

TOWN OF ROXOBEL
ROXOBEL, NORTH CAROLINA
JUNE 30, 2019

Town Council Members

Gary Johnson, Mayor

David Baisey

Carolyn Bracy

Robert Phelps

Tim White

Administrative and Financial Staff

Evelyn Humerickhouse, Clerk, Finance Officer & Tax Collector

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JUNE 30, 2019

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FINANCIAL SECTION

JOHNSON, McLEAN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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To the Honorable Mayor
And Members of the Town of Roxobel
Roxobel, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Roxobel, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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

Our responsibility is to express opinions of these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Roxobel, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Roxobel, North Carolina. The individual fund statements, schedules, are presented for purposed of additional analysis and are not a required part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Johnson, McLean & Company, CPA's
October 31, 2019

Management's Discussion and Analysis

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

Financial Highlights

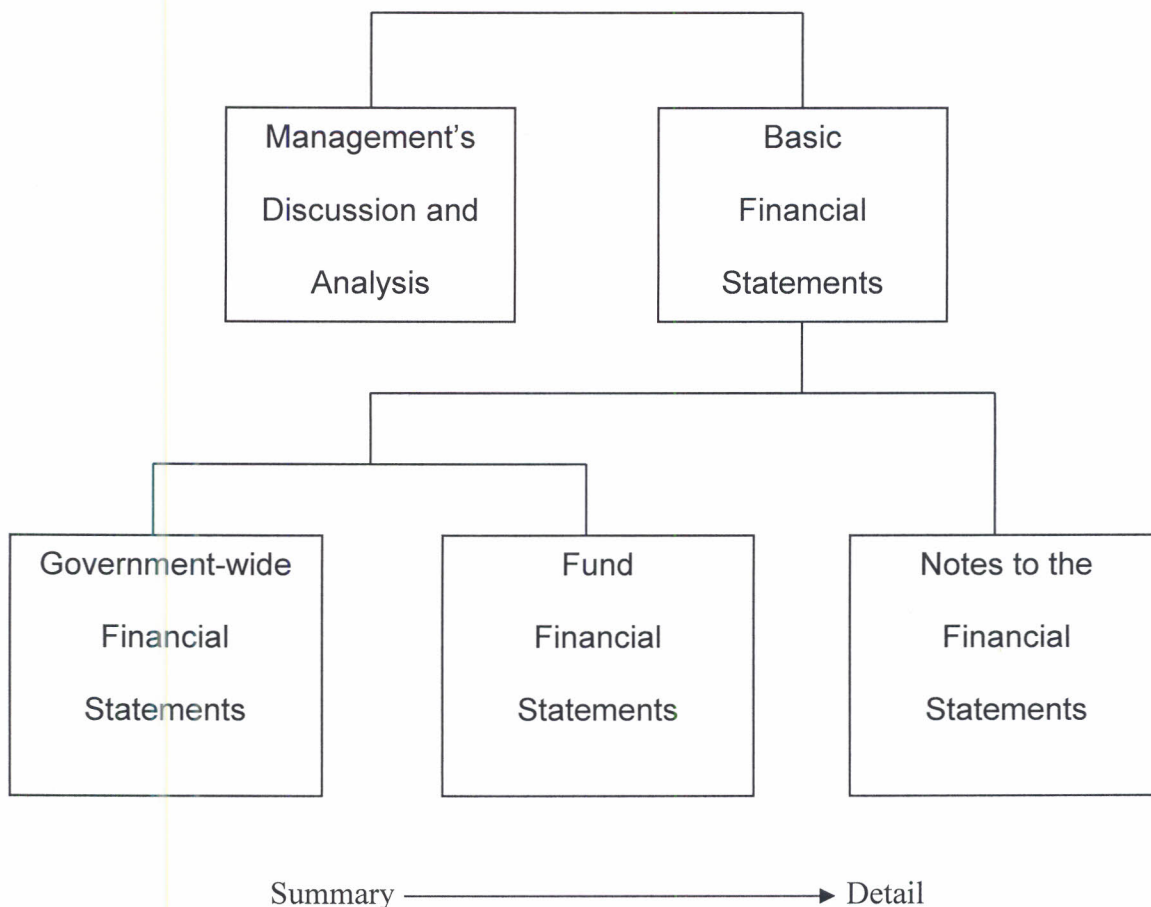
- The assets of the Town of Roxobel exceeded its liabilities at the close of the fiscal year by \$659,336 (*net position*).
- The government's total net position decreased by \$17,656 due to decreases in the governmental type activities net position.
- As of the close of the current fiscal year, the Town of Roxobel's governmental funds reported combined ending fund balances of \$530,889, a decrease of \$25,032. Approximately 45.5 percent of this total amount, or \$241,483, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$241,483 or 181 percent of total general fund expenditures for the fiscal year.
- The Town did not have any Long-term debt at June 30, 2019.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through E) 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 two parts to the Fund Financial Statements: 1) the governmental funds statements; 2) and the budgetary comparison 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,

Management Discussion and Analysis

Town of Roxobel

supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The Town no longer operates a business-type activity.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Roxobel, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Roxobel can be divided into two categories: governmental funds and proprietary funds.

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

Management Discussion and Analysis

Town of Roxobel

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

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.

Government-Wide Financial Analysis

The Town of Roxobel's Net Position

Management Discussion and Analysis
Town of Roxobel

Figure 2

	Governmental Activities	
	2019	2018
Current and other assets	\$ 541,916	\$ 565,520
Capital assets	123,546	115,577
Total assets	<u>665,462</u>	<u>681,097</u>
Long-term liabilities outstanding	-	-
Other liabilities	6,126	4,105
Total liabilities	<u>6,126</u>	<u>4,105</u>
Net position:		
Invested in capital assets, net of related debt	123,546	115,577
Restricted	25,242	32,996
Unrestricted	510,548	528,419
Total net position	<u>\$ 659,336</u>	<u>\$ 676,992</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Roxobel exceeded liabilities by \$659,336 as of June 30, 2019. The Town's net position decreased by \$17,656 for the fiscal year ended June 30, 2019. However, a portion (18.74%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Roxobel uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Roxobel'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 Roxobel's net position (3.83%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of the Town of Roxobel's net position \$510,548 (77.43%) is unrestricted.

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

- Continued low amounts of debt for the Town.

Town of Roxobel Changes in Net Position

Figure 3

	Governmental	
	Activities	Activities
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 11,003	\$ 10,322
Operating grants and contributions	8,358	10,631
Capital grants and contributions	-	-
General revenues:		
Property taxes	24,832	25,476
Other taxes	62,489	61,308
Grants and contributions not restricted to specific programs	-	-
Other	962	952
Total revenues	<u>107,644</u>	<u>108,689</u>
Expenses:		
General government	47,781	45,149
Public safety	8,177	10,969
Transportation	33,657	30,344
Environmental protection	23,808	19,990
Culture and recreation	11,877	564
Total expenses	<u>125,300</u>	<u>107,016</u>
Increase in net positions before transfers	(17,656)	1,673
Transfers to other funds	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(17,656)	1,673
Net position, July 1	<u>676,992</u>	<u>675,319</u>
Net position, June 30	<u>\$ 659,336</u>	<u>\$ 676,992</u>

Management Discussion and Analysis

Town of Roxobel

Governmental activities - Governmental activities decreased the Town's net position by \$17,656. Revenues were \$1,045 less than the previous year and expenses were \$18,284 more than the previous year. Culture and recreation accounted for the majority of the increase in expenses.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Roxobel'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 Roxobel's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Roxobel. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$241,483, while total fund balance reached \$265,871. 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 181 percent of the total General Fund expenditures and total fund balance was 199 percent of expenditures.

At June 30, 2019, the governmental funds of the Town of Roxobel reported a combined fund balance of \$530,889. That is a \$25,032 decrease from last year.

General Fund Budgetary Highlights: During the fiscal year, the Town did not need to 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.

Revenues were \$99 more than the budgeted amounts. Total expenditures were \$25,650 more than budget. The Town over spent on each expenditure category except Environmental protection.

Management Discussion and Analysis
Town of Roxobel

Capital Asset and Debt Administration

Capital assets. The Town of Roxobel's investment in capital assets for its governmental activities as of June 30, 2019, totals \$123,546 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

The Town's Governmental funds had an increase of \$14,500 in capital assets during the year through the Transportation activity through the street department.

Town of Roxobel's Capital Assets

Figure 4

(net of depreciation)

	Governmental		Governmental	
	Activities		Activities	
	2019		2018	
Land	\$	34,950	\$	34,950
Buildings and systems		63,994		51,736
Machinery and equipment		18,046		21,142
Vehicles and motorized equipment		6,556		7,749
Total	\$	123,546	\$	115,577

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

Long-term Debt. As of June 30, 2019, the Town of Roxobel did not have any bonds outstanding.

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 the government's boundaries. The legal debt margin for Town of Roxobel is \$793,120. The Town has \$ 0 in bonds authorized but un-issued at June 30, 2019.

Management Discussion and Analysis
Town of Roxobel

Economic Factors and Next Year's Budgets and Rates

The following indicators reflect Roxobel and the surrounding area economic condition.

- High unemployment. No significant jobs have been created and Roxobel has no industry.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Property taxes were kept at 25 cents per \$100 valuation

Budgeted expenditures for all governmental activities were set at \$108,492.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, P.O. Box 37 Roxobel, N.C. 27872 and phone (252) 344-7791.

BASIC FINANCIAL STATEMENTS

Town of Roxobel, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government	
	Governmental	
	Activities	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 512,627	\$ 512,627
Taxes receivables (net)	3,241	3,241
Accrued interest receivable on taxes	806	806
Accounts receivable (net)	16,618	16,618
Restricted cash	8,624	8,624
Total current assets	541,916	541,916
Capital Assets		
Land, non depreciable improvements, and construction in progress	34,950	34,950
Other capital assets, net of depreciation	88,596	88,596
Total Capital Assets	123,546	123,546
Total Assets	665,462	665,462
LIABILITIES		
Current liabilities:		
Accounts payable	6,126	6,126
Total liabilities	6,126	6,126
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	-	-
NET Position		
Net Investment in capital assets	123,546	123,546
Restricted		-
Stabilization by state statute	16,618	16,618
Streets	8,624	8,624
Unrestricted	510,548	510,548
Total net position	\$ 659,336	\$ 659,336

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

Town of Roxobel, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u> Governmental Activities	Total
Primary government:						
Governmental Activities:						
General government	\$ 47,781	\$ -	\$ 186		\$ (47,595)	\$ (47,595)
Public safety	8,177	-	-		(8,177)	(8,177)
Transportation	33,657	-	8,172		(25,485)	(25,485)
Environmental protection - cemetery lot	23,808	11,003	-		(12,805)	(12,805)
Cultural and recreation	11,877	-	-		(11,877)	(11,877)
Total governmental activities (See Note 1)	125,300	11,003	8,358		(105,939)	(105,939)
Total primary government	\$ 125,300	\$ 11,003	\$ 8,358		(105,939)	(105,939)
General revenues:						
Taxes:						
Property taxes, levied for general purpose					24,832	24,832
Other taxes					62,489	62,489
Unrestricted investment earnings					962	962
Extraordinary item: Insurance Recovery					-	-
Transfers					-	-
Total general revenues, special items, and transfers					88,283	88,283
Change in net position					(17,656)	(17,656)
Net position-beginning					676,992	676,992
Net position-ending					\$ 659,336	\$ 659,336

FUND FINANCIAL STATEMENTS

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

	Major Funds		
	General	Non-Major Funds	Total
ASSETS			
Cash and cash equivalents	\$ 247,609	\$ 265,018	\$ 512,627
Restricted cash	8,624	-	8,624
Receivables, net:			
Taxes	3,241	-	3,241
Accounts	16,618	-	16,618
Total assets	276,092	265,018	541,110
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	6,126	-	6,126
Total liabilities	6,126	-	6,126
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	3,241	-	3,241
Garbage fees receivable	854	-	854
Total deferred inflows of resources	4,095	-	4,095
Fund balances:			
Restricted			
Stabilization by state statute	15,764	-	15,764
Streets	8,624	-	8,624
Assigned			
Capital Projects Fund	-	265,018	265,018
Subsequent year's expenditure	-	-	-
Unassigned	241,483	-	241,483
Total fund balances	265,871	265,018	530,889
Total liabilities, deferred inflows of resources and fund balances	\$ 276,092	\$ 265,018	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

123,546

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

806

Liabilities for earned but deferred inflows in fund statements.

4,095

Net position of governmental activities

\$ 659,336

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

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

	<u>Major Funds</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>		
REVENUES			
Ad valorem taxes	\$ 25,425	\$ -	\$ 25,425
Other taxes and licenses	-	-	-
Unrestricted intergovernmental	62,489	-	62,489
Restricted intergovernmental	8,172	-	8,172
Sales and services	11,003	-	11,003
Investment earnings	433	529	962
Miscellaneous	186	-	186
Total revenues	107,708	529	108,237
			-
EXPENDITURES			
Current:			
General government	45,598	-	45,598
Public safety	7,551	-	7,551
Transportation	45,415	-	45,415
Environmental protection	23,135	-	23,135
Culture and Recreation	11,570	-	11,570
Total expenditures	133,269	-	133,269
Excess (deficiency) of revenues over expenditures	(25,561)	529	(25,032)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Insurance Recovery	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(25,561)	529	(25,032)
Fund balances-beginning	291,432	264,489	555,921
Fund balances-ending	\$ 265,871	\$ 265,018	\$ 530,889

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

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

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

Net changes in fund balances - total governmental funds	\$	(25,032)
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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 capital outlays exceeded depreciation in the current period

7,969

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

Change in deferred inflows for tax revenues

(522)

Accrued interest on tax receivable

(71)

Total changes in net position of governmental activities

\$ (17,656)

Town of Roxobel, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$29,195	\$29,195	\$25,425	(\$3,770)
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	59,214	59,214	62,489	3,275
Restricted intergovernmental	8,000	8,000	8,172	172
Sales and services	10,400	10,400	11,003	603
Investment earnings	500	500	433	(67)
Miscellaneous	300	300	186	(114)
Total revenues	\$107,609	\$107,609	\$107,708	\$99
Expenditures:				
Current:				
General government	45,077	45,077	45,598	(521)
Public safety	7,520	7,520	7,551	(31)
Transportation	29,664	29,664	45,415	(15,751)
Environmental protection	25,348	25,348	23,135	2,213
Cultural and recreation	-	-	11,570	(11,570)
Total expenditures	107,609	107,609	133,269	(25,660)
Revenues over (under) expenditures	-	-	(25,561)	(25,561)
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Insurance Recovery	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	-	-	(25,561)	(25,561)
Contingency	-	-	-	-
Appropriated fund balance			-	-
Revenues, appropriated fund balance and other financing sources over expenditures and other uses	\$-	\$-	(25,561)	(25,561)
Fund balances, beginning of year			291,432	
Fund balances, end of year			265,871	

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF ROXOBEL, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Roxobel 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 Roxobel is a municipal corporation, which is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town. The Town does not have a component unit.

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues 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* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Town reports the following major governmental funds:

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

The Town has the following non-major governmental fund:

Capital Projects Fund. This fund is used to accumulate monies for large expenditures.

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

TOWN OF ROXOBEL, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2019

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.

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. 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 a 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 collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Roxobel because the tax is levied by Bertie County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end are recorded as unearned revenues.

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the 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 object 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 \$1,000. All amendments must be approved by the governing board. During the year, no immaterial amendments to the original budget were made. 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, and Fund Equity

1. Deposits and Investments

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

TOWN OF ROXOBEL, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2019

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, a SEC-registered mutual fund. Investments are stated at cost or amortized cost.

2. Cash and Cash Equivalents

All cash and investments include cash on hand, demand deposits, and certificates of deposits and are deemed to be cash and cash equivalents.

3. Restricted Cash

Powell Bill funds are classified as restricted cash because it can be expended only for purposes of maintaining, repairing, constructing or widening of local streets per G.S. 136-41-1 through 136-41-4.

Governmental Fund		
General Fund	Streets	\$ 8,624
Total governmental activities		<u>\$ 8,624</u>
Total Restricted Cash		\$ 8,624

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

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$1,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$1,000; infrastructure, \$5,000; furniture and equipment, \$1,000; and vehicles, \$1,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2002, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings	40
Improvements	20
Furniture and equipment	10
Computer equipment	10

7. Deferred inflows of resources

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 of Roxobel has two items that meets the criteria for this category – property taxes receivable and garbage fees receivable.

8. Compensated Absences

The town does not provide for the accumulation of vacation or sick pay.

9. Net Position/Fund Balances

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Assigned – This classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Designated for subsequent year's expenditures for the 2019-2020 budget ordinance.

Designated for capital projects fund.

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

II. Stewardship, Compliance and Accountability

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

1. Noncompliance with North Carolina General Statutes

None..

2. Contractual Violations

None

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town of Roxobel's General Fund exceeded the authorized appropriations made by the governing board for General Government by \$521, Public Safety by \$31, Transportation by \$15,751 and Culture and Recreation by \$11,570. These over-expenditures occurred because of increased contract services for sidewalk repair in Transportation and increased donations in Culture and Recreation. In addition, ending Powell Bill funds on hand at June 30, 2019 of \$252 were not reported correctly to NCDOT. 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 the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's 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, these deposits are considered to be held by the Town's agents in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2019, the Town's deposits had a carrying amount of \$521,241 and a bank balance of \$527,564. Of the bank balance, \$250,000 was covered by federal depository insurance and \$277,564 was covered by collateral held under the Pooling Method. The Town has \$10 petty cash.

2. Receivables - Allowances for Doubtful Accounts

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

<u>Fund</u>	<u>6/30/2019</u>
General Fund:	
Taxes Receivable	\$ 66
Accounts Receivable	95
Total	<u>\$ 161</u>

TOWN OF ROXOBEL, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2019

3. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 34,950	\$ -	-	\$ 34,950
Capital assets being depreciated:				
Buildings	69,723	14,500	-	84,223
Equipment	30,023	-	-	30,023
Vehicles and motorized equipment	28,121	-	-	28,121
Total capital assets being depreciated	127,867	14,500	-	142,367
Less accumulated depreciation for:				
Buildings	17,987	2,242	-	20,229
Equipment	8,881	3,096	-	11,977
Vehicles and motorized equipment	20,372	1,193	-	21,565
Total accumulated depreciation	47,240	6,531	-	53,771
Total capital assets being depreciated, net	80,627			88,596
Governmental activity capital assets, net	\$ 115,577			\$ 123,546

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

General government	\$ 2,183
Public safety	626
Transportation	2,742
Environmental protection	673
Culture & recreation	307
Total depreciation expense	<u>\$ 6,531</u>

B. Liabilities

1. Pension Plan Obligations

The Town of Roxobel does not participate in any type of retirement system.

2. Deferred Outflows and Inflows of Resources

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

	Amount
Property Tax Receivable	\$ 3,241
Garbage Fees Receivable	<u>854</u>
Total	<u>\$ 4,095</u>

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 has commercial coverage for all risks of loss except errors and omissions. Claims have not exceeded coverage in any of the last three fiscal years.

The town does not carry any flood insurance.

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2019, consists of the following:

From the Capital Reserve Fund to the General Fund to pay expenses - \$ 0

IV. Joint Ventures

The town in conjunctions with the Town of Kelford, participates in the operation of the Roxobel-Kelford Cemetery. Each town appoints 50% of the board members and has ongoing financial responsibility for the joint venture. The towns contributed \$2,250.00 for the fiscal year ended June 30, 2019. The participating governments do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2019.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VI. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

VII. Significant Effects of Subsequent Events

There have been no events that occurred between June 30, 2019 and the date of this report that have significant effect on the Town.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$ -	\$ 25,266	\$ -
Penalties and interest	-	159	-
Total	<u>29,195</u>	<u>25,425</u>	<u>(3,770)</u>
Other taxes and licenses:			
Privilege licenses	-	-	-
Unrestricted intergovernmental:			
Local option sales taxes	-	34,100	-
City hold harmless tax	-	15,457	-
Solid waste disposal tax	-	154	-
Telecommunications sales tax	-	2,129	-
Beer and wine tax	-	946	-
Utility franchise tax	-	8,982	-
Video franchise tax	-	720	-
Prepaid Natural Gas	-	1	-
Total	<u>59,214</u>	<u>62,489</u>	<u>3,275</u>
Restricted intergovernmental:			
Powell Bill allocation	<u>8,000</u>	<u>8,172</u>	<u>172</u>
Sales and services:			
Garbage collection fees	<u>10,400</u>	<u>11,003</u>	<u>603</u>
Investment earnings	<u>500</u>	<u>433</u>	<u>(67)</u>
Miscellaneous:			
Sales tax refund	300	186	(114)
 Total Revenues	 <u>\$ 107,609</u>	 <u>\$ 107,708</u>	 <u>\$ 99</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Governing Body:			
Salaries and employee benefits	\$ -	\$ 5,377	\$ -
Administration:			
Salaries and employee benefits	-	10,942	-
Office Supplies	-	3,904	-
Insurance	-	7,520	-
Dues	-	1,336	-
Lights	-	4,104	-
Telephone	-	2,168	-
Legal and audit	-	7,600	-
Donations	-	250	-
Other operating expenditures	-	1,819	-
Total	-	45,020	-
Taxes:			
Collection fees	-	578	-
Total general government	45,077	45,598	(521)
Public safety:			
Fire:			
Contribution to fire, rescue	-	7,000	-
Lights	-	545	-
Other operating expenditures	-	6	-
Total	7,520	7,551	(31)
Transportation:			
Streets:			
Labor	-	7,527	-
Street Lights	-	13,736	-
Repairs & Maint.	-	6,900	-
Capital Outlay	-	14,500	-
Other operating expenditures	-	2,752	-
Total	29,664	45,415	(15,751)
Environmental protection:			
Collection fees	-	10,910	-
Salaries and employee benefits	-	9,478	-
Cemetery expenses	-	2,250	-
Other operating expenses	-	497	-
Total environmental protection	25,348	23,135	2,213
Culture and recreation:			
Donations	-	11,275	-
Other operating expenses	-	295	-
Total	-	11,570	11,570
Total expenditures	\$ 107,609	\$ 133,269	\$ (25,660)

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues over (under) expenditures	-	(25,561)	(25,561)
Other financing sources (uses):			
Transfers from other funds			
Capital Reserve Fund	-	-	-
Insurance Recovery	-	-	-
Revenues over (under) expenditures & others	-	(25,561)	(25,561)
Appropriated fund Balance	-	-	-
Revenues and appropriated fund balance over (under) expenditures & others	<u>\$ -</u>	<u>(25,561)</u>	<u>\$ (25,561)</u>
Fund balances, beginning as previously reported			
Fund Balances, beginning		<u>291,432</u>	
Fund Balances, ending		<u>\$ 265,871</u>	

Town of Roxobel, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Fund
For the Year Ended June 30, 2019

	Capital Reserve Capital Projects Fund		
	Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ 500	\$ 529	\$ 29
Total revenues	500	529	29
Expenditures:			
Total expenditures	-	-	-
Revenues over (under) expenditures	500	529	29
Other financing sources (uses):			
Transfers to other funds-General Fund	-	-	-
Revenues and other sources over (under) expenditures and other uses	500	529	29
Contingency	(500)	-	500
Appropriated fund balance	-	-	-
Revenues, appropriated fund balance and other financing sources over expenditures and other uses	\$ -	529	\$ 529
Fund balances, beginning of year		264,489	
Fund balances, end of year		\$ 265,018	

Other Schedules

This section contains additional information required on property taxes

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

Town of Roxobel, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019		24,793	23,387	1,406
2017-2018	1,952		1,275	677
2016-2017	727		489	238
2015-2016	148		18	130
2014-2015	176		18	158
2013-2014	92		-	92
2012-2013	230		61	169
2011-2012	181		8	173
2010-2011	207		-	207
2009-2010	67		10	57
2008-2009	143		143	-
	<u>3,923</u>	<u>24,793</u>	<u>25,409</u>	<u>3,307</u>
Less: allowance for uncollectible accounts: General Fund				<u>66</u>
Ad valorem taxes receivable - net				<u>3,241</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				25,425
Reconciling items:				
Interest collected				(159)
Taxes written off				<u>143</u>
Total collections and credits				<u>\$ 25,409</u>

**Town of Roxobel, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2019**

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current	\$ 9,914,000	0.0025	\$ 24,785	\$ 20,866	\$ 3,920
Penalties	-		8	8	-
Total property valuation	<u>9,914,000</u>		<u>24,793</u>	<u>20,874</u>	<u>3,920</u>
Abatements	-				
Total property valuation	<u>\$ 9,914,000</u>				
Net levy			24,793	20,874	3,920
Uncollected taxes at June 30, 2019			<u>(1,406)</u>	<u>(1,406)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 23,387</u>	<u>\$ 19,468</u>	<u>\$ 3,920</u>
Current levy collection percentage			<u>94.33%</u>	<u>93.27%</u>	<u>100.00%</u>