<u>\$ 2,250</u>	<u>\$ 548,916</u>	<u>\$ 50,761</u>

b. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 111,249	\$ -	\$ 30,937	\$ 80,312	\$ 31,608
Net pension liability (LGERS)	31,680	17,638	-	49,318	-
Governmental activity long-term liabilities	\$ 142,929	\$ 17,638	\$ 30,937	\$ 129,630	\$ 31,608
Business-type activities:					
Installment purchases	\$ 631,561	\$ -	\$ 82,645	\$ 548,916	\$ 85,050
Net pension liability (LGERS)	19,040	10,485	-	29,525	-
Business-type activity long-term liabilities	\$ 650,601	\$ 10,485	\$ 82,645	\$ 578,441	\$ 85,050

At June 30, 2019, the Town of Roseboro had a legal debt margin of approximately \$7,490,724.

C. Interfund Balances and Activity

Interfund Receivables and Payables			
To	From	Amount	Purpose
General Fund	Water and Sewer Fund	\$ 35,601	Garbage fee collections combined with Water and Sewer Fund cash at year-end.
Revolving Loan Fund	General Fund	66,337	A revolving loan payment was mistakenly deposited into the central depository checking account rather

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

			than the revolving loan checking account
Interfund Transfers			
To	From	Amount	Purpose
General Fund	CDBG Loan Agreement Fund	156	Close out CDBG Loan Agreement Fund

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	\$ 1,726,980
Less:	
Stabilization by State Statute	161,564
Fire Protection	29,838
Culture and recreation	11,885
Remaining Fund Balance	1,486,435

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	General Fund	Non-Major Funds
	\$0	\$0

V) Summary Disclosure of Significant Contingencies

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

VI) Restatements

Prior Period Adjustment

During the fiscal year ended June 30, 2019, the Town determined that capital assets in the Water and Sewer Fund were overstated. Therefore, an adjustment to beginning net assets has been recorded to account for those capital assets, the net effect of which decreased net assets by \$8,505. Those capital assets have no effect on the modified accrual basis of accounting.

During the fiscal year ended June 30, 2019, the Town determined that capital assets in the

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

Governmental Activities were overstated. Therefore, an adjustment to beginning net assets has been recorded to account for those capital assets, the net effect of which increased net assets by \$37,992. Those capital assets have no effect on the modified accrual basis of accounting.

VII) Subsequent Events

The Town evaluated the effect subsequent events would have on the financial statements through October 31, 2019, which is the date the financial statements were available to be issued.

End of Notes Section

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Town of Roseboro's Proportionate Share of Net Pension Liability (Asset)
 - Local Government Employees' Retirement System
- Town of Roseboro's Contributions
 - Local Government Employees' Retirement System
- Town of Roseboro's Proportionate Share of Net Pension Liability
 - Firefighters' and Rescue Squad Workers' Pension

Town of Roseboro, North Carolina
Town of Roseboro's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Roseboro's proportion of the net pension liability (asset) (%)	0.00331%	0.00332%	0.00297%	0.00431%	0.00306%	0.00320%
Roseboro's proportion of the net pension liability (asset) (\$)	\$ 78,525	\$ 50,720	\$ 63,032	\$ 19,343	\$ (18,046)	\$ 38,572
Roseboro's covered-employee payroll	\$ 259,116	\$232,934	\$195,034	\$ 200,607	\$ 196,028	\$ 196,028
Roseboro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.30%	21.77%	32.89%	9.64%	(9.21%)	19.68%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

**Town of Roseboro, North Carolina
Town of Roseboro's Contributions
Required Supplementary Information
Last Six Fiscal Years**

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,917	\$ 19,745	\$17,074	\$ 13,184	\$ 14,183	\$ 13,859
Contributions in relation to the contractually required contribution	19,917	19,745	17,074	13,184	14,183	13,859
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Roseboro's covered-employee payroll	252,749	259,116	232,934	\$195,034	\$200,607	\$196,028
Contributions as a percentage of covered-employee payroll	7.88%	7.62%	7.33%	6.76%	7.07%	7.14%

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

Town of Roseboro, North Carolina
Town of Roseboro's Proportionate Share of Net Pension Liability
Required Supplementary Information
Last Five Fiscal Years

Firefighters' and Rescue Squad Workers' Pension

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Roseboro's proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Roseboro's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town of Roseboro	15,342	13,716	10,189	7,611	7,788
Total	<u>\$ 15,342</u>	<u>\$ 13,716</u>	<u>\$ 10,189</u>	<u>\$ 7,611</u>	<u>\$ 7,788</u>
Roseboro's covered-employee payroll	\$56,931	\$31,734	\$41,028	\$32,770	\$ 25,080
Roseboro's proportionate share of the net pension liability as a percentage of its covered-employee payroll	26.95%	43.22%	24.83%	23.23%	31.05%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%	91.40%	93.42%

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Town of Roseboro, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Change in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 667,917	\$
Penalties and interest		6,297	
Total	592,503	674,214	81,711
Other taxes and licenses:			
Vehicle license		7,641	
Total	6,250	7,641	1,391
Unrestricted intergovernmental:			
Local option sales tax		237,752	
Hold Harmless Tax		81,040	
Telecommunications sales tax		9,351	
Utility franchise tax		79,763	
Piped natural gas tax		3,344	
Video franchise fee		6,732	
ABC profit distribution		17,000	
Beer and wine tax		5,038	
Payment in lieu of taxes		4,207	
Total	391,800	444,227	52,427
Restricted intergovernmental:			
Powell Bill allocation		40,886	
Coharie Fire District		152,335	
Brantwood police contract		-	
FEMA grant		20,352	
Fire donations and grants		8,172	
Police donations and grants		-	
Recreational donations and grants		-	
Controlled substance tax		-	
Mosquito control		-	
Solid waste disposal tax		866	
Total	215,305	222,611	7,306
Permits and fees:			
Zoning fees		1,330	
Fire Inspection fees		850	
Total	5,300	2,180	(3,120)
Sales and services:			
Garbage fees		76,255	
Fire Department: County Assistance		6,900	
Mowing		300	
Cemetery lot sales		10,160	
Total	89,400	93,615	4,215
Investment earnings:	650	18,085	17,435
Miscellaneous:			
Festival income		20,567	
Recreation donation		7,927	
Miscellaneous		3,149	
Total	12,000	31,643	19,643
Total revenues	1,313,208	1,494,216	181,008

cont.

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

Town of Roseboro, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Change in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
<i>(Revenues continued)</i>			
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		24,757	
Insurance		113	
Total	33,560	24,870	8,690
Administration:			
Salaries and employee benefits		89,683	
Professional services		47,014	
Advertising		10,451	
Dues and subscriptions		4,617	
Supplies		3,251	
Insurance		22,729	
Repairs and maintenance		1,466	
Travel		2,787	
Utilities		12,023	
Fire inspection expense		1,045	
Other operating expenses		39,851	
Capital outlay		13,338	
Total administration	269,750	248,255	21,495
Total general government	303,310	273,125	30,185
Public safety:			
Police:			
Contract services		246,084	
Repairs and maintenance		363	
Total	246,834	246,447	387
Fire:			
Salaries and employee benefits		61,287	
Utilities		8,077	
Dues and subscriptions		1,734	
Insurance		18,223	
Supplies		2,957	
Repairs and maintenance		18,363	
Vehicle maintenance		16,173	
Contracted services		5,206	
Other operating expenses		10,113	
Capital outlay		20,274	
Total	169,739	162,407	7,332
Rescue squad:			
Assistance to local rescue units	3,000	3,000	-
Total public safety	419,573	411,854	7,719

cont.

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

Town of Roseboro, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Change in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>(Expenditures continued)</i>			
Transportation:			
Streets:			
Contract services		95,125	
Street light utilities		30,805	
Supplies		6,853	
Total transportation	<u>137,750</u>	<u>132,783</u>	<u>4,967</u>
Environmental protection:			
Central maintenance:			
Salaries and employee benefits		126,350	
Contracted services		44,852	
Repairs and maintenance		5,931	
Supplies		8,997	
Utilities		3,756	
Vehicle maintenance		9,469	
Other operating expenses		14,043	
Capital outlay		97,262	
Total	<u>316,693</u>	<u>310,660</u>	<u>6,033</u>
Solid waste:			
Contracted services		79,381	
Total	<u>83,500</u>	<u>79,381</u>	<u>4,119</u>
Cemetery:			
Contract services		16,391	
Total	<u>16,500</u>	<u>16,391</u>	<u>109</u>
Total environmental protection	<u>416,693</u>	<u>406,432</u>	<u>10,261</u>
Cultural and recreational:			
Parks and recreation:			
Repairs and maintenance		3,150	
Capital outlay		16,468	
Total	<u>19,650</u>	<u>19,618</u>	<u>32</u>
Community building:			
Repairs and maintenance		-	
Total	<u>-</u>	<u>-</u>	<u>-</u>
Libraries:			
Contribution to library	4,500	4,481	19
Other contributions and donations:			
Contributions to other programs		2,936	114
Total	<u>3,050</u>	<u>2,936</u>	<u>114</u>
Total cultural and recreational	<u>27,200</u>	<u>27,035</u>	<u>165</u>

cont.

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

**Town of Roseboro, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Change in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>(Expenditures continued)</i>			
Debt service:			
Principal retirement		30,936	
Interest and other charges		2,089	
Total	<u>33,028</u>	<u>33,025</u>	<u>3</u>
Total expenditures	<u>1,337,554</u>	<u>1,284,254</u>	<u>53,300</u>
Revenues over (under) expenditures	(24,346)	209,962	234,308
Other financing sources (uses):			
Operation transfers to/from other funds			
Transfer from fund 69		156	
Refunds and recoveries		4,539	
Proceeds from sale of assets		10,259	
Total	<u>1,423</u>	<u>14,954</u>	<u>13,531</u>
Fund balance appropriated	<u>22,923</u>	<u>-</u>	<u>(22,923)</u>
Net change in fund balance	\$ <u>-</u>	224,916	\$ <u>224,916</u>
Fund balance, beginning		<u>1,502,063</u>	
Fund balance, ending		\$ <u><u>1,726,979</u></u>	

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

Town of Roseboro, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

	<u>Helipad Capital Project Fund</u>	<u>CDBG Loan Agreement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Current assets:			
Cash and cash equivalents-restricted	\$ -	-	\$ -
Accounts receivable	13	-	13
Due from other funds	-	-	-
Total assets	<u>\$ 13</u>	<u>-</u>	<u>\$ 13</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	-	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted - Special Revenue Funds	<u>13</u>	<u>-</u>	<u>13</u>
Total liabilities and fund balances	<u>\$ 13</u>	<u>-</u>	<u>\$ 13</u>

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

Town of Roseboro, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Helipad Capital Project Fund	CDBG Loan Agreement Fund	Total Nonmajor Governmental Funds
Revenues:			
Loan repayments - principal	-	136	136
Loan repayments - interest	-	20	20
Miscellaneous	-	-	-
Total revenues	-	156	156
Expenditures:			
Economic and physical development:			
Program expenses	-	-	-
Public safety:			
Project costs	-	-	-
Total expenditures	-	-	-
Revenue over (under) expenditures	-	156	156
Other financing sources (uses):			
Transfer to General Fund	-	(156)	(156)
Revenues and other sources over (under)	-	-	-
Fund balances, beginning	13	-	13
Fund balances, ending	\$ 13	-	\$ 13

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

Town of Roseboro, North Carolina
Revolving Loan Fund
Statement of Revenues, Expenditures, and
Change in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

			Variance Favorable
	Budget	Actual	(Unfavorable)
Revenues:			
Loan repayments - principal	\$	\$ 32,475	\$
Loan repayments - interest		5,896	
Total revenues	23,462	38,371	14,909
Expenditures			
Economic and physical development:			
Program expenses		71	
Total expenditures	23,462	71	22,721
Revenues over (under) expenditures	-	38,300	38,300
Net change in fund balance	\$ -	38,300	\$ 38,300
Fund balance, beginning		265,319	
Fund balance, ending		\$ 303,619	

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

Town of Roseboro, North Carolina
CDBG Loan Agreement Fund
Statement of Revenues, Expenditures, and
Change in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

			Variance Favorable
	Budget	Actual	(Unfavorable)
Revenues:			
Loan repayments - principal	\$	\$ 136	\$
Loan repayments - interest		20	
Total revenues	23,462	156	(23,306)
Other financing sources:			
Transfer to General Fund		(156)	
Total expenditures	23,462	(156)	22,948
Revenues over (under) expenditures	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

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

Town of Roseboro, North Carolina
Helipad Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Original Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Donations	\$ 15,990	\$ 5,150	\$ -	\$ 5,150	\$ (10,840)
Expenditures:					
Public Safety					
Asphalt & Paving	8,600	8,600	-	8,600	-
Cement & Finishing	6,400	6,365	-	6,365	35
Lights, Wiring, and Installation	11,100	11,055	-	11,055	45
Grading & Other Material	663	642	-	642	21
Painting & Surface Finishes	760	562	-	562	198
Windsock & Pole	1,960	1,960	-	1,960	-
Other- Miscellaneous	11,560	11,191	-	11,191	369
Total expenditures	41,043	40,375	-	40,375	668
Revenue over (under) expenditures	(25,053)	(35,225)	-	(35,225)	(10,172)
Other financing sources (uses):					
Local Commitment	25,053	35,238	-	35,238	10,185
Loan repayment	-	-	-	-	-
Transfer to General Fund	-	-	-	-	-
Transfer from General Fund	-	-	-	-	-
Total other financing sources (uses)	25,053	35,238	-	35,238	10,185
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 13	\$ -	\$ 13	\$ 13
Fund balances, beginning			13		
Fund balances, ending			\$ 13		

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

Town of Roseboro, North Carolina
Water and Sewer Fund
Schedule of Revenues, Expenses, and
Changes in Fund Balance - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Charges for services:			
Water and sewer charges	\$	\$ 548,011	\$
Penalties		23,336	
Total	535,600	571,347	35,747
Other operating revenues		3,150	
Total operating revenues	535,775	574,497	38,722
Nonoperating revenues:			
Interest on investments	15	3,539	3,524
Water tower rental	12,450	9,550	(2,900)
FEMA reimbursement grant	-	29,445	
Total nonoperating revenues	12,465	42,534	30,069
Total revenues	548,240	617,031	68,791
Operating expenses other than depreciation:			
Water and sewer administration:			
Salaries and employee benefits		101,535	
Contract services		66,348	
Dues and subscriptions		3,821	
Equipment rental		114	
Repairs and maintenance		61,205	
Supplies		32,109	
Utilities		76,733	
Vehicle maintenance		11,056	
Other operating expenditures		21,509	
Total	369,930	374,430	(4,500)
Finance:			
Salaries and employee benefits		50,073	
Supplies		887	
Total	56,480	50,960	5,520
Debt service:			
Interest and other charges		17,302	
Principal retirement		82,644	
Total	99,950	99,946	4
Capital outlay:			
Equipment	106,290	88,736	17,554
Total expenditures	632,650	614,072	18,578
Other financing sources (uses):			
Transfer to fund 75		-	
Total other financing sources (uses)	(5,250)	-	5,250
Fund balance appropriated	89,660	-	(89,660)
Revenues and other sources over (under)	\$ -	\$ 2,959	\$ 2,959

cont.

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

Town of Roseboro, North Carolina
Water and Sewer Fund
Schedule of Revenues, Expenses, and
Changes in Fund Balance - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ 2,959	
Reconciling items:			
Increase in interest expenses accrual		26	
Capital outlay		78,573	
Depreciation		(174,783)	
Principal retirement of debt		82,644	
Increase in deferred outflows of resources - pensions		8,077	
Increase in net pension liability		(10,485)	
Decrease in deferred inflows of resources - pensions		1,030	
Total reconciling items		<u>(14,918)</u>	
Change in net position		<u>\$ (11,959)</u>	

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

Town of Roseboro, North Carolina
Depot Rental Property Fund
Schedule of Revenues, Expenses, and
Changes in Fund Balance - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating revenues:			
Rental Income	\$ 7,800	\$ 7,800	\$ -
Operating expenses other than depreciation:			
Contract services	1,000	75	925
Miscellaneous	500	-	500
Professional services	500	-	500
Repairs and maintenance	5,800	467	5,333
Total	<u>7,800</u>	<u>542</u>	<u>7,258</u>
Total expenditures	<u>7,800</u>	<u>542</u>	<u>7,258</u>
Other financing sources (uses):			
Transfer from other funds	-	-	-
Fund balance appropriated	-	-	-
Revenues and other sources over (under)	\$ -	\$ 7,258	\$ 7,258 cont.
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ 7,258	
Reconciling items:			
Total reconciling items		<u>-</u>	
Change in net position		\$ <u>7,258</u>	

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

Town of Roseboro, North Carolina
North East Railroad Street Sanitary Sewer Extension Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Original Project Authorization	Amended Project Authorization	Actual			Variance Favorable (Unfavorable)
			Prior Years	Current Year	Total to Date	
Expenditures:						
Sewer Extension Project						
Construction and contingency	71,225	91,499	89,874	-	89,874	1,625
Engineering and surveying	8,200	8,200	8,200	-	8,200	-
Bidding / construction services	9,500	9,500	9,500	-	9,500	-
Land cost	2,000	2,000	2,000	-	2,000	-
Total expenditures	<u>90,925</u>	<u>111,199</u>	<u>109,574</u>	<u>-</u>	<u>109,574</u>	<u>1,625</u>
Revenue over (under) expenditures	(90,925)	(111,199)	-	-	(109,574)	1,625
Other financing sources (uses):						
Transfer from Water and Sewer Fund	10,200	-	-	-	-	-
Transfer from General Fund	<u>80,725</u>	<u>111,199</u>	<u>111,199</u>	<u>-</u>	<u>111,199</u>	<u>-</u>
Total other financing sources (uses)	<u>90,925</u>	<u>111,199</u>	<u>111,199</u>	<u>-</u>	<u>111,199</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,625</u>	\$ <u>-</u>	\$ <u>1,625</u>	\$ <u>1,625</u>
Fund balances, beginning				<u>1,625</u>		
Fund balances, ending				\$ <u>1,625</u>		

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

Town of Roseboro, North Carolina
AIA Grant Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Original Project Authorization	Amended Project Authorization	Actual			Variance Favorable (Unfavorable)
			Prior Years	Current Year	Total to Date	
Revenues:						
Restricted Intergovernmental	\$ -	105,000	\$ -	\$ 34,117	\$ 34,117	\$ 70,883
Total revenues	-	105,000	-	34,117	34,117	70,883
Expenditures:						
Relocation project						
Pipe Installation	-	-	-	-	-	-
Headwall Structure & Backfill	-	-	-	-	-	-
Manhole Replacement	-	-	-	-	-	-
Top Replacement	-	-	-	-	-	-
Consulting Fee	-	105,000	-	34,117	34,117	70,883
Grant Fee	1,575	-	1,575	-	1,575	-
Total expenditures	1,575	105,000	1,575	34,117	35,692	70,883
Revenue over (under) expenditures	(1,575)	-	(1,575)	-	(1,575)	-
Other financing sources (uses):						
Transfer from Water and Sewer Fund	-	-	-	-	-	-
Transfer from General Fund	1,575	-	1,575	-	1,575	-
Total other financing sources (uses)	1,575	-	1,575	-	1,575	-
Revenues and other sources over (under) expenditures and other uses	\$ -	-	\$ -	\$ -	\$ -	\$ -
Fund balances, beginning				-		
Fund balances, ending				\$ -		

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

OTHER SCHEDULES

Town of Roseboro, North Carolina
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018 - 2019	\$ -	\$ 669,896	\$ 635,335	\$ 34,561
2017 - 2018	30,081	10,551	24,632	5,449
2016 - 2017	14,292	-	5,094	9,198
2015 - 2016	9,727	-	2,259	7,468
2014 - 2015	5,420	-	1,041	4,379
2013 - 2014	4,988	-	73	4,915
2012 - 2013	4,959	224	-	5,183
2011 - 2012	5,803	252	-	6,055
2010 - 2011	3,362	118	-	3,480
2009 - 2010	1,470	15	54	1,431
2008 - 2009	2,123	41	2,164	-
	<u>\$ 82,225</u>	<u>\$ 681,097</u>	<u>\$ 670,652</u>	<u>82,119</u>
 ad valorem taxes receivable	 <u>(30,368)</u>			 <u>(30,368)</u>
Ad valorem taxes receivable, net	<u>\$ 51,857</u>			<u>\$ 51,751</u>
Reconciliation with revenues:				
Ad valorem taxes			\$	674,214
Reconciling items:				
Adjustments				584
Taxes written off				2,151
Penalties and interest collected				<u>(6,297)</u>
Total collections and credits			\$	<u>670,652</u>

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

**Town of Roseboro, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2019**

	Town - Wide			Total Levy	
	Property Valuation	Rate per \$100.00	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 101,499,394	\$ 0.66	\$ 669,896	\$ 630,362	\$ 39,534
Discoveries:	0	0.66	0	0	-
Abatements:	-	0.66	-	-	-
Total for year	<u>\$ 101,499,394</u>		669,896	630,362	39,534
Less uncollected tax at June 30, 2019			<u>(34,561)</u>	<u>(34,561)</u>	-
Current year's taxes collected			<u>\$ 635,335</u>	<u>\$ 595,801</u>	<u>\$ 39,534</u>
Current levy collection percentage			<u>94.84%</u>	<u>94.52%</u>	<u>100.00%</u>

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

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards

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

I have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely component unit, each major fund, and the aggregated remaining fund information of the Town of Roseboro, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Town of Roseboro, North Carolina's basic financial statements, and have issued my report thereon dated October 31, 2019. My report includes a reference to another auditor who audited the financial statements of the Town of Roseboro ABC Board, as described in my report on the Town of Roseboro's financial statements. This report does not include the results of the other auditor testing of internal control over financial reporting or compliance and other matters that are reported separately by the other auditor. The financial statements of the Town of Roseboro ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies, 2019-1 and 2019-2.

Compliance and Other Matters

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

Town of Roseboro's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Andrew Harris, CPA PLLC". The signature is written in a cursive, flowing style.

Farmville, North Carolina
October 31, 2019

**Town of Roseboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2019**

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X no
- Significant Deficiency(s) identified that are
not considered to be material weaknesses? X yes none reported

*Noncompliance material to financial
statements noted*

 yes X no

**Town of Roseboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2019**

Section I – Financial Statement Findings

Significant Deficiencies

Finding: 2019 – 1

Segregation of Duties

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among Town personnel.

Effect: Transactions could be mishandled.

Cause: There is a limited number of personnel for certain functions.

Recommendation: Duties should be segregated as much as possible, and alternative controls should be used to compensate for lack of separation. The Mayor and Board of Commissioners should provide some of these controls.

Views of responsible officials:

The Town agrees with this finding.

Corrective action: The Town will continue to review procedures to improve internal controls in each department.

Criteria: The Town should appropriately reconcile all general ledger accounts monthly.

**Town of Roseboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2019**

Section I – Financial Statement Findings

Finding: 2019 – 2

Violation of North Carolina General Statute (Budget Violations)

Criteria:	North Carolina [G.S. 159-28(b)(2)] limits the disbursements of funds to satisfy claims involving a program, function, or activity accounted for in a fund included in the budget ordinance or a capital project or a grant project authorized by a project ordinance, to claims where the budget ordinance or a project ordinance includes an appropriation authorizing the expenditure and either (i) an encumbrance has been previously created for the transaction or (ii) an unencumbered balance remains in the appropriation sufficient to pay the amount to be disbursed.
Condition:	The Town's Water and Sewer Fund expenditures exceeded the authorized appropriations for water and sewer administration by \$4,500.
Effect:	Action violated North Carolina [G.S. 159-28(b)(2)].
Cause:	The violation occurred as a result of failure to 1) maintain accounting records in a manner that results in accurate budget versus actual reporting and 2) failure to properly monitor financial results against the budget during the year.
Recommendation:	The Town Clerk should ensure that all transactions are recorded accurately and timely, and the Clerk and the Mayor should reference the budget vs. actual information as part of the procedure for signing checks and not authorize any disbursements that exceed the authorized appropriation.

Views of responsible officials:

The Town agrees with this finding.

**Town of Roseboro, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2019**

Section I – Financial Statement Findings

Finding: 2019-1 Segregation of Duties

Name of contact person: Annette Jackson, Town Clerk

Corrective Action: The Town agrees with the finding and will segregate duties as much as possible and alternative controls will be used to compensate for lack of segregation.

Proposed Completion Date: The Board will implement the above procedure as soon as possible.

Finding: 2019-2 Budget Violation

Name of contact person: Annette Jackson, Town Clerk

Corrective Action: The Board members will review a budget-to-actual report prepared by the finance officer at each monthly board meeting. Budget amendments will be made as will be necessary.

Proposed Completion Date: The Board will implement the above procedure as soon as possible.

**Town of Roseboro, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2017**

NONE