

**Town of Green Level
Green Level, North Carolina
For the year ended
June 30, 2020**

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

**Town of Green Level
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June 30, 2020**

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EDDIE CARRICK, CPA, PC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council
Town of Green Level
Green Level, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of the Town of Green Level, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Green Level, North Carolina, as of June 30, 2020, and the respective changes in financial position, cash flows, where appropriate, thereof, and the respective budgetary comparison of 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 and the Local Government Employees' Retirement System's Schedule of Contributions and Proportionate Share of Net Pension Liability (Asset) on pages 44 through 45, 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 Green Level, North Carolina's basic financial statements. The individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and 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. In my opinion, based on my audit, the individual fund statements, budgetary schedules, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2022, on my consideration of the Town of Green Level, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Green Level, North Carolina's internal control over financial reporting and compliance.

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
Lexington, North Carolina
December 20, 2022

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Management's Discussion and Analysis

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

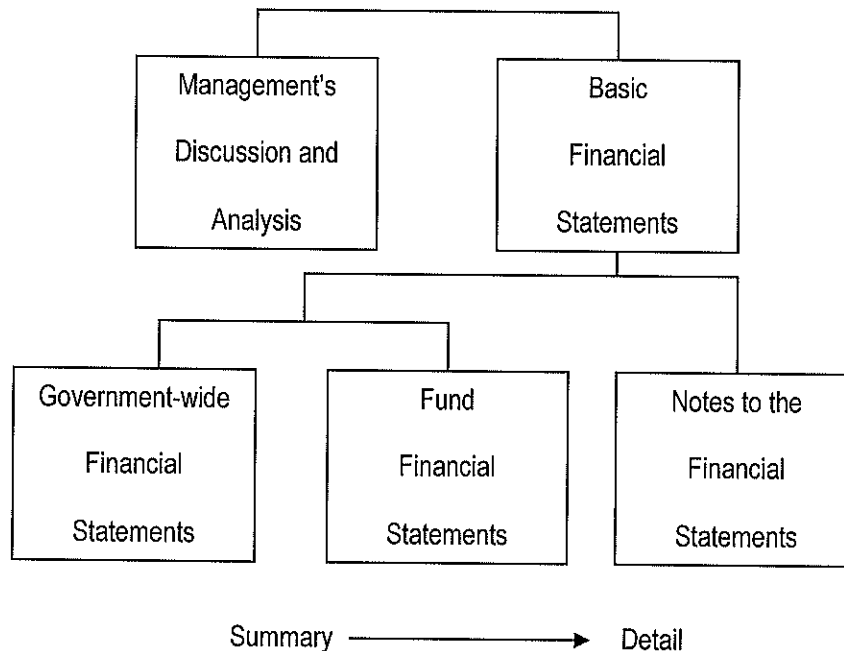
Financial highlights

- The assets and deferred outflows or resources of the Town of Green Level exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,421,888 (*net position*).
- The government's total net position increased by \$509,191, primarily due to governmental fund activities.
- As of the close of the current fiscal year, the Town of Green Level's governmental funds reported combined ending fund balances of \$1,471,621, with a net decrease of \$65,285 in fund balance. Approximately 46% of this total amount, or \$678,998, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$792,623, or 95% of total general fund expenditures for the fiscal year.
- The Town of Green Level's total debt and long-term liabilities decreased by \$393,242 during the current fiscal year. The key factors in this decrease was debt proceeds re-classed as grant proceeds in the amount of \$169,900, principal payments of \$213,084, a net decrease in net pension liability of \$6,889, and a decrease of \$3,369 in compensated absences.

Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction to the Town of Green Level'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 Green Level.

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

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

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net 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 are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety and general administration. Utility franchise and excise taxes and sales taxes finance most of these activities. The business-type activities are those that municipalities generally charge fees for.

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 Green Level, 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 Green Level can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Green Level 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 Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance the current period activities.

Management Discussion and Analysis Town of Green Level

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 Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the 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.

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

Notes to the Financial Statements – The notes provide additional information that is essential to the full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

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

Town of Green Level's Net Position (Figure 2)

June 30, 2020 and June 30, 2019

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Current and other assets	\$ 1,610,448	\$ 1,651,070	\$ 1,994,866	\$ 1,747,759	\$ 3,605,314	\$ 3,398,829
Capital assets	3,557,563	3,279,580	5,282,874	5,368,089	8,840,437	8,647,669
Deferred outflows of resources	33,144	52,011	19,437	30,228	52,581	-
Total assets and deferred outflows of resources	5,201,155	4,982,661	7,297,177	7,146,076	12,498,332	12,046,498
Long-term liabilities	1,784,455	1,975,401	2,982,003	3,184,298	4,766,458	5,159,699
Other Liabilities	96,219	73,098	206,669	206,425	302,888	279,523
Deferred inflows of resources	4,474	561	2,623	326	7,097	887
Total liabilities and deferred inflows of resources	1,885,148	2,049,060	3,191,295	3,391,049	5,076,443	5,440,109
Net position:						
Net investment in capital assets	1,838,151	1,374,416	2,336,909	2,224,893	4,175,060	3,599,309
Restricted for:						
Stabilization by State Statute	397,858	474,532	-	-	397,858	474,532
USDA	80,350	421,284	-	-	80,350	421,284
Streets	200,790	146,834	-	-	200,790	146,834
Unrestricted	798,859	516,535	1,768,971	1,530,134	2,567,830	2,046,669
Total net position	\$ 3,316,008	\$ 2,933,601	\$ 4,105,880	\$ 3,755,027	\$ 7,421,888	\$ 6,688,628

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Green Level exceeded liabilities and deferred inflows by \$7,421,888 as of June 30, 2020. The Town's net position increased by \$509,191 for the fiscal year ended June 30, 2020. However, the largest portion (56%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, equipment, and its water & sewer system). The Town of Green Level uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Green Level's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Green Level's net position, \$678,998 (9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,567,830 (35%) is unrestricted.

Management Discussion and Analysis
Town of Green Level

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

- Continued low cost of debt and grant proceeds
- Conservative spending

Town of Green Level's Changes in Net Position (Figure 3)

For the Years Ended June 30, 2020 and June 30, 2019

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Revenues						
Program revenues:						
Charges for services	\$ 47,021	\$ 50,975	\$ 1,253,275	\$ 1,246,331	\$ 1,300,296	\$ 1,297,306
Operating grants and contrib.	57,390	57,448	-	-	57,390	57,448
Capital grants and contrib.	177,419	-	-	-	177,419	-
General revenues:						
Property taxes	409,236	319,591	-	-	409,236	319,591
Sales and other taxes	571,779	556,654	-	-	571,779	556,654
Intergovernmental revenues	92,379	108,831	-	-	92,379	108,831
Investment earnings	210	2,296	-	-	210	2,296
Miscellaneous income	-	-	7,541	24,028	7,541	24,028
Total revenues	<u>1,355,434</u>	<u>1,095,795</u>	<u>1,260,816</u>	<u>1,270,359</u>	<u>2,616,250</u>	<u>2,366,154</u>
Expenses:						
General government	384,520	409,950	-	-	384,520	409,950
Public safety	87,250	86,387	-	-	87,250	86,387
Public works	172,595	134,745	-	-	172,595	134,745
Environmental protection	120,054	122,231	-	-	120,054	122,231
Streets & highways	76,344	113,729	-	-	76,344	113,729
Cultural and recreational	131,322	148,194	-	-	131,322	148,194
Debt service	942	1,261	-	-	942	1,261
Water and sewer	-	-	1,134,032	1,258,818	1,134,032	1,258,818
Total expenses	<u>973,027</u>	<u>1,016,497</u>	<u>1,134,032</u>	<u>1,258,818</u>	<u>2,107,059</u>	<u>2,275,315</u>
Increase (decrease) in net position	382,407	79,298	126,784	11,541	509,191	90,839
Net position July 1	2,933,601	2,854,303	3,755,027	3,743,486	6,688,628	6,597,789
Prior period restatement	-	-	224,068	-	224,068	-
Net position June 30	<u>\$ 3,316,008</u>	<u>\$ 2,933,601</u>	<u>\$ 4,105,880</u>	<u>\$ 3,755,027</u>	<u>\$ 7,421,888</u>	<u>\$ 6,688,628</u>

Governmental Activities. Governmental activities increased the Town's net position by \$382,407, thereby accounting for 76% of the total growth of the net position of the Town of Green Level. The increase in net position was the result of a concerted effort to control costs and manage expenditures while providing for future expansion by capital expenditures. 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.

Management Discussion and Analysis Town of Green Level

Key elements of this increase are as follows:

- Increased tax collections
- Conservative approach to spending
- Grant proceeds

Business-type Activities. Business-type activities increased the Town of Green Level's net position by \$126,785, accounting for 24% of the total growth in the Town's net position. Key elements of this increase are as follows:

- Increased revenues due to charges for services
- Overall increase in production costs

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 of Green Level's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Green Level's financing requirements.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Green Level's fund balance available in the General Fund was \$792,623, while total fund balance reached \$1,471,621. The Town currently has an available fund balance of 95% of general fund expenditures, while total fund balance represents 177% of the same amount.

At June 30, 2020, the governmental funds of Town of Green Level reported a combined fund balance of \$1,471,621 with a net decrease in fund balance of \$65,285. Included in this change in fund balance are an increase in fund balance in the General Fund and a decrease in the General Capital Project Fund.

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

There were several reasons the Town revised its budget throughout the year. Although expenditures were held in check overall to comply with its budgetary requirements, the Town did amend the budget in the General Fund in several departments to account for unexpected expenditures.

Proprietary Funds. The Town of Green Level's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,768,971. The total change in net position was \$126,785. The change in net position in the Water and Sewer Fund is a result of increased water and sewer charges as well as cost-saving measures taken to reduce operating costs in the Water and Sewer Fund.

Management Discussion and Analysis
Town of Green Level

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$8,840,437 (net of accumulated depreciation). These assets include buildings, land, construction in progress, furniture and equipment, and the Town's water and sewer system.

Major capital asset transactions during the year include the following:

- General Fund capital project construction in progress \$415,383
- Water and sewer improvements of \$ 19,684
- Water and sewer capital project construction in progress \$33,107

Town of Green Level's Capital Assets (net of depreciation) (Figure 4)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2020	2019	2020	2019	2020	2019
Land	\$ 351,851	\$ 351,851	\$ 20,097	\$ 20,097	\$ 371,948	\$ 371,948
Construction in progress	1,885,347	1,479,965	352,078	318,971	2,237,425	1,798,936
Buildings & improvements	85,850	61,449	-	-	85,850	61,449
Furniture, equipment & vehicles	53,655	67,085	37,215	24,219	90,870	91,304
Recreational facilities & improvements	875,633	927,270	-	-	875,633	927,270
Infrastructure	305,227	391,960	-	-	305,227	391,960
Plant & distribution systems	-	-	4,873,483	5,004,802	4,873,483	5,004,802
	<u>\$ 3,557,563</u>	<u>\$ 3,279,580</u>	<u>\$ 5,282,874</u>	<u>\$ 5,368,089</u>	<u>\$ 8,840,437</u>	<u>\$ 8,647,669</u>

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

Long-term Debt.

On March 29, 2017, the Town entered into an installment purchase contract with Branch Banking and Trust Company to purchase two new trucks. The financing contract was for \$72,650 with an interest rate of 2.540%. The first of sixty payments of \$1,292 was due on April 29, 2018. The vehicles act as collateral for the loans. The loan is callable if the Town becomes substantially past due on required payments.

In February 2020, the Town entered into a financing agreement with the Branch Banking and Trust Company, Charlotte, North Carolina to advance up to \$1,147,900 for the construction of the Town Hall. On May 7, 2019, the amount was increased to \$1,864,300 at 3.25% which was advanced as of June 30, 2019. Subsequently in 2020, the note amount was decreased by grant proceeds for a total amount financed of \$1,694,400. In 2020, the note was assumed by USDA with an interest rate of 3.00% payable with 40 annual principal and interest payments of \$73,318. The note is collateralized by Town Hall and the full faith and credit of the Town. The note is callable if the Town becomes substantially past due on required payments.

Management Discussion and Analysis
Town of Green Level

The Town continues to service its debt related to the water tower and related assets. The balance of the debt was \$556,246 at June 30, 2020. Principal payments of \$46,354 are required annually. There is no interest on this debt.

The Town received loan commitments of \$2,302,810 related to projects to connect its sewer system to the City of Burlington's sewer system. Of this cost, \$435,050 was forgiven with total repayments to be \$1,867,760. Twenty principal payments of \$65,310 are required annually. There is no interest on this debt.

In February 2019, the Town entered into a financing agreement with the Branch Banking and Trust Company, Charlotte, North Carolina to advance up to \$1,223,700 for the construction of a pump station. At June 30, 2019, the entire amount had been advanced. The financing contract requires fifteen annual principal and interest payments of \$107,993 beginning fiscal year 2019. The note is collateralized by the full faith and credit of the Town. The note is callable if the Town becomes substantially past due on required payments.

Town of Green Level's Long-term Debt (Figure 5)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Long-term debt	\$1,694,400	\$1,864,431	\$2,945,964	\$3,143,196	\$4,640,364	\$5,007,627
Net pension liability	61,455	66,016	36,039	38,367	97,494	104,383
Installment purchases	25,012	40,733	-	-	25,012	40,733
Compensated absences	3,588	4,221	-	2,736	3,588	6,957
	<u>\$1,784,455</u>	<u>\$1,975,401</u>	<u>\$2,982,003</u>	<u>\$3,184,299</u>	<u>\$4,766,458</u>	<u>\$5,159,700</u>

Town of Green Level's Outstanding Debt and Long-term Liabilities

The Town of Green Level's total debt and long-term liabilities decreased by \$393,242 during the current fiscal year. The key factors in this decrease was debt proceeds re-classed as grant proceeds in the amount of \$169,900, principal payments of \$213,084, a net decrease in net pension liability of \$6,889, and a decrease of \$3,369 in compensated absences.

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 \$9,007,556.

Additional information regarding the Town of Green Level's long-term debt can be found in Note III.B.5 of this report.

Management Discussion and Analysis
Town of Green Level

Economic Factors and Next Year's Budgets and Rates

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

- The increase in net position of the General Fund and the Water & Sewer Fund are expected to continue to increase as a result of conservative budget management by both the Town Council and administrative staff. The continued increase in population will also be beneficial in creating a healthy and robust financial stability for the Town, which will allow the Town to continue to provide important services as needed.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities:

The Town continues to provide vital services to its residents to include, but not limited to, law enforcement, sanitation services, the Town Park, recreational facilities, and public works projects. Property tax rates will remain constant at .36 cents.

The completion of the new Town Hall is complete and while there were some unexpected cost overruns the Town now has a modern state of the art facility which is energy efficient and a safer facility that the community can be proud of and it will last for years to come. The new debt service payment including principal and interest will require an annual cost of \$73,318.

The Town has chosen not to appropriate fund balance in the fiscal year 2021 budget. 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 \$10,823 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.

Business-type Activities – Water & Sewer Fund:

The Town continues to focus on reducing its cost of providing water and sewer services through regular maintenance and improvement infrastructure projects. Meter replacements and the use of electronic meter reading equipment helps to ensure accurate billing and improves the efficiency of the billing process. Debt service for the Town's water tower remains \$46,354 annually. The Town is currently upgrading lift stations to support current and future growth capacity within the Town. The pump upgrades have an estimated cost of \$1.3 million.

The Town has agreed to accept and host the new Alamance County Training Facility, which will include an indoor state of the art firing range and driving course to be used to train and prepare our emergency responders and law enforcement officers. This facility will attract law enforcement and first responders from across the state that will come for training and networking resources. The taxes and other revenues from this facility will enhance the Town's financial net position and hopefully attract a variety of businesses to the area. The Town owns several parcels of land throughout the community and is currently working with appraisers and real estate agencies to try and market these properties in an effort to bring commercial business into the Town.

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 Green Level, P.O. Box 342, Mebane, NC 27302.

Town of Green Level, North Carolina
Statement of Net Position
June 30, 2020

	Primary Government		
	Government Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash & cash equivalents	\$ 888,842	\$ 1,960,086	\$ 2,848,928
Receivables (net):			
Taxes	42,608	-	42,608
Accounts	46,488	188,731	235,219
Internal balances	244,797	(244,797)	-
Due from other governments	106,573	-	106,573
Prepaid items	-	-	-
Restricted cash	281,140	90,846	371,986
	<u>1,610,448</u>	<u>1,994,866</u>	<u>3,605,314</u>
Capital assets:			
Land, improvements & construction in progress	2,237,198	372,174	2,609,373
Other capital assets, net of accumulated depreciation	1,320,365	4,910,699	6,231,064
Total capital assets	<u>3,557,563</u>	<u>5,282,874</u>	<u>8,840,437</u>
Total assets	<u>5,168,011</u>	<u>7,277,740</u>	<u>12,445,751</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	33,144	19,437	52,581
Total deferred inflows of resources	<u>33,144</u>	<u>19,437</u>	<u>52,581</u>
LIABILITIES			
Current liabilities:			
Accounts payable	96,219	115,823	212,042
Current portion of long-term debt	37,351	199,644	236,995
Payable from restricted cash	-	90,846	90,846
	<u>133,570</u>	<u>406,313</u>	<u>539,883</u>
Long-term Liabilities:			
Compensated absences	3,588	-	3,588
Net pension liability	61,455	36,039	97,494
Long-term debt	1,682,061	2,746,320	4,428,381
	<u>1,747,104</u>	<u>2,782,360</u>	<u>4,529,463</u>
Total liabilities	<u>1,880,673</u>	<u>3,188,673</u>	<u>5,069,346</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	4,474	2,623	7,097
Total deferred inflows of resources	<u>4,474</u>	<u>2,623</u>	<u>7,097</u>
NET POSITION			
Net investment in capital assets	1,838,151	2,336,909	4,175,060
Restricted for:			
Stabilization by State Statute	397,858	-	397,858
USDA	80,350		80,350
Streets	200,790	-	200,790
Unrestricted net position	<u>798,859</u>	<u>1,768,971</u>	<u>2,567,830</u>
Total net position	<u>\$ 3,316,008</u>	<u>\$ 4,105,880</u>	<u>\$ 7,421,888</u>

The accompanying notes are an integral part of the financial statements

Town of Green Level, 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	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 384,520	\$ -	\$ -	\$ 177,419	\$ (207,101)	\$ -	\$ (207,101)
Public safety	87,250	-	-	-	(87,250)	-	(87,250)
Public works	172,595	-	-	-	(172,595)	-	(172,595)
Environmental protection	120,054	47,021	-	-	(73,033)	-	(73,033)
Streets & highways	76,344	-	57,390	-	(18,954)	-	(18,954)
Cultural and recreational	131,322	-	-	-	(131,322)	-	(131,322)
Interest on long-term debt	942	-	-	-	(942)	-	(942)
Total governmental activities	<u>973,027</u>	<u>47,021</u>	<u>57,390</u>	<u>177,419</u>	<u>(691,197)</u>	<u>-</u>	<u>(691,197)</u>
Business-type activities:							
Water and sewer	1,134,032	1,253,275	-	-	-	119,243	119,243
Total business activities	<u>1,134,032</u>	<u>1,253,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,243</u>	<u>119,243</u>
Total government	<u>\$ 2,107,059</u>	<u>\$ 1,300,296</u>	<u>\$ 57,390</u>	<u>\$ 177,419</u>	<u>(691,197)</u>	<u>119,243</u>	<u>(571,954)</u>
General revenues:							
Taxes:							
Property taxes levied for general purposes					409,236	-	409,236
Sales & other taxes					571,779	-	571,779
Unrestricted intergovernmental revenues					80,360	-	80,360
Other unrestricted revenues					12,019	-	12,019
Miscellaneous					210	7,541	7,752
Total general government revenues					<u>1,073,604</u>	<u>7,541</u>	<u>1,081,145</u>
Change in net position					382,407	126,785	509,191
Net position, beginning, previously reported					2,933,601	3,755,027	6,688,628
Prior period restatement					-	224,068	224,068
Net position ending					<u>\$ 3,316,008</u>	<u>\$ 4,105,880</u>	<u>\$ 7,421,888</u>

The accompanying notes are an integral part of the financial statements

Town of Green Level, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major Funds</u>		
	<u>General</u>	<u>Capital Project Town Hall</u>	<u>Total Governmental Fund</u>
Assets			
Cash & cash equivalents	\$ 888,842	\$ -	\$ 888,842
Restricted cash and cash equivalents	281,140	-	281,140
Receivables (net):			
Taxes	42,608	-	42,608
Accounts	46,488	-	46,488
Due from other funds	244,797	-	244,797
Due from other governments	106,573	-	106,573
Prepays items	-	-	-
Total assets	<u>\$ 1,610,448</u>	<u>\$ -</u>	<u>\$ 1,610,448</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable & accrued expenses	\$ 96,219	\$ -	\$ 96,219
Total liabilities	<u>96,219</u>	<u>-</u>	<u>96,219</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	42,608	-	42,608
Total deferred inflows of resources	<u>42,608</u>	<u>-</u>	<u>42,608</u>
Fund balance:			
Non Spendable:			
Prepaid items	-	-	-
Restricted:			
Stabilization by State Statute	397,858	-	397,858
USDA	80,350	-	80,350
Streets	200,790	-	200,790
Assigned			
Subsequent years expenditures	-	-	-
Unassigned	792,623	-	792,623
Total fund balance	<u>1,471,621</u>	<u>-</u>	<u>1,471,621</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,610,448</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial and therefore are not reported in the funds.	3,557,563
Deferred outflows of resources related to pensions are not reported in the funds	33,144
Liabilities for earned revenues considered deferred inflows of resources in fund statements	42,608
Some liabilities are not due and payable in the current period and therefore are not reported in the fund.	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	(1,719,412)
Compensated absences	(3,588)
Net pension liability	(61,455)
Deferred inflows of resources related to pensions are not reported in the funds	(4,474)
Net position of governmental activities	<u>\$ 3,316,008</u>

The accompanying notes are an integral part of the financial statements

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

	Major Funds		Total Governmental Fund
	General	Capital Project Town Hall	
Revenues:			
Ad valorem taxes	\$ 407,693	\$ -	\$ 407,693
Other taxes, licenses and fees	571,779	-	571,779
Unrestricted intergovernmental revenues	80,360	-	80,360
Restricted intergovernmental revenues	70,809	164,000	234,809
Permits & fees	4,375	-	4,375
Charges for services	47,021	-	47,021
Other revenue	7,855	-	7,855
Total revenues	<u>1,189,891</u>	<u>164,000</u>	<u>1,353,891</u>
Expenditures:			
General government	369,517	415,383	784,901
Public Safety	87,250	-	87,250
Public works	155,636	-	155,636
Environmental protection	120,054	-	120,054
Streets & highways	28,278	-	28,278
Cultural and recreation	56,363	-	56,363
Debt service	16,794	-	16,794
Total expenditures	<u>833,893</u>	<u>415,383</u>	<u>1,249,276</u>
Revenues over expenditures	<u>355,999</u>	<u>(251,383)</u>	<u>104,615</u>
OTHER FINANCING SOURCES (USES):			
Transfers (to) from capital project	-	-	-
Loan proceeds reclassified as grants	-	(169,900)	(169,900)
	<u>-</u>	<u>(169,900)</u>	<u>(169,900)</u>
Revenues and other financing sources over (under) expenditures	355,999	(421,284)	(65,285)
Fund balance - beginning of year	<u>1,115,622</u>	<u>421,284</u>	<u>1,536,906</u>
Fund balance - end of year	<u>\$ 1,471,621</u>	<u>\$ -</u>	<u>\$ 1,471,621</u>

The accompanying notes are an integral part of the financial statements

Town of Green Level, 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	\$	(65,285)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation for the current period.

Capital outlay expenditures which were capitalized	\$ 435,564		
Depreciation expense for governmental assets	<u>(157,582)</u>		277,982

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		1,543
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Prior debt reclassified as grant proceeds	169,900		
Principal payments on long-term debt	<u>15,852</u>		185,752

Change in pension expense:

Changes in net pension assets	-		
Changes in deferred outflows	(18,867)		
Changes in net pension liability	4,562		
Changes in deferred inflows	<u>(3,913)</u>		(18,218)

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.

Compensated absences		633
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Total changes in net position of governmental activities	\$	<u>382,407</u>
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*Town of Green Level, North Carolina***General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020**

	Original	Final	Actual	Variance Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 283,460	\$ 283,460	\$ 407,693	\$ 124,233
Other taxes & licenses	502,000	562,000	571,779	9,779
Unrestricted intergovernmental	78,540	78,540	80,360	1,820
Restricted intergovernmental	51,840	211,840	70,809	(141,031)
Permits & fees	780	780	4,375	3,595
Sales and services	34,000	40,000	47,021	7,021
Miscellaneous	4,800	4,800	7,855	3,055
Total revenues	<u>955,420</u>	<u>1,181,420</u>	<u>1,189,891</u>	<u>8,471</u>
Expenditures:				
General government	429,690	522,190	369,517	152,673
Public safety	87,440	87,440	87,250	190
Public works	127,040	217,540	155,636	61,904
Environmental protection	96,000	129,240	120,054	9,186
Streets & highways	101,390	91,000	28,278	62,722
Cultural and recreation	110,440	107,200	56,363	50,837
Debt service	15,700	17,700	16,794	906
Total expenditures	<u>967,700</u>	<u>1,172,310</u>	<u>833,893</u>	<u>338,417</u>
Revenues over (under) expenditures	<u>(12,280)</u>	<u>9,110</u>	<u>355,999</u>	<u>346,889</u>
Other financing sources (uses):				
Loan proceeds	-	-	-	-
Fund balance appropriated	<u>12,280</u>	<u>(9,110)</u>	<u>-</u>	<u>9,110</u>
Total other financing sources (uses)	<u>12,280</u>	<u>(9,110)</u>	<u>-</u>	<u>9,110</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>355,999</u>	<u>\$ 355,999</u>
Fund balance, beginning of year			<u>1,115,622</u>	
Fund balance, end of year			<u>\$ 1,471,621</u>	

The accompanying notes are an integral part of the financial statements

Town of Green Level, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

	Water/Sewer Fund
ASSETS	
Current assets:	
Cash & cash equivalents	\$ 1,960,086
Accounts receivable (net)	188,731
Prepaid expenses	-
Restricted cash & cash equivalents	90,846
Total current assets	<u>2,239,663</u>
Noncurrent assets:	
Capital assets:	
Land, improvements, & construction in progress	372,174
Other capital assets, net of accumulated depreciation	4,910,699
Total noncurrent assets	<u>5,282,874</u>
Total assets	<u>7,522,536</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>19,437</u>
LIABILITIES	
Current liabilities:	
Accounts payable & accrued expenses	115,823
Due to other funds	244,797
Current portion of long-term debt	199,644
Liabilities payable from restricted assets:	
Customer deposits	90,846
	<u>651,110</u>
Noncurrent liabilities:	
Compensated absences	-
Net pension liability	36,039
Long-term debt	2,746,320
Total noncurrent liabilities	<u>2,782,360</u>
Total liabilities	<u>3,433,469</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>2,623</u>
NET POSITION	
Net investment in capital assets	2,336,909
Unrestricted net assets (deficit)	1,768,971
Total net position	<u>\$ 4,105,880</u>

The accompanying notes are an integral part of the financial statements

Town of Green Level, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	<u>Water/Sewer Fund</u>
Revenues	
Operating revenues:	
Charges for services	\$ 1,147,433
Water & sewer taps	54,800
Late payment charges	51,042
Other operating charges	-
Total operating revenue	<u>1,253,275</u>
 Expenses	
Operations:	
Administration	131,487
Finance	138,345
Water distribution & maintenance	287,855
Waste collection & treatment	377,765
Depreciation & amortization	155,262
Total operating expenses	<u>1,090,714</u>
Operating income (loss)	<u>162,562</u>
 Nonoperating revenues(expenses):	
Miscellaneous income	7,541
Noncapitalized project expenses	-
Interest expense	<u>(43,318)</u>
	<u>(35,777)</u>
 Change in net position	126,785
 Net position beginning, as previously reported	<u>3,755,027</u>
Prior period restatement	224,068
Net position end of year	<u>\$ 4,105,880</u>

The accompanying notes are an integral part of the financial statements

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

	<u>Water/Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,227,938
Cash paid for goods and services	(753,379)
Cash paid for salaries and benefits	(174,049)
Net Cash Provided By Operating Activities	<u>300,510</u>
Cash flows from non-capital financing activities:	
Interfund borrowings (payments)	27,692
Other revenues received	7,541
Net Cash Provided By Capital and Related Financing Activities	<u>35,233</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(36,940)
Increase in construction in progress	(33,107)
Noncapitalized construction in progress	-
Payment on notes payable	(197,231)
Interest paid	(43,318)
Proceeds from long-term debt	-
Net Cash Used By Capital and Related Financing Activities	<u>(310,596)</u>
Cash flows from investing activities:	
Interest earnings	-
Net Cash Provided by Investing Activities	<u>-</u>
 Net Increase (Decrease) In Cash	 25,147
Cash - Beginning of Year, July 1	<u>2,025,785</u>
Cash - End of Year, June 30	<u><u>\$ 2,050,932</u></u>

Disclosure of Accounting Policy

For purposes of the statement of cash flows, the Town of Green Level considers all highly liquid investments (including restricted assets) with a maturity of a year or less when purchased to be cash equivalents.

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

	<u>Water/Sewer Fund</u>
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Net Operating Income (Loss)	\$ 162,562
Adjustments to reconcile net operating income to net cash used by operating activities:	
Depreciation & amortization	155,262
Changes in Current Assets and Liabilities:	
(Increase) decrease in accounts receivable	(25,581)
(Increase) decrease in deferred outflows - pensions	10,791
(Increase) decrease in prepaid expenses	-
Increase (Decrease) in net pension liability	(2,328)
Increase (Decrease) in deferred inflows - pensions	2,297
Increase (Decrease) in accounts payable	(9,534)
Increase (Decrease) in accrued liabilities	(2,736)
Increase (Decrease) in customer deposits	9,777
Total adjustments	<u>\$ 137,948</u>
Net Cash Provided By Operating Activities	<u>\$ 300,510</u>
Interest paid	<u>\$ 43,318</u>

Town of Green Level, North Carolina

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

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Green Level, North Carolina conform to accounting principles generally accepted as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Green Level is a municipal corporation governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. For the year ended June 30, 2020 the Town had no component units.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display the information about the primary government and its component units, if any. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods 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 funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

Notes to the Financial Statements (continued)

B. Basis of Presentation (continued)

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 except those required to be accounted for in another fund. The primary revenue sources are the local option sales tax and the utility franchise and excise tax. The primary expenditures are for general government and recreation services.

Capital Project Town Hall – This fund is used to account for the transactions associated with the construction of a new town hall.

The Town reports the following major enterprise fund:

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

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 and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses 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 grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Notes to the Financial Statements (continued)

C. Measurement Focus and Basis of Accounting (continued)

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 collected and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Alamance 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. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the Town may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, if and 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 by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances, if applicable, are adopted for the Capital Projects Fund and the Enterprise Fund Capital Projects Fund. These appropriations continue until the project is completed. 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. All amendments must be approved by the Town Council. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the Town Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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.

Notes to the Financial Statements (continued)

1. Deposits and Investments (continued)

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also 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 Cash in the capital project is restricted for construction only.

Town of Green Level Restricted Cash

Governmental Activities		
General Fund	Streets	\$200,790
	USDA	80,350
Total governmental activities		<u>281,140</u>
 Business-type Activities		
Water and Sewer Fund	Customer deposits	90,846
Total Business-type Activities		<u>90,846</u>
Total Restricted Cash		<u><u>\$371,986</u></u>

4. Ad Valorem Tax Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts. The Town has an arrangement with Alamance County for the billing and collecting of the Town's property taxes.

5. Allowance for Doubtful Accounts

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

Notes to the Financial Statements (continued)

6. Inventory and Prepaid Items

The Town's General Fund inventory consists of an immaterial amount of expendable supplies that are recorded as expenditures as purchased rather than when used.

The inventories of the Town's enterprise fund consist of an immaterial amount of materials and supplies held for subsequent use. The cost of these inventories is expensed when purchased.

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.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life of more than two years. Minimum capitalization cost is currently \$200 for all types of assets. 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 - Years</u>
Buildings	25-40
Infrastructure	10-20
Improvements	8-40
Furniture and equipment	5-15
Recreation facilities	5-40
Water & sewer lines and stations	40
Vehicles	3-6

8. Deferred Outflows / Inflows of Resources

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

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Any bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest

Notes to the Financial Statements (continued)

9. Long-Term Obligations (continued)

method. Bonds payable are reported net of any applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

10. Compensated Absences

At June 30, 2020, the vacation policy of the Town provides for the accumulation of up to 120 hours earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest so the Town does not have any obligation for the accumulated sick leave until it is actually taken. No accrual for sick leave has been made.

11. Net position / Fund Balances

Net position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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.

Prepays – portion of fund balance that is not an available resource because it represents year end prepaid expenses which are not expendable resources.

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

Notes to the Financial Statements (continued)

11. Net position / Fund Balances (continued)

is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

Restricted for USDA - Portion of fund balance that is restricted by revenue source for the debt service payment associated with the construction of Town Hall. This portion represents the current portion due.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Green Level'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 Green Level intends to use for specific purposes.

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

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

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

12. 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.

Notes to the Financial Statements (continued)

II. Stewardship, Compliance, and Accountability:

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

NC General Statute 159-34 requires the Town to have an audit as soon as possible after the close of each fiscal year. The Town's audit is over 2 years past due in violation of this requirement. The Town is currently in the process of having the required audits completed and expects to be in compliance within the next 90 days.

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

At June 30, 2020, the Town's deposits had a carrying amount of \$3,208,352 and a bank balance of \$3,261,578. Of the bank balance, \$511,507 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 \$1,055.

2. Investments

At June 30, 2020, the Town had \$11,507 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables – Allowances for Doubtful Accounts

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

<u>Fund</u>	<u>Amount</u>
General Fund	\$ -
Enterprise Fund	22,499
Total	<u>\$ 22,499</u>

Notes to the Financial Statements (continued)

4. Capital Assets

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

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land and construction in progress	\$ 1,821,815	\$ 415,383	\$ -	\$ 2,237,198
Capital assets being depreciated:				
Buildings & improvements	335,087	20,180	-	355,267
Furniture, fixtures & equipment	293,385	-	-	293,385
Vehicles	144,655	-	-	144,655
Recreational facilities & equipment	1,585,744	-	-	1,585,744
Infrastructure	796,738	-	-	796,738
Total capital assets being depreciated:	3,145,606	20,180	-	3,175,789
Less, accumulated depreciation for:				
Buildings & improvements	263,635	5,782	-	269,417
Furniture, fixtures & equipment	226,300	13,430	-	239,730
Vehicles	105,988	15,345	-	121,333
Recreational facilities & equipment	658,474	74,959	-	733,433
Infrastructure	443,445	48,066	-	491,511
Total accumulated depreciation	1,697,842	157,582	-	1,855,424
Total capital assets being depreciated, net	1,447,764			1,320,365
Governmental activity capital assets, net	\$ 3,279,580			\$ 3,557,563

Capital asset activity for the Business-type Activities for the year ended June 30, 2020:

Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 20,097	\$ -	\$ -	\$ 20,097
Construction in progress	318,971	33,107	-	352,078
Capital assets being depreciated:				
Plant & distribution systems	6,691,766	19,684	-	6,711,450
Equipment & vehicles	219,319	17,256	-	236,575
Total capital assets being depreciated:	6,911,085	36,940	-	6,948,025
Less, accumulated depreciation for:				
Plant & distribution systems	1,686,965	151,002	-	1,837,967
Equipment & vehicles	195,100	4,260	-	199,360
Total accumulated depreciation	1,882,065	155,262	-	2,037,327
Total capital assets being depreciated, net	5,029,021			4,910,699
Business-type activity capital assets, net	\$ 5,368,089			\$ 5,282,874

Notes to the Financial Statements (continued)

4. Capital assets (continued)

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

General government	\$ 27,021
Public works	7,536
Transportation	48,066
Cultural and recreation	74,959
	<u>\$ 157,582</u>

The fixed assets acquired from the Green Level Water and Sewer District, the predecessor to the Town of Green Level's Water and Sewer Fund, are recorded at the District's original cost. Accumulated depreciation, through the date of transfer, has also been carried forward from the district.

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	\$ 1,858,399	\$ -
Pump Station	460,071	944,024
Total	<u>\$ 2,318,469</u>	<u>\$ 944,024</u>

B. Liabilities:

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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.

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 0% 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 \$14,812 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.

Notes to the Financial Statements (continued)

a. Local Governmental Employees' Retirement System (continued)

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 \$97,494 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (as measured at June 30, 2019), the Town's proportion was 0.00357%, which was an increase of 0.00083% from its proportional share at June 30, 2019 (as measured as of June 30, 2018).

For the year ended June 30, 2020, the Town recognized pension expense of \$43,790. 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	\$ 16,693	\$ -
Changes of assumptions	15,890	-
Net difference between projected and actual earnings on pension plan investments	2,378	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,808	7,097
Town contributions subsequent to the measurement date	14,812	-
Total	<u>\$ 52,581</u>	<u>\$ 7,097</u>

\$14,812 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 17,069
2022	4,218
2023	8,401
2024	984
2025	-

Notes to the Financial Statements (continued)

a. Local Governmental Employees' Retirement System (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

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

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%	

Notes to the Financial Statements (continued)

a. Local Governmental Employees' Retirement System (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 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)	\$ 222,986	\$ 97,494	\$ (6,816)

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. Supplemental Retirement Income Plan for General 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 general employees 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 General Employees 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 General Employees. 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.

Funding Policy. Article 12E of GS Chapter 143 requires the Town to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the general employees may make voluntary contributions to the plan. The Town also provided this same benefit to other eligible employees beginning on July 1, 2009. The Town made contributions of \$6,073 for the reporting year. No amounts were forfeited.

Notes to the Financial Statements (continued)

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Source	Amount
Differences between expected and actual experience	\$ 16,693
Changes of assumptions	15,890
Net difference between projected and actual earnings on pension plan investments	2,378
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,808
Employer contributions subsequent to the measurement date*	14,812
Total	<u>\$ 52,581</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes Receivable, less penalties (General Fund)	-	42,608
Changes in assumptions	-	-
Differences between expected and actual experience	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,097	-
Total	<u>\$ 7,097</u>	<u>\$ 42,608</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two 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 \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation.

There has been no significant reduction in insurance coverage in the prior year. Settled claims have not exceeded coverage in any of the past three years.

The Town has obtained flood insurance.

In accordance with GS 159-29, the Town's employees that have access to \$100 or more at any given time are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees are covered for employee dishonesty up to \$10,000 per occurrence.

Notes to the Financial Statements (continued)

4. Claims and Judgments

At June 30, 2020, there were no pending or threatened litigation, claims or assessments against the Town.

5. Long-term Obligations

a. Installment Purchase – General Fund - Direct Placement

On March 29, 2017, the Town entered into an installment purchase contract with Branch Banking and Trust Company to purchase two new trucks. The financing contract was for \$72,650 with an interest rate of 2.540%. The first of sixty payments of \$1,292 was due on April 29, 2019. The vehicles act as collateral for the loans. The loan is callable if the Town becomes substantially past due on required payments. Annual debt service requirements to maturity for long-term debt, including \$619 interest, are as follows:

General Fund		
Principal	Interest	Total
\$ 15,004	\$ 498	\$ 15,502
10,008	121	10,129
<u>\$ 25,012</u>	<u>\$ 619</u>	<u>\$ 25,631</u>

In February 2019, the Town entered into a financing agreement with the Branch Banking and Trust Company, Charlotte, North Carolina to advance up to \$1,147,900 for the construction of the Town Hall. On May 7, 2019, the amount was increased to \$1,864,300 at 3.25% which was advanced as of June 30, 2019. Subsequently in 2020, the note amount was decreased by grant proceeds for a total amount financed of \$1,694,400. In 2020, the note was assumed by USDA with an interest rate of 3.00% payable with 40 annual principal and interest payments of \$73,318. The note is collateralized by Town Hall and the full faith and credit of the Town. The note is callable if the Town becomes substantially past due on required payments. Future anticipated debt payments are as follows, including interest of \$1,238,320:

Year ending June 30	General Fund		
	Principal	Interest	Total
2021	\$ 22,347	\$ 50,971	\$ 73,318
2022	23,156	50,162	73,318
2023	23,851	49,467	73,318
2024	24,567	48,751	73,318
2025	25,172	48,146	73,318
2026-30	138,223	228,367	366,590
2031-35	160,245	206,345	366,590
2036-40	185,776	180,814	366,590
2041-45	215,301	151,289	366,590
2046-50	249,707	116,883	366,590
2051-55	289,496	77,094	366,590
2056-60	336,559	30,031	366,590
	<u>\$ 1,694,400</u>	<u>\$ 1,238,320</u>	<u>\$ 2,932,720</u>

Notes to the Financial Statements (continued)

b. General Obligation Indebtedness – Enterprise Fund

In 2012, The Town entered into a \$927,077 loan commitment with NC Department of Environment and Natural Resources related to its construction of an elevated water tank and associated distribution lines. The financing contract requires annual principal only payments of \$46,354 beginning fiscal year 2013.

Annual debt service requirements to maturity for long-term debt, including \$0 interest, are as follows:

Year ending June 30	Enterprise Fund		
	Principal	Interest	Total
2021	\$ 46,354	\$ -	\$ 46,354
2022	46,354	-	46,354
2023	46,354	-	46,354
2024	46,354	-	46,354
2025	46,354	-	46,354
2026-30	231,769	-	231,769
2031-32	92,707	-	92,707
	<u>\$ 556,246</u>	<u>\$ -</u>	<u>\$ 556,246</u>

In 2016, The Town entered into a \$1,231,866 loan commitment with NC Division of Water Infrastructure related to projects to connect its sewer system to the City of Burlington's sewer system. The financing contract requires twenty annual principal only payments of \$65,310 beginning fiscal year 2016.

Annual debt service requirements to maturity for long-term debt, including \$0 interest, are as follows:

Year ending June 30	Enterprise Fund		
	Principal	Interest	Total
2021	\$ 65,310	\$ -	\$ 65,310
2022	65,310	-	65,310
2023	65,310	-	65,310
2024	65,310	-	65,310
2025	65,310	-	65,310
2026-30	326,550	-	326,550
2031-35	326,547	-	326,547
	<u>\$ 979,647</u>	<u>\$ -</u>	<u>\$ 979,647</u>

In 2016, The Town entered into a \$633,000 loan commitment with NC Division of Water Infrastructure related to projects to connect its sewer system to the City of Burlington's sewer system. Of this cost, \$316,500 is to be forgiven with total repayments to be \$275,872. The financing contract requires twenty annual principal only payments of \$14,500 beginning fiscal year 2016.

Notes to the Financial Statements (continued)

b. General Obligation Indebtedness (continued)

Annual debt service requirements to maturity for long-term debt, including \$0 interest, are as follows:

Year ending June 30	Enterprise Fund		
	Principal	Interest	Total
2021	\$ 14,500	\$ -	\$ 14,500
2022	14,500	-	14,500
2023	14,500	-	14,500
2024	14,500	-	14,500
2025	14,500	-	14,500
2026-30	72,501	-	72,501
2031-35	72,501	-	72,501
	<u>\$ 217,502</u>	<u>\$ -</u>	<u>\$ 217,502</u>

In 2016, The Town entered into a \$246,407 loan commitment with NC Division of Water Infrastructure related to projects to connect its sewer system to the City of Burlington's sewer system. Of this cost, \$118,550 is to be forgiven with total repayments to be \$127,857. The financing contract requires twenty annual principal only payments of \$6,393 beginning fiscal year 2016.

Annual debt service requirements to maturity for long-term debt, including \$0 interest, are as follows:

Year ending June 30	Enterprise Fund		
	Principal	Interest	Total
2021	\$ 6,393	\$ -	\$ 6,393
2022	6,393	-	6,393
2023	6,393	-	6,393
2024	6,393	-	6,393
2025	6,393	-	6,393
2026-30	31,965	-	31,965
2031-35	31,965	-	31,965
	<u>\$ 95,895</u>	<u>\$ -</u>	<u>\$ 95,895</u>

b. General Obligation Indebtedness - Direct placement

In February 2019, the Town entered into a financing agreement with the Branch Banking and Trust Company, Charlotte, North Carolina to advance up to \$1,223,700 at 3.73% for the construction of a pump station. At June 30, 2019, the entire amount had been advanced. The financing contract requires fifteen annual principal and interest payments of \$107,993 beginning fiscal year 2019. The note is collateralized by the full faith and credit of the Town. The note is callable if the Town becomes substantially past due on required payments. Future anticipated debt payments are as follows, including interest of \$307,233:

Notes to the Financial Statements (continued)

b. General Obligation Indebtedness - Direct placement

Year ending June 30	Enterprise Fund		
	Principal	Interest	Total
2021	\$ 67,087	\$ 40,906	\$ 107,993
2022	69,590	38,403	107,993
2023	72,185	35,808	107,993
2024	74,878	33,115	107,993
2025	77,671	30,322	107,993
2026-30	434,033	105,932	539,965
2031-33	301,232	22,747	323,979
	<u>\$ 1,096,676</u>	<u>\$ 307,233</u>	<u>\$ 1,403,909</u>

c. Changes in Long-term Liabilities

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
Governmental activities:					
Compensated absences	\$ 4,221	\$ -	\$ 633	\$ 3,588	\$ -
BB&T loan	40,864	-	15,852	25,012	15,004
Long-term debt - USDA	1,864,300	-	169,900	1,694,400	22,347
Net pension liability (LGERS)	66,016	-	4,561	61,455	-
Total governmental activity long-term liabilities:	<u>\$ 1,975,601</u>	<u>\$ -</u>	<u>\$ 190,946</u>	<u>\$ 1,784,455</u>	<u>\$ 37,351</u>
Business-type activities					
NCDEQ loan	\$ 1,981,845	\$ -	\$ 132,557	\$ 1,849,288	\$ 132,557
BB&T loans	1,161,351	-	64,675	1,096,676	67,087
Net pension liability (LGERS)	38,367	-	2,328	36,039	-
Compensated absences	2,736	-	2,736	-	-
Total business-type activity long-term liabilities:	<u>\$ 3,184,299</u>	<u>\$ -</u>	<u>\$ 202,296</u>	<u>\$ 2,982,003</u>	<u>\$ 199,644</u>

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

At June 30, 2020, the Town of Green Level had no authorized but issued bonds and had a legal debt margin of \$9,007,556.

C. Interfund Balances and Activity

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

Due to General Fund from Water and Sewer Fund	\$244,797
Due from Water and Sewer Fund to General Fund	\$244,797

Notes to the Financial Statements (continued)

C. Interfund Balances and Activity (continued)

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.

The General Fund has advanced the Water and Sewer Fund proceeds needed for various capital projects prior to receiving loan advances for the projects. The General Fund anticipates a repayment arrangement after the various projects are completed.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 3,557,563	\$ 5,282,874
less: long-term debt	1,719,412	2,945,964
add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 1,838,151</u>	<u>\$ 2,336,909</u>

E. Fund Balance

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

<u>Total fund balance - General Fund</u>	<u>\$ 1,471,621</u>
Less:	
Prepaid expense	-
Stabilization by State Statute	397,858
USDA payment	80,350
Assigned for subsequent years expenditures	-
Streets - Powell Bill	200,790
Remaining Fund Balance	<u>\$ 792,623</u>

IV. Federal and State Assisted Programs

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 statement for the refund of grant moneys.

Notes to the Financial Statements (continued)

V. Restatements

During the fiscal year ended June 30, 2020, the Town determined that cash in the Water/Sewer Fund as of June 30, 2019, had been omitted. Therefore, an adjustment to beginning retained earnings has been recorded to account for those omissions, the net effect of which increased beginning retained earnings by \$224,068.

VI. Significant Effects of Subsequent Events

Subsequent events occurring after the statement of financial position date have been evaluated through December 20, 2022, 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 Green Level, North Carolina
Town of Green Level's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years *

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Green Level's proportion of the net pension liability (asset) (%)	0.00357%	0.00440%	0.00342%	0.00348%	0.00263%	0.00261%	0.00280%
Green Level's proportion of the net pension liability (asset) (\$)	\$ 97,494	\$ 104,383	\$ 52,248	\$ 73,857	\$ 11,803	\$ (15,392)	\$ 32,905
Green Level's covered-employee payroll	\$ 246,870	\$ 214,872	\$ 215,836	\$ 196,942	\$ 195,914	\$ 183,918	\$ 159,508
Green Level's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.49%	48.58%	24.21%	37.50%	6.02%	(8.37%)	20.63%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	91.68%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Town of Green Level, North Carolina
Town of Green Level'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	\$ 14,812	\$ 19,132	\$ 16,116	\$ 15,153	\$ 15,537	\$ 17,064	\$ 11,010
Contributions in relation to the contractually required contribution	14,812	19,132	16,116	15,153	15,537	17,064	11,010
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Green Level's covered-employee payroll	\$ 206,127	\$ 246,870	\$ 214,872	\$ 215,836	\$ 196,942	\$ 195,914	\$ 183,918
Contributions as a percentage of covered-employee payroll	7.19%	7.75%	7.50%	7.02%	7.89%	8.71%	5.99%

Town of Green Level, 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>Actual Year ended June 30, 2019</u>
REVENUES:				
Ad valorem taxes				
Current year		\$ 392,256		\$ 306,128
Prior year		13,938		10,710
Penalties and interest, net		1,499		755
	<u>\$ 283,460</u>	<u>407,693</u>	<u>\$ 124,233</u>	<u>317,594</u>
Other taxes & licenses				
Local option sales tax		571,779		556,654
	<u>562,000</u>	<u>571,779</u>	<u>9,779</u>	<u>556,654</u>
Unrestricted intergovernmental				
Utility franchise tax & excise tax		62,622		63,336
Video programming tax		6,652		7,039
Solid waste disposal tax		1,663		1,602
Beer & wine tax		9,424		9,287
	<u>78,540</u>	<u>80,360</u>	<u>1,820</u>	<u>81,264</u>
Restricted intergovernmental				
Grants		13,420		7,840
Powell Bill allocation		57,390		57,448
	<u>211,840</u>	<u>70,809</u>	<u>(141,031)</u>	<u>65,288</u>
Permits & fees	<u>780</u>	<u>4,375</u>	<u>3,595</u>	<u>2,850</u>
Sales and services				
Sanitation user fees	<u>40,000</u>	<u>47,021</u>	<u>7,021</u>	<u>43,135</u>
Investment earnings	<u>-</u>	<u>210</u>	<u>210</u>	<u>2,296</u>
Other general revenues				
Sales tax refunds		3,826		17,326
Concessions		535		1,538
Recreation fees		271		-
Miscellaneous		3,012		5,852
	<u>4,800</u>	<u>7,645</u>	<u>2,845</u>	<u>24,717</u>
Total revenues	<u>1,181,420</u>	<u>1,189,891</u>	<u>8,471</u>	<u>1,093,797</u>

Town of Green Level, 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>Actual Year ended June 30, 2019</u>
EXPENDITURES:				
General Government:				
Governing body:				
Contracted services - Board				
of Elections		\$ 1,874		\$ -
Salaries & wages - Town Council		16,536		16,218
Payroll taxes		1,371		1,240
Insurance & bonds - general				
& public officials liability		1,383		1,307
Miscellaneous		-		-
Capital outlay		-		-
	<u>\$ 23,800</u>	<u>21,164</u>	<u>\$ 2,636</u>	<u>18,765</u>
Administration:				
Professional services:				
Legal		14,682		10,920
Accounting		683		-
Salaries & wages - Town Administrator		42,138		63,383
Salaries & wages - code enforcement		18,642		19,398
Payroll taxes		5,484		6,003
Employee benefits		17,145		18,398
Casual labor / temporaries		-		25
Office supplies		15,917		2,882
Meals & entertainment		71		-
Equipment rental		6,507		6,913
Maintenance & repairs - equipment		3,347		1,151
Travel & training		4,128		2,194
Telephone		5,051		3,112
Internet service		5,421		3,883
Postage		80		86
Legal advertising		1,290		439
Planning services		-		4,000
Engineering services		4,118		3,956
Codification of ordinances		-		335
Surveying & mapping		-		1,221
Vehicle expense		-		9
Insurance & bonds		8,720		6,764
Dues & subscriptions		4,705		19,715
Code enforcement		6,564		-
Miscellaneous		7,613		4,847
Capital outlay		-		758
	<u>276,100</u>	<u>172,306</u>	<u>103,794</u>	<u>180,392</u>

Town of Green Level, 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>Actual Year ended June 30, 2019</u>
EXPENDITURES (continued):				
General Government (continued):				
Finance:				
Professional services:				
Audit		\$ 4,500		\$ 4,500
Other accounting services		26,156		16,922
Property tax billing		3,822		2,692
Salaries & wages		26,419		67,600
Payroll taxes		1,928		5,261
Employee benefits		8,018		9,351
Office supplies		1,612		3,993
Travel & training		3,149		50
Postage		14		34
Maint. & repairs - equipment		-		1,046
Bank service charges		632		1,707
Insurance & bonds		86		86
Dues & subscriptions		300		-
Miscellaneous		3,481		5,018
Capital outlays		-		2,037
	<u>\$ 99,900</u>	<u>80,117</u>	<u>\$ 19,783</u>	<u>120,298</u>
Public buildings:				
Salaries & wages		18,443		12,369
Payroll taxes		1,364		964
Employee benefits		50		386
Electricity		21,528		13,643
Fuel oil/gas		2,735		3,118
Water & sewer		1,877		1,372
Maint. & repairs - building & grounds		19,631		24,447
Supplies		3,641		2,506
Insurance & bonds		2,523		1,647
Security monitoring		2,154		360
Capital outlay		20,181		26,591
Miscellaneous		1,805		198
	<u>122,390</u>	<u>95,930</u>	<u>26,460</u>	<u>87,600</u>
Total general government	<u>522,190</u>	<u>369,517</u>	<u>152,673</u>	<u>407,055</u>
Public Safety:				
Contracted services:				
Sheriff department substation		72,482		71,627
Animal control		14,768		14,760
Total public safety	<u>87,440</u>	<u>87,250</u>	<u>190</u>	<u>86,387</u>

Town of Green Level, 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>Actual Year ended June 30, 2019</u>
EXPENDITURES (continued):				
Public Works:				
Salaries & wages		\$ 96,153		\$ 67,508
Payroll taxes		6,940		5,219
Employee benefits		20,923		23,912
Travel & training		-		160
Telephone		8,628		10,690
Maint. & repairs - equipment		1,551		1,057
Equipment rental		527		1,493
Departmental supplies		5,250		9,347
Uniforms		4,585		-
Vehicle expense		9,152		9,536
Insurance & bonds		477		477
Stormwater administration		1,281		-
Stormwater engineering		168		290
Miscellaneous		-		231
Capital outlays:				
Buildings		-		-
Equipment		-		-
Total public works	<u>\$ 217,540</u>	<u>155,636</u>	<u>\$ 61,904</u>	<u>129,920</u>
Environmental Protection:				
Solid waste disposal		120,054		115,225
Recycle carts		-		7,005
	<u>129,240</u>	<u>120,054</u>	<u>9,186</u>	<u>122,231</u>
Streets & highways:				
Street lighting		23,942		19,098
Repairs and maintenance		902		-
Powell Bill expenses		3,434		42,820
Powell Bill capital outlay		-		3,757
	<u>91,000</u>	<u>28,278</u>	<u>62,722</u>	<u>65,675</u>

Town of Green Level, 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>Actual Year ended June 30, 2019</u>
EXPENDITURES (continued):				
Culture and Recreation				
Salaries & wages		\$ 20,835		\$ 31,668
Payroll taxes		1,596		2,415
Group insurance		2,491		1,235
Department supplies		11		295
Park management & maint.		26,410		22,143
Community events		4,144		11,629
Sports programs & camps		878		3,355
Miscellaneous		-		44
Capital outlay		-		-
	<u>\$ 107,200</u>	<u>56,363</u>	<u>\$ 50,837</u>	<u>72,783</u>
Debt service				
Principal		15,852		15,663
Interest		943		1,261
	<u>17,700</u>	<u>16,794</u>	<u>906</u>	<u>16,924</u>
Total expenditures	<u>1,172,310</u>	<u>833,893</u>	<u>338,417</u>	<u>900,974</u>
Revenues over expenditures	<u>9,110</u>	<u>355,999</u>	<u>346,889</u>	<u>192,823</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	-	-
Fund balance appropriated	(9,110)	-	9,110	-
	<u>(9,110)</u>	<u>-</u>	<u>9,110</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>355,999</u>	<u>\$ 355,999</u>	<u>192,823</u>
Fund balances - beginning of year		<u>1,115,622</u>		<u>922,799</u>
Fund balances - end of year		<u>\$ 1,471,621</u>		<u>\$ 1,115,622</u>

Town of Green Level, North Carolina
General Capital Projects Fund - Town Hall Project
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					
USDA Grants	\$ 164,000	\$ -	\$ 164,000	\$ 164,000	\$ -
Total revenues	164,000	-	164,000	164,000	-
Expenditures:					
Construction / site work	1,590,400	1,289,458	381,693	1,671,151	(80,751)
Legal fees	6,000	-	-	-	6,000
Engineering fees	89,640	141,225	32,391	173,616	(83,976)
Permits	2,000	1,300	-	1,300	700
Interest	12,000	-	-	-	12,000
Equipment	27,100	-	-	-	27,100
Project contingency	93,400	11,033	1,300	12,332	81,068
Appraisal	5,000	-	-	-	5,000
Land and rights	20,000	-	-	-	20,000
Professional fees	13,000	-	-	-	13,000
Total expenditures	1,858,540	1,443,016	415,383	1,858,399	141
Revenues over expenditures	(1,694,540)	(1,443,016)	(251,383)	(1,694,399)	141
Other financing sources (uses):					
Transfer from General Fund	140	-	-	-	(140)
Loan proceeds	1,694,400	1,864,300	(169,900)	1,694,400	-
Total other financing sources	1,694,540	1,864,300	(169,900)	1,694,400	(140)
Net change in fund balance	\$ -	\$ 421,284	(421,284)	\$ -	\$ -
Fund balance, beginning			421,284		
Fund balance, ending			\$ -		

Town of Green Level, North Carolina
Proprietary Fund Type - Enterprise Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
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>Actual Year ended June 30, 2019</u>
Revenues:				
Operating revenues:				
Water charges		\$ 368,635		\$ 388,538
Sewer charges		783,305		698,093
Less, bad debts		(4,506)		(11,011)
Access fees		54,800		108,054
Other charges		51,042		62,657
	<u>\$ 1,192,000</u>	<u>1,253,275</u>	<u>\$ 61,275</u>	<u>1,246,331</u>
Non-operating Revenues:				
Sales tax refund		601		14,452
Investment earnings		26		28
Miscellaneous income		6,799		9,411
	<u>57,290</u>	<u>7,426</u>	<u>(49,864)</u>	<u>23,892</u>
Total revenues	<u>1,249,290</u>	<u>1,260,702</u>	<u>11,412</u>	<u>1,270,223</u>
Expenditures:				
Administration:				
Consultation - CPA & attorney		-		938
Salaries & wages		76,244		103,477
Payroll taxes		5,906		7,918
Fringe benefits		21,601		27,369
Travel & training		-		550
Vehicle expense		9,152		9,536
Insurance & bonds		8,720		6,764
Permits & licenses		870		870
Dues & subscriptions		480		170
Miscellaneous		695		477
	<u>132,830</u>	<u>123,667</u>	<u>9,163</u>	<u>158,068</u>
Finance:				
Salaries & wages		58,781		45,979
Payroll taxes		4,393		3,469
Fringe benefits		15,149		12,425
Audit		4,500		4,500
Bookkeeping & accounting		23,690		16,050
Office supplies		13,610		7,603
Postage		6,184		5,000
Telephone		3,290		3,898
Software subscriptions and services		-		7,841
Insurance & bonds		86		86
Bank service charges		5,353		4,864
Travel & training		145		107
Miscellaneous		224		74
	<u>\$ 156,160</u>	<u>135,403</u>	<u>\$ 20,757</u>	<u>111,897</u>

Town of Green Level, North Carolina
Proprietary Fund Type - Enterprise Fund (Continued)
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
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>Actual Year ended June 30, 2019</u>
Expenditures (continued):				
Water Distribution & Maintenance:				
Water purchased for resale		239,356		203,294
Departmental supplies		13,041		13,694
Electrical power		21,246		17,170
Repairs & maintenance		9,628		38,443
Uniforms		4,585		5,498
Miscellaneous		-		-
	<u>302,400</u>	<u>287,855</u>	<u>14,545</u>	<u>278,098</u>
Waste Collection & Treatment:				
Departmental supplies		2,875		17,317
Repairs & maintenance		33,084		82,622
Sewage hauling and disposal		54,600		63,120
Contracted services - bulk treatment charges		287,206		293,113
Miscellaneous		-		-
	<u>395,620</u>	<u>377,765</u>	<u>17,855</u>	<u>456,172</u>
Budgetary uses:				
Debt service		240,550		107,027
Capital outlays		36,940		45,788
Transfers to Capital Project Fund		-		-
Reserve for contingencies		-		-
	<u>277,600</u>	<u>277,489</u>	<u>111</u>	<u>152,815</u>
Total expenditures	<u>1,264,610</u>	<u>1,202,181</u>	<u>62,429</u>	<u>1,157,050</u>
Revenues over (under) expenditures	<u>(15,320)</u>	<u>58,521</u>	<u>(73,841)</u>	<u>113,173</u>
OTHER FINANCING SOURCES (USES)				
Appropriation of Fund Balance	<u>15,320</u>	<u>-</u>	<u>15,320</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 58,521</u>	<u>\$ (58,521)</u>	<u>\$ 113,173</u>

Town of Green Level, North Carolina
Proprietary Fund Type - Enterprise Fund (Continued)
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:		
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 58,521	\$ 113,173
Budgetary appropriations:		
Capital outlay	36,940	45,788
Debt service - principal portion	197,231	107,027
Depreciation & amortization	(155,262)	(92,357)
Change in accrued vacation	-	(2,173)
Other uses for capital projects	-	(156,959)
Other sources for capital projects	115	137
Pension expense	<u>(10,761)</u>	<u>(3,095)</u>
Change in net position	<u>\$ 126,785</u>	<u>\$ 11,541</u>

Town of Green Level, North Carolina
Water and Sewer Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
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:					
Interest earned		137	115	252	(252)
Total revenues	-	137	115	252	(252)
Expenditures:					
Pump Station:					
Engineering	130,000	156,804	32,881	189,685	(59,685)
Construction	1,059,095	160,917	-	160,917	898,178
Permits and fees	65,000	1,250	225	1,475	63,525
Total	1,254,095	318,971	33,107	352,078	902,017
Debt service	150,000	107,993	-	107,993	42,007
Total expenditures	1,404,095	426,964	33,107	460,071	944,024
Revenues over expenditures	(1,404,095)	(426,827)	(32,991)	(459,818)	(944,277)
Other financing sources (uses):					
Pump station:					
Loans - DWI	1,223,700	1,223,700	-	1,223,700	-
Transfer from water fund	180,395	-	-	-	180,395
Total other financing sources	1,404,095	1,223,700	-	1,223,700	180,395
Revenues and other sources over (under) expenditures	\$ -	\$ 796,872	\$ (32,991)	\$ 763,881	\$ 763,881

Town of Green Level, North Carolina
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2020		\$ 405,340	\$ 389,618	\$ 15,722
2019	\$ 14,041		6,569	7,472
2018	6,583		2,105	4,478
2017	5,076		1,600	3,476
2016	3,197		522	2,675
2015	2,074		438	1,636
2014	2,573		483	2,090
2013	2,311		232	2,079
2012	1,596		216	1,380
2011	1,766		166	1,600
2010	1,848		1,848	-
	<u>\$ 41,065</u>	<u>\$ 405,340</u>	<u>\$ 403,797</u>	<u>42,608</u>
Ad Valorem Taxes Receivable, net				<u>\$ 42,608</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 406,194
Taxes written off				(1,848)
Penalties, abatements, and other adjustments				(549)
				<u>\$ 403,797</u>

Town of Green Level, North Carolina
Analysis of Current Tax 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:					
Real property	\$ 94,060,556	0.36	\$ 338,618	\$ 338,618	\$ -
Personal property	18,533,889	0.36	66,722	-	66,722
	<u>112,594,444</u>		<u>405,340</u>	<u>338,618</u>	<u>66,722</u>
Discoveries	-	0.36	-	-	-
Abatements	-	0.36	-	-	-
Total property valuation	<u>\$ 112,594,444</u>				
Net Levy			405,340	338,618	66,722
Uncollected taxes at June 30, 2020			<u>(15,722)</u>	<u>(15,722)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 389,618</u>	<u>\$ 322,896</u>	<u>\$ 66,722</u>
Percent current year collected			<u>96.12%</u>	<u>95.36%</u>	<u>100.00%</u>

EDDIE CARRICK, CPA, PC

Certified Public Accountant

Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Green Level, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statement which collectively comprises the Town of Green Level's basic financial statements, and have issued my report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Green Level's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Green Level's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

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

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses /schedule of findings and questioned costs I identified certain deficiencies as items 2020-1 that I consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Green Level's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses / schedule of findings and questioned costs as items 2020-1.

Town of Green Level's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Green Level's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses / schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Eddie Carrick, CPA, PC
Lexington, North Carolina
December 20, 2022

TOWN OF GREEN LEVEL, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

1. **Findings Related to the Audit of the Basic Financial Statements**

Material Weakness

Non-Compliance

Finding 2020-01

Criteria: N.C. General Statute 159-34 requires the Town to have an audit as soon as possible after the close of each fiscal year. Management should have a system in place to reduce the likelihood of the timely completion of the audit.

Condition: The annual audit was delayed due to turnover in the Town Administrator position as well as financial personnel.

Effect: Delays of timely reporting and errors in financial reporting could occur.

Cause: The Town's Administrator as well as financial personnel has turned over several times.

Recommendation: Management should cross-train where possible so that vacancies in key personnel do not create significant disruptions in day-to-day operations.

Name of Contact Person: Barrett Brown, Town Administrator

Views of Responsible Officials and Planned Corrective Actions: The Town agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

TOWN OF GREEN LEVEL
P.O. BOX 342 Mebane, North Carolina 27302
2510 Green Level Church Road, Green Level North Carolina 27217

Phone: 336-578-3443

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CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2020

Material Weakness

Non-Compliance

Finding 2020-01

Name of Contact Person: Barrett Brown, Town Administrator

Corrective Action: The Town is aware of G.S 159-34. The Town administrator will cross-train personnel, where possible, to avoid significant disruptions in day-to-day operations.

Proposed Completion Date: Immediately.