



Darrell L. Keller, CPA, PA

TOWN OF ELLENBORO, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(704) 739-0771

TOWN OF ELLENBORO, NORTH CAROLINA

Financial Statements

(With Supplementary Information)

June 30, 2020

Town Officials

Mayor

Jim Rhyne

Town Council

Lee Allen

Elizabeth Blanton (Mayor Pro Tem)

Pamela Padgett

Charles Smith

Sandra Weeks

Town Clerk/Finance Officer

Teresa Panther

TOWN OF ELLENBORO, NORTH CAROLINA

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FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each fund of the Town of Ellenboro (the "Town"), 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each fund of the Town of Ellenboro, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

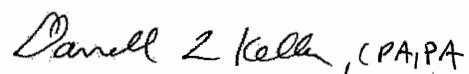
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 41 and 42, respectively be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Darrell L. Keller, CPA, PA

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
September 16, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Ellenboro's (the "Town"), we offer readers of the Town of Ellenboro's financial statements this narrative overview and analysis of the financial activities of the Town of Ellenboro 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

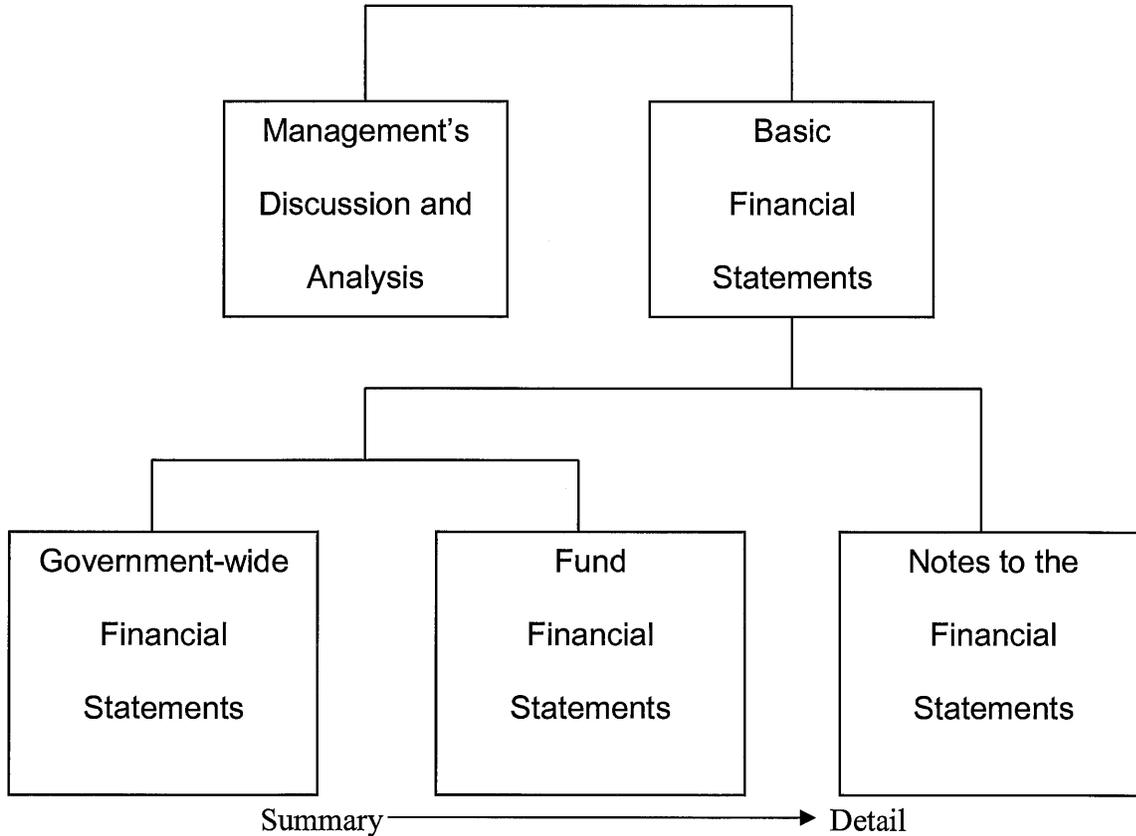
- The assets and deferred outflows of resources of the Town of Ellenboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,490,883 (*net position*).
- The government's total net position decreased by \$46,822. Net position for governmental activities decreased by \$23,409 and business type activities decreased by \$23,413.
- As of the close of the current fiscal year, the Town of Ellenboro's governmental fund reported an ending fund balance of \$1,016,193 with a net decrease of \$21,408 in fund balance. Approximately 8.26% of this total amount, or \$83,977, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$768,216, or 338.36% of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, the unrestricted net position for the Water and Sewer Fund was \$1,113,411 or 194.44% of the fund's operating expenses (accrual) for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units, if any. The governmental activities include most of the Town's basic services such as environmental protection, streets, and general administration. Property taxes and state 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 Ellenboro. The Town of Ellenboro has no component units, the third category.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Ellenboro, 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 Ellenboro can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Ellenboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them.

It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Town of Ellenboro 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 Ellenboro uses an enterprise fund to account for its water and sewer operations. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions. The Town of Ellenboro does not utilize an internal service fund.

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 comprise the last section of the basic financial statements.

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

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

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal years ended June 30, 2020 and 2019 are summarized in Figures 2 and 3.

Town of Ellenboro's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 979,839	\$ 982,069	\$ 1,030,069	\$ 943,843	\$ 2,009,908	\$ 1,925,912
Restricted assets	63,852	84,479	166,524	153,692	230,376	238,171
Capital assets	37,510	41,427	3,306,666	3,410,566	3,344,176	3,451,993
Deferred outflows of resources	3,961	4,282	12,204	13,147	16,165	17,429
Total assets and deferred outflows of resources	1,085,162	1,112,257	4,515,463	4,521,248	5,600,625	5,633,505
Long-term liabilities	4,164	3,905	12,769	11,991	16,933	15,896
Other liabilities	10,175	14,083	82,617	65,710	92,792	79,793
Deferred inflows of resources	17	54	-	57	17	111
Total liabilities and deferred inflows of resources	14,356	18,042	95,386	77,758	109,742	95,800
Net position:						
Net investment in capital assets	37,510	41,427	3,306,666	3,410,566	3,344,176	3,451,993
Restricted	83,977	106,111	-	-	83,977	106,111
Unrestricted	949,319	946,677	1,113,411	1,032,924	2,062,730	1,979,601
Total net position	\$ 1,070,806	\$ 1,094,215	\$ 4,420,077	\$ 4,443,490	\$ 5,490,883	\$ 5,537,705

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 Ellenboro exceeded liabilities and deferred inflows by \$5,490,883 as of June 30, 2020. The Town's net position decreased by \$46,822 for the fiscal year ended June 30, 2020. The Town of Ellenboro uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ellenboro'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 Ellenboro's net position, \$83,977 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,062,730 is unrestricted.

Town of Ellenboro's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 40,230	\$ 38,804	\$ 541,929	\$ 550,657	\$ 582,159	\$ 589,461
Operating grants and contributions	26,798	26,892	-	-	26,798	26,892
Capital grants and contributions	-	24,461	-	-	-	24,461
General revenues:						
Property taxes	70,528	60,343	-	-	70,528	60,343
Grants and contributions not restricted to specific programs	65,173	68,936	-	-	65,173	68,936
Investment income	5,376	3,968	7,294	6,693	12,670	10,661
Total revenues	208,105	223,404	549,223	557,350	757,328	780,754
Expenses:						
General government	100,290	93,301	-	-	100,290	93,301
Transportation	68,869	34,122	-	-	68,869	34,122
Environmental protection	62,355	60,226	-	-	62,355	60,226
Water and sewer	-	-	572,636	576,566	572,636	576,566
Total expenses	231,514	187,649	572,636	576,566	804,150	764,215
Increase (decrease) in net position	(23,409)	35,755	(23,413)	(19,216)	(46,822)	16,539
Net position, beginning	1,094,215	1,058,460	4,443,490	4,462,706	5,537,705	5,521,166
Net position, ending	\$ 1,070,806	\$ 1,094,215	\$ 4,420,077	\$ 4,443,490	\$ 5,490,883	\$ 5,537,705

Governmental activities. Governmental activities decreased the Town's net position by \$23,409. For the current year, income decreased by \$15,299 and expenses increased by \$43,865. These changes resulted from normal operations.

Business-type activities. Business-type activities decreased the Town of Ellenboro's net position by \$23,413. For the current year, revenues decreased over the prior year amounts by \$8,127; and, expenses decreased by \$3,930. These changes resulted from normal operations.

For both governmental and business-type activities during the current fiscal year, the revenue decreases can primarily be associated with the coronavirus pandemic.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Ellenboro's governmental fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Ellenboro's financing requirements.

The general fund is the operating fund of the Town of Ellenboro. At the end of the current fiscal year, Town of Ellenboro's fund balance available in the General Fund was \$768,216, while total fund balance reached \$1,016,193.

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.

Revenues were less than budgeted and expenditures were held below budgeted amounts. The restricted for streets amount of \$63,852 represents the major portion of the unused appropriated fund balance.

Proprietary Fund. The Town of Ellenboro's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,113,411.

Capital Asset and Debt Administration

Capital assets. Town of Ellenboro's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$3,344,176 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water and sewer lines.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 11,750	\$ 11,750	\$ -	\$ -	\$ 11,750	\$ 11,750
Buildings	903	1,824	-	-	903	1,824
Equipment	24,857	27,853	-	-	24,857	27,853
Water lines	-	-	865,313	901,073	865,313	901,073
Sewer lines	-	-	2,441,353	2,509,493	2,441,353	2,509,493
Total	\$ 37,510	\$ 41,427	\$ 3,306,666	\$ 3,410,566	\$ 3,344,176	\$ 3,451,993

Long-term Debt. As of June 30, 2020, the Town of Ellenboro had no bonded debt authorized, issued or outstanding. The Town's debt is summarized as follows:

Town of Ellenboro's Long-term Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Net pension liability (LGERS)	\$ 4,164	\$ 3,905	\$ 12,769	\$ 11,991	\$ 16,933	\$ 15,896

The Town of Ellenboro's long-term debt increased by \$1,037 during the current fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Ellenboro is approximately \$2,500,000.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: ad valorem tax rate will remain at \$.22 per \$100 for the fiscal year ending June 30, 2021 External revenues are budgeted at \$87,500.

Business-type Activities: Sewer fees are budgeted at \$92,000; water fees are budgeted at \$460,000; various other revenues are budgeted at \$45,200.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Ellenboro, PO Box 456, Ellenboro, NC 28040.

BASIC FINANCIAL STATEMENTS

Town of Ellenboro, North Carolina
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 946,625	\$ 942,421	\$ 1,889,046
Taxes receivables (net)	7,881	-	7,881
Accrued interest receivable on taxes	1,400	-	1,400
Accounts receivable (net)	8,025	83,431	91,456
Due from other funds	(4,217)	4,217	-
Due from other governments	20,125	-	20,125
Restricted cash and cash equivalents	63,852	166,524	230,376
Total current assets	<u>1,043,691</u>	<u>1,196,593</u>	<u>2,240,284</u>
Non-current assets:			
Capital assets:			
Land and non-depreciable assets	11,750	-	11,750
Other capital assets, net of depreciation	25,760	3,306,666	3,332,426
Total capital assets	<u>37,510</u>	<u>3,306,666</u>	<u>3,344,176</u>
Total assets	<u>1,081,201</u>	<u>4,503,259</u>	<u>5,584,460</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	3,961	12,204	16,165
Total deferred outflows of resources	<u>3,961</u>	<u>12,204</u>	<u>16,165</u>
LIABILITIES			
Current liabilities:			
Accounts payable	10,175	23,097	33,272
Payable from restricted assets	-	59,520	59,520
Total current liabilities	<u>10,175</u>	<u>82,617</u>	<u>92,792</u>
Long-term liabilities:			
Net pension liability	4,164	12,769	16,933
Total liabilities	<u>14,339</u>	<u>95,386</u>	<u>109,725</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	17	-	17
Total deferred inflows of resources	<u>17</u>	<u>-</u>	<u>17</u>
NET POSITION			
Net investment in capital assets	37,510	3,306,666	3,344,176
Restricted for:			
Stabilization by State Statute	20,125	-	20,125
Streets	63,852	-	63,852
Unrestricted	949,319	1,113,411	2,062,730
Total net position	<u>\$ 1,070,806</u>	<u>\$ 4,420,077</u>	<u>\$ 5,490,883</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 100,290	\$ 331	\$ -	\$ -	\$ (99,959)	\$ -	\$ (99,959)
Transportation	68,869	-	26,103	-	(42,766)	-	(42,766)
Environmental protection	62,355	39,899	695	-	(21,761)	-	(21,761)
Total governmental activities	231,514	40,230	26,798	-	(164,486)	-	(164,486)
Business-type activities:							
Water and sewer	572,636	541,929	-	-	-	(30,707)	(30,707)
Total business-type activities	572,636	541,929	-	-	-	(30,707)	(30,707)
Total government	\$ 804,150	\$ 582,159	\$ 26,798	\$ -	(164,486)	(30,707)	(195,193)

General revenues:		
Property taxes	70,528	70,528
Unrestricted intergovernmental	65,173	65,173
Unrestricted investment earnings	5,376	12,670
Total general revenues	141,077	148,371
Change in net position	(23,409)	(46,822)
Net position, beginning	1,094,215	5,537,705
Net position, ending	\$ 1,070,806	\$ 5,490,883

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

**Town of Ellenboro, North Carolina
Balance Sheet
Governmental Fund - General Fund
June 30, 2020**

ASSETS

Cash and cash equivalents	\$ 946,625
Restricted cash and cash equivalents	63,852
Receivables, net:	
Taxes	7,881
Landfill fee	8,025
Due from other governments	20,125
Total assets	<u>1,046,508</u>

LIABILITIES

Accounts payable and accrued liabilities	10,175
Due to other funds	4,217
Total liabilities	<u>14,392</u>

DEFERRED INFLOWS OF RESOURCES

Receivables	15,906
Prepaid taxes	17
Total deferred inflows of resources	<u>15,923</u>

FUND BALANCES

Restricted	
Stabilization by State Statute	20,125
Streets	63,852
Assigned	
Subsequent year's expenditures	164,000
Unassigned	768,216
Total fund balances	<u>1,016,193</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,046,508</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	\$ 1,016,193
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	\$ 159,333
Accumulated depreciation	<u>(121,823)</u>
Deferred outflows of resources related to pensions are not reported in the funds	37,510
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.	3,961
Earned revenues considered deferred inflows of resources in fund statements.	1,400
Net pension liability	15,906
Net position of governmental activities	<u>(4,164)</u>
	<u>\$ 1,070,806</u>

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

Town of Ellenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund - General Fund
For the Year Ended June 30, 2020

REVENUES	
Ad valorem taxes	\$ 68,818
Unrestricted intergovernmental	65,173
Restricted intergovernmental	26,744
Investment earnings	5,430
Environmental protection	39,138
Local sources	331
Total revenues	<u>205,634</u>
EXPENDITURES	
General government	95,818
Transportation	68,869
Environmental protection	62,355
Total expenditures	<u>227,042</u>
Net change in fund balance	(21,408)
Fund balances, beginning	<u>1,037,601</u>
Fund balances, ending	<u>\$ 1,016,193</u>

(cont)

Town of Ellenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund - General Fund
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 fund	\$ (21,408)
--	-------------

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

Capital outlay expenditures which were capitalized	\$ -	
Depreciation expense for governmental assets	<u>(3,917)</u>	(3,917)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,694
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Tax revenues	1,710	
Environmental protection revenues	<u>761</u>	2,471

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

Pension expense	<u>(2,249)</u>
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Total changes in net position of governmental activities	<u><u>\$ (23,409)</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Ellenboro, North Carolina
Governmental Fund - General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 69,800	\$ 69,800	\$ 68,818	\$ (982)
Unrestricted intergovernmental	67,000	67,000	65,173	(1,827)
Restricted intergovernmental	26,500	26,500	26,744	244
Investment earnings	3,000	3,000	5,430	2,430
Environmental protection	40,000	40,000	39,138	(862)
Local sources	1,000	1,000	331	(669)
Total revenues	<u>207,300</u>	<u>207,300</u>	<u>205,634</u>	<u>(1,666)</u>
Expenditures:				
Current:				
General government	183,800	184,800	95,818	88,982
Transportation	116,800	116,800	68,869	47,931
Environmental protection	63,000	63,000	62,355	645
Contingency	7,700	6,700	-	6,700
Total expenditures	<u>371,300</u>	<u>371,300</u>	<u>227,042</u>	<u>144,258</u>
Revenues over (under) expenditures	(164,000)	(164,000)	(21,408)	142,592
Fund balance appropriated	<u>164,000</u>	<u>164,000</u>	-	(164,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(21,408)	<u>\$ (21,408)</u>
Fund balances, beginning			1,037,601	
Fund balance, ending			<u>\$ 1,016,193</u>	

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

Town of Ellenboro, North Carolina
Statement of Fund Net Position
Proprietary Fund - Water & Sewer Fund
June 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 942,421
Accounts receivable (net) - billed	59,131
Accounts receivable (net) - unbilled	24,300
Due from other funds	4,217
Restricted cash and cash equivalents	166,524
Total current assets	1,196,593

Noncurrent assets:

Capital assets:	3,306,666
Total assets	\$ 4,503,259

DEFERRED OUTFLOWS OF RESOURCES

Pension deferrals	\$ 12,204
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LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	23,097
Liabilities payable from restricted assets:	
Customer deposits	59,520
Total current liabilities	82,617

Noncurrent liabilities:

Net pension liability	12,769
Total liabilities	95,386

NET POSITION

Net investment in capital assets	3,306,666
Unrestricted	1,113,411
Total net position	\$ 4,420,077

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

Town of Ellenboro, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund - Water and Sewer Fund
For the Year Ended June 30, 2020

OPERATING REVENUES	
Water sales	\$ 431,276
Sewer fees	86,382
Taps and connections	14,683
Late fees	9,588
Total operating revenues	<u>541,929</u>
OPERATING EXPENSES	
Administration	134,160
Operations	96,962
Water purchased	152,284
Sewer facility fee	85,330
Depreciation	103,900
Total operating expenses	<u>572,636</u>
Operating income (loss)	<u>(30,707)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	<u>7,294</u>
Change in net position	(23,413)
Total net position, beginning	<u>4,443,490</u>
Total net position, ending	<u>\$ 4,420,077</u>

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

Town of Ellenboro, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 550,051
Cash paid for goods and services	(364,406)
Cash paid to or on behalf of employees for services	(90,446)
Customer deposits received/(paid) - net	4,979
Net cash provided (used) by operating activities	<u>100,178</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends	<u>7,294</u>
Net increase (decrease) in cash and cash equivalents	107,472
Balances, beginning	1,001,473
Balances, ending	<u>\$ 1,108,945</u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	<u>\$ (30,707)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	103,900
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	8,123
Increase (decrease) in Due from General Fund	291
(Increase) decrease in deferred outflows of resources - pensions	943
Increase (decrease) in net pension liability	778
Increase (decrease) in deferred inflows of resources - pensions	(57)
Increase (decrease) in accounts payable and accrued liabilities	11,928
Increase in customer deposits	4,979
Total adjustments	<u>130,885</u>
Net cash provided by operating activities	<u>\$ 100,178</u>

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

Town of Ellenboro, 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 Ellenboro 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 Ellenboro (the "Town") is a municipal corporation that is governed by an elected mayor and a five-member council. The Town of Ellenboro has no component unit, a legally separate entity for which the Town is financially responsible.

The Town of Ellenboro is located in the eastern section of Rutherford County and has a population of approximately 880. The Town operates a water system for the incorporated and adjacent areas and a sewer system for a portion of the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Town 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. The Town has no nonmajor or fiduciary funds.

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

The Town reports the following governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and service fees. The primary expenditures are for general government, street maintenance, and environmental protection.

The Town reports the following enterprise fund:

Water and 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.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund 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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the utilities sales 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 Ellenboro because the tax is levied by Rutherford 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 is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances, either annual or multi-year as appropriate, are adopted for each capital project. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance has historically been adopted by the Town Council on or before July 1.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as cash and cash equivalents.

2. Cash and Cash Equivalents

The Town utilizes certificates of deposit for investment purposes. Therefore, cash and investments are essentially demand deposits and certificates of deposit and are considered cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected and cash restricted for future sewer maintenance are reported as restricted. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing,

constructing, reconstructing or widening of local streets and sidewalks per G.S.136-41.1 through 136-41.4

Town of Ellenboro Restricted Cash

Governmental Activities		
General Fund		
	Streets	\$ 63,852
Total governmental activities		<u>\$ 63,852</u>
Business-type Activities		
Water and Sewer Fund		
	Sewer maintenance reserve	107,004
	Customer deposits	59,520
Total Business-type Activities		<u>\$ 166,524</u>
Total Restricted Cash		<u>\$ 230,376</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 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, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Landfill Use Fees Receivable

Landfill use fees are assessed at the rate of \$100 for each business and household within the Town limits. This landfill use fee is included in the property tax notice and is accounted for in the same manner as the ad valorem taxes. An amount equal to the fee receivable net of an estimated allowance for doubtful accounts, is included as deferred inflows of resources on the General Fund balance sheet.

6. 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.

7. 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 and buildings, \$25,000; equipment and furniture, \$5,000; street improvements \$40,000; and \$50,000 for water/sewer system improvements. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired after July 1, 2003, consisting of the road network and utility system improvements, will be capitalized and depreciated per policy. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Equipment	5
Office furniture	10
Vehicles	5
Buildings	40
Water and sewer systems	50

8. Deferred outflows/inflows of resources

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

9. Long-Term Obligations

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

The Town of Ellenboro has no long-term debt.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to twenty days earned vacation leave per fiscal year determined by the length of service. Effective June 30, 2017, any unused vacation leave will transfer at fiscal year end to sick leave.

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are externally imposed either 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 in spendable form or (b) legally or contractually required to be maintained intact. An example would be inventories which are not in spendable form.

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. 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 Town of Ellenboro's Town Council (highest level of decision-making authority). The Town Council 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 Ellenboro 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.

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

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

lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

12. Defined Benefit Cost-Sharing Plan

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

A. Assets

1. Deposits

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

At June 30, 2020, the Town's deposits had a carrying amount of \$2,116,011 and a bank balance of \$2,124,544. Of the bank balance, \$1,460,775 was covered by federal depository insurance and \$663,769 was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$200.

2. Investments

At June 30, 2020, the Town of Ellenboro had \$3,211 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risks.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 4,200
Accounts receivable	3,600
Total General Fund	<u>7,800</u>
Enterprise Fund	
Water and sewer Fund - Accounts receivable	<u>33,300</u>
Total Enterprise Fund	33,300
Total	<u>\$ 41,100</u>

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,750	\$ -	\$ -	\$ 11,750
Total capital assets not being depreciated	<u>11,750</u>	<u>-</u>	<u>-</u>	<u>11,750</u>
Capital assets being depreciated:				
Equipment	67,129	-	-	67,129
Vehicles	8,516	-	2,323	6,193
Buildings	74,261	-	-	74,261
Infrastructure	-	-	-	-
Total capital assets being depreciated	<u>149,906</u>	<u>-</u>	<u>2,323</u>	<u>147,583</u>
Less accumulated depreciation for:				
Equipment	39,276	2,996	-	42,272
Vehicles	8,516	-	2,323	6,193
Buildings	72,437	921	-	73,358
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>120,229</u>	<u>3,917</u>	<u>2,323</u>	<u>121,823</u>
Total capital assets being depreciated, net	<u>29,677</u>			<u>25,760</u>
Governmental activity capital assets, net	<u>\$ 41,427</u>			<u>\$ 37,510</u>

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

General government \$ 3,917

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being depreciated:				
Equipment	\$ 13,293	\$ -	\$ -	\$ 13,293
Lines	5,259,921	-	-	5,259,921
Total capital assets being depreciated	5,273,214	-	-	5,273,214
Less accumulated depreciation for:				
Equipment	13,293	-	-	13,293
Lines	1,849,355	103,900	-	1,953,255
Total accumulated depreciation	1,862,648	103,900	-	1,966,548
Business-type activity capital assets, net	\$ 3,410,566			\$ 3,306,666

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$6,860	\$3,315	\$10,175
Business-Type Activities:			
Water and Sewer Fund	\$23,097	\$ -	\$23,097

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Ellenboro is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. 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 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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Ellenboro 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 Ellenboro's contractually required contribution rate for the year ended June 30, 2020, was 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Ellenboro were \$6,775 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 60day 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 \$16,933 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 liability 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 (measurement date), the Town’s proportion was 0.00062%, which was a decrease of 0.00005% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$8,994. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,899	\$ -
Changes of assumptions	2,760	-
Net difference between projected and actual earnings on pension plan investments	413	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,318	-
Town contributions subsequent to the measurement date	6,775	-
Total	<u>\$ 16,165</u>	<u>\$ -</u>

\$6,775 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	4,260
2022		1,950
2023		2,330
2024		850
2025		-
Thereafter		-
	<u>\$</u>	<u>9,390</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

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%</u>	

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 38,726	\$ 16,932	\$ (1,184)

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

b. Other Postemployment Benefits

Upon retirement, eligible employees have the option to purchase medical insurance at the Town's group rate for retirees (currently 140% of the basic group rate; or, through provisions of COBRA at 102% of the basic rate for a maximum of 18 months). Extended coverage for dental, vision, and life can be purchased, if allowed by the insurance provider, at the Town's cost for such coverage. The entire cost of any post-employment insurance coverage is borne by the former employee. This post-employment medical coverage is available until the former employee qualifies for Medicare coverage.

No post-employment benefits are provided by the Town other than those provided through participation in the North Carolina Local Government Employees' Retirement System as summarized above. The option to purchase post-employment insurance as provided above is available to all employees who participate in the retirement plan.

c. Other Employment Benefits

Health care benefits are paid by the town for all full time employees (regularly more than 30 hours weekly). The Town pays the full cost of medical coverage for employees through a private insurer and employees have the option of purchasing spouse and/or dependent coverage at the Town's group rate. Post-employment benefits are paid entirely by the former employee as described above.

The Town has elected not to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan). The Town does provide each employee participating in the state Retirement plan (LGERS) term life insurance through a commercial insurer in amounts not to exceed \$25,000.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 6,775
Differences between expected and actual experience	3,312
Changes of assumptions	2,760
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>3,318</u>
Total	<u>\$ 16,165</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes (General Fund)	\$ 17	\$ 17
Receivables (General Fund)	-	15,906
Total	<u>\$ 17</u>	<u>\$ 15,923</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town secures insurance coverage for these risks from several commercial insurance companies. The Town's insurance coverage includes (1) general liability, \$2 million; (2) fire coverage on buildings at estimated replacement cost; (3) auto liability, \$1 million and (4) public officials liability, \$1 million. Various deductibles apply to coverage amounts. In addition, the Town secures workers' compensation coverage up to the statutory limits from a commercial insurance company.

The Town does not currently have flood insurance. There are no rivers, streams, or flood plains within the Town limits.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

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

5. Long-Term Obligations

a. Changes in Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in the long-term debt obligation:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Net pension liability (LGERS)	\$ 3,905	\$ 259	\$ -	\$ 4,164	\$ -
Governmental activity long-term liabilities	\$ 3,905	\$ 259	\$ -	\$ 4,164	\$ -
Business-type activities:					
Water and Sewer Fund					
Net pension liability (LGERS)	\$ 11,991	\$ 778	\$ -	\$ 12,769	\$ -
Water Sewer Fund long-term liabilities	\$ 11,991	\$ 778	\$ -	\$ 12,769	\$ -

At June 30, 2020, the Town of Ellenboro had no bonds which were authorized and unissued; the Town's legal debt margin was approximately \$2,500,000.

C. Interfund Balances and Activity

At June 30, 2020, the governmental fund owed the proprietary fund \$4,217. This represents reimbursements due for payments to vendors.

D. Fund Balance

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

<i>Total fund balance-General Fund</i>	<i>\$1,016,193</i>
Less:	
Stabilization by State Statute	20,125
Streets-Powell Bill	63,852
Appropriated Fund Balance in 2021 budget	164,000
Remaining Fund Balance	768,216

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

IV. COVID-19

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by Federal, State, and Local governments to contain the virus have affected economic activity. From March 19, 2020 through July 31, 2020, penalties for late payments on utilities were waived and payment plans up to six months could be utilized with no cut-offs for utility customers per the Governor's executive order. The impact of COVID-19 has reduced receipts from utility customers and other intergovernmental revenues received from governments due to stay at home orders to prevent the spread of the virus. Depending on the duration of the COVID-19 crisis and continued government restrictions, the Town may experience further negative results. The exact impact of the Town's activities cannot be predicted and no adjustment has been made to the financial statements for this uncertainty.

REQUIRED SUPPLEMENTARY FINACIAL DATA

Town of Ellenboro, North Carolina
Town of Ellenboro's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven 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>
Ellenboro's proportion of the net pension liability (asset) (%)	0.0006%	0.0007%	0.0007%	0.0007%	0.0008%	0.0008%	0.0008%
Ellenboro's proportion of the net pension liability (asset) (\$)	\$ 16,933	\$ 15,896	\$ 11,153	\$ 15,706	\$ 3,411	\$ (4,415)	\$ 9,643
Ellenboro's covered payroll	\$ 73,700	\$ 71,740	\$ 69,700	\$ 66,450	\$ 63,439	\$ 64,683	\$ 59,982
Ellenboro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.98%	22.16%	16.00%	23.64%	5.38%	(6.83%)	16.08%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Ellenboro, North Carolina
Town of Ellenboro's Contributions
Required Supplementary Information
Last Seven 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	\$ 6,775	\$ 5,712	\$ 5,380	\$ 5,053	\$ 4,432	\$ 4,485	\$ 4,573
Contributions in relation to the contractually required contribution	6,775	5,712	5,380	5,053	4,432	4,485	4,573
Contribution deficiency (excess)	<u>\$ -</u>						
Ellenboro's covered payroll	\$ 75,700	\$ 73,700	\$ 71,740	\$ 69,700	\$ 66,450	\$ 63,439	\$ 64,683
Contributions as a percentage of covered payroll	8.95%	7.75%	7.50%	7.25%	6.67%	7.07%	7.07%

INDIVIDUAL FUND STATEMENTS

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 65,800	\$ 65,728	\$ (72)
Prior years	3,000	2,285	(715)
Interest	1,000	805	(195)
Total	<u>69,800</u>	<u>68,818</u>	<u>(982)</u>
Unrestricted intergovernmental:			
Local option sales taxes	27,000	26,045	(955)
Telecommunications sales tax	21,800	20,175	(1,625)
Utilities sales tax	16,800	17,609	809
Video franchise fee	1,400	1,344	(56)
Total	<u>67,000</u>	<u>65,173</u>	<u>(1,827)</u>
Restricted intergovernmental:			
Powell Bill allocation	26,000	26,049	49
Solid waste disposal tax	500	695	195
Total	<u>26,500</u>	<u>26,744</u>	<u>244</u>
Investment earnings	<u>3,000</u>	<u>5,430</u>	<u>2,430</u>
Local sources:			
Landfill use fee	40,000	39,138	(862)
Other	1,000	331	(669)
Total	<u>41,000</u>	<u>39,469</u>	<u>(1,531)</u>
Total revenues	<u>207,300</u>	<u>205,634</u>	<u>(1,666)</u>
Expenditures:			
General government:			
Governing body:			
Salaries	5,700	5,625	75
Professional services	9,000	8,511	489
Payroll taxes	500	430	70
Elections	3,000	2,029	971
Total	<u>18,200</u>	<u>16,595</u>	<u>1,605</u>
Administration:			
Salaries	18,500	18,500	-
Contract services	3,000	1,735	1,265
Payroll taxes	3,700	3,283	417
Fringe benefits	10,000	9,556	444
Office supplies	2,000	1,659	341
Travel	1,500	766	734
Dues and memberships	3,500	2,725	775
Insurance	8,700	7,481	1,219
Special events	3,000	1,600	1,400
Other	500	220	280
Total	<u>54,400</u>	<u>47,525</u>	<u>6,875</u>

**Town of Ellenboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public land and buildings:			
Salaries	28,200	23,870	4,330
Vehicle expense	10,000	6,549	3,451
Maintenance and supplies	2,200	1,279	921
Capital outlay	71,800	-	71,800
Total	<u>112,200</u>	<u>31,698</u>	<u>80,502</u>
Total general government	184,800	95,818	88,982
Transportation:			
Steet repair and maintenance	116,800	68,869	47,931
Environmental protection:			
Sanitation:			
Solid waste collection and landfill use fee	63,000	62,355	645
Contingency	6,700	-	6,700
Total expenditures	<u>371,300</u>	<u>227,042</u>	<u>144,258</u>
Revenues over (under) expenditures	(164,000)	(21,408)	142,592
Other financing sources (uses):			
Fund balance appropriated	<u>164,000</u>	-	<u>(164,000)</u>
Net change in fund balance	<u>\$ -</u>	(21,408)	<u>\$ (21,408)</u>
Fund balance, beginning		1,037,601	
Fund balances, ending		<u>\$ 1,016,193</u>	

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

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales	\$ 461,500	\$ 431,276	\$ (30,224)
Sewer fees	94,000	86,382	(7,618)
Taps and connection fees	15,000	6,583	(8,417)
Disconnect fees	10,000	8,100	(1,900)
Late fees	16,000	9,588	(6,412)
Total	<u>596,500</u>	<u>541,929</u>	<u>(54,571)</u>
Nonoperating revenues:			
Interest earnings	5,000	7,294	2,294
Total revenues	<u>601,500</u>	<u>549,223</u>	<u>(52,277)</u>
Expenditures:			
Administration:			
Salaries	57,200	57,200	-
Payroll taxes	4,500	4,425	75
Fringe benefits	30,500	28,821	1,679
Supplies	15,700	15,055	645
Insurance	8,400	7,571	829
Professional services	9,000	7,880	1,120
Dues and memberships	3,500	3,004	496
Repairs and maintenance	9,000	6,386	2,614
Travel	3,000	2,154	846
Total administration	<u>140,800</u>	<u>132,496</u>	<u>8,304</u>
Operations:			
Water purchased	160,000	152,284	7,716
Sewer facility fee	90,000	85,330	4,670
Repairs and maintenance	63,000	50,444	12,556
Contracted services	30,000	28,748	1,252
Operating supplies	30,000	13,456	16,544
Water testing	6,000	2,066	3,934
Pump site lease	3,500	2,248	1,252
Capital outlay	300,000	-	300,000
Total operations	<u>682,500</u>	<u>334,576</u>	<u>347,924</u>

(cont.)

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

	Budget	Actual	Variance Positive (Negative)
Contingency	5,200	-	5,200
Total expenditures	828,500	467,072	361,428
Revenues over(under) expenditures	(227,000)	82,151	309,151
Other financing sources (uses):			
Fund balance appropriated	227,000	-	(227,000)
Revenues and other sources over expenditures and other uses	\$ -	\$ 82,151	\$ 82,151

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

Revenues and other sources over expenditures and other uses		\$ 82,151	
Reconciling items:			
Depreciation		(103,900)	
Increase in net pension liability		(778)	
Decrease in deferred outflows of resources - pensions		(943)	
Decrease in deferred inflows of resources - pensions		57	
Total reconciling items		(105,564)	
Change in net position		\$ (23,413)	

OTHER SCHEDULES

Town of Ellenboro, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ 0	\$ 70,352 (a)	\$ 65,845 (b)	\$ 4,507
2018-2019	2,414		836	1,578
2017-2018	1,903		438	1,465
2016-2017	1,528		351	1,177
2015-2016	1,123		334	789
2014-2015	582		111	471
2013-2014	786		82	704
2012-2013	564		51	513
2011-2012	557		42	515
2010-2011	402		40	362
2009-2010	412		412	0
	\$ 10,271	\$ 70,352	\$ 68,542 (d)	12,081
Less: allowance for uncollectible accounts:				
	General Fund			4,200
Ad valorem taxes receivable - net				\$ 7,881
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 68,818
Reconciling items:				
			(805)	
			117	
			412	(276)
Total collections and credits				\$ 68,542

Town of Ellenboro, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
June 30, 2020

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 31,978,182	0.22	\$ 70,352 (a)	\$ 62,436	\$ 7,916
Unpaid (by taxpayer) taxes at June 30, 2020*			(4,507) (c)	(4,507)	-
Current year's taxes collected			<u>\$ 65,845 (b)</u>	<u>\$ 57,929</u>	<u>\$ 7,916</u>
Current levy collection percentage			<u>93.59%</u>	<u>92.78%</u>	<u>100.00%</u>