

**Town of Granite Quarry
Granite Quarry, North Carolina
For the year ended
June 30, 2020**

**Independent Auditor's Reports
Basic Financial Statements
And
Information Accompanying the
Basic Financial Statements**

Board of Governance

Mayor	William Feather
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Mayor Pro-tem	John Linker
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Alderman	Doug Shelton
Alderman	Jim Costantino
Alderman	Kim Cress

Administration

Town Manager	Larry Smith
Town Clerk	Aubrey Smith
Finance Officer	Shelly Shockley

Town of Granite Quarry

Table of Contents
June 30, 2020

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-12
Basic Financial Statements:	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	13
Exhibit 2 Statement of Activities	14
Fund Financial Statements	
Exhibit 3 Balance Sheet – Governmental Funds	15
Exhibit 4 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Exhibit 4(cont) Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	18
Notes to the Financial Statements	19-40
Required Supplemental Information	
LEO - Schedule of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll	41
LGERS – Schedule of Contributions and Proportionate Share of Net Pension Liability (Asset)	42
Combining and Individual Funds Statements and Schedules:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	43-47
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception – Town Hall Capital Project	48
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception – Streets Capital Project	49
Combining Balance Sheet – Non-Major Governmental Funds	50

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	51
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception – Granite Lake Capital Project	52
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception – Industrial Development Capital Project	53
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	54
Analysis of Current Tax Levy	55

EDDIE CARRICK, CPA, PC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To Honorable Mayor
and Board of Aldermen
Town of Granite Quarry, North Carolina

I have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the Town of Granite Quarry, 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

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

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

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

Opinion

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, and the aggregate remaining fund information of the Town of Granite Quarry, North Carolina, as of June 30, 2020, and the respective changes in financial position 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 12, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions on page 41, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on page 42, respectively, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Granite Quarry, North Carolina's basic financial statements. The individual fund financial 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 financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me. In my opinion, based on my audit, the individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note VI to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. My opinion is not modified with respect to this matter

Eddie Carrick CPA, PC

A handwritten signature in black ink, appearing to read "Eddie Carrick" with a stylized flourish at the end.

Lexington, North Carolina
November 3, 2020



Management's Discussion and Analysis

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

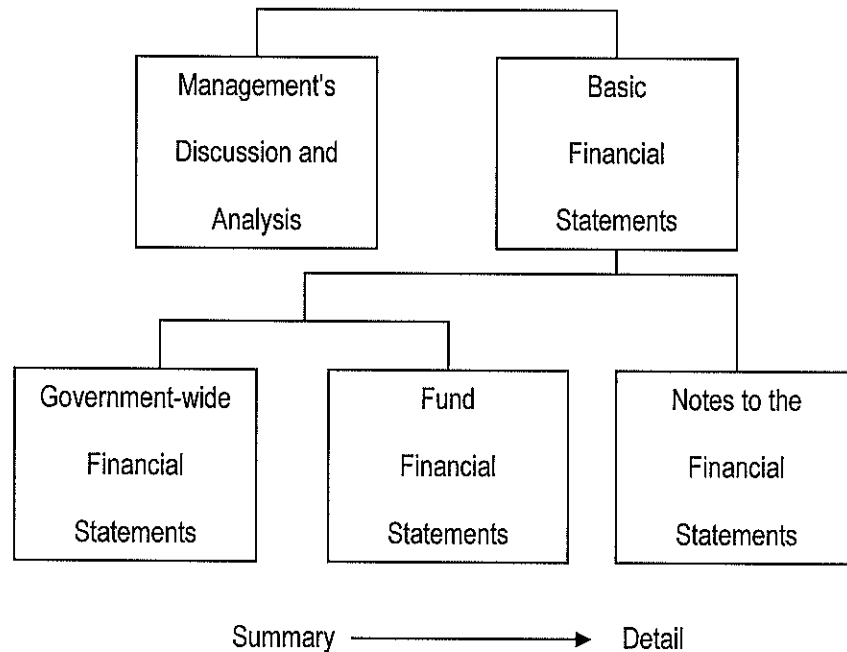
Financial highlights

- The assets and deferred outflows of resources of the Town of Granite Quarry exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,136,680 (*net position*).
- The government's total net position increased by \$185,928 primarily due to increases in revenues.
- As of the close of the current fiscal year, the Town of Granite Quarry's governmental funds reported combined ending fund balances of \$2,441,416, with a net increase of \$253,639 in fund balance. Approximately 34% of this total amount, or \$821,040, is restricted or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,620,374 or 71 percent of total general fund expenditures for the fiscal year.
- The Town of Granite Quarry's total debt increased by \$304,980 during the current fiscal year. The key factors in this increase was new installment debt of \$350,000, principal payments of \$50,000, a decrease in compensated absences of \$25,116, an increase in net pension liability (LGRS) of \$11,527, and increase in pension obligation (LEO) of \$18,569.

Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction to the Town of Granite Quarry'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 Granite Quarry.

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 (Exhibit 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental fund statements; and 2) the budgetary comparison statements.

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

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and 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 include one category: governmental activities. The governmental activities include most of the Town's basic services such as safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.

The government-wide financial statements are on 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 group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Granite Quarry, 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 General Statutes or the Town's budget ordinance. All of the funds of the Town of Granite Quarry are included in one category: governmental 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 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 part of the fund financial statements.

Management Discussion and Analysis
Town of Granite Quarry

The Town of Granite Quarry adopts an annual budget for the 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 the 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 in 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 differences or variance between the final budget and actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements – The notes provide additional information that is essential to the full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain supplemental information detailing the information provided in the basic financial statements and is presented to allow the reader to gain an in-depth understanding of the financial information presented.

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. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities

Management Discussion and Analysis
Town of Granite Quarry

Town of Granite Quarry's Net Position (Figure 2)

	<i>Governmental Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Current and other assets	\$ 2,804,819	\$ 2,457,174	\$ 2,804,819	\$ 2,457,174
Noncurrent assets	3,357,140	3,063,429	3,357,140	3,063,429
Deferred outflow of resources	219,829	273,240	219,829	273,240
Total assets and deferred outflow of resources	6,381,788	5,793,843	6,381,788	5,793,843
Long-term liabilities	500,000	200,000	500,000	200,000
Other Liabilities	718,043	623,598	718,043	623,598
Deferred inflow of resources	27,066	19,495	27,066	19,495
Total liabilities	1,245,109	843,093	1,245,109	843,093
Net position:				
Net investment in capital assets	2,673,557	2,635,463	2,673,557	2,635,463
Restricted for:				
Stabilization by State Statute	344,512	346,194	344,512	346,194
Streets	104,543	52,377	104,543	52,377
Capital projects	23,928		23,928	-
Unrestricted	1,990,139	1,916,716	1,990,139	1,916,716
Total net position	\$ 5,136,680	\$ 4,950,752	\$ 5,136,680	\$ 4,950,752

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$5,136,680 as of June 30, 2020. The Town's net position increased by \$185,928 for the fiscal year ended June 30, 2020. However, the largest portion, \$2,673,557, or 52%, reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding debt, the resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position \$472,983, or 9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,990,139 or 39% is unrestricted.

Management Discussion and Analysis
Town of Granite Quarry

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.5%, which is above to the statewide average
- Increased unrestricted revenues and Ad valorem tax collections
- Conservative spending by management in other areas.

Town of Granite Quarry's Changes in Net Position (Figure 3)

	<i>Governmental Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Revenues				
Program revenues:				
Charges for services	\$ 168,064	\$ 142,111	\$ 168,064	\$ 142,111
Operating grants and contrib.	184,855	140,434	184,855	140,434
Capital grants and contrib.	94,800	277,527	94,800	277,527
General revenues:				
Property taxes	1,036,315	870,071	1,036,315	870,071
Investment earnings	26,250	20,509	26,250	20,509
Grants and contrib. unrestricted to specific programs	936,746	900,839	936,746	900,839
Other	65,477	211,876	65,477	211,876
Total revenues	<u>2,512,507</u>	<u>2,563,367</u>	<u>2,512,507</u>	<u>2,563,367</u>
Expenses:				
General government	582,816	514,498	582,816	514,498
Public safety	1,153,451	1,158,934	1,153,451	1,158,934
Transportation	336,201	417,807	336,201	417,807
Environmental protection	191,226	167,148	191,226	167,148
Cultural and recreational	57,266	63,455	57,266	63,455
Interest on long-term debt	5,618	7,007	5,618	7,007
Total expenses	<u>2,326,578</u>	<u>2,328,849</u>	<u>2,326,578</u>	<u>2,328,849</u>
Increase (decrease) in net position	185,928	234,517	185,928	234,517
Net position, July 1	<u>4,950,752</u>	<u>4,716,235</u>	<u>4,950,752</u>	<u>4,716,235</u>
Net position, June 30	<u>\$ 5,136,680</u>	<u>\$ 4,950,752</u>	<u>\$ 5,136,680</u>	<u>\$ 4,950,752</u>

Management Discussion and Analysis
Town of Granite Quarry

Governmental Activities. Governmental activities increased the Town's net position by \$185,928, thereby accounting for 100% of the total increase in net position of the Town. The increase in net position was the result of a concerted effort to control costs and manage expenditures. Town management reduced non-essential programs to a minimum and implemented cost saving strategies across Town departments. Certain nonrecurring expenses were either postponed or renegotiated in an attempt to maintain a healthy net position. Management believes healthy investment in the Town will result in additional revenues, and in that vein added to the Town's net position by investing in capital assets. Increased efforts to maximize tax collections also contributed to the favorable net position. Tax revenue did not appreciably decline in the current year. Town management acknowledges that 2020 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Granite Quarry's fund balance available in the General Fund was \$1,620,374, while total fund balance reached \$2,069,431. The Town currently has an available fund balance of 71% of general fund expenditures, while total fund balance represents 91% of the same amount.

At June 30, 2020, the governmental funds of the Town reported a combined fund balance of \$2,441,416 with a net increase in fund balance of \$253,639. Included in this change in fund balance are decreases in fund balance in the General Fund and increases in the Streets Capital Project Fund as well as an increase in the Industrial Development Capital Project Fund.

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

There were several reasons the Town revised its budget throughout the year. Although expenditures were compliant with budgetary requirements, the Town did amend the budget in the General Fund in General Government to account for unexpected capital outlay expenditures.

Management Discussion and Analysis
Town of Granite Quarry

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2020, totals \$3,173,557 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following additions and (disposals):

- Capital projects construction in progress \$351,451
- Land \$89,618
- Vehicles \$126,871

Town of Granite Quarry's Capital Assets (net of depreciation) (Figure 4)

	<i>Governmental</i>			
	<i>Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Land and CIP	\$ 1,260,007	\$ 818,939	\$ 1,260,007	\$ 818,939
Buildings and systems	202,189	211,058	202,189	211,058
Machinery / equipment	269,990	309,032	269,990	309,032
Infrastructure	929,461	1,029,499	929,461	1,029,499
Vehicles / motorized equip.	511,910	466,935	511,910	466,935
	<u>\$ 3,173,557</u>	<u>\$ 2,835,463</u>	<u>\$ 3,173,557</u>	<u>\$ 2,835,463</u>

Additional information on the Town's capital assets can be found in the Note III.A.5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2020 the Town of Granite Quarry had total debt outstanding of \$943,035. Of this, \$943,035 is debt backed by the full faith and credit of the Town.

Town of Granite Quarry's Outstanding Debt (Figure 5)

	<i>Governmental</i>			
	<i>Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Compensated absences	\$ 27,006	\$ 52,122	\$ 27,006	\$ 52,122
Net pension liability(LGERS)	329,895	318,368	329,895	318,368
Pension obligation (LEO)	86,134	67,565	86,134	67,565
Notes payable	500,000	200,000	500,000	200,000
	<u>\$ 943,035</u>	<u>\$ 638,055</u>	<u>\$ 943,035</u>	<u>\$ 638,055</u>

Town of Granite Quarry's Outstanding Debt

The Town of Granite Quarry's total debt increased by \$304,980 during the current fiscal year. The key factors in this increase was new installment debt of \$350,000, principal payments of \$50,000, a decrease in compensated absences of \$25,116, an increase in net pension liability (LGERS) of \$11,527, and increase in pension obligation (LEO) of \$18,569.

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 property located within that government's boundaries. The legal debt margin for the Town is \$19,875,008.

Additional information regarding the Town's long-term debt can be found in the Note III.B.4 of this report.

Economic Factors and Next Year's Budgets and Rates

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

Despite the Coronavirus pandemic's affects both nationwide and locally, development interest within the town has continued to be very strong and is exceeding initial predictions.

The first building in the Granite Industrial Park has added \$9,244,963 to the Town's tax base, resulting in \$38,598 additional ad valorem tax revenue. The Town is in process of completing a sewer extension project under a state grant that will facilitate the next phase of development in the Park.

Net commercial and retail retention has remained healthy and exceeded many of our peer group municipalities. "Cagney's", a chain restaurant that opened early on in the pandemic, reports that they underestimated the market demand and local support at this Granite Quarry location even at their pre-pandemic analysis predictions. The Town has completed upgrade improvements (Phase 1) to its municipal building renovation as further impetus for revitalization efforts. The State Employees Credit Union incurred construction delays but is on track for completion mid fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities:

The FY2020-2021 budget consequently reflects moderate growth in the local economy despite "worst case scenario" projections, including state-shared revenue distribution forecasts. Several priority goals remain in the budget, but within a Governing Body Contingencies line item to restrict those goals to approval by the Town Board as economic realities develop during the fiscal year (i.e., if revenue trends indeed match or exceed the projections upon which the adopted budget was based).

Management Discussion and Analysis
Town of Granite Quarry

The Town maintained a .4175 tax rate for the FY2020-2021 budget. Out of the 11 units of local government in Rowan County, this comfortably retains Granite Quarry as the third lowest tax rate within the county by a 4.25-cent margin under the fourth lowest and surprisingly only 0.0075 higher than the second lowest.

<u>Unit of Government</u>	<u>Tax Rate</u>
Salisbury	0.7196
Rowan County	0.6575
East Spencer	0.66
Spencer	0.655
Kannapolis	0.63
China Grove	0.54
Landis	0.53
Rockwell	0.46
Granite Quarry	0.4175
Faith	0.41
Cleveland	0.3736 (0.28 city + 0.0936 community fire dept. rate)

That status remains an excellent marketing, recruiting, and retention tool for development, business, and residents. It is also a notable feat since Granite Quarry provides comparable levels of service as some of the higher-rate municipalities. Several factors are challenging the town's status quo rate, such as existing town parks and facilities' major repair & improvement needs, and growth demand on planning / code enforcement services. Major organizational and efficiency measures taken over the past year, a strong focus on professional staff training and retention, adherence to existing downtown and comprehensive plans (especially with focus on continued commercial and industrial growth), and recommended development of a Parks & Recreation Master Plan to open up matching fund opportunities are all proven strategies to continue meeting goal and service needs while maintaining a competitive tax rate.

Management believes that increased revenues and continued restrictions on spending will maintain the Town's financial position. As the Town considers future revenue sources, it has determined that a \$0.01 increase in the property tax rate will result in additional revenues of approximately \$24,469 at current values and collection rate. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Requests for Information This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Granite Quarry, P.O. Box 351, Granite Quarry, NC 28072.

EXHIBIT 1

Town of Granite Quarry, North Carolina
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 2,218,175	\$ 2,218,175
Receivables, net:		
Taxes	38,398	38,398
Accounts receivable - county	11,533	11,533
Sales and use taxes	87,870	87,870
Accounts	23,155	23,155
Accounts - Salisbury current portion	50,000	50,000
Due from other governments	241,995	241,995
Restricted cash and cash equivalents	133,695	133,695
Total current assets	<u>2,804,819</u>	<u>2,804,819</u>
Noncurrent assets:		
Accounts - Salisbury noncurrent portion	183,583	183,583
Capital Assets:		
Land, non-depreciable improvements	1,260,007	1,260,007
Other capital assets, net of depreciation	1,913,550	1,913,550
Total capital assets	<u>3,173,557</u>	<u>3,173,557</u>
Total noncurrent assets	<u>3,357,140</u>	<u>3,357,140</u>
Total assets	<u>6,161,959</u>	<u>6,161,959</u>
DEFERRED OUTFLOWS OF RESOURCES		
LGERS pension deferrals	196,663	196,663
LEO deferrals	23,166	23,166
Total deferred outflows of resources	<u>219,829</u>	<u>219,829</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	275,008	275,008
Current portion of long-term liabilities	100,000	100,000
Long-term liabilities:		
LGERS pension liability	329,895	329,895
LEO separation allowance	86,134	86,134
Compensated absences	27,006	27,006
Due in more than one year	400,000	400,000
Total liabilities	<u>1,218,043</u>	<u>1,218,043</u>
DEFERRED INFLOWS OF RESOURCES		
LGERS pension deferrals	19,984	19,984
LEO deferrals	7,082	7,082
Total deferred inflows of resources	<u>27,066</u>	<u>27,066</u>
NET POSITION		
Net investment in capital assets	2,673,557	2,673,557
Restricted for:		
Stabilization by State Statute	344,512	344,512
Streets	104,543	104,543
Capital projects	23,928	23,928
Unrestricted	<u>1,990,139</u>	<u>1,990,139</u>
Total net position	<u>\$ 5,136,680</u>	<u>\$ 5,136,680</u>

Notes to financial statements are an integral part of this statement

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

EXHIBIT 2

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government:						
Governmental Activities:						
General government	\$ 582,816	\$ -	\$ 38,855	\$ -	\$ (543,961)	\$ (543,961)
Public Safety	1,153,451	-	146,000	11,659	(995,792)	(995,792)
Transportation	336,201	-	-	83,141	(253,060)	(253,060)
Environmental protection	191,226	168,064	-	-	(23,162)	(23,162)
Culture and recreation	57,266	-	-	-	(57,266)	(57,266)
Interest on long-term debt	5,618	-	-	-	(5,618)	(5,618)
Total governmental activities (see Note 1)	<u>\$ 2,326,578</u>	<u>\$ 168,064</u>	<u>\$ 184,855</u>	<u>\$ 94,800</u>	(1,878,859)	(1,878,859)
General revenues:						
Taxes:						
Property taxes levied for general purposes					1,036,315	1,036,315
Grants and contributions not restricted to specific programs					936,746	936,746
Unrestricted investment earnings					26,250	26,250
Gain on disposal of assets					-	-
Miscellaneous					65,477	65,477
Total general revenues and transfers					<u>2,064,787</u>	<u>2,064,787</u>
Change in net position					185,928	185,928
Net position-beginning					<u>4,950,752</u>	<u>4,950,752</u>
Net position-ending					<u>\$ 5,136,680</u>	<u>\$ 5,136,680</u>

Notes to financial statements are an integral part of this statement

Town of Granite Quarry, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds				
	General Fund	Town Hall Capital Project	Streets Capital Project	Total Non-Major Funds	Total Governmental Fund
Assets					
Cash and cash equivalents - unrestricted	\$ 1,704,485	\$ 165,634	\$ 348,057	\$ -	\$ 2,218,175
Cash and cash equivalents - restricted	104,543	-	-	29,152	133,695
Receivables, net:					
Taxes Ad Valorem	38,398	-	-	-	38,398
Accounts receivable - county	11,533	-	-	-	11,533
Sales and use taxes	87,870	-	-	-	87,870
Accounts	420	-	-	22,735	23,155
Due (to) from other funds	2,695	-	-	(2,695)	-
Due from other governments	241,995	-	-	-	241,995
Total assets	<u>\$ 2,191,937</u>	<u>\$ 165,634</u>	<u>\$ 348,057</u>	<u>\$ 49,191</u>	<u>\$ 2,754,819</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued liabilities	\$ 84,111	\$ 165,634	\$ -	\$ 25,263	\$ 275,008
Total liabilities	<u>84,111</u>	<u>165,634</u>	<u>-</u>	<u>25,263</u>	<u>275,008</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	38,398	-	-	-	38,398
Total deferred inflows of resources	<u>38,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,398</u>
Fund balance:					
Restricted:					
Stabilization by State Statute	344,512	-	-	-	344,512
Streets	104,543	-	-	-	104,543
Capital projects	-	-	-	23,928	23,928
Assigned for capital projects	-	-	348,057	-	348,057
Unassigned	1,620,374	-	-	-	1,620,374
Total fund balance	<u>2,069,431</u>	<u>-</u>	<u>348,057</u>	<u>23,928</u>	<u>2,441,416</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,191,937</u>	<u>\$ 165,634</u>	<u>\$ 348,057</u>	<u>\$ 49,191</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	\$ 5,879,001
Accumulated depreciation	(2,705,444)
Long-term accounts receivable - Salisbury	233,583
Deferred outflows of resources related to LGERS pensions are not reported in the funds	196,663
Deferred outflows of resources related to LEO are not reported in the funds	23,166
Liabilities for earned revenues considered deferred inflows of resources in fund statements	38,398
Deferred inflows of resources related to LGERS pensions are not reported in the funds	(19,984)
Deferred inflows of resources related to LEO are not reported in the funds	(7,082)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
LGERS pension liability	(329,895)
LEO separation allowance	(86,134)
Long-term debt	(500,000)
Accrued vacation	(27,006)
Net position of governmental activities	<u>\$ 5,136,680</u>

Notes to financial statements are an integral part of this statement

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

	Major Funds				
	General Fund	Town Hall Capital Project	Streets Capital Project	Total Non-Major Funds	Total Governmental Fund
Revenues:					
Ad valorem taxes	\$ 1,031,774	\$ -	\$ -	\$ -	\$ 1,031,774
Other taxes and licenses	5,750	-	-	-	5,750
Unrestricted intergovernmental revenues	936,746	-	-	-	936,746
Restricted intergovernmental revenues	290,800	-	-	38,855	329,655
Sales and services	168,064	-	-	-	168,064
Investment earnings	20,632	-	-	-	20,632
Other general revenues	59,727	-	-	-	59,727
Total revenues	<u>2,513,493</u>	<u>-</u>	<u>-</u>	<u>38,855</u>	<u>2,552,348</u>
Expenditures:					
Current:					
General government	573,018	301,798	-	49,652	924,468
Public Safety	1,125,346	-	-	-	1,125,346
Transportation	315,892	-	1,943	-	317,835
Environmental protection	191,226	-	-	-	191,226
Culture and recreation	34,215	-	-	-	34,215
Debt service:					-
Principal retirement	50,000	-	-	-	50,000
Interest and other charges	5,618	-	-	-	5,618
Total expenditures	<u>2,295,315</u>	<u>301,798</u>	<u>1,943</u>	<u>49,652</u>	<u>2,648,709</u>
Revenues over expenditures	<u>218,178</u>	<u>(301,798)</u>	<u>(1,943)</u>	<u>(10,797)</u>	<u>(96,361)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers to capital projects	(336,523)	301,798	-	34,725	-
Proceeds from long-term debt	-	-	350,000	-	350,000
Fund balance appropriated	-	-	-	-	-
Total other financing sources (uses)	<u>(336,523)</u>	<u>301,798</u>	<u>350,000</u>	<u>34,725</u>	<u>350,000</u>
Net change in fund balance	<u>(118,345)</u>	<u>-</u>	<u>348,057</u>	<u>23,928</u>	<u>253,639</u>
Fund balance - beginning of year	<u>2,187,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,187,777</u>
Fund balance - end of year	<u>\$ 2,069,431</u>	<u>\$ -</u>	<u>\$ 348,057</u>	<u>\$ 23,928</u>	<u>\$ 2,441,416</u>

Notes to financial statements are an integral part of this statement

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

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

Net changes in fund balances - total governmental funds		\$ 253,639
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	\$ 216,489	
Construction in progress	351,450	
Depreciation	<u>(229,846)</u>	338,093
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		4,541
Change in accounts receivable - Salisbury:		
Payments received	(50,000)	
Interest added	<u>5,618</u>	(44,382)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-term debt issue		(350,000)
Payment on long-term debt		50,000
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.		
Changes in compensated absences		25,116
Change in pension expense:		
Changes in net pension assets	-	
Changes in deferred outflows	(53,564)	
Changes in net pension liability	(11,527)	
Changes in deferred inflows	<u>(8,112)</u>	(73,203)
Change in LEO separation allowance expense:		
Changes in net pension assets	-	
Changes in deferred outflows	153	
Changes in net pension liability	(18,569)	
Changes in deferred inflows	<u>541</u>	(17,875)
Total changes in net position of governmental activities		<u>\$ 185,928</u>

Town of Granite Quarry, North Carolina
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 994,268	\$ 994,268	\$ 1,031,774	\$ 37,506
Other taxes and licenses	2,900	2,900	5,750	2,850
Unrestricted intergovernmental	918,677	918,677	936,746	18,069
Restricted intergovernmental	1,003,593	1,003,593	290,800	(712,793)
Sales and services	144,000	144,000	168,064	24,064
Investment earnings	11,500	11,500	20,632	9,132
Other general revenues	37,942	44,816	59,727	14,911
Total revenues	<u>3,112,880</u>	<u>3,119,754</u>	<u>2,513,493</u>	<u>(606,261)</u>
Expenditures:				
Current:				
General government	955,681	1,043,403	573,018	470,385
Public Safety	1,226,099	1,249,877	1,125,346	124,531
Transportation	652,813	687,701	315,892	371,809
Environmental protection	185,120	195,120	191,226	3,894
Culture and recreation	39,000	39,000	34,215	4,785
Debt service:				
Principal retirement	50,000	50,000	50,000	-
Interest and other charges	4,167	6,167	5,618	549
Total expenditures	<u>3,112,880</u>	<u>3,271,268</u>	<u>2,295,315</u>	<u>975,953</u>
Revenues over (under) expenditures	<u>-</u>	<u>(151,514)</u>	<u>218,178</u>	<u>369,692</u>
Other financing sources (uses):				
Operating transfers to capital projects	-	(403,803)	(336,523)	67,280
Proceeds from long-term debt	-	-	-	-
Appropriated Fund Balance	-	555,317	-	(555,317)
Total other financing sources (uses)	<u>-</u>	<u>151,514</u>	<u>(336,523)</u>	<u>(488,037)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(118,345)</u>	<u>\$ (118,345)</u>
Fund balance, beginning of year			<u>2,187,777</u>	
Fund balance, end of year			<u>\$ 2,069,431</u>	

Notes to financial statements are an integral part of this statement

Town of Granite Quarry, North Carolina

NOTES TO FINANCIAL STATEMENTS As of or for the Year Ended June 30, 2020

Description of the Unit

The Town of Granite Quarry is located in Rowan County, which is in the Piedmont area of North Carolina. The Town has a population of approximately 3,120.

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Granite Quarry 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 Granite Quarry is a municipal corporation governed by an elected mayor and a four member Board of Aldermen. As required by generally accepted accounting principles, these financial statements present the Town, a single entity with no other legally separate entities for which the Town is financially accountable.

B. Basis of presentation

Government-wide Statements: The statement of net position and the statement of activities display the information about the primary government. These statements include the activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational and 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 fund. A separate statement for each fund category – governmental – is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The Town of Granite Quarry, North Carolina, only has one fund, the general fund, and is presented as a major fund.

The Town reports the following major governmental fund:

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 basis of accounting.

Government-wide Financial Statements: The government-wide is reported using the economic resources measurement focus. The government-wide financial statement is reported using the accrual basis of accounting. Revenues are recorded when earned and expenses 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, includes 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.

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 financial sources.

The Town considers all revenue 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town of Granite Quarry because the tax is levied by Rowan 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

C. Measurement Focus and Basis of Accounting (continued)

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. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The Town does not have a formal investment or credit risk policy.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursements and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Restricted Assets

Powell Bill funds are classified as restricted cash because it 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. Capital project funds are classified as restricted cash because it can be expended only for the purposes issued.

Town of Granite Quarry Restricted Cash

Governmental Activities		
General Fund	Streets	\$104,543
	Capital project	<u>29,152</u>
Total Restricted Cash		<u>\$133,695</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 July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Prepaid Items

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.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life of more than two years. Minimum capitalization costs are for purchases or construction in excess of \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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 Life</u>
Infrastructure	30 years
Buildings	40
Improvements	20
Vehicles	10-20
Furniture and equipment	5-10
Computer equipment	5

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Deferred Outflows / Inflows of Resources

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

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

9. Compensated Absences

The compensated absences policy of the Town provides for the accumulation of up to 40 hours earned accrued compensated leave. For the Town's government-wide fund, an expense and a liability for compensated absences and the salary-related payments is recorded. Since the accrued compensated leave time may be carried over into the following year, the liability has been designed as a current and a noncurrent liability in the government-wide financial statements.

10. Net position / Fund Balances

Net position

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

Fund Balances

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Net position / Fund Balances (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 non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and restricted fund balance on the face of the balance sheet.

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

Restricted for Capital Project - Portion of fund balance that is restricted by revenue source for capital project construction expenditures.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town'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 the Town of Granite Quarry 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; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$1,000.

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 Granite Quarry 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Pensions

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

II. Stewardship, Compliance, and Accountability:

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

1. *Noncompliance with North Carolina General Statutes:* None
2. *Contractual Violations:* None

B. Deficit Fund Balance or Retained Earnings of Individual Funds: None

C. Excess of Expenditures over Appropriations: None

III. Detail Notes on All Funds and Account Groups:

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 these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in the Town's name. The amount of the pledged collateral is based on an approval 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 to undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit 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 designation official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$2,013,933 and a bank balance of \$2,026,833 which \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$150.

2. Investments

At June 30, 2020, the Town had \$337,787 invested with the North Carolina Capital Management Trust Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Accounts Receivable - SRU

In 2016, the Town entered into an agreement with the City of Salisbury to extend a water line to a recently annexed area in Granite Quarry. The City of Salisbury owns and maintains all the water and sewer lines in the Town. The Town of Granite Quarry advanced \$452,959 to the City of Salisbury to do the project currently. The \$452,959, plus loan interest, will be repaid by the City of Salisbury to the Town \$50,000 per year starting June 2017 and annually thereafter until the advancement is repaid. During 2020, the City of Salisbury paid the Town \$50,000. This payment plus the accrued interest amount of \$5,618 results thus leaving a receivable of \$233,583.

4. Due from Other Governments

There are currently no outstanding amounts due from other governments other than normal state and county distributions.

5. Capital assets

Primary Government

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

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 818,937	\$ 89,618	\$ -	\$ 908,555
Construction in progress - Town Hall	-	301,798	-	301,798
Construction in progress - Granite Lake	-	22,735	-	22,735
Construction in progress - Industrial Development	-	26,918	-	26,918
Total capital assets not being depreciated:	818,937	441,069	-	1,260,007
Capital assets being depreciated:				
Buildings	574,362	-		574,362
Equipment	866,014	-	-	866,014
Vehicles and motorized equipment	1,393,268	126,871	(83,775)	1,436,364
Infrastructure	1,742,256	-	-	1,742,256
Total capital assets being depreciated:	4,575,900	126,871	(83,775)	4,618,996
Less, accumulated depreciation for:				
Buildings	363,301	8,870	-	372,171
Equipment	556,982	39,042	-	596,024
Vehicles and motorized equipment	926,334	81,896	(83,775)	924,455
Infrastructure	712,757	100,039	-	812,796
Total accumulated depreciation	2,559,374	229,846	(83,775)	2,705,446
Total capital assets being depreciated, net	2,016,526			1,913,550
Governmental activity capital assets, net	<u>\$ 2,835,463</u>			<u>\$ 3,173,557</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Capital assets (continued)

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

General government	\$ 74,556
Public safety	99,827
Transportation	32,411
Cultural and recreational	23,051
	<u>\$229,846</u>

Construction commitments

The government has active construction projects as of June 30, 2020. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Town Hall	\$ 301,798	\$ 102,005
Streets	1,943	388,807
Granite Lake	22,735	675,080
Industrial Development	26,918	250,882
Total	<u>\$ 353,394</u>	<u>\$ 1,416,774</u>

B. Liabilities:

1. Pension Plan Obligations:

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Granite Quarry is a participating employer in the statewide Local Governmental Employee's 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. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of GS 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 supplemental information for LGERS. The report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, NC 27699-1410, by calling 919-981-5454, or at www.osc.nc.gov.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 were \$67,926 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 \$329,895 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a. Local Governmental Employees' Retirement System (continued)

covered by the pension plan of all participating LGERS employers actuarially determined. At June 30, 2020, the Town's proportion was 0.01208% (measured as of June 30, 2019), which was a decrease of 0.00134% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the Town recognized pension expense of \$141,129. 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	\$ 56,486	\$ -
Changes of assumptions	53,767	-
Net difference between projected and actual earnings on pension plan investments	8,047	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	10,437	19,984
Town contributions subsequent to the measurement date	67,926	-
Total	\$ 196,663	\$ 19,984

\$67,663 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 54,820
2022	18,006
2023	30,805
2024	5,123
2025	-
Thereafter	-
	\$ 108,754

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a. Local Governmental Employees' Retirement System (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:

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 754,531	\$ 329,895	\$ (23,063)

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. Law Enforcement Officers Special Allowance

1. Plan Description. The Town administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	8
Total	<u>8</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b. Law Enforcement Officers Special Allowance (continued)

2. Summary of Significant Accounting Policies. Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

3. Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$ 0 as benefits came due for the reporting period

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 total pension liability of \$86,134. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$17,875.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,563	\$ 934
Changes of assumptions	9,603	6,148
County benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 23,166	\$ 7,082

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b. Law Enforcement Officers Special Allowance (continued)

\$ 0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	1,648
2022		1,648
2023		1,648
2024		1,268
2025		801
Thereafter		69

\$ 0 paid as benefits came due and \$ 0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.26 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 92,762	\$ 86,134	\$ 79,930

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	2020
Beginning balance	\$ 67,565
Service Cost	8,010
Interest on the total pension liability	6,306
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(1,107)
Changes of assumptions or other inputs	5,360
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 86,134</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b. Law Enforcement Officers Special Allowance (continued)

The plan currently uses mortality tables that vary by age, 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.

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

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 141,129	\$ 17,875	\$ 159,004
Pension Liability	329,895	86,134	416,029
Proportionate share of the net pension liability	0.01208%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	56,486	13,563	70,049
Changes of assumptions	53,767	9,603	63,370
Net difference between projected and actual earnings on plan investments	8,047	-	8,047
Changes in proportion and differences between contributions and proportionate share of contributions	10,437	-	10,437
Benefit payments and administrative costs paid subsequent to the measurement date	67,926	-	67,926
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	934	934
Changes of assumptions	-	6,148	6,148
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	19,984	-	19,984

c. Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers and others employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees (continued)

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The Town also contributes each month an amount equal to five percent of each other employee's salary, and all amounts contributed are vested immediately. Also, the other employees may make voluntary contributions to the plan. The Town made contributions of \$36,185 for the reporting year. No amounts were forfeited.

d. Other Employment Benefits

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

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following:

Source	Amount
Differences between expected and actual experience	\$ 70,049
Changes in assumptions	63,370
Net difference between projected and actual earnings on pension plan investments	8,047
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,437
Town contribution subsequent to the measurement date	67,926
Total	<u>\$ 219,829</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Deferred Outflows and Inflows of Resources (continued)

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

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 38,398
Changes in assumptions	6,148	-
Differences between expected and actual experience	934	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,984	-
Total	\$ 27,066	\$ 38,398

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insurance values of the property policy, worker's compensation coverage up to the statutory limits, and employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The Town carries no flood insurance for the year because the Town of Granite Quarry is not considered to be in a flood area, therefore the cost of this type insurance would outweigh the benefit.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The Town does not have a bond on the tax collector in that they have outsourced tax collection to Rowan County. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

4. Long-term Obligations:

a. Installment Purchase

In June 2016, the Town entered into an installment purchase contract with F&M Bank to finance a waterline extension for the amount of \$350,000. The financing contract requires 83 monthly consecutive interest payments beginning June 30, 2016, with interest calculated on the unpaid principal balances using an interest rate of 2.740% per annum; 6 annual consecutive principal and interest payments of \$50,000 each beginning June 30, 2016 and one principal and interest payment of \$51,272 on May 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a. Installment Purchase (continued)

The future minimum payments of the installment contract as of June 30, 2020, based on the \$350,000 balance as of that date and scheduled annual payments of principal and interest which include \$8,217 of interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 50,000	\$ 4,167	\$ 54,167
2022	50,000	2,778	52,778
2022	50,000	1,272	51,272
	<u>\$ 150,000</u>	<u>\$ 8,217</u>	<u>\$ 158,217</u>

In June 2020, the Town entered into an installment purchase contract with F&M Bank to finance street repairs for the amount of \$350,000. The financing contract requires 14 semi-annual consecutive principal and interest payments beginning December 5, 2020, with interest calculated on the unpaid principal balances using an interest rate of 2.990% per annum. The installment purchase is collateralized by the full faith, credit, and taxing power of the Town.

The future minimum payments of the installment contract as of June 30, 2020, based on the \$350,000 balance as of that date and scheduled annual payments of principal and interest which include \$39,811 of interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 50,000	\$ 10,232	\$ 60,232
2022	50,000	8,717	58,717
2023	50,000	7,201	57,201
2024	50,000	5,700	55,700
2025	50,000	4,169	54,169
Thereafter	100,000	3,792	103,792
	<u>\$ 350,000</u>	<u>\$ 39,811</u>	<u>\$ 389,811</u>

At June 30, 2020, the Town had a legal debt margin of \$19,875,008.

b. Changes in Long-term Liabilities

	Balance			Balance	Current Portion
	June 30, 2019	Increases	Decreases	June 30, 2020	of Balance
Governmental activities:					
Compensated Absences	\$ 52,122	\$ -	\$ 25,116	\$ 27,006	\$ -
Net pension liability (LERS)	318,368	11,527	-	329,895	-
Pension obligation (LEO)	67,565	18,569	-	86,134	-
Notes payable	200,000	350,000	50,000	500,000	100,000
Governmental activities long-term liabilities	<u>\$ 638,055</u>	<u>\$ 380,096</u>	<u>\$ 75,116</u>	<u>\$ 943,035</u>	<u>\$ 100,000</u>

Compensated absences for governmental activities have typically been liquidated in the General Fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

C. Interfund Balances and Activity

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

To	General Fund	\$	2,695
From	Granite Lake Capital Project		2,695

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

From the General Fund to the General Capital Projects Fund - Town Hall to fund the project \$ 301,798

From the General Fund to the General Capital Projects Fund - Industrial Development to fund the project 34,725

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.

During the 2020 fiscal year, the Town made a one-time transfer from the General Fund of \$301,798 to the Town Hall Capital Project Fund as per the budget ordinance and of \$34,725 to the Industrial Development Capital Projects Fund as per the budget ordinance.

D. On-Behalf of Payments for Fringe Benefits and Salaries

The Town has recognized as revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$11,659 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2020. Under State law the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

E. Net Investment in Capital Assets

	Governmental
Capital Assets	\$ 3,173,557
less: long-term debt	500,000
add: unexpended debt proceeds	-
Net investment in capital assets	<u>\$ 2,673,557</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

F. 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	\$ 2,069,431
Less:	
Stabilization by State Statute	344,512
Streets - Powell Bill	104,543
Assigned for subsequent year's expenditures	-
Remaining Fund Balance	\$ 1,620,374

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

Encumbrances	General Fund	Non-Major Funds
	\$0	

IV. Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees.

The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2020, the Town did not report any revenues and expenditures for these payments because no benefit payments were made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2020. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from 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 agreement. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

VI. Significant Effects of Subsequent Events

Subsequent events occurring after the statement of financial position date have been evaluated through November 3, 2020, which is the date the financial statements were available to be issued.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The outbreak presents uncertainty and risk with respect to the Town and its ability to carry out its activities which could impact its financial results.

Town of Granite Quarry, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Three Fiscal Years

Schedule of Changes in Total Pension Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 67,565	\$ 42,449	\$ 13,677
Service Cost Interest on total pension liability	8,010	13,666	11,231
Interest	6,306	-	-
Changes of benefit terms	-	-	1,483
Differences between expected and actual experience in the measurement of the total pension liability	(1,107)	18,276	-
Changes of assumptions or other inputs	5,360	(6,826)	9,225
Benefit payments	-	-	-
Other changes	-	-	6,833
Ending balance of the total pension liability	<u>\$ 86,134</u>	<u>\$ 67,565</u>	<u>\$ 42,449</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Schedule of Total Pension Liability as a Percentage of Covered Payroll

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 86,134	\$ 67,565	\$ 42,449
Covered payroll	358,160	384,905	333,857
Total pension liability as a percentage of covered payroll	24.05%	17.55%	12.71%

Notes to the schedules:

The Town of Granite Quarry has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits

Town of Granite Quarry, North Carolina
Town of Granite Quarry'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	\$ 67,926	\$ 58,691	\$ 56,111	\$ 48,179	\$ 43,377	\$ 46,100	\$ 45,103
Contributions in relation to the contractually required contribution	<u>\$ 67,926</u>	<u>\$ 58,691</u>	<u>\$ 56,111</u>	<u>\$ 48,179</u>	<u>\$ 43,377</u>	<u>\$ 46,100</u>	<u>\$ 45,103</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Granite Quarry's covered-employee payroll	\$ 729,262	\$ 721,274	\$ 710,377	\$ 628,369	\$ 622,579	\$ 637,289	\$ 629,140
Contributions as a percentage of covered-employee payroll	9.31%	8.14%	7.90%	7.67%	6.97%	7.23%	7.14%

Proportionate Share of Net Pension Liability (Asset)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Granite Quarry's proportion of the net pension liability (asset) (%)	0.01208%	0.01342%	0.01067%	0.00991%	0.01341%	0.01360%	0.01310%
Granite Quarry's proportion of the net pension liability (asset) (\$)	\$ 329,895	\$ 318,368	\$ 163,008	\$ 210,323	\$ 60,183	\$ (80,205)	\$ 153,949
Granite Quarry's covered-employee payroll	\$ 721,274	\$ 710,377	\$ 628,369	\$ 622,579	\$ 637,289	\$ 629,140	\$ 639,224
Granite Quarry's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.74%	44.82%	25.94%	33.78%	9.44%	(12.75%)	24.08%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

* 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 Granite Quarry, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2019 Actual</u>
REVENUES:				
Ad valorem taxes				
Current year collections		\$ 1,028,072		\$ 868,324
Penalties and interest		3,702		4,078
	<u>\$ 994,268</u>	<u>1,031,774</u>	<u>\$ 37,506</u>	<u>872,401</u>
Other taxes, licenses and fees				
Privilege licenses		5,750		3,560
	<u>2,900</u>	<u>5,750</u>	<u>2,850</u>	<u>3,560</u>
Unrestricted intergovernmental				
Local option sales tax		771,824		730,589
Telecommunications sales tax		10,646		11,965
Solid waste disposal tax		2,370		2,164
Utility franchise tax		96,316		98,532
Piped natural gas		7,993		8,832
Video franchise fee tax		24,212		25,921
Beer and wine tax		13,419		13,364
ABC profit distribution		10,467		9,471
	<u>918,677</u>	<u>937,246</u>	<u>18,569</u>	<u>900,839</u>
Restricted intergovernmental				
Powell Bill allocation		83,141		83,390
Grants		-		177,049
City of Salisbury - lease/debt payment		50,000		132,000
Faith police reimbursement		146,000		140,434
On-behalf of payments - Fire and Rescue		11,659		17,088
	<u>1,003,593</u>	<u>290,800</u>	<u>(712,793)</u>	<u>549,961</u>
Sales and services				
Curbside recycling		168,064		142,111
	<u>144,000</u>	<u>168,064</u>	<u>24,064</u>	<u>142,111</u>
Other general revenues				
Investment earnings		20,632		13,502
Rental income		2,645		4,735
Donations		25		194
Donations - Land		-		184,280
Sale of assets		30,156		2,524
Other		26,901		16,583
	<u>56,316</u>	<u>80,359</u>	<u>24,043</u>	<u>221,818</u>
Total revenues	<u>\$ 3,119,754</u>	<u>\$ 2,513,993</u>	<u>\$ (605,761)</u>	<u>\$ 2,690,690</u>

Town of Granite Quarry, North Carolina
General Fund (Continued)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2019 Actual</u>
EXPENDITURES:				
General Government				
Governing body				
Salary - Mayor/Aldermen		\$ 12,431		\$ 12,160
Mayor and board expenses		3,027		4,204
Election expense		-		-
	<u>\$ 16,787</u>	<u>15,458</u>	<u>\$ 1,329</u>	<u>16,364</u>
Administration				
Salaries and wages		272,323		228,131
Social security		20,361		16,811
Group insurance		33,139		27,568
Employee retirement		22,106		22,392
Unemployment expense		1,033		3,540
Contracted services		27,458		34,268
Christmas lights		-		9,082
Professional services		25,369		11,431
Telephone		3,453		3,378
Utilities		4,148		3,611
Printing		4,960		4,273
Membership dues		12,493		12,768
Advertising		3,987		2,027
Tax collection fee		15,838		15,560
Office expense		5,363		8,750
Election expense		2,975		-
Planning supplies		169		187
Maintenance and repairs		491		2,197
Training and schools		3,804		5,979
Insurance and bonding		4,141		4,775
Banquet expense		1,580		1,365
Community Appearance Commission		2,751		4,547
Miscellaneous		-		-
Capital outlay		89,618		188,212
	<u>1,026,616</u>	<u>557,560</u>	<u>469,056</u>	<u>610,852</u>
 Total general government	 <u>\$ 1,043,403</u>	 <u>\$ 573,018</u>	 <u>\$ 470,385</u>	 <u>\$ 627,216</u>

Town of Granite Quarry, North Carolina
General Fund (Continued)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2019 Actual</u>
EXPENDITURES:				
Public Safety				
Police department				
Salaries		\$ 330,758		\$ 331,910
Part-time officers		9,680		24,671
Social security		26,721		28,670
Group insurance		84,508		63,492
Employee retirement		33,033		27,207
Supplemental retirement		16,927		16,436
Motor fuel		12,698		17,425
Contracted services		21,912		23,225
Printing		673		751
Telephone		7,399		6,174
Utilities		1,475		1,284
L.E. office supplies		1,441		762
Miscellaneous supplies and equipment		6,469		18,460
Maintenance and repairs - equipment		1,074		1,989
Maintenance and repairs - autos		8,704		4,812
Training and schools		1,422		874
Uniforms		2,890		2,715
Insurance		12,266		25,338
Miscellaneous		-		-
Dues and subscriptions		1,579		1,571
Capital outlay		49,547		42,323
Total police department	\$ 746,096	631,177	\$ 114,919	640,090
Public Safety - continued				
Fire department				
On-behalf of benefits		11,659		17,088
Salaries		111,693		104,160
Part-time wages		173,416		162,265
Social security		21,303		20,874
Group insurance		45,382		25,691
Employee retirement		17,141		16,358
Motor fuel		3,429		4,585
Contracted services		9,928		15,892
Printing		198		396
Telephone		3,717		3,570
Utilities		5,498		4,786
Dues and subscriptions		2,579		2,037
Office expense		209		407

Town of Granite Quarry, North Carolina
General Fund (Continued)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2019 Actual</u>
EXPENDITURES:				
Public Safety - continued				
Fire department				
Maintenance and repairs - trucks		\$ 6,602		\$ 7,527
Maintenance and repairs - equipment		2,850		2,410
Miscellaneous supplies and equipment		23,493		23,262
Training and schools		860		715
Uniforms		2,045		2,826
Insurance		7,402		18,620
Miscellaneous		-		-
Debt service - Principal		-		-
Debt service - Interest		-		2,159
Capital outlay - equipment		44,765		158,933
	<u>\$ 503,781</u>	<u>494,169</u>	<u>\$ 9,612</u>	<u>594,560</u>
Total public safety	<u>1,249,877</u>	<u>1,125,346</u>	<u>124,531</u>	<u>1,234,651</u>
Transportation				
Streets and highways				
Salaries and wages		136,428		131,099
Social security		10,476		10,219
Group insurance		32,247		23,960
Employee retirement		16,273		13,248
Motor fuel		6,864		6,168
Communications		694		772
Utilities		2,989		2,619
Contracted services		14,791		21,510
Printing		15		6
Miscellaneous supplies and equipment		6,894		6,514
Maintenance and repairs - building		6,994		18,211
Maintenance and repairs - equipment		11,228		10,481
Maintenance and repairs - trucks		1,693		2,852
Training and schools		48		25
Uniforms		1,104		1,366
Insurance		3,151		10,141
Tools and light equipment		2,470		2,403
Miscellaneous		-		-
Hurricane damage		-		34,715
Refund Carolina Thread Trail		-		50,000
Capital outlay		32,559		32,957
Powell Bill:				
Expenses		28,975		41,303
Capital outlay		-		-
Total transportation	<u>\$ 687,701</u>	<u>\$ 315,892</u>	<u>\$ 371,809</u>	<u>\$ 420,567</u>

Town of Granite Quarry, North Carolina
General Fund (Continued)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2019 Actual</u>
Environmental protection				
Utilities		\$ 31,073		\$ 30,105
Contract trash hauling		116,570		103,947
Recycling program		43,582		33,096
Total environmental protection	<u>\$ 195,120</u>	<u>191,226</u>	<u>\$ 3,894</u>	<u>167,148</u>
EXPENDITURES:				
Culture and Recreation				
Maintenance and repairs		13,379		19,728
Supplies and equipment		3,952		5,651
Contract services		596		2,742
Utilities		16,289		12,283
Miscellaneous		-		-
Capital outlay		-		-
Total cultural and recreational	<u>39,000</u>	<u>34,215</u>	<u>4,785</u>	<u>40,404</u>
Debt service:				
Water line extension:				
Principal retirement		50,000		50,000
Interest		5,618		7,007
Total debt service	<u>56,167</u>	<u>55,618</u>	<u>549</u>	<u>57,007</u>
Total expenditures	<u>3,271,268</u>	<u>2,295,315</u>	<u>975,953</u>	<u>2,546,993</u>
Revenues over expenditures	<u>(151,514)</u>	<u>218,178</u>	<u>369,692</u>	<u>143,696</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers to capital projects	(403,803)	(336,523)	67,280	-
Proceeds from long-term debt	-	-	-	-
Appropriated Fund Balance	<u>555,317</u>	<u>-</u>	<u>(555,317)</u>	<u>-</u>
	<u>151,514</u>	<u>(336,523)</u>	<u>(488,037)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>(118,345)</u>	<u>\$ (118,345)</u>	<u>143,696</u>
Fund balances - beginning of year		<u>2,187,777</u>		<u>2,044,080</u>
Fund balances - end of year		<u>\$ 2,069,431</u>		<u>\$ 2,187,777</u>

Town of Granite Quarry North Carolina
General Capital Projects Fund - Town Hall
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From inception and for the fiscal year ended June 30, 2020

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental:					
Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures:					
Engineering fees	25,650	-	21,315	21,315	4,335
Improvements	378,153	-	280,483	280,483	97,670
Miscellaneous	-	-	-	-	-
Total expenditures	403,803	-	301,798	301,798	102,005
Revenues over expenditures	(403,803)	-	(301,798)	(301,798)	102,005
Other financing sources (uses):					
Transfer from (to) operating fund	403,803	-	301,798	301,798	(102,005)
Total other financing sources	403,803	-	301,798	301,798	(102,005)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance, beginning			-		
Fund Balance, ending			\$ -		

Town of Granite Quarry North Carolina
General Capital Projects Fund - Streets
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From inception and for the fiscal year ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental:					
Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Administrative fees	10,500	-	1,943	1,943	8,557
Improvements	339,500	-	-	-	339,500
Capitalized interest	<u>40,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,750</u>
Total expenditures	<u>390,750</u>	<u>-</u>	<u>1,943</u>	<u>1,943</u>	<u>388,807</u>
Revenues over expenditures	<u>(390,750)</u>	<u>-</u>	<u>(1,943)</u>	<u>(1,943)</u>	<u>388,807</u>
Other financing sources (uses):					
Proceeds from borrowings	350,000	-	350,000	350,000	-
Transfer from (to) operating fund	<u>40,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,750)</u>
Total other financing sources	<u>390,750</u>	<u>-</u>	<u>350,000</u>	<u>350,000</u>	<u>(40,750)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>348,057</u>	<u>\$ 348,057</u>	<u>\$ 348,057</u>
Fund Balance, beginning			-		
Fund Balance, ending			<u>\$ 348,057</u>		

Town of Granite Quarry North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
For the fiscal year ended June 30, 2020

	<u>Granite Lake Capital Project</u>	<u>Industrial Development Capital Project</u>	<u>Total Non-Major Capital Project Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents - restricted	\$ -	\$ 29,152	\$ 29,152
Accounts receivable	22,735	-	22,735
Total Assets	<u>\$ 22,735</u>	<u>\$ 29,152</u>	<u>\$ 51,886</u>
Liabilities and Fund Balances			
Accounts payable	\$ 20,040	\$ 5,224	\$ 25,263
Due to General Fund	2,695	-	2,695
Total liabilities	<u>22,735</u>	<u>5,224</u>	<u>27,958</u>
Fund balances			
Restricted for capital projects	-	23,928	23,928
Assigned for capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>23,928</u>	<u>23,928</u>
Total liabilities and fund balances	<u>\$ 22,735</u>	<u>\$ 29,152</u>	<u>\$ 51,886</u>

Town of Granite Quarry North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the fiscal year ended June 30, 2020

	Granite Lake Capital Project	Industrial Development Capital Project	Total Non-Major Capital Project Funds
Revenues:			
Restricted intergovernmental:			
Grants	\$ 22,735	\$ 16,121	\$ 38,855
Total revenues	<u>22,735</u>	<u>16,121</u>	<u>38,855</u>
Expenditures:			
Engineering fees	22,735	21,718	44,452
Improvements	-	200	200
Administrative costs	-	5,000	5,000
Contingency	-	-	-
Total expenditures	<u>22,735</u>	<u>26,918</u>	<u>49,652</u>
Revenues over expenditures	<u>-</u>	<u>(10,797)</u>	<u>(10,797)</u>
Other financing sources (uses):			
Proceeds from borrowings	-	-	-
Transfer from (to) operating fund	-	34,725	34,725
Total other financing sources	<u>-</u>	<u>34,725</u>	<u>34,725</u>
Net change in fund balance	<u>-</u>	<u>23,928</u>	<u>23,928</u>
Fund Balance, beginning	-	-	-
Fund Balance, ending	<u><u>\$ -</u></u>	<u><u>\$ 23,928</u></u>	<u><u>\$ 23,928</u></u>

Town of Granite Quarry North Carolina
General Capital Projects Fund - Granite Lake
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From inception and for the fiscal year ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental:					
FEMA grant	\$ 523,361	\$ -	\$ 17,051	\$ 17,051	\$ (506,310)
NC DEM grant	174,454	-	5,684	5,684	(168,770)
Total revenues	<u>697,815</u>	<u>-</u>	<u>22,735</u>	<u>22,735</u>	<u>(675,080)</u>
Expenditures:					
Engineering fees	186,315	-	22,735	22,735	163,580
Improvements	465,000	-	-	-	465,000
Contingency	<u>46,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,500</u>
Total expenditures	<u>697,815</u>	<u>-</u>	<u>22,735</u>	<u>22,735</u>	<u>675,080</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Proceeds from borrowings	-	-	-	-	-
Transfer from (to) operating fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, beginning			-		
Fund Balance, ending			<u>\$ -</u>		

Town of Granite Quarry North Carolina
General Capital Projects Fund - Industrial Development
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From inception and for the fiscal year ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental:					
Rural Economic Development grant	\$ 208,350	\$ -	\$ 16,121	\$ 16,121	\$ (192,230)
Rowan County	34,725	-	-	-	(34,725)
Total revenues	<u>243,075</u>	<u>-</u>	<u>16,121</u>	<u>16,121</u>	<u>(226,955)</u>
Expenditures:					
Engineering fees	66,660	-	21,718	21,718	44,942
Improvements	191,140	-	200	200	190,940
Administrative costs	<u>20,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>15,000</u>
Total expenditures	<u>277,800</u>	<u>-</u>	<u>26,918</u>	<u>26,918</u>	<u>250,882</u>
Revenues over expenditures	<u>(34,725)</u>	<u>-</u>	<u>(10,797)</u>	<u>(10,797)</u>	<u>23,928</u>
Other financing sources (uses):					
Transfer from (to) operating fund	<u>34,725</u>	<u>-</u>	<u>34,725</u>	<u>34,725</u>	<u>-</u>
Total other financing sources	<u>34,725</u>	<u>-</u>	<u>34,725</u>	<u>34,725</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>23,928</u>	<u>\$ 23,928</u>	<u>\$ 23,928</u>
Fund Balance, beginning			-		
Fund Balance, ending			<u>\$ 23,928</u>		

Town of Granite Quarry, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance</u>		<u>Collections And Credits</u>	<u>Uncollected Balance</u>
	<u>June 30, 2019</u>	<u>Additions</u>		<u>June 30, 2020</u>
2019-2020		\$ 1,046,229	\$ 1,030,519	\$ 15,710
2018-2019	\$ 10,027		4,433	5,594
2017-2018	6,504		1,722	4,782
2016-2017	4,766		1,594	3,172
2015-2016	3,676		634	3,042
2014-2015	3,028		620	2,408
2013-2014	1,882		555	1,327
2012-2013	1,146		307	839
2011-2012	1,204		291	913
2010-2011	610		-	610
2009-2010	1,014		1,014	-
	<u>\$ 33,857</u>	<u>\$ 1,046,229</u>	<u>\$ 1,041,689</u>	
Ad valorem taxes receivable-net				<u>\$ 38,398</u>
Reconciliation with revenues:				
Taxes-Ad Valorem-General				\$ 1,028,072
Adjustments & credits				<u>13,617</u>
Total collections and credits				<u>\$ 1,041,689</u>

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

	Total Levy				
	Total Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current years rate	\$ 250,593,772	0.4175	\$ 1,046,229	\$ 933,545	\$ 112,684
Property taxed at prior years rate	-		-	-	-
Penalties	-		-	-	-
Total	<u>250,593,772</u>		<u>1,046,229</u>	<u>933,545</u>	<u>112,684</u>
Discoveries:					
Current year rates	-	0.4175	-	-	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Total	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Abatements	<u>(2,156,168)</u>	0.4175	<u>(9,002)</u>	<u>(9,002)</u>	<u>-</u>
Total property valuation	<u><u>\$ 248,437,605</u></u>				
Net levy			1,037,227	924,543	112,684
Uncollected taxes at June 30, 2020			<u>(15,710)</u>	<u>(15,710)</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 1,021,517</u></u>	<u><u>\$ 908,833</u></u>	<u><u>\$ 112,684</u></u>
Percent current year collected			<u><u>98.49%</u></u>	<u><u>98.30%</u></u>	<u><u>100.00%</u></u>