

Town of Ansonville
North Carolina
Audited Financial Statements
For the Year Ended
June 30, 2020

Town Council

Joey Estridge, Mayor
Denise Cannon, Mayor Pro-Term
Phyllis Watkins
Jesse Huntley
Sarah Burns
Kimberly Burr

Administrative and Financial Staff

Dianna McLaughlin, Town Clerk

Town of Ansonville, North Carolina
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June 30, 2020

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FINANCIAL SECTION

220 East Washington Street
Post Office Box 697
Rockingham, North Carolina 28380
(910) 557-1176

Other Office Locations:
Seven Lakes, North Carolina
Gastonia, North Carolina
Statesville, North Carolina

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ansonville, North Carolina as of and for the year ended June 30, 2020, 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 on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Town of Ansonville, North Carolina as of June 30, 2020, and the respective changes in financial position, and where appropriate, thereof and the 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, on pages 3 through 9, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 41 and 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The individual fund statements and budgetary 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. In our opinion, the individual fund statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Anderson Smith & Wike PLLC
Rockingham, North Carolina
January 28, 2021

Management's Discussion and Analysis

As management of the Town of Ansonville, we offer readers of the Town of Ansonville's financial statements this narrative overview and analysis of the financial activities of the Town of Ansonville for the fiscal year ended June 30, 2020. 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

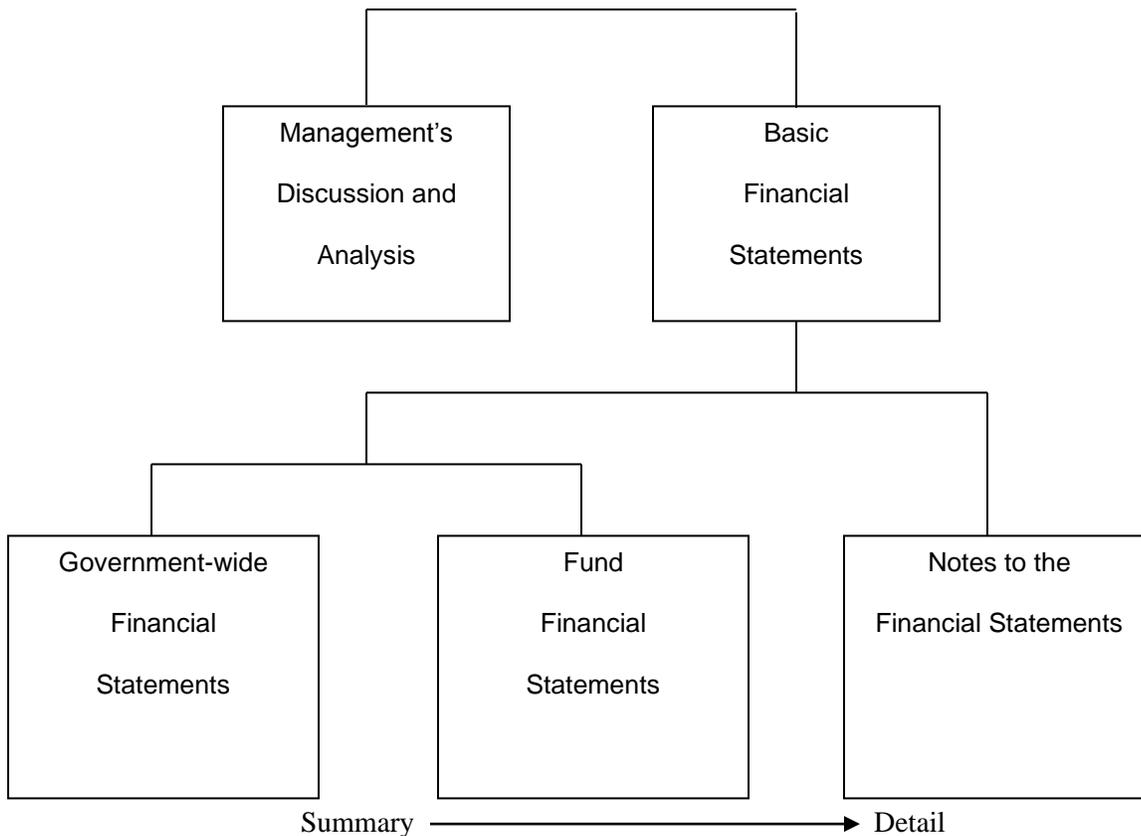
- The assets and deferred outflows of resources of the Town of Ansonville exceeded its liabilities and deferred inflows of resources at the close of the year by \$2,159,612 (net position).
- The government's total net position decreased by \$1,351, primarily due to expenditures exceeding revenues in the General Fund
- As of the close of the current fiscal year, the Town of Ansonville's governmental funds reported combined ending fund balance of \$422,675, an increase of \$55,212 in fund balance. Approximately 51.1 percent of this total amount, or \$215,894, 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 \$215,894 or 50.2 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Ansonville's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, 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 Ansonville.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to the financial statement of 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 on the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

The government-wide financial statements are presented on pages 10-11 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 Ansonville, 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 Ansonville 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 the 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 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 if there are more or less financial resources available to finance the Town's programs. The relationship between the government activities (reported on in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliation that is a part of the fund financial statements.

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

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

Notes to the Financial Statements –The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

The Town of Ansonville's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 506,700	\$ 440,584	\$ 172,465	\$ 177,348	\$ 679,165	\$ 617,932
Capital assets	409,567	444,645	1,629,792	1,668,914	2,039,359	2,113,559
Deferred outflows of resources	38,219	40,594	2,012	2,137	40,231	42,731
Total assets	954,486	925,823	1,804,269	1,848,399	2,758,755	2,774,222
Long-term liabilities	64,754	5,466	462,654	489,500	527,408	494,966
Other liabilities	13,792	60,765	57,583	56,653	71,375	117,418
Deferred inflows of resources	342	831	18	44	360	875
Total liabilities	78,888	67,062	520,255	546,197	599,143	613,259
Net position:						
Invested in capital assets net of related debt	409,567	444,645	1,140,292	1,150,914	1,549,859	1,595,559
Restricted	206,781	12,417	-	-	206,781	12,417
Unrestricted	259,250	289,941	143,722	151,288	402,972	441,229
Total net position	\$ 875,598	\$ 747,003	\$ 1,284,014	\$ 1,302,202	\$ 2,159,612	\$ 2,049,205

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the Town of Ansonville exceeded liabilities and deferred inflows by \$2,159,612 as of June 30, 2020. The Town’s net position decreased by \$1,351 for the fiscal year ended June 30, 2020. The largest portion (71.8%) reflects the Town’s net investment in capital assets (e.g. street, water, and sewer lines and related equipment). The Town of Ansonville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ansonville’s net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Ansonville’s net position \$206,781 represents the resources that are subject to external restrictions and how they may be used. The remaining balance of \$402,972 is unrestricted.

Several particular aspects of the Town’s financial operations influence the total restricted and unrestricted governmental net position:

- The Governmental Activities net position increased its net position by \$16,837.
 Current assets increased by \$66,116 during the year.

- The Business-Type Activities net position decreased by \$18,188.
 Liabilities were reduced by \$25,942 during the year.

The Town of Ansonville's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 30,889	\$ 29,387	\$ 394,436	\$ 360,761	\$ 425,325	\$ 390,148
Operating grants and contributions	97,119	24,198	-	-	97,119	24,198
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	128,472	128,744	-	-	128,472	128,744
Other taxes	171,012	165,073	-	-	171,012	165,073
Other	24,494	8,185	17,729	730	42,223	8,915
Total revenues	<u>451,986</u>	<u>355,587</u>	<u>412,165</u>	<u>361,491</u>	<u>864,151</u>	<u>717,078</u>
Expenses						
General governments	134,605	128,937	-	-	134,605	128,937
Public Safety	9,681	7,212	-	-	9,681	7,212
Transportation	287,885	246,145	-	-	287,885	246,145
Environmental protection	40,033	38,561	-	-	40,033	38,561
Culture and recreation	2,422	2,281	-	-	2,422	2,281
Miscellaneous	2,587	2,874	-	-	2,587	2,874
Water and sewer	-	-	388,289	399,980	388,289	399,980
Total expenses	<u>477,213</u>	<u>426,010</u>	<u>388,289</u>	<u>399,980</u>	<u>865,502</u>	<u>825,990</u>
Increase in net position before transfers	(25,227)	(70,423)	23,876	(38,489)	(1,351)	(108,912)
Transfers	<u>42,064</u>	<u>42,064</u>	<u>(42,064)</u>	<u>(42,064)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	16,837	(28,359)	(18,188)	(80,553)	(1,351)	(108,912)
Net position, beginning	<u>858,761</u>	<u>887,120</u>	<u>1,302,202</u>	<u>1,382,755</u>	<u>2,160,963</u>	<u>2,269,875</u>
Net position, end of year	<u>\$ 875,598</u>	<u>\$ 858,761</u>	<u>\$ 1,284,014</u>	<u>\$ 1,302,202</u>	<u>\$ 2,159,612</u>	<u>\$ 2,160,963</u>

Governmental activities: Governmental activities increased the Town’s net position by \$16,837, mainly due to an increase in revenues by approximately \$96,399, of which FEMA grant revenue was \$73,040.

Business-type activities: Business-type activities decreased the town of Ansonville’s net position by \$18,188 which is a decrease from prior year by \$62,365. Water and Sewer revenues increased by \$33,645.

Financial Analysis of the Town’s Funds

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

Governmental Funds. The focus of the Town of Ansonville’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 Ansonville’s financing requirements.

The general fund is the chief operating fund of the Town of Ansonville. At the end of the current fiscal year, Town of Ansonville’s fund balance available in the General Fund was \$215,894, while total fund balance reached \$422,675.

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

Proprietary Funds. The Town of Ansonville’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$143,722. The total change in net position for the Water and Sewer Fund was \$(18,188). The change in net position in the water and sewer fund is a result of a higher expenditures.

Capital Assets and Debt Administration

Capital assets - The Town of Ansonville’s investments in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$2,039,359 (net of accumulated depreciation). These assets include equipment, furniture, computer equipment, and water and sewer lines.

**Town of Ansonville’s Capital Assets
(net of depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land and CIP	\$ 30,406	\$ 30,406	\$ 13,420	\$ 13,420	\$ 43,826	\$ 43,826
Buildings & systems	23,258	22,355	1,703	1,793	24,961	24,148
Land improvements	41,295	44,665	-	-	41,295	44,665
Furniture & equipment	25,377	20,106	73,585	79,121	98,962	99,227
Vehicles	35,780	46,982	-	-	35,780	46,982
Infrastructure	253,452	280,131	-	-	253,452	280,131
Water and sewer Lines	-	-	1,541,084	1,574,580	1,541,084	1,574,580
Total assets	<u>\$ 409,568</u>	<u>\$444,645</u>	<u>\$ 1,629,792</u>	<u>\$ 1,668,914</u>	<u>\$ 2,039,360</u>	<u>\$ 2,113,559</u>

Additional information on the Town’s capital assets can be found in Note III of this report.

Long-term Debt. As of June 30, 2020, the Town of Ansonville had a total bond and other debt outstanding of \$489,500.

General Obligation Bonds

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ -	\$ -	\$ 489,500	\$ 518,000	\$ 489,500	\$ 518,000
Total	\$ -	\$ -	\$ 489,500	\$ 518,000	\$ 489,500	\$ 518,000

Additional information regarding the Town of Ansonville’s long-term debt can be found in Note II of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The governmental budget for June 30, 2021 reflects a decrease of 7.5%.

Business-type Activities: The water and sewer budget reflects a 20.4% decrease for June 30, 2021.

Request 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 Finance Officer, Town of Ansonville, PO Box 201, Ansonville, NC 28007. One can also call 704-826-8404 or send an email to townofansonville@yahoo.com for more information.

BASIC FINANCIAL STATEMENTS

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 224,344	\$ 147,625	\$ 371,969
Restricted cash and cash equivalents	103,700	-	103,700
Taxes receivables (net)	75,057	-	75,057
Accounts receivable (net)	5,143	34,166	39,309
Due from other governments	88,393	-	88,393
Prepaid expense	518	218	736
Internal balances	9,544	(9,544)	-
Total current assets	<u>506,699</u>	<u>172,465</u>	<u>679,164</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	30,406	13,420	43,826
Other capital assets, net of depreciation	<u>379,162</u>	<u>1,616,372</u>	<u>1,995,534</u>
Total capital assets	<u>409,568</u>	<u>1,629,792</u>	<u>2,039,360</u>
Total assets	<u>\$ 916,267</u>	<u>\$ 1,802,257</u>	<u>\$ 2,718,524</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>38,219</u>	<u>2,012</u>	<u>40,231</u>
Total deferred outflows of resources	<u>38,219</u>	<u>2,012</u>	<u>40,231</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 8,968	\$ 13,843	\$ 22,811
Customer deposits	-	13,740	13,740
Compensated absences	4,824	-	4,824
General obligation bond payable-current	-	30,000	30,000
Long-term liabilities:			
General obligation bond payable	-	459,500	459,500
Net pension liability	59,930	3,154	63,084
Compensated absences	<u>4,824</u>	<u>-</u>	<u>4,824</u>
Total liabilities	<u>78,546</u>	<u>520,237</u>	<u>598,783</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>342</u>	<u>18</u>	<u>360</u>
Total deferred inflows of resources	<u>342</u>	<u>18</u>	<u>360</u>
NET POSITION			
Net investment in capital assets	409,568	1,140,292	1,549,860
Restricted for:			
Stabilization by State Statue	103,080	-	103,080
Streets - Powell Bill	103,700	-	103,700
Unrestricted	<u>259,250</u>	<u>143,722</u>	<u>402,972</u>
Total net position	<u>\$ 875,598</u>	<u>\$ 1,284,014</u>	<u>\$ 2,159,612</u>

Town of Ansonville, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 134,605	\$ -	\$ -	\$ -	\$ (134,605)	\$ -	\$ (134,605)
Public safety	9,681	-	-	-	(9,681)	-	(9,681)
Transportation	287,885	-	97,119	-	(190,766)	-	(190,766)
Environmental protection	40,033	30,879	-	-	(9,154)	-	(9,154)
Cultural and recreation	2,422	-	-	-	(2,422)	-	(2,422)
Miscellaneous	2,587	10	-	-	(2,577)	-	(2,577)
Total governmental activities	<u>477,213</u>	<u>30,889</u>	<u>97,119</u>	<u>-</u>	<u>(349,205)</u>	<u>-</u>	<u>(349,205)</u>
Business-type activities:							
Water and sewer	<u>388,289</u>	<u>394,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,147</u>	<u>6,147</u>
Total business-type activities	<u>388,289</u>	<u>394,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,147</u>	<u>6,147</u>
Total primary government	<u>\$ 865,502</u>	<u>\$ 425,325</u>	<u>\$ 97,119</u>	<u>-</u>	<u>(349,205)</u>	<u>6,147</u>	<u>(343,058)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					128,472	-	128,472
Other taxes					171,012	-	171,012
Restricted investment earnings					90	-	90
Unrestricted investment earnings					1,065	-	1,065
Other revenues					23,339	17,729	41,068
Transfers					42,064	(42,064)	-
Total general revenues and transfers					<u>366,042</u>	<u>(24,335)</u>	<u>341,707</u>
Change in net position					16,837	(18,188)	(1,351)
Net position, beginning					<u>858,761</u>	<u>1,302,202</u>	<u>2,160,963</u>
Net position, ending					<u>\$ 875,598</u>	<u>\$ 1,284,014</u>	<u>\$ 2,159,612</u>

Town of Ansonville
Balance Sheet
Governmental Funds
June 30, 2020

Exhibit 3

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 224,344
Restricted cash and cash equivalents	103,700
Receivables, net:	
Taxes	75,057
Accounts	5,143
Due from other funds	9,544
Due from other governments	88,393
Prepaid expense	518
Total assets	<u>\$ 506,699</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	<u>8,968</u>
Total liabilities	<u>8,968</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	<u>75,057</u>
Total deferred inflows of resources	<u>75,057</u>
FUND BALANCES:	
Restricted for:	
Stabilization by State Statue	103,080
Streets - Powell Bill	103,700
Unassigned	<u>215,894</u>
Total fund balances	422,674
Total liabilities, deferred inflows of resources, and fund balances	<u><u>506,699</u></u>
Reconciliation of fund balance as reported in the balance sheet - governmental funds with	
Fund balance as reported in the balance sheet - governmental funds	422,674
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	409,568
Net Pension Liability	(59,930)
Deferred outflows of resources related to pensions are not reported in the funds	38,219
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	75,057
Compensated absences not expected to be materially liquidated with expendable available resources	(9,648)
Deferred inflows of resources related to pensions are not reported in the funds	<u>(342)</u>
Net position of governmental activities	<u>\$ 875,598</u>

Town of Ansonville
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4

	Total Governmental Funds
REVENUES	
Ad valorem taxes	\$ 119,312
Unrestricted intergovernmental	171,012
Restricted intergovernmental	97,119
Permits and fees	30,879
Restricted investment earnings	90
Unrestricted investment earnings	1,065
Miscellaneous	<u>23,349</u>
Total revenues	<u>442,826</u>
EXPENDITURES	
Current:	
General government	132,723
Public safety	9,681
Transportation	244,705
Environmental protection	40,033
Cultural and Recreational	822
Miscellaneous expenses	<u>1,714</u>
Total expenditures	<u>429,678</u>
Revenues over (under) expenditures	<u>13,148</u>
OTHER FINANCING SOURCES	
Transfers (to)/from other funds:	
Water and Sewer Fund	<u>42,064</u>
Total other financial sources	<u>42,064</u>
Net change in fund balance	55,212
Fund balances, beginning	<u>367,463</u>
Fund balances, ending	<u>\$ 422,675</u>

Town of Ansonville
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	\$	55,212
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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.

	Capital outlay	10,225	
	Depreciation expense	<u>(45,302)</u>	(35,077)

Contributions to the pension plan in the current fiscal year are not included on the statement of activities		13,220
--	--	--------

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

	Compensated absences	1,284	
	Pension expense	<u>(26,962)</u>	(25,678)

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

Change in unavailable revenue for tax revenues		9,160
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Total changes in net position of governmental activities	\$	<u><u>16,837</u></u>
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General Fund

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

For the Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 125,000	\$ 125,000	\$ 119,312	\$ (5,688)
Unrestricted intergovernmental	155,000	155,000	171,012	16,012
Restricted intergovernmental	50,000	50,000	97,119	47,119
Restricted investment earnings	90	90	90	-
Unrestricted investment earnings	146	146	1,065	919
Permits and Fees	32,000	32,000	30,879	(1,121)
Miscellaneous	1,500	1,500	23,349	21,849
Total revenues	<u>363,736</u>	<u>363,736</u>	<u>442,826</u>	<u>79,090</u>
Expenditures:				
Current:				
General government	132,050	133,000	132,723	277
Public safety	12,750	9,750	9,681	69
Transportation	228,400	244,900	244,705	195
Environmental protection	52,700	40,500	40,033	467
Culture and recreational	1,000	900	822	78
Miscellaneous	3,900	1,750	1,714	36
Total expenditures	<u>430,800</u>	<u>430,800</u>	<u>429,678</u>	<u>1,122</u>
Revenues over (under) expenditures	<u>(67,064)</u>	<u>(67,064)</u>	<u>13,148</u>	<u>80,212</u>
Other financing sources				
Transfers (to)/from other funds:				
Water and Sewer Fund	<u>42,064</u>	<u>42,064</u>	<u>42,064</u>	<u>-</u>
Total other financing sources	<u>42,064</u>	<u>42,064</u>	<u>42,064</u>	<u>-</u>
Fund balance appropriated	25,000	25,000	-	(25,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>55,212</u>	<u>\$ 55,212</u>
Fund balances, beginning			367,463	
Fund balances, ending			<u>\$ 422,675</u>	

Town of Ansonville
Statement of Net Position
Proprietary Funds
6/30/2020

Exhibit 7

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 147,625
Accounts receivable (net)	34,166
Prepaid expense	<u>218</u>
Total current assets	<u>182,009</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	13,420
Other capital assets, net of depreciation	<u>1,616,372</u>
Capital assets (net)	<u>1,629,792</u>
Total noncurrent assets	<u>1,629,792</u>
Total assets	<u>\$ 1,811,801</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>2,012</u>
Total deferred outflows of resources	<u>2,012</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 13,843
Customer deposits	13,740
Due to other funds	9,544
General obligation bonds payable - current	<u>30,000</u>
Total current liabilities	<u>67,127</u>
Noncurrent liabilities:	
Net pension liability	3,154
General obligation bonds payable - noncurrent (net)	<u>459,500</u>
Total noncurrent liabilities	<u>462,654</u>
Total liabilities	<u>529,781</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>18</u>
Total deferred inflows of resources	<u>18</u>
NET POSITION	
Net investment in capital assets	1,140,292
Unrestricted	<u>143,722</u>
Total net position	<u>\$ 1,284,014</u>

Town of Ansonville
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit 8

	<u>Water and Sewer Fund</u>
OPERATING REVENUES	
Water charges	\$ 243,218
Sewer charges	151,218
Total operating revenues	<u>394,436</u>
OPERATING EXPENSES	
Water/Sewer Administration	35,026
Water Distribution and Treatment	145,538
Waste collection and Treatment	99,873
Depreciation	80,657
Total operating expenses	<u>361,094</u>
Operating income	<u>33,342</u>
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous revenue	17,729
Interest on bond payable	(27,195)
Total nonoperating revenue (expenses)	<u>(9,466)</u>
Income before contributions and transfers	23,876
Transfers (to)/ from General Fund	<u>(42,064)</u>
Change in net position	(18,188)
Total net position, beginning	<u>1,302,202</u>
Total net position, ending	<u>\$ 1,284,014</u>

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 376,951
Cash paid for goods and services	(241,046)
Cash paid to or on behalf of employees for services	(16,064)
Customer deposits received	1,140
Customer deposits returned	(700)
Net cash provided by operating activities	<u>120,281</u>
 CASH FLOWS FROM NON- CAPITAL FINANCING ACTIVITIES	
Transfer (to)/from other funds	<u>(42,064)</u>
Net cash (used) in non-capital financing activities	<u>(42,064)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(41,535)
Principal paid on bond maturities and equipment contracts	(28,500)
Interest paid on bond maturities and equipment contracts	<u>(27,195)</u>
Net cash (used) by capital and related financing activities	<u>(97,230)</u>
 Net decrease in cash and cash equivalents	 (19,013)
 Balances, beginning	 <u>166,638</u>
 Balances, ending	 <u>\$ 147,625</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year:	
Interest	<u>\$ 27,195</u>

**Town of Ansonville
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020**

**Water and
Sewer Fund**

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 33,342
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	80,657
Changes in assets and liabilities:	
Other revenue	17,729
(Increase) decrease in accounts receivable	(17,485)
(Increase) decrease in prepaid expense	(5)
Increase (decrease) in accounts payable and accrued liabilities	1,422
Increase (decrease) in customer deposits	440
Increase (decrease) in due to other funds	3,360
(Increase) decrease in deferred outflows of resources-pensions	125
Increase (decrease) in net pension liability	722
Increase (decrease) in deferred inflows of resources-pensions	(26)
Total adjustments	<u>86,939</u>
Net cash provided by operating activities	<u>\$ 120,281</u>

NOTES TO THE FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statement themselves. The notes supplement the financial statements, and are an integral part thereof, and are intended to be read in conjunction with the financial statements.

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Ansonville 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 Ansonville is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town of Ansonville only. There were no entities which met the requirements of a reportable 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* 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. There are no other funds to report for Town of Ansonville.

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

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

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 and State-shared revenues. The primary expenditures are for street maintenance and construction, sanitation services and general governmental services.

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

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

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

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. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Ansonville because the tax is levied by Anson 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 position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Proprietary Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Grant Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board and the Council 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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

**Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

I. Summary of Significant Accounting Policies (continued)

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.

Restricted Cash

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. The Medical Center and Sewer project are classified as restricted cash because they can be expended only for the Medical Center and Sewer project, respectively. Deferred revenue consists of customer payments on utility accounts for services that have not been provided. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Ansonville Restricted Cash

Governmental Activities General Fund Streets	\$ <u>103,700</u>
Total governmental activities	\$ <u>103,700</u>

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

**Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

I. Summary of Significant Accounting Policies (continued)

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. This allowance for doubtful accounts is maintained for the water and sewer billings.

Prepaid Expenses

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

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, \$500; buildings, improvements, substations, lines, and other plant and distribution systems, \$500; infrastructure, \$500; equipment and furniture, \$500; vehicles and motorized equipment, \$500; computer software and computer equipment, \$500. 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. 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>
Furniture & equipment	7
Land Improvements	10
Maintenance equipment	10
Buildings	20
Water lines and tanks	30

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – property taxes receivable and deferrals of pension expense that result from the implementation of GASB statement 68.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not inspendable form or (b) legally or contractually required to be maintained intact.

Prepaid Items – Portion of fund balance that is not an available resource because it represents the year-end balance of expenses paid for the next fiscal year.

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

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

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

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 Ansonville'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.

Assigned fund balance – portion of fund balance that Town of Ansonville intends to use for specific purposes.

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

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

The Town of Ansonville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Town will use resources in the following hierarchy; State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

Fund Balances (Continued)

to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balances and lastly unassigned fund balance. The Town has the authority to deviate from this policy if it is in the best interest of the Town.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the 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 reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Ansonville's employer contributions are recognized when due and the Town of Ansonville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2020, the expenditures made in the Town's Water & Sewer fund exceeded the authorized appropriations made by the governing board by \$30,543. Management and the Council will more closely review the budget reports to ensure compliance in future years

III. Detail Notes on All Funds

A. Assets

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 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, these deposits are considered to be held by the Town's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

A. Assets (Continued)

Deposits (Continued)

the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are property secured.

At June 30, 2020, the Town's deposits have a carrying amount of \$475,544 and a bank balance of \$525,555. Of the bank balance \$250,000 was covered by federal depository insurance and \$275,555 was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$125.

Capital Assets

Primary Government:

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

Governmental Activities	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Capital Assets not being depreciated:				
Land	\$ 30,406	\$ -	\$ -	\$ 30,406
Total capital assets not being depreciated	<u>30,406</u>	<u>-</u>	<u>-</u>	<u>30,406</u>
Capital assets being depreciated:				
Buildings	71,907	2,165	-	74,072
Land Improvements	73,800	-	-	73,800
Furniture & equipment	67,859	8,060	-	75,919
Vehicles	65,729	-	-	65,729
Infrastructure	400,187	-	-	400,187
Total capital assets being depreciated	<u>679,482</u>	<u>10,225</u>	<u>-</u>	<u>689,707</u>
Less accumulated depreciation for:				
Buildings	49,552	1,262	-	50,814
Land Improvements	29,135	3,370	-	32,505
Furniture & equipment	47,753	2,789	-	50,542
Vehicles	18,747	11,202	-	29,949
Infrastructure	120,056	26,679	-	146,735
Total accumulated depreciation	<u>265,243</u>	<u>45,302</u>	<u>-</u>	<u>310,545</u>
Total capital assets being depreciated, net	<u>414,239</u>			<u>379,162</u>
Governmental activity capital assets, net	<u>\$ 444,645</u>			<u>\$ 409,568</u>

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

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

General Government	\$ 4,047
Transportation	38,782
Cultural and Recreational	1,600
Miscellaneous	<u>873</u>
Total depreciation expense	<u>\$ 45,302</u>

Capital asset activity for the Business-type activities for the year ended June 30, 2020, was as follows:

Business-type Activities	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Capital Assets not being depreciated:				
Land	\$ 13,420	\$ -	\$ -	\$ 13,420
Total capital assets not being depreciated	<u>13,420</u>	<u>-</u>	<u>-</u>	<u>13,420</u>
Capital assets being depreciated:				
Buildings	6,867	-	-	6,867
Plant & distribution systems	297,487	-	-	297,487
Office furniture & equipment	796	-	-	796
Furniture & equipment	132,097	41,535	-	173,632
Sewer lines	<u>3,087,211</u>	<u>-</u>	<u>-</u>	<u>3,087,211</u>
Total capital assets being depreciated	<u>3,524,458</u>	<u>41,535</u>	<u>-</u>	<u>3,565,993</u>
Less accumulated depreciation for:				
Buildings	5,074	90	-	5,164
Plant & distribution systems	259,139	10,099	-	269,238
Office furniture & equipment	740	56	-	796
Furniture & equipment	91,379	8,668	-	100,047
Sewer lines	<u>1,512,632</u>	<u>61,744</u>	<u>-</u>	<u>1,574,376</u>
Total accumulated depreciation	<u>1,868,964</u>	<u>80,657</u>	<u>-</u>	<u>1,949,621</u>
Total capital assets being depreciated, net	<u>1,655,494</u>			<u>1,616,372</u>
Business-type activities capital assets, net	<u>\$ 1,668,914</u>			<u>\$ 1,629,792</u>

Liabilities

Local Government Employees' Retirement System

Plan Description. The Town of Ansonville is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the 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 member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five year 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 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 Alternative Benefit for life or a return of the member's contributions.

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Ansonville 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 Ansonville's contractually required contribution rate for the year ended June 30, 2020 was 8.95% of compensation 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 Ansonville were \$13,220 for the year ended June 30, 2020.

Refunds of Contributions. Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2020, the Town reported a liability of \$63,084 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.00231%, which was an increase of 0.00026% from its proportion measured as of June 30, 2018.

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

For the year ended June 30, 2020, the Town recognized pension expense of \$29,641. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,802	\$ -
Changes in assumptions	10,282	-
Net difference between projected and actual earnings on pension plan investments	1,539	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,388	360
Town contributions subsequent to the measurement date	<u>13,220</u>	<u>-</u>
Total	<u>\$ 40,231</u>	<u>\$ 360</u>

\$13,220 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 asset 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:

2020	\$ 12,800
2021	4,415
2022	7,227
2023	2,110
2024	-
Thereafter	<u>-</u>
	<u>\$ 26,652</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 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

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

**Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020**

III. Detail Notes on All Funds (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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 7.0 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 (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Town’s proportionate share of the net pension liability (asset)	\$ 144,285	\$ 63,084	\$ (4,410)

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.

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

Deferred Outflows and Inflows of Resources

Source	Amount
--------	--------

Deferred outflows of resources are comprised of the following:

Pension deferrals	\$ <u>40,231</u>
Total	\$ <u><u>40,231</u></u>

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

Pension deferrals	\$ <u>360</u>
Total	\$ <u><u>360</u></u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries a commercial insurance policy to cover all risks of loss. Coverage under this policy is as follows:

General Liability	\$ 2,000,000
Public Officials Liability	2,000,000
Business Auto	1,000,000
Workman's Compensation	1,000,000

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

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

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The town clerk is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$6,000.

Claims and Judgments

At June 30, 2020, there was no pending or threatened litigation, claims or assessments involving the Town of Ansonville.

Long-term Obligations

General Obligation Indebtedness

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

Bonds payable at June 30, 2020 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

Sanitary Sewer Bonds totaling \$894,000 due in annual installments payable on June 1. These installments increase each year by \$1,500 with a final payment of \$10,000 due 2035. Interest on these bonds is compounded annually at 5.25%.

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

Annual debt service requirements to maturity for general obligation bonds, including interest on the Sanitary Sewer Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2021	30,000	25,699	55,699
2022	31,500	24,124	55,624
2023	33,000	22,470	55,470
2024	35,000	20,738	55,738
2025	36,000	18,900	54,900
Thereafter	<u>324,000</u>	<u>85,049</u>	<u>409,049</u>
Total	<u>489,500</u>	<u>196,980</u>	<u>686,480</u>

Changes in Long-Term Liabilities

Governmental Activities:

	Balance <u>7/1/2019</u>	Increases	Decreases	Balance <u>6/30/2020</u>	Current Portion of Balance
Compensated absences	\$ 10,932	\$ 1,151	\$ 2,435	\$ 9,648	\$ 4,824
Net pension liability	<u>46,201</u>	<u>13,729</u>	<u>-</u>	<u>59,930</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 57,133</u>	<u>\$ 14,880</u>	<u>\$ 2,435</u>	<u>\$ 69,578</u>	<u>\$ 4,824</u>

Business Activities:

	Balance <u>7/1/2019</u>	Increases	Decreases	Balance <u>6/30/2020</u>	Current Portion of Balance
General obligation bonds	\$ 518,000	\$ -	\$ 28,500	\$ 489,500	\$ 30,000
Net pension liability	<u>2,432</u>	<u>722</u>	<u>-</u>	<u>3,154</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 520,432</u>	<u>\$ 722</u>	<u>\$ 28,500</u>	<u>\$ 492,654</u>	<u>\$ 30,000</u>

Town of Ansonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

The LGERS plan had a net pension asset as of June 30, 2020; however, the plan has a net pension liability at the beginning of the fiscal year.

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020, consist of the following:

To the General Fund from the Water and Sewer Fund	\$ 42,064
Total	<u>\$ 42,064</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

IV. 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	<u>\$ 422,674</u>
Less:	
Stabilization by State Statute	103,080
Streets-Powell Bill	103,700
Remaining Fund Balance	215,894

Required Supplemental Financial Data

This section contains additional information required by the Governmental Accounting Standards Board.

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

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

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ansonville's proportion of the net pension liability (asset) (%)	0.00231%	0.00205%	0.00167%	0.00179%	0.00121%	0.00001%	0.00012%
Ansonville's proportion of the net pension liability (asset) (\$)	\$ 63,084	\$ 48,633	\$ 25,513	\$ 37,990	\$ 5,430	\$ (8,079)	\$ 14,465
Ansonville's covered-employee payroll	\$ 151,815	\$ 131,860	\$ 107,410	\$ 101,686	\$ 89,280	\$ 62,270	\$ 74,795
Ansonville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.55%	36.88%	23.75%	37.36%	6.08%	(12.97%)	19.34%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.34%

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

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

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

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 13,220	\$ 11,766	\$ 9,889	\$ 7,787	\$ 7,070	\$ 5,992	\$ 4,470
Contributions in relation to the contractually required contribution	<u>13,220</u>	<u>11,766</u>	<u>9,889</u>	<u>7,787</u>	<u>7,070</u>	<u>5,992</u>	<u>4,470</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ansonville's covered-employee payroll	\$ 147,713	\$ 151,815	\$ 131,860	\$ 107,410	\$ 101,686	\$ 89,280	\$ 62,270
Contributions as a percentage of covered-employee payroll	8.95%	7.75%	7.50%	7.25%	6.95%	6.71%	7.18%

**INDIVIDUAL FUND
FINANCIAL STATEMENTS**

MAJOR GOVERNMENTAL FUND

General Fund – This fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Ansonville, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ -	\$ 116,352	\$ -
Interest	-	2,960	-
Total	<u>125,000</u>	<u>119,312</u>	<u>(5,688)</u>
Unrestricted intergovernmental:			
Local option sales tax	-	142,643	-
Franchise tax	-	23,891	-
Beer and wine tax	-	1,645	-
Sales tax refunds	-	2,373	-
Solid waste disposal tax	-	460	-
Total	<u>155,000</u>	<u>171,012</u>	<u>16,012</u>
Restricted intergovernmental:			
Powell Bill allocation	-	24,079	-
FEMA grant	-	73,040	-
Total	<u>50,000</u>	<u>97,119</u>	<u>47,119</u>
Permits and fees:			
Garbage fees	-	30,879	-
Total	<u>32,000</u>	<u>30,879</u>	<u>(1,121)</u>
Other general revenue:			
Rental income	-	10	-
Miscellaneous	-	23,339	-
Total	<u>1,500</u>	<u>23,349</u>	<u>21,849</u>
Investment earnings			
Restricted investment earnings	-	90	-
Unrestricted investment earnings	-	1,065	-
Total	<u>236</u>	<u>1,155</u>	<u>919</u>
Total revenues	<u>363,736</u>	<u>442,826</u>	<u>79,090</u>

Town of Ansonville, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Salaries and employee benefits	-	64,972	-
Operating expenditures	-	27,226	-
Capital outlay	-	2,165	-
Total	<u>94,500</u>	<u>94,363</u>	<u>137</u>
Finance:			
Salaries and employee benefits	-	38,360	-
Total	<u>38,500</u>	<u>38,360</u>	<u>140</u>
Total general government	<u>133,000</u>	<u>132,723</u>	<u>277</u>
Public safety:			
Police:			
Salaries and employee benefits	-	7,901	-
Total	<u>7,950</u>	<u>7,901</u>	<u>49</u>
Rescue units:			
Assistance to local rescue units	<u>1,800</u>	<u>1,780</u>	<u>20</u>
Total public safety	<u>9,750</u>	<u>9,681</u>	<u>69</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits	-	131,602	-
Operating expenditures	-	43,817	-
Powell Bill	-	61,226	-
Capital outlay	-	8,060	-
Total transportation	<u>244,900</u>	<u>244,705</u>	<u>195</u>
Environmental protection:			
Solid waste:			
Operating expenditures	-	40,033	-
Total environmental protection	<u>40,500</u>	<u>40,033</u>	<u>467</u>
Cultural and recreational			
Parks and recreational			
Operating expenditures	-	822	-
Total cultural and recreational	<u>900</u>	<u>822</u>	<u>78</u>

Town of Ansonville, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other expenses			
Medical center expense	-	1,714	-
Total Other	<u>1,750</u>	<u>1,714</u>	<u>36</u>
Total Expenditures	<u>430,800</u>	<u>429,678</u>	<u>1,122</u>
Revenues over(under) expenditures	(67,064)	13,148	80,212
Other financing sources (uses):			
Transfer from/(to) other funds:			
Water and Sewer fund	<u>42,064</u>	<u>42,064</u>	<u>-</u>
Total other financing sources (uses)	<u>42,064</u>	<u>42,064</u>	<u>-</u>
Fund balance appropriated	25,000	-	(25,000)
Net change in fund balance	<u>\$ -</u>	<u>55,212</u>	<u>\$ 55,212</u>
Fund balances, beginning		<u>367,463</u>	
Fund balances, ending		<u>\$ 422,675</u>	

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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

Town of Ansonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

Exhibit B-1
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water sales:			
Residential and Commercial	\$ -	243,218	\$ -
Tap Fees	-	-	-
Total	<u>235,291</u>	<u>243,218</u>	<u>7,927</u>
Sewer charges:			
Residential	-	151,218	-
Total	<u>136,500</u>	<u>151,218</u>	<u>14,718</u>
Total operating revenues	<u>371,791</u>	<u>394,436</u>	<u>22,645</u>
Other revenues:			
FEMA grant	-	12,020	12,020
Insurance proceeds	-	5,709	5,709
Total other revenues	<u>-</u>	<u>17,729</u>	<u>17,729</u>
Total Revenues	<u>371,791</u>	<u>412,165</u>	<u>40,374</u>
Expenditures:			
Water and sewer administration:			
Operating expenditures	-	34,936	-
Total water and sewer administration	<u>35,000</u>	<u>34,936</u>	<u>64</u>
Water treatment and distribution:			
Water purchased	-	117,825	-
Operating expenditures	-	27,236	-
Capital outlay	-	41,535	-
Total water treatment and distribution	<u>156,053</u>	<u>186,596</u>	<u>(30,543)</u>
Waste collection and treatment:			
Operating expenditures	-	99,619	-
Total	<u>99,800</u>	<u>99,619</u>	<u>181</u>
Debt service:			
Principal retirement	28,500	28,500	-
Interest and other charges	<u>27,200</u>	<u>27,195</u>	<u>5</u>
Total debt service	<u>55,700</u>	<u>55,695</u>	<u>5</u>
Total expenditures	<u>346,553</u>	<u>376,846</u>	<u>(30,293)</u>
Revenues over/(under) expenditures	25,238	35,319	10,081

Town of Ansonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other financing sources (uses):			
Transfers to General Fund	(42,064)	(42,064)	-
Total other financing sources/(uses)	<u>(42,064)</u>	<u>(42,064)</u>	<u>-</u>
Fund Balance Appropriated	<u>16,826</u>	<u>-</u>	<u>(16,826)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>(6,745)</u>	<u>\$ (6,745)</u>

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Revenues and other sources over expenditures and other uses	\$ (6,745)
Reconciling items:	
Principal retirement	28,500
Depreciation	(80,657)
Capital outlay	41,535
(Decrease) in outflows of resources-pension	(125)
(Increase) in net pension liability	(722)
Decrease in inflows of resources-pension	<u>26</u>
Total reconciling items	<u>(11,443)</u>
Change in Net Position	<u>\$ (18,188)</u>

Other Schedules

This section includes additional information on property taxes.

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

Town of Ansonville, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2020

Exhibit C-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019/2020	\$ -	\$ 128,653	\$ 105,570	\$ 23,083
2018/2019	21,501		4,166	17,335
2017/2018	16,342		2,589	13,753
2016/2018	14,141		1,783	12,358
2015/2016	12,843		975	11,868
2014/2015	7,929		633	7,296
2013/2014	3,264		347	2,917
2012/2013	3,021		211	2,810
2011/2012	2,294		78	2,216
2010/2011	1,421		-	1,421
2009/2010	1,267	-	1,267	-
	<u>84,023</u>	<u>128,653</u>	<u>117,619</u>	95,057
Less: allowance for uncollectible accounts:				<u>(20,000)</u>
Ad valorem taxes receivable - net				<u>\$ 75,057</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 119,312
Reconciling items:				
General Statute write off				<u>1,267</u>
Subtotal				<u>1,267</u>
Penalties and interest				<u>(2,960)</u>
Total collections and credits				<u>\$ 117,619</u>

Town of Ansonville, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Year Ended June 30, 2020

Exhibit C-2

	Town - Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year rate	\$ 28,623,111	\$ 0.45	\$ 128,804	\$ 114,635	\$ 14,169
Abatements/Senior Citizen Discount	<u>(33,556)</u>	0.45	<u>(151)</u>	<u>(151)</u>	<u>-</u>
Total Property Value	<u>\$ 28,589,556</u>				
Net levy			128,653	114,484	14,169
Uncollected taxes at June 30, 2020			<u>(23,083)</u>	<u>(23,083)</u>	<u>-</u>
Current year's taxes collected			<u>105,570</u>	<u>91,401</u>	<u>14,169</u>
Current levy collection percentage			<u>82.06%</u>	<u>79.84%</u>	<u>100.00%</u>